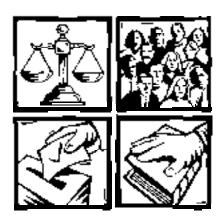# CENTER FOR DEMOCRACY AND GOVERNANCE

"...promoting the transition to and consolidation of democratic regimes throughout the world."

DECENTRALIZATION AND DEMOCRATIC LOCAL GOVERNANCE PROGRAMMING HANDBOOK

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ABOUT THIS PUBLICATION
This handbook serves as a practical guide to USAID officers who are faced with the task of developing program activities in the areas of decentralization and democratic local governance. Drawing on 15 years of USAID experience in democracy promotion and on four decades of municipal development work, this publication provides a conceptual framework; guidance for choosing successful programming strategies, for selecting entry points and tactics in program design and implementation, and for mission monitoring and evaluation; and a discussion of key lessons learned and future programming issues.

ABOUT THE CENTER
The Center for Democracy and Governance is the U.S. Agency for International Development's focal point for democracy and governance programming. The Center's role is to provide USAID and other development practitioners with the technical and intellectual expertise needed to support democratic development. It provides this expertise in the following areas:

- **Rule of Law**
- **Elections and Political Processes**
- **Civil Society**
- **Governance**

ACKNOWLEDGMENTS

Julie Aberg Robison

Julie Aberg Robison is a public administration specialist with over 10 years experience in the design and implementation of programs that strengthen national decentralization policy. As resident advisor for the Côte d'Ivoire Municipal Development Support project from 1991-1993, she worked with communities, elected officials, and service providers in 34 towns to improve services delivery and to promote democratic local decision-making. Julie recently completed a study on decentralization and local revenue generation in the Sahel, contributes to the Implementing Policy Change-Decentralization project in Uganda, and is technical manager for the Local Government Finance Reform project in South Africa.

Al Sharp

Al Sharp is a senior public management specialist in RTI's Center for International Development. He has more than 20 years of public management experience strengthening the performance of local governments, implementing enhanced inter-government relations, improving public financial practices, and increasing the level and effectiveness of citizen participation. Al headed the USAID-funded Municipal Finance and Management project in Moscow at its inception and, subsequently, was chief-of-party for the all-Russia program. His country experience also includes Bulgaria, Croatia, Paraguay, Romania, Ukraine, and Uruguay.

Jerry VanSant

Jerry VanSant is an MBA-trained management and organization specialist with 30 years experience as a line manager and consultant to private firms and government agencies in the United States and overseas. He has written on development issues, emphasizing issues of strategic planning, evaluation, management and organizational performance, and development sustainability. In recent years, Jerry has focused on leadership and organizational renewal for agencies in the public sector and groups in civil society. From 1990 to1998, he directed RTI's Center for International Development. Currently, Jerry is a visiting professor at the Terry Sanford Institute of Public Policy at Duke University.

James Wunsch

James Wunsch is chair of the Department of Political Science and International Studies at Creighton University and founder of the African Studies program at Creighton University. In addition to his faculty responsibilities, James has consulted for governments in Africa, Asia, and Latin America, as well as in the United States. He specializes in democracy and governance, local government, decentralization, inter-governmental relations, and civil society. James has substantive experience in project evaluation, policy analysis, training, and project development and design.

Research Triangle Institute (RTI)

Founded in 1958, Research Triangle Institute is an independent, nonprofit organization that serves clients in government, industry, academia, and public service throughout the United States and abroad. The institute conducts research and development and provides technical services in five major areas: advanced technologies, environment, health and pharmaceuticals, public policy, and survey and statistics.

DECENTRALIZATION AND DEMOCRATIC LOCAL GOVERNANCE PROGRAMMING HANDBOOK

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EXECUTIVE SUMMARY

This handbook serves as a practical guide to USAID officers who are faced with the task of developing program activities in the areas of decentralization and democratic local governance. At a time when decentralization and democratic local governance have become global interests of public policy and program priorities of USAID and many other donors, this publication—drawing on 15 years of USAID experience in democracy promotion and on four decades of municipal development work—provides

- A conceptual framework designed to support assessment of a mission's prospects for programming in decentralization and/or democratic local governance

- Guidance, based largely on USAID experience, for choosing successful programming strategies

- Guidance and examples for selecting entry points and tactics in program design and implementation

- Guidance and examples for mission monitoring and evaluation of decentralization and local governance activities

- Discussion of key lessons learned and future programming issues in decentralization and the strengthening of democratic local governance

- Bibliographic and web site references for democracy and governance (DG) officers who wish to examine these issues in greater depth

This publication aims to help DG officers decide *if, when*, and *how* to initiate or enhance programs in decentralization and democratic local governance. It is intended as a subsector-specific follow-up to the Center for Democracy and Governance's *Conducting a DG Assessment: A Framework for Strategy Development (Advance Copy)* [December 1999]. The Center also hopes that it will enhance awareness and engender productive debate about the dynamics of decentralization and democratic local governance in host countries and about the ways USAID can most effectively focus its interventions.

The following pages provide myriad programming possibilities, country experiences, and a host of additional resources to assist USAID officers. It is the Center's hope that, with the aid of this handbook, officers will be much better prepared to determine where the greatest opportunities for change lie; if, when, and where to begin programming; what activities offer the best prospects for results; and how to design and implement an effective performance monitoring system for decentralization and democratic local governance programming.

Decentralization and Democratic Local Governance
The handbook is a testament to the Center's recognition of decentralization and the development of democratic local governance as fundamentally political processes. Absent a clear understanding of the host country's national and local politics and of the import of USAID activities within that political context, decentralization and democratic local governance programming will undoubtedly be less successful. Thus, the handbook begins by developing the conceptual framework.

Decentralization and democratic local governance are defined by the Center as follows:

Decentralization is a process of transferring power to popularly elected local governments. Transferring power means providing local governments with greater political authority (e.g., convene local elections or establish participatory processes), increased financial resources (e.g., through transfers or greater tax authority), and/or more administrative responsibilities.

Democratic local governance is the process of governing democratically at the local level, viewed broadly to include not only the machinery of government, but also the community at-large and its interaction with local authorities. (Use of the term "local" refers to all subnational levels of government.)

When effective decentralization and democratic local governance advance in tandem, local governments—and the communities they govern—gain the authority, resources, and skills to make responsive choices and to act on them effectively and accountably. Advancing the capacity of local governments to act effectively and accountably *requires* promoting the desire and capacity of civil society organizations and individual citizens to take responsibility for their communities, participate in local priority-setting, assist in the implementation of those decisions, and then monitor their effectiveness.

A Three-phase Program Planning Process
In an effort to be as clear as possible, this handbook applies a three-phase approach for decentralization and democratic local governance planning. It recommends that DG officers, first, assess the environment for decentralization and democratic local governance activities. Second, with the help of the assessment, the program officer should define a strategy that targets the greatest opportunity. Third, the officer will need to select programming tactics.

STEP ONE: Assessing the Environment
The question of the environment, or country context, is a prime consideration in determining whether to begin or extend decentralization or democratic local governance programming. The handbook takes DG officers through an assessment methodology based on two key criteria: the extent of political will to decentralize and the local governance tradition of the host country. The two terms are defined as follows:

Political will is the level of commitment that the country—particularly, but not exclusively, national government leaders—demonstrates to decentralization and the development of democratic local governance.

Local governance tradition is the developing country's degree of decentralization and the effectiveness and responsiveness of its formal local government institutions to the community at-large.

With the guidance provided in this handbook, the DG officer or any partner can determine the degree of political will and the strength of the country's tradition of local governance. As the handbook subsequently points out, each country's combination of political will and local governance tradition carries *general* programming implications. In a country with strong political will to change and a weak local governance tradition, for example, the programming environment can be considered excellent because the desire to reform is coupled with a system in which there are many areas that need work. The assessment process gives officers a clearer idea of the prospects for the success of program activities in this area and of the level at which the mission should intervene. Conducting the assessment provides,

moreover, a wealth of information and insight for the subsequent strategic and tactical stages of programming. The handbook also provides a number of country examples of USAID experiences where combinations of political will and local governance tradition vary widely.

STEP TWO: Defining Programming Strategy

To define a strategy, once it is determined that a decentralization and democratic local governance program has merit for a country, DG officers will need to address the central question: Given limited resources, in how many of three focus areas should USAID strategically intervene to maximize its impact on the development of a democratic local system of government? Strategy options are organized according to the areas of strategic focus:

1) Creating a favorable enabling environment: The objective is to encourage the national government to enact and implement an effective decentralization initiative, including regularly convening free and fair local elections. These activities are focused primarily at the national level of government, although they also address the ability of local government to represent their interests in the national capital.

2) Developing democratic local governance: The objective is to assist local government and community efforts to create local government that operates in a more responsive, accountable, participatory, and increasingly effective—or more democratic—manner. These activities are primarily focused on the local level.

3) Building local government capacity: The objective is to help local governments perform better, primarily by improving their ability to deliver public services and their financial standing. These activities are primarily focused on the local level.

In this section, the handbook presents a variety of programming options and the strategic considerations associated with each. DG officers are asked to consider, for example, the level(s) of government at which programming is most likely to succeed (depending on available resources), prospects for success, and other factors. Officers are also called on to consider their ability to capitalize on openings within the national government, the particular value of democratic local governance activities, and activities with an inter-governmental impact, such as support for local government associations. A series of questions aimed at stimulating strategic discussion for each of the three focus areas is also provided.

STEP THREE: Selecting Entry Points and Tactics

Next, the DG officer must select the tactics—or tools—that match USAID's comparative advantages with a country's best prospects for change. In this stage, DG officers will choose from among many possible options to ensure impact and sustain program efforts.

The program officer is asked to consider the program entry point(s), which is the initial programming opportunity—the strategic doorway—that will allow the mission to anchor its program and optimize overall impact. Ideally, the entry point offers a tangible focus for both local attention and donor assistance. In the Philippines, for example, where reform of the local government law was under consideration, the mission chose support for policy reform at the national level as an entry point.

The handbook subsequently describes a series of potential programming tools from which the DG officer may wish to choose. The list of tools is organized according to the three strategic focus areas and discussion centers on the objectives and potential drawbacks associated with each tactic.

Performance Monitoring and Evaluation, Lessons Learned, and Key Issues in Programming
A number of issues, if adequately addressed, can greatly improve programming in decentralization and democratic local governance. Performance monitoring and evaluation, of course, help the DG officer determine whether programming is achieving the desired results. This handbook provides considerable detail on how to monitor and evaluate decentralization and democratic local governance programming in particular. It provides "do's and don'ts," information on how to use performance information, and sample indicators and target scales in each of the three strategic focus areas.

Major lessons learned from USAID's years of experience in decentralization and democratic local governance programming are detailed. These lessons are coupled with several examples of mission programming that serve to demonstrate the relevant lesson learned. By taking these lessons into account, DG officers may be able to avoid the pitfalls of the past.

The final section of the handbook provides a list and supporting discussion of major programming issues for the future. These issues address a variety of critical concerns, from decentralization's potential disadvantages to program design, that are likely to arise in any country. How to resolve these concerns is certainly not clear. By raising these issues, the handbook gives USAID officers a broader understanding and a more forward-looking perspective on decentralization and democratic local governance programming. The Center also seeks to engage the field in a dialogue to gain a better understanding of its experiences in these areas.

Although this handbook is specifically directed toward DG officers, the Center seeks to advocate a participatory program planning approach throughout so as to engage a wide variety of mission and host-country stakeholders. Finally, and most important, this handbook represents an effort to help USAID officers develop successful programming activities in decentralization and democratic local governance. The publication is not the final word on this topic, nor will all the ideas and advice provided in these pages apply to every country in which USAID has a mission: Developing a handbook to cover the great diversity of country situations inevitably leads to a level of generalization. We do hope, however, that this product proves valuable to program officers in USAID Missions across the globe.

I. INTRODUCTION

A. Current Trends

Decentralization and the development of democratic local governance continue quietly to sweep the world. From Bolivia to Bulgaria, and from West Africa to South Asia, a wide variety of countries are increasing the authority of local governments and working to make them more responsive and effective.

The prime motivations behind these reforms vary. Some countries are emerging from dictatorships seeking to disperse power among smaller governmental units. Others are reducing the size of the central government as part of a transition to a more efficient market economy. Many others seek to increase public involvement and accountability in government decision-making. Where one country is responding to donor pressures for popular reform, another is hoping that the poor performance of the national government can be overcome by allowing local governments to provide fundamentally local public services.

Even where democratic development is not a central consideration, in those countries where genuine reform has occurred, there are openings for continued democratic change.

According to Western liberal tradition, decentralization promotes democracy in myriad ways. By bringing government closer to citizens, decentralization allows people to participate more effectively in local affairs, including identification of community priorities. Local leaders can be held increasingly accountable for decisions that affect citizens' lives. Citizens and their elected leaders gain experience in the practice of democracy.

Decentralization signifies the dispersion of central government power, increased

opportunities for responsive leaders or previously marginalized groups to enter politics, and increased attention to local concerns. With decentralization, local decisions can be tailored to local needs, allowing scarce resources to be generated and expended with greater efficiency and public services to be provided more effectively. Taken together, as local government performance improves, these changes can enhance the legitimacy of the democratic system.

Decentralization is by no means always a positive experience. The process carries a number of potential disadvantages as well. It can produce territorial inequality as wealthy localities take advantage of their new autonomy to push further ahead of low-income areas. Increased local authority may in some communities allow elites to dominate local politics. Decentralization can threaten territorial integrity if it gives rise to separatist demands and, especially when financial oversight of local officials is weak, it can lead to increased corruption. Local service delivery may deteriorate where financial and administrative capacity is weak. Further discussion of potential disadvantages can be found in Section VIII on programming issues.

Reflecting the extraordinary trend toward decentralization, USAID is working to varying degrees in some 50 countries to promote decentralization and to help communities take advantage of opportunities to improve democratic local governance.

In decades past, the Agency focused on improving local public administration, strengthening local credit or financial systems, and supporting urban development. These issues continue to receive close attention, but the Agency's approach has broadened. USAID today strongly emphasizes the pro-democratic and political aspects of decentralization and local governance programming. The Center for

Democracy and Governance in particular is explicitly concerned with decentralization as a political process and with its impact on a nation's democratic development.

As countries decentralize and call on their local governments to respond to their communities and to more effectively deliver services, USAID asks: "How can we improve the democratic system through our support for decentralization reforms?"

This handbook is a practical guide for democracy and governance (DG) officers who must decide *if*, *when*, and *how* to program for decentralization and democratic local governance. In publishing this handbook, the Center provides DG officers and their implementing partners with the following:

- A fundamental conceptual framework for understanding decentralization and democratic local governance concepts

- A means of generally assessing a country's prospects for decentralization and improved democratic local governance

- A variety of programming strategies, tactics, evaluation techniques, and lessons gathered from worldwide experience

The Center hopes this handbook will help USAID programming produce desired, sustainable results.

B. Definitions and Key Clarifications

1. Definitions

Understanding what "decentralization" and "democratic local governance" are is essential to effective DG programming in these areas. For the purposes of this handbook, the two, distinct terms are defined as follows:

a. Decentralization

Decentralization is a process of transferring power to popularly elected local governments. It brings about change in the operation of institutions and almost invariably occurs gradually. Decentralization requires the existence of elected local governments because local officials do not have meaningful autonomy unless they answer to their constituents. Appointed local officials must ultimately act according to the interests of those in the national capital who gave them their jobs; they are effectively agents of the national government. A local system in which government officials are appointed, then, is a centralized system that has not begun to decentralize.

It should be noted there are a variety of definitions of decentralization. One often-used definitional framework is drawn from the economic development or public administration—as opposed to democracy—literature. This approach recognizes three types of decentralization: *devolution*, *deconcentration*, and *delegation*. In the past, USAID relied heavily on this formulation.

Devolution is closest to the term we consider, in this handbook, decentralization. Formally, devolution is the creation or increased reliance upon subnational levels of government, with some degree of political autonomy, that are substantially outside direct central government control yet subject to general policies and laws, such as those regarding civil rights and rule of law.

Deconcentration is the transfer of power to an administrative unit of the central government, usually a field or regional office. With deconcentration, local officials are not elected.

Delegation is the transfer of managerial responsibility for a specifically defined function outside the usual central government structure.

b. Local governance

Local governance is governing at the local level viewed broadly to include not only the machinery of government, but also the community at-large and its interaction with local authorities.

c. Democratic local governance

Democratic local governance is, in turn, local governance carried out in a responsive, participatory, accountable, and increasingly effective (i.e., democratic) fashion.

Decentralization gives the local governance system the opportunity to become increasingly democratic. It helps position local officials to work for the benefit of the community at-large. Without decentralization, the development of democratic local governance is much more difficult.

As decentralization opens avenues for the development of democratic local governance, local governments gain the authority, resources, and skills; make responsive choices with citizen input; and operate effectively and accountably.

2. Clarifications

The above short definitional framework is perhaps clear enough, but a deeper understanding of these concepts requires further elaboration. The following clarifications of decentralization and democratic local governance are provided with the hope that they not only complement the points made above, but also highlight the close link between the two concepts.

a. Decentralization is about power and is, therefore, a fundamentally political process.

Specifically, decentralization is about handing power over to the local level, typically from the central government. And neither individuals nor institutions relinquish power easily. Largely for this reason, then, decentralization is a long, usually difficult, process that requires extraordinary incentive to enact and implement. It is invariably subject to fits and starts as proponents and opponents maneuver for advantage in what is frequently a major national debate.

b. Decentralization has three dimensions: political, financial, and administrative.

These three dimensions, in essence, represent the primary components of power. The *political dimension* (often referred to as "political" decentralization) involves the transfer of political authority to the local level through the establishment or reestablishment of elected local government (perhaps as part of a democratic transition), electoral reform, political party reform, authorization of participatory processes, and other reforms.

The *financial dimension* (often referred to as "financial" or "fiscal" decentralization) refers to the shifting of financial power to the local level. It involves increasing or reducing conditions on the inter-governmental transfer of resources and giving jurisdictions greater authority to generate their own revenue.

The *administrative dimension* (often referred to as "administrative" decentralization) involves the full or partial transfer of an array of functional responsibilities to the local level, such as health care service, the operation of schools, the management of service personnel, the building and maintenance of roads, and garbage collection.

Progress along any of these dimensions is decentralization. Decentralization tends to be strongest, however, when real political autonomy, sufficient administrative responsibility, and the financial resources to

carry out primary functions appear at or are transferred to the local level together.

Decentralization is as if local officials are being told by the central government: "Here are the areas in which you must now work, and here is how you will get the resources needed to actually do the work. And from now on you are responsible to your community for the results you produce." Under these conditions, democratic local governance has the best chance to emerge.

c. *Decentralization is about potential; it guarantees nothing.*

Whether or not decentralization actually promotes democratic local governance in a particular country context is an open question. On the other hand, the impact of decentralization reforms can be positive for democracy regardless of how the reforms come into being.

d. *The context for decentralization varies with every country.*

As is the case with many DG issues, situations vary greatly even between neighboring countries with similar politics and cultures. Although there are general similarities, every country in the world faces a unique combination of issues. What works in one country may not work or be politically feasible in any other.

e. *In this handbook, "local" refers to all levels of subnational government in a country.*

Although most countries contain multiple levels of government—from regions and provinces to states, cantons, and other variations—for the sake of clarity, this handbook includes them all under a single term, "local."

f. *How democratic local governance actually operates reflects the country's own political history and culture.*

Each country develops its own local democratic system. The political processes used vary greatly according to custom (i.e., a public meeting in Poland is not the same as a public meeting in Bolivia), but the broader goal—local democracy—remains the same.

g. *Effective decentralization is a key tool for strengthening democracy.*

Strengthening democracy at the local level can help strengthen democracy in the nation as a whole. It can help define the role of government and clarify the relationship between government and citizens.

C.   Participatory Program Approach

Although this handbook is specifically directed toward DG officers, it encourages participatory approaches that engage all areas of mission activity and host-country stakeholders. The selected case studies aim to provide participatory program models from varied contexts.

D.   Handbook Organization

This handbook contains eight sections, the first of which is this introduction to decentralization and democratic local governance. Section II is an effort to describe USAID's ultimate programming objective: the ideal decentralized system of democratic local governance. This section helps one consider, in general terms, what success really means. It then moves to providing the three central questions that USAID DG officers need to answer in building a successful decentralization and democratic local governance program. These address issues of assessment, strategy, and tactics.

The subsequent three sections demonstrate how the answers to the questions posed above become the basis for the three stages of decentralization and democratic local governance programming: assessment, strategy, and tactics. Section III provides a model for conducting a general assessment of the prospects for decentralization programming. Section IV provides several of the key strategic considerations. Section V provides a wide range of programming tools from which officers can choose when developing their activities.

The final three sections discuss, respectively, monitoring and evaluation of programming in decentralization and democratic local governance; some of the key lessons of USAID experience; and several of the programming issues that have emerged and bear consideration for the future. Effective monitoring and evaluation and learning from the experience will improve programming results. Discussing programming issues will broaden our understanding in this area and guide our agenda for future technical leadership.

The handbook concludes with a list of bibliographic and web site references. These will provide the reader with additional academic, programming, policy-related, and electronic resources in this subject area.

II. SUCCESSFUL PROGRAMMING

In order to design and implement successful programs for decentralization and democratic local governance, it is important to understand what goals are being aimed for, and to work strategically to meet them. This section first presents the chief characteristics of successful decentralization and democratic local governance in an ideal scenario. It then introduces a three-phase programming process that USAID DG officers can rely on to achieve effective decentralization and democratic local governance. Each phase of the process is more explicitly discussed in subsequent sections.

A. Effective Decentralization and Democratic Local Governance

To be successful at promoting the development of democratic local governance, we must first think hard about what effective decentralization and good local governance might look like. What characteristics do we want to see in a developing system? What is the ideal?

Of course, major changes do not occur overnight, and each country context is somewhat distinct. Moreover, generalizing across all the countries of the world and across their varied political histories and cultures is by no means an exact process. The following should not, therefore, be viewed as a single goal for all countries to reach. Indeed, each country will move forward on its own terms. Nonetheless, with the aim clarifying our basic programming objectives, we present the main characteristics of effective decentralization, democratic local governance, and effective local government capacity.

1. *Effective Decentralization*

In an ideal scenario, the national government has shifted a significant measure of new authority to the local level. The government has clearly demonstrated the political will to decentralize. Reforms to the constitution or legal code have been enacted. These reforms, moreover, are being implemented in accordance with the law or at least in a gradual but steady fashion in response to the new legal mandates or regulations.

In the ideal political realm, as required by law, the chief executive (i.e., the mayor) and local council are regularly elected by the local populace. The country may be electing local officials for the first time and, if so, the elections are run as openly and fairly as possible. The political party system allows the participation of local citizen groups and independents and, therefore, the development of pluralistic representation. Local officials are, moreover, accorded authority to pass laws or other legal norms on local affairs. New community leadership is able to emerge. Local governments have the authority to design and use participatory mechanisms to receive community input. Citizen access to governmental authorities and decision-making processes is legally protected through, for example, access to public documents.

In the administrative area, under the ideal scenario the central government is granting local government clearly defined responsibilities that significantly concern communities and generate public interest in local affairs. Local governments are being accorded functions of fundamentally local scope. Local governments are doing more than merely cleaning streets; they are taking on a variety of non-traditional service responsibilities, such as assuring primary health care, basic education, public security, public utilities, environmental protection, and building regulation.

In the financial realm, the central government is taking action to ensure that the local system has access to the resources to match its new functions. This is occurring through increased (or less conditioned) inter-governmental transfers and/or according local governments new local revenue-raising authority. Central government officials also demonstrate increased concern for the development of locally generated revenue, for preventing inefficient or corrupt use of new local resources, and for finding alternative means, such as credit markets, for local governments to secure financing.

2. Democratic Local Governance

Where local governance is democratizing, local governments are increasingly responsive to and interactive with the community. They are more participatory, transparent, and accountable to local residents. Services are increasingly provided in response to citizen demand and priorities.

Regular local elections—or electoral accountability—are at the heart of this process. Participatory governance, which may rely on mechanisms such as town and interest group meetings, hearings, and community involvement in budgeting and planning, is becoming customary. The local public, including the news media, has ready access to documents. Citizens are generally informed and provide input into key local decisions directly at public meetings, perhaps through surveys, occasional referenda, or other means. Civil society groups, reflecting the composition of the community, interact regularly with local authorities. Residents tend to participate voluntarily in neighborhood improvements. In short, citizens generally participate in decisions that affect their quality of life.

Ultimately, local leaders recognize they may jeopardize their political careers if they dismiss the community consensus. Ideally, a collective civic consciousness develops and the progress of the community as a whole—as opposed to local elites, business interests, or political cronies—becomes paramount.

3. Effective Local Government Capacity

Effective local governments have the technical know-how, capacity, and financial resources to sustain the delivery of local public services at levels satisfactory to citizens. They learn from experience and they are able to get things done.

Although progress on capacity can be measured along many fronts, two key points should be kept in mind:

- To a large extent, communities will measure the success of local democracy by the local government's ability to improve the quality of their lives; that is, by its ability to address perceived social needs and provide or improve basic public services.

- Local governments' ability to perform is tightly restricted when financial resources are insufficient to meet their primary functions and when significant revenue is lost to waste and corruption.

Ideally, therefore, the development of local capacity would be producing better-trained personnel, including more professionals engaged in local government operations. In an effective local government, staff members are no longer predominantly unqualified appointees named to appease party loyalists but, rather, increasingly well-educated public servants committed to the progress of their community. With staff careers becoming stable, the local government is able to engage in more long-term strategic planning, management, and policymaking.

In the ideal scenario, the local financial position is strengthening with increasing capacity. Local governments regularly receive appropriate intergovernmental fiscal transfers to support work in which the national government has an interest, yet is also increasingly collecting revenue locally to support purely local functions. Local revenue generation has significantly increased the community's interest in and oversight of how its funds are spent. As accountability increases, resource-strapped jurisdictions continually work to use their resources more efficiently, gain access to credit mechanisms, and develop alternative funding sources.

As local capacity strengthens, local officials are assuring improved delivery of public services, especially in critical areas such as health care and education. They may employ new or innovative approaches, including public-private partnerships, proactive participation in development programs with the national government or donors, and contracting out for services. Most importantly, the general public readily recognizes the real advances that have been made.

B. Building Successful Programs

Buttressed by an understanding of decentralization and democratic local governance in an ideal scenario, we need to look at how to transition to establishing strategic goals for a particular country program and to develop programs to meet these goals. In doing so, three primary questions must be answered. The first deals with the country assessment and asks if USAID should begin, or continue, programming decentralization and democratic local governance activities in a particular country. The second addresses the program strategy. It examines in which of three key areas USAID should strategically intervene to maximize impact on democratic development, given limited resources and a determination that decentralization and democratic local governance is an appropriate assistance area. The third focuses on ways to achieve strategic objectives and asks what are the available programming options and how USAID DG officers choose among them to ensure impact and to sustain program efforts.

FIGURE 1: Questions for the Three-phase Programming Process

Question #1: Assessment
Should USAID begin (or continue) programming decentralization and democratic local governance activities in the country? Answering this question is the essence of the first—or assessment—phase.

Question #2: Strategy
Given limited resources and a determination that decentralization and democratic local governance is an appropriate assistance area, in which of the three key areas—the enabling environment, democratic local governance, and/or local government capacity—should USAID strategically intervene to maximize impact on democratic development? Answering this question is at the heart of the second—or strategy development—phase.

Question #3: Tactics
What are the available programming options and how do USAID officers choose among them to ensure impact and to sustain program efforts? Answering this question is at the core of the third—or tactical—phase.

These questions, found in Figure 1, provide the foundation for the three-phase programming process that is developed in this handbook. In the following sections, we provide a model for assessing the country context for decentralization and democratic local governance programming, raise key strategy considerations, and provide a range of tactical responses designed to help DG officers make informed judgments and design successful, results-oriented programs.

III. ASSESSING THE ENVIRONMENT

The question of context is a critical consideration in determining whether a USAID Mission begins decentralization or democratic local governance activities in a country.[1] Effective programming requires a full understanding of the environment within which an intervention is proposed.

For a country under review, we must answer the following question: In country X, should USAID begin (or continue) programming decentralization and democratic local governance activities?

This section provides a methodology for conducting an assessment of any country environment. Because this methodology has been devised to apply to any country in the world, it is necessarily a general approach. It simply cannot directly address all of the details of every national experience; it does not answer all the questions that can emerge. Yet, by relying on two fundamental criteria—political will and local governance tradition—this approach does provide the basis for a thorough examination of the potential for decentralization and democratic local governance programming.

The simplicity of this methodology is not meant to suggest that conducting an assessment is an easy or quick task. Considerable time, information collection, analysis, understanding, and considered judgement must be brought to bear. A wide-ranging series of key issues must

be addressed as well. We bring out many of these issues in the following pages.

Once complete, the assessment should help officers determine a few key elements:

- The extent to which programming in this area is likely to succeed, which is a key consideration in deciding how to allocate scarce resources

- The depth, at least initially, of USAID involvement, assuming the decision to intervene has been made

In a country where the environment is poor, for example, there may be no reason to initiate a program because there is little chance that decentralization will be instituted, that local governance can progress democratically, or that a stronger national democratic system will result. Or, if there is some chance of success in these areas, perhaps a minimal involvement would be best initially, pending future developments. In short, as will be discussed in subsequent sections, the assessment of country context will feed into the development of a strategy and tactics.

In considering a program strategy, the USAID officer must, to a great extent, accept the existing country circumstances as they have an effect on decentralization and the development of democratic local governance. Those circumstances—the environment in which we find ourselves—may be highly favorable in one country and, for a variety of reasons, dismal in another. Another country environment may be in the middle range, or somewhat favorable to decentralization and local governance programming. It is important to note that there are as many possible scenarios as there are countries.

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[1] For a discussion of decentralization and democratic local governance programming as part of a broader DG strategy, see Gerald F. Hyman, *Conducting a DG Assessment: A Framework for Strategy Development (Advance Copy),* Technical Publication Series (Washington, DC: USAID/Center for Democracy and Governance, December 1999).

A. Fundamental Concepts

Assessing the environment requires consideration of two fundamental concepts:

- Political will

- Local governance tradition

Examined together, these two concepts paint a clear picture of the current country environment. The following discussion and guidelines are aimed at helping DG officers examine the state of political will and local governance tradition in their host countries.

1. Assessing Political Will

Political will is the level of commitment a country demonstrates—particularly, but not exclusively, its national government leaders—to decentralization and the development of local government. The degree of political will can be viewed along a continuum ranging from strong to moderate to weak.

Strong political will is generally characterized by

- A clearly stated desire to reform by the government and key non-governmental actors

- Enactment of laws (constitutional, regulatory, or otherwise) to carry out those reforms

- Implementation of the laws

Weak political will is generally characterized by

- Lip service given to the need for and importance of decentralization

- Vested interest in the status quo by government and other key actors

- Little or no promulgation of laws granting authority and resources to local government

- Virtually no implementation of laws that may have been passed

In assessing political will, the DG officer might consider the following question: Why are we, as a part of the USAID Mission, considering decentralization or democratic local government programming at this particular time? The answer is likely to be a telling sign of the host country's desire to reform.

Examination of political will requires consideration of a variety of indicators of a country's interest or potential interest in decentralization and the development of democratic local governance. Table 1 provides a number of sample questions that would can be useful in this regard. The answers will give considerable insight into the level of political will in a country.

It is important to emphasize that assessing political will is a subjective exercise, the result of an in-depth analysis that is best made following an examination of as many of the relevant factors as possible. There is no single, correct answer, and two people can easily disagree after examining the same set of circumstances. Moreover, political will tends to be a momentary phenomenon. It can suddenly shift for a variety of reasons, such as a change in government leadership.

Nonetheless, guidelines for assessing political will can be developed. The following guidelines may reflect general tendencies; they may apply to some countries more than others. Yet they prove helpful to DG officers who must make such an effort:

Strong Political Will

IF you are considering programming activity because the national government has passed important reforms and is seeking assistance in implementing them...

THEN the level of political will is probably strong, although you should continually assess the degree to which implementation actually occurs. The presumption here is that governments generally enact new laws with the intent to implement them.

Moderate Political Will

IF you are considering programming activity because the ruling government or party coalition is reformist—looking to modernize politically and economically in the midst of a transition from a totalitarian or authoritarian regime...

THEN the degree of political will is probably at least moderate, especially if decentralization or local governance is already on the policy agenda. Today, decentralization is viewed internationally as integral to state modernization. The national government is likely to respond favorably to external programs.

IF you are considering programming activity because the ruling government or party coalition has some political or economic stake in decentralization and indeed recognizes it as such...

THEN the level of political will is likely to be at least moderate. Governments often take action if they view such action to be in their own interest. Under this condition, persuading them to move ahead is much easier.

Moderate to Weak Political Will

IF you are considering programming activity largely because donors are pressuring the national government to decentralize for economic or political reasons...

THEN the level of political will is likely to be moderate to weak. Countries may seek to please donors to the minimal extent possible to obtain donor financial support or presence.

IF you are considering programming activity because a new, formerly opposition, national government is coming into power in a country where important decentralization, such as constitutional reform, was previously instituted...

THEN political will is likely to be moderate to weak. Often new governments seek to distinguish themselves politically from their predecessors and, thus, may oppose decentralization or even attempt to reverse it. The political relationship between the new and preceding government is critical in this case.

IF you are considering programming activity because local government leaders, or perhaps a minister or members of the legislature, are pushing or interested in pushing for decentralization reforms…

THEN the level of political will is likely to be moderate to weak, depending on the lobby's strength. Especially in a centralized system, the decision to decentralize will ultimately come from the central government. Convincing national leaders to transfer some of their power to the local level would likely require a favorable context and/or a strong incentive for doing so.

IF you are considering programming activity because new or historic local elections are forthcoming, but have been repeatedly delayed...

THEN the level of political will is probably moderate to weak. There is a reason for the delay, most probably a lack of consensus among the political establishment for such reform. This situation may well continue for some time.

TABLE 1: Questions for Assessing Political Will

Political priority	• Is decentralization a top political priority? If so, why? Who are its primary advocates or opponents (executive branch, legislature, local officials, etc.)? • Was the decision to begin decentralizing broadly based? • Is there broad support for or opposition to decentralization among various political parties? Other elite or powerful groups?
Political conviction	• Is the commitment to decentralization rooted in stated doctrine of the dominant political coalition? • Are there key and influential central government personnel who have taken a personal, strong, and favorable interest in the proposed decentralization initiatives? • Are there key and influential central government personnel who have taken a personal, strong, and unfavorable view of the proposed initiative? • How prominent is the commitment to decentralization in relation to other major reforms? • Is decentralization required by constitutional reform, a new law, or simply policy change?
Ancillary support	• Is there support or opposition from other constituencies, particularly within civil society for a decentralization effort?
Degree of understanding	• Is there widespread understanding of the political and socioeconomic implications of decentralization? • What are past experiences with decentralization? Is current reform building on past success/failure or a new initiative?
Local political environment	• Is there an established subnational political environment that can have an impact on the debate?
Hidden political agendas	• Are there apparent political agendas that could undermine the decentralization effort and erode central confidence in the willingness to proceed?
Political controversy	• Could the effort become a lightning rod for political controversy, leading to diminished support for decentralization? • Is support for decentralization likely to continue if the power balance begins to shift?
Alignment with regional and local opinion	• Is there policy alignment among central and local political leadership? • How well does civil society understand the implications of and support or oppose decentralization? • What are regional and ethnic perceptions of the advantages and disadvantages of decentralization?
Fiscal context	• Is the fiscal or macroeconomic context (balance of payments, debt, commodity process, etc.) stable? • Does the planned decentralization initiative include the strengthening of local finances? • What are the perceived financial risks?
Danger of capture by local elites	• Do central mechanisms prevent local elites from co-opting the resources that will be transferred to the local level? • Are there powerful constituencies who will be adversely affected and will they accept or attempt to neutralize the decentralization reform?

Weak Political Will

IF local elections have not been held and, despite some assurances from the government, are not scheduled or planned...

THEN political will is weak.

2. Assessing Local Governance Tradition

The second major factor to be considered in assessing a country environment for decentralization and the development of democratic local governance is its local governance tradition. The "local governance tradition" of a country refers to the degree of decentralization and the level of effectiveness and responsiveness of formal local government institutions to the community at-large. The concept of local governance tradition encompasses the full range of issues that can involve virtually any local system: capacity to perform; level of public participation in local affairs; degree of local officials' accountability to the public; political, financial, and administrative autonomy; etc.

A country's local governance tradition reflects the nature of the local system—not only as it exists on the ground today, but also as it has developed over decades past. This concept calls for a close reading of the country's history of local governance. Traditions, moreover, tend to change quite slowly. Unlike the rapid shifts that can occur with respect to political will, one is unlikely to see major new developments in the tradition of local governance for some time.

This concept must also include consideration of ethnic, indigenous, or other traditional forms of governance that may, for good or ill, influence or even substitute for the formal local government structure.

Finally, like political will, local governance tradition can be viewed along a continuum ranging from strong to moderate to weak.

Assessing a country's local governance tradition requires examining a wide variety of aspects of the local system. Table 2 provides a wide range of questions that bring out the key issues that need to be raised on an assessment of local government tradition. As with political will, general assessment guidelines, based on USAID experience, can be developed. The following guidelines are provided to assist DG officers who must consider the local governance tradition of the country in which they work:

A *strong local governance tradition* is generally characterized by

- A long history of popularly elected local governments that effectively provide basic services, such as street repair or park and cultural services, and even some advanced functions, such as the management of utilities, education and health care. (See also Section II.)

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

- A considerable degree of local government autonomy

- A decentralized or decentralizing democratic system of national government

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

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

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TABLE 2: Questions for Assessing Local Governance Tradition

Elections and choice of key officials	• Are free and fair local elections held regularly? • Are there other means by which local officials are held accountable to citizens? • Does the established system for selecting senior officials encourage accountability?
Ethnic or indigenous governance	• Do ethnic or indigenous forms of local governance exist and, if so, how do these relate to the formal local-level state structures? Is this relationship stable/institutionalized or conflict-ridden?
Revenue-raising authority	• Does local government have adequate authority to raise revenue commensurate with increased responsibilities after decentralization? Does it use that authority? • Does local government have the authority to take effective collection actions against tax evasion?
Resource retention	• Do local governments retain resources that are raised locally?
Legislative authority	• Do local governments have the autonomy to pass and enforce laws or ordinances necessary to carry out their new responsibilities? • Do local governments have third parties to whom they can turn who are likely to impartially adjudicate disputes between local and central governments and who can issue binding decisions?
Resource allocation system	• Is there a planning and budgeting system in place that allocates resources on the basis of program goals and a balanced mix of national and local policy priorities? • Are resources that are due local governments from regional and national authorities (tax or revenue sharing, rents, fees) automatically and regularly transferred to local authorities?
Decision-making structures	• Are clear decision-making patterns consistent with decentralization delineated at the local level?
Juridical status	• Can local governments engage in contracts and bring suit in the judicial system? • To what degree are local government actions subject to review in the courts and by other levels of government?
Civic and advocacy organizations	• Do local officials actively participate in the work of professional organizations whose mission is to promote better and more responsive local government? • Do local governments demonstrate the ability to work with organizations in civil society? • Are officials trained and mechanisms in place to elicit citizen input into the formation of local policy priorities?
Communication and accountability	• Is useful information about the government made broadly available in regular and predictable ways, and do citizens follow and act on such information? • Do citizens and the news media have free and unrestrained access to public records and meetings, and do they use this access? • Do the news media operate freely and work effectively with elected officials and staff, and do the media share accurate, comprehensive local government information?
Citizen participation	• Are there established, well-understood systems for ensuring informed, effective citizen input before decisions are made? Do citizens participate in decision-making and, if so, how do they participate? • Does the system provide for direct, face-to-face encounters between citizens and officials?
Management authority	• Is the authority to hire and fire personnel clearly and completely vested in local government? • Do local governments have management autonomy in personnel decisions, organizational structure, and budget procedures?
Expenditure controls	• Are there working systems in place in local governments to track expenditures?
Self-evaluation	• Do governments have use systems and structures to evaluate performance and share findings with public?
Capacity	• Do local governments effectively assure basic public services required by the local population? • Are there national or regional institutions that have the human resource development capacity required for decentralization? • Is funding for human resource development budgeted at the national and/or local levels?
Local government association(s)	• Is there an effective association of local governments in place to advocate for local autonomy and improve representation in national policy decisions? How strong is local government vis-à-vis the center?
Capture by bureaucracy	• Is civil service bureaucracy such that it will not co-opt and capture the system? • Are the status differentiations among political leaders, bureaucrats, and civil servants, on the one hand, and typical citizens, on other hand, such that the latter are intimidated by the former?
Civil service system	• Is the labor market such that professional personnel are likely (and able) to accept jobs with local governments? Is a local government civil service law in place and enforced? • Do local governments recognize the value of training for newly elected local officials? Are public or private training resources available?

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

- Increasingly open and participatory local government with active community involvement

A *weak (or essentially nonexistent) local governance tradition* is often characterized by

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

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

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

- A few national, centralized, political parties that dominate politics at all levels (Local political diversity is weak.)

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

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

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

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

- Little citizen involvement or interest in local public affairs

B. An Assessment Methodology

The next step is to develop a model that promotes a better understanding of how the concepts of political will and local governance tradition provide insight into the prospects for programming in decentralization and democratic local governance. One can fairly claim that every country in the world lies somewhere along the continuum between the two extremes—strong and weak—of political will and local governance tradition. Considering the two factors together, one can illustrate the realm of possibilities to describe any developing country's combination of political will and local governance tradition.

Figure 2 is designed to help DG officers examine the possible country combinations of political will and local governance tradition. The level of political will is gauged on the (vertical) *y*-axis, increasing as one moves away from the origin. The level of local governance tradition is gauged on the (horizontal) *x*-axis, also increasing from weak to strong as one moves away form the origin. Divided into four quadrants, the graph allows general categorization of each country:

Quadrant A: Countries with strong political will and weak local governance tradition

Quadrant B: Countries with strong political will and strong local governance tradition

Quadrant C: Countries with weak political will and weak local governance tradition

Quadrant D: Countries with weak political will and strong local governance tradition

FIGURE 2: Assessing Political Will and Local Governance Tradition

The state of any nation's political will or local governance tradition can be tracked on the graph. Again, a country may fall anywhere, reflecting the variety of mixes of political will and local governance tradition. For example, country "Z" exhibits a moderate level of political will and a moderate local governance tradition.

DG officers can identify where their respective countries fall on the graph by carefully considering the factors discussed earlier in this section and the issues raised by the questions in Tables 1 and 2.

C. Programming Implications

We can now draw general conclusions, for the reasons provided below, about the programming environment in each quadrant. Each quadrant reflects the results of the country assessment of political will and local governance tradition and,

consequently, has implications for programming. To give DG officers a better idea of the assessment methodology, a country example follows the description of the programming implications of each quadrant.

Quadrant A: Strong Will, Weak Tradition. The environment for programming is likely to be excellent. Developing countries located in this quadrant demonstrate the desire to decentralize and strengthen local governance. Given the weak local governance tradition, the local system also has much to improve. There are likely to be many areas at all levels of government in which to work.

Bolivia, 1994-1995: A "Quadrant A" Case
Strong Political Will Coupled with a Weak Local Governance Tradition

In 1994, Bolivia's determination, primarily at the highest levels of government, to decentralize and to reform its local governance system was abundantly clear. By the end of 1995, Bolivians elected local officials nationwide, municipal financial resources were doubled, and local governments took on a variety of new responsibilities. The landmark 1994 Popular Participation Law (PPL), which established municipal governments across the national territory and created a series of mechanisms to help ensure community participation in and oversight of local investment decisions, was being instituted. The administrative decentralization law, which deconcentrated a series of key responsibilities to the nine departments in order to support the development of the new subnational system, would soon take effect.

Strong Political Will. In 1993, Gonzalo Sánchez de Lozada, Bolivia's third president since the return to democratically elected government in 1985, won the presidency on the promise of a more socially conscious stage of economic development that accorded high priority to decentralization and anti-corruption. The new president and his team repeatedly stated their commitment to decentralizing power, developed the PPL and other reforms, and then began instituting them. As observers could readily see, the government's motivations were strong: to make the Bolivian state more efficient and equitable through decentralization; to improve local government responsiveness and accountability; to turn the local system into an engine of economic growth; and to incorporate all segments of society—especially women and

indigenous groups with their own modes of local governance—into the national life. He also sought to counter the power of regional elites, who for decades had been pushing for their own, contrary solutions to the problem of a weak state. Carrying a strong mandate for change, Sánchez de Lozada's government was intent, in many respects, on deepening Bolivian democracy.

Weak Local Governance Tradition. Until December 1995, Bolivia had never elected local government officials across the national territory (from 1949 to 1987, when municipal councils were abolished, no elections were held at all). Before 1995—when municipal governments could be found only in provincial and departmental capitals—most rural Bolivians had no formal local representation; they had been historically excluded from the nation-state. Municipal finances were extremely weak and revenues were distributed to urban areas to the virtual exclusion of outlying areas. The central government, moreover, had long ago absorbed most municipal functions as it strongly centralized power, especially after the 1952 revolution. Given the local governments' long record of ineffectiveness, the general public had no faith in them. Indigenous groups in long-ignored areas, however, developed deep-rooted forms of democratic organization and communal decision-making that continue today. The incorporation of these customs into the formal structure of local government was a prime objective of the PPL.

Source: Gary Bland, USAID's Center for Democracy and Governance

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Quadrant B: Strong Will, Strong Tradition. The environment for programming is good, but USAID may not want to get involved, as the needs may not be as good as in other areas. The country has the will to move ahead with decentralization and the strengthening of local governance. Given the relative strength of the local system, some sectors will probably have more assistance needs than others. These cases are unusual in the developing world and, as seen below, a country's strong will/strong tradition character may be limited in scope.

South Africa, 1994-2000 and Beyond: A Qualified "Quadrant B" Case
Strong Political Will Coupled with a Strong Local Governance Tradition

South Africa is one of the few developing countries that developed a strong local governance tradition. Yet that tradition applied only to the local governments controlled by and for the white minority. Under apartheid's dual local government structure, as whites prospered, the black population was denied local representation and access to public services. With apartheid's demise, local government reform is seen as key to uniting the country.

Strong Political Will. Local government is undergoing a dramatic transformation in South Africa, mirroring the tremendous change in society following the end of apartheid. Prior to the 1994 elections, the ruling Nationalist Party and the African National Congress negotiated an end to the conflictive stalemate over the future of the black townships and minority dominated local governments. The result was the passage of interim laws establishing the institutional frameworks—metropolitan, urban, and rural governments—for a new local system. These laws set in motion the three-phase transition to a new subnational system of government that continues today. They provide for non-discriminatory participation in local politics; partially proportional representation in elections; and the amalgamation of these formerly segregated local jurisdictions into institutions that placed administrative responsibility on the formerly white executive and managerial structures—the strongest financially and institutionally. The 1996 constitution essentially ratified these changes. It provides for comprehensive decentralization, abolishes the former racially divided jurisdictions, and subdivides the country into three democratically elected levels of government. A variety of new functions are decentralized and local units have significant taxation, borrowing, and revenue authority. Under the transition, new laws are replacing the interim reforms. In 1997, the South African Local Government Association (SALGA) was legally established. A year later, the national government released a white paper outlining the transformation of the local government system. In carrying out that plan, the national government is redrawing the boundaries of municipal governments. The 1999 Structures Act provides for the establishment of different types of municipalities, allocates of powers among the types, and addresses issues for local elections. Additional legislation is under consideration. The transition will formally be complete with the fall 2000 elections.

Strong Local Governance Tradition. In white-dominated areas, apartheid fostered accountability, involvement of the community in political life, and effective service delivery. White local councils were elected from 1910 onward. Blacks, segregated into "homelands" and "townships" on the outskirts of urban areas, were highly dependent on the central government and had limited access to public goods and services. Black councils began only in 1982, and Coloured and Indian communities did not have their own administrations. Under apartheid, despite centralization, many white local governments administered well-structured governments with considerable authority and effectiveness. Their financial standing and management was fairly strong. Strong tax bases (and inequitable water and electricity sales to black townships) allowed the creation of investment funds. A key to today's reorganization of municipalities is to take advantage of institutional capacity developed in the past (which generally did not emerge in small municipalities). Building democratic governance—citizen trust, ending the culture of non-payment, affirmative action, etc.—is a daunting prospect. Trained personnel have left local governments and bureaucracies slowly respond to the new leadership. Yet, experienced administrators are able to serve as mentors for new staff.

Sources: Bird and Vaillancourt, 1998; Wunsch, 1998; and World Bank, 2000.

Quadrant C: Weak Will, Weak Tradition. Although the environment for programming is poor, USAID may want to get involved. These developing countries lack the will to decentralize and elected local governments, if they exist, are so weak that they have little lobbying force at the national level. Countries that have weak local governance tradition, however, do offer a variety of opportunities for programming. Under some circumstances, USAID may want to work on a limited scale with the aim of building momentum or pressure for change at the national level, especially if a change in political will is foreseeable or the prospects for local elections in the near future are good.

Ukraine, 1992-1999: A "Quadrant C" Case
Weak Political Will Coupled with a Weak Local Governance Tradition

Until recently, the legal basis for local governance in Ukraine has been in flux. The former socialist country lagged behind its counterparts at the national and local levels. There was no constitutional basis for local government as late as 1996. Although altered several times, the old Soviet constitution and 1992 Law on Local Rada of People's Deputies and Local Self-Governance did include the relevant legal provisions. At the local level, only the former Polish and Austro-Hungarian cities had local governance traditions that were remnants from prior to the 1940s.

Weak Political Will. Unlike some Central European countries, Ukraine has not had political leadership with a strong mandate to either stay the course or significantly change the course. It is roughly divided between a significantly socialist-leaning population in the central and eastern part and a more market-oriented population in the west. About two-thirds of the population live in the eastern and central parts. Any political leader in Ukraine must take this demographic/political situation into consideration when running for office. This has led to political leadership and representation in the national parliament, which can be characterized as directionless. The absence of a strong mandate for change has led to political constructs that pass responsibility from one governing entity to another. The parliament blames the president, and the president passes blame to the prime minister, who responds that the parliament is not passing the needed laws. When Ukraine voted for a new constitution in 1996, it became clear that some 50 laws would have to be amended or new ones written in order for the constitution to become a useful document. Of these laws, three have yet to be completed and implemented, and they linger in committees. They are the Law on the President's Administration, the Law on the Cabinet of Ministers, and the Law on the State Administration. They reflect the ongoing battle between the president and the parliament, and between regional (oblast) administrations and cabinet ministers over the new authority relations that these laws eventually will establish. The process of decentralization of administrative responsibility and authority is closely linked to the outcome of political battles and compromises connected to these three laws.

Weak Local Governance Tradition. Although Ukraine had local administrations and councils during the Soviet period, their leadership—as well as that of administrative bodies during the Russian Imperial period prior to 1918—represented the central government located in Moscow. It is important to note the difference between the popular perception of a central government located in the geographical capital versus a central government located in another country. During the Soviet period, Kiev's function was perceived as regional, and not national, both by central government in Moscow and by local administrators. Ukrainian oblast and municipal officials' function was to execute decisions that were primarily outlined in Moscow. This tradition continues today at the oblast level; only the source of central authority has changed. On the municipal level there has been a significant change since independence, as mayors and local council members are directly elected locally. Oblast administrators continue to be appointed by the president. In addition, the budget crisis has pushed local governments to recognize that more local authority is needed to address pressing problems on the local level. The lack of past traditions other than in western Ukraine hinders the acceleration of this process. It is important that most officials in the central government come from areas of Ukraine with few local self-government traditions; few people in central government have practical experience with municipal government other than as an implementing organ for a central government.

Source: Bohdan Radejko, Research Triangle Institute

Quadrant D: Weak Will, Strong Tradition. The environment for programming is likely to be poor. The national government shows little or no desire to decentralize and strengthen local autonomy and the country already has a relatively strong local government system. Relative to other areas of support, this country probably does not need substantial decentralization and democratic local governance assistance. There may be, nonetheless, some targets of opportunity that can benefit the local system.

<u>**Tunisia, 1993-1996: A "Quadrant D" Case**</u>
Weak Political Will Coupled with a Strong Local Governance Tradition

Local governments have existed in Tunisia since the late 1800s. Indeed, in the period leading up to independence in 1956, local governments with elected councils had significant responsibilities for a variety of local services. While some of this responsibility waned, local government remained a significant feature of the public sector, with the number of local governments increasing by the late 1980s. In addition, in conjunction with economic liberalization reforms in the early 1990s, further local government reforms were enacted, particularly to develop improved local infrastructure financing. However, these reforms were not accompanied by a parallel effort to strengthen democratic local governance. Local elections remained dominated by the ruling party and relations with civil society were largely channeled through appointed neighborhood committees.

Weak Political Will. The government was engaged in meaningful reform to increase the resource base of local governments and strengthen the capacity of local government managers. But reform was not accompanied by parallel efforts either to reassert the role of local government in services or to expand the democratic nature of local governance. The threat of Muslim fundamentalist movements was the primary justification for maintaining control and not permitting more dynamic relationships between local government and civil society. The ruling political party continued its strong dominance of local elected bodies: The relatively small number of opposition-elected local officials declined from the elections in 1990 to those of 1995. Further, the relationships between local governments and citizens groups were largely channeled through *comités de quartier*—neighborhood committees—which were under the control of the Ministry of Interior.

Strong Local Governance Tradition. By 1885, most major cities in Tunisia were governed by a local government structure including an elected board and a strong mayor. These structures have been maintained to the present, within an evolving legal and institutional framework. After independence in 1956, municipal service responsibilities were reduced in favor of national parastatal service agencies for water, wastewater, and housing, for example. These arrangements were thought to be more efficient. At the same time, municipal governments retained vital services such as economic infrastructure, solid waste management, and transport. City hall remained the focus of attention on the local landscape. The government of Tunisia continued to expand the number of municipalities, from 175 in 1975 to 246 in 1989, and also expanded their role in economic and social development planning. Further, in the 1990s the government significantly expanded the financing available to local governments for infrastructure investments by capitalizing a municipal development bank. The rapid increase in the demand for funds from the bank attested to the local governments' desire to be active leaders in local development.

Source: Henry P. Minis, Research Triangle Institute

Since much of the developing world is characterized by highly centralized systems, most of the countries in which USAID works fall into quadrants A and C. That is, in the large majority of USAID-presence countries, local governance is weak. The programming environment, therefore, is largely predicated on the country's level of political will for reform.

D. Other Considerations

A number of other issues bear consideration in deciding whether or not to program in the area of decentralization and democratic local governance.

This handbook recognizes that a country's level of political will can shift dramatically in short order. Assessments should be revisited regularly and when new activities or program shifts are under consideration.

The handbook also recognizes that, in practice, political will and local governance tradition can have little or nothing to do with the decision to initiate programming activities in a country. A variety of other factors come into play. The decision to program or not to program is often pre-determined in response to host-country events, U.S. policy objectives, program mandates, available resources, activities of other donors, and other considerations outside a mission's and a assessment team's scope of authority.

Research conducted in the preparation of this handbook revealed multiple *trigger points* and motivations for the initiation of decentralization and local governance programming. Examples include the following:

- Political change or natural disasters that increases host-country demand and spurs U.S. policy direction for rapid implementation of basic services in specific regions or neighborhoods

- The requirements of U.S. legislation, perhaps a law that requires development of a U.S./host-country foundation committed to democratic reform

- Direction from another U.S. government agency to initiate or enhance decentralization or democratic local governance programming

In such cases, an assessment of political will and local governance tradition provides insight that can be applied in program strategy and tactical design. As in all phases of program planning and execution, participation of host-country partners and stakeholders in the assessment will enhance results while simultaneously building relationships and commitment to program implementation.

IV. DEFINING PROGRAMMING STRATEGY

The next programming step is to develop a strategy—to examine the country context, various stakeholders and their interests, and, among other factors, the nature of potential interventions—to help ensure that resources dedicated to the program achieve the mission's stated objectives. Defining a strategy involves developing an approach that can maximize impact on democratic development.

In this section, we assume the USAID Mission has assessed the environment and other relevant factors and decided to proceed with a DG program in decentralization and/or democratic local governance.

A. Options for Strategic Focus

Following the organizational framework mentioned above and reflecting the nature of existing USAID programming, strategy options can be grouped into three areas of focus:

Creating a favorable enabling environment: Activities focused primarily at the national level, although they may include working with local-level interests to influence the center. The objective is to encourage the national government to enact and/or institute, assuming the circumstances are right, an effective decentralization program, including free and fair local elections.

Developing democratic local governance: Activities focused primarily at the local level. The objective is to assist local government and community efforts to create local government that operates in a more responsive, participatory, accountable, and increasingly effective—or more democratic—fashion.

Building local government capacity: Activities focused primarily at the local level. The objective is to improve local government performance as measured through, primarily, a stronger financial position and increasingly effective public service delivery. Financial, administrative, and managerial capacity are all included in this area of programming. For more detail, see the publications of USAID's Office of Environment and Urban Programs in the list of references and web sites at the end of this handbook.

A choice on strategy may involve one, two, or all three of these areas. Since national-level activities affect those at the local level and vice versa, the objective in this phase of programming is to determine where the strategic emphasis is best placed. The completed assessment, as outlined in the preceding section, should produce a wealth of information and data helpful in determining the strategic focus area. Some examples of the questions the DG officer would consider, based on the findings of the assessment, include the following:

- Did the assessment of political will at the national level reveal an opportunity, barrier, or driving force that indicates a need to focus on creating an enabling environment that favors greater local autonomy? To exercise more control over raising and applying local revenue? To work more effectively with NGOs and private business on privatization of and contracting for local services?

- Did the assessment reveal a strong willingness, but little experience, among local government officials and civil society organizations to collaborate on community development, social services delivery, or other areas of importance to the mission? Did the examination of local governance tradition indicate that fiscal accountability systems, including

communication with citizens and the news media, are weak, are contributing to mistrust, or are hindering meaningful involvement of citizens in critical local decisions?

- Did the assessment reveal that local governments have minimal or no experience in critical service delivery, finance, and management systems? Is this limitation critical to fulfillment of responsibilities that already have been transferred to the local level?

- Did the assessment uncover a strong local-level demand and opportunity for visible results in an identified area—such as health care, public participation, or public utility management—of strategic concern to the mission?

Additional questions to stimulate discussions about strategy options and potential openings in the national enabling environment, democratic local governance, and local government capacity building follow in the boxes.

Creating a favorable enabling environment.
Or encouraging the national government to enact and implement an effective decentralization program.

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QUESTIONS TO STIMULATE STRATEGY DISCUSSION FOCUSED ON NATIONAL ENABLING ENVIRONMENT

- Is decentralization a clear and publicly stated objective of the national government or of key political groups? Have key elected or administrative officials expressed a desire for USAID assistance with decentralization?

- Have local government officials expressed the need for reforms that allow them to raise and manage own-source revenue? Have national government officials expressed or demonstrated a desire to accord local government such authority?

- Has a recent election shifted political priorities toward centralization or decentralization? Has a recent election put decentralization proponents in positions that would allow them to develop and promote a strategic legislative agenda?

- Have local governments formed (or are they forming) a broad-based national municipal association that could serve as the voice of local government in development and implementation of a decentralization legislative agenda, laws, and regulations? Is the association influential with key elected and administrative officials at the national level? Are those key officials favorable or hostile to decentralization?

- Does national reform in economic, social, or other areas allow opportunities for the decentralization and democratic local governance activities? How does existing mission programming benefit from program initiatives in this area?

- Do national laws governing CSOs, access to information, open meetings, freedom of the press, ethical standards, or civil service exist or, in their current form, inhibit local government accountability and responsiveness?

- What is the nature of activities in this area of other bilateral and multilateral donors? What is the level of their interest in decentralization?

Developing democratic local governance.
Or aiding local government efforts to operate in a more democratic fashion.

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QUESTIONS TO STIMULATE STRATEGY DISCUSSION FOCUSED ON DEVELOPING DEMOCRATIC LOCAL GOVERNANCE

- Have local officials initiated some programs to improve accountability and responsiveness of senior and front-line municipal officials and requested additional assistance in this area?

- Have legal reforms established processes for increasing citizen involvement in local decision-making, such as participatory budgeting, mandatory public meetings, referenda on key local issues, recall, etc.? Are these being used?

- Are NGOs and private businesses actively developing the skills necessary to partner or contract with local government to deliver services or promote community initiatives, but stymied by lack of opportunities to work with local governments? Or are local governments stymied in efforts to engage NGOs and businesses in effective partnerships?

- Are news media reports on local government accurate and comprehensive? Are reporters covering local government affairs and citizen input in a responsible manner? Have local government officials developed programs for working effectively with the news media to deliver accurate, timely information to citizens? Or are government-media relationships strained?

- Are local government budgets available to the community and media? Do local governments inform citizens of budget issues and provide opportunities for citizens to become involved in budget decisions?

- What is the level of citizen oversight of local operations and are citizens making use of legal access to public documents?

Building local government capacity.
Or helping local governments enhance performance, primarily through better service delivery and improved financial standing.

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QUESTIONS TO STIMULATE STRATEGY DISCUSSION FOCUSED ON LOCAL GOVERNMENT CAPACITY

- Do local governments have planning and budgeting systems that allocate resources on the basis of pre-established priorities and goals? Have recent local government budget problems called attention to the need for improved fiscal planning, revenue forecasting, budgeting, expenditure control, and accounting? Does such inexperience undermine decentralization?

- Can local governments engage in contracts, and do they use this authority? Does lack of experience in contracting and procurement contribute to perceived corruption, inhibit economic development, or limit infrastructure and service improvements? Has local government inability to act on contracting opportunities undermined the transfer of additional responsibilities?

- How do local governments ensure that their personnel is well-trained and performs well? Can they hire and fire staff in all sectors?

- Is the inadequate performance of local governments as result of insufficient autonomy or inability to take advantage of the authority they currently hold?

- What are the primary public services local governments provide and why are these not optimally provided? Is public dissatisfaction with service provision a major issue of the local system?

- Have local officials asked for help in developing their management capacity?

B. Programming Considerations

DG officers should consider various factors when determining whether to work in just one of the three areas, in two or more areas, or simultaneously in all three.

Again, the level of the government's political will to reform is a primary issue in determining whether programming at the national level is a wise investment of resources. Completion of the environmental assessment outlined in Section III will help DG officers decide if any national-level activity is warranted, if certain central government ministries or legislative body should receive particular attention, or if a local-level focus holds the most promise.

The following general strategy options holds the most potential to support advancement of democratic local governance:

1. Programming at All Levels of Government

A multi-pronged approach is the ideal, particularly in an environment in which action by the central government is necessary and a real possibility. In these cases, national-level program activities should reinforce local activities and vice versa. Programming targets the enabling environment, democratic local governance, and local government capacity. Cross-cutting sectoral issues, such as environment and education, can provide focused opportunities for multi-level programming. Of course, resource constraints and relatively limited prospects for achieving stated objectives may preclude this option.

2. Programming at Just the Local Level

If decentralizing legal reforms have been or are being instituted or if national reform is unlikely, then local government should be the focus of attention. The bottom-up reform approach can produce results, including building awareness of and trust in local governments' ability to perform. For example, support for innovative and effective service improvements in traffic control, neighborhood issues, and other high-profile areas can garner citizen, media, and, ultimately, central government attention.

3. Programming at Just the National Level

Focused intervention at only the national level—providing support for development of reform legislation, for example—can be effective in improving the enabling environment, as was the case in the Philippines. This can include activities to strengthen local governments' national lobbying and communication capacities,

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USAID/Uganda's Local Strategy

Beginning in the second half of the 1990s, the dramatic transition to democracy in Uganda encouraged the USAID Mission to move forward with DG programming. Far-reaching decentralization began with the Local Governments Acts of 1997 and local elections the following year. The reforms included establishing multiple levels of local government with thousands of council posts to be filled, requiring that 33 percent of elected officials be women, and transferring to the local level a wide-ranging array of functions. USAID/ Uganda's decentralization and democratic local governance strategy began with recognizing a rare opportunity to take advantage of the mandate to include women in local government. Civil society overall had experienced tremendous growth recently. Mission officers saw that newly elected, ill-prepared local officials were now faced with taking on huge responsibilities for community affairs. The success of decentralization would depend on the ability of local officials to meet local needs. Mission staff also well understood the need, given time and resource constraints, to work in a limited number of subnational districts (ultimately in 8 of 45). The mission focuses on building local government capacity and strengthening democratic local governance. The strategy is to foster democratic principles through a productive partnership between local government and civil society. Capacity-building is aimed at improving task completion and increasing local governments' ability to provide services such as school provision and road maintenance, while work with CSOs would simultaneously allow local entities to advocate on behalf of local interests and monitor decision-making. Female officials are a particular target of capacity-building effort. To help ensure further support for local government, limited capacity-building assistance is to be provided to Uganda's Ministry of Local Government.

usually through local government associations. Sustainable reform efforts, however, call for subsequent, well-timed local program activities designed to enhance the local system's ability to take on new responsibilities.

4. *Programming with a Local Emphasis, Capitalizing on National Openings*

Programming may be characterized by a variety of local governance activities or possibilities, with few prospects at the national level, perhaps because the will to reform is limited. Yet DG officers should be ready to take advantage of national-level targets of opportunity that can emerge. For example, possibilities can be found within the national administration, such as a particularly sympathetic minister, or within the national legislature, such as the president of a key parliamentary commission. Identifying and taking advantage of these opportunities can lead to key results and serve as platforms upon which to develop further activities.

5. *Programming Activities with an Inter-governmental Impact*

Support for the development of associations of elected officials and local government professionals is a prime example. Indeed,

USAID support for boundary-crossing groups, such as associations, and processes, such as inter-governmental transfer systems, has proven effective in multiple countries, such as Honduras. Technical and financial support for the design and operation of common print and computer systems for sharing of government information, innovations, and lessons learned has improved inter-governmental understanding while also supporting transparency objectives aimed at other sectors.

6. *Programming with an Eye Toward Democratic Local Governance*

Local government activities should aim as much as possible toward enhancing democratic local governance. The most effective USAID local programs target opportunities to improve local administrative and service delivery capacity while simultaneously working with civil society or otherwise supporting development of responsive and participatory governance. Participatory planning and budgeting as well as transparent rate-setting procurement are important examples. Public-private partnerships can help improve effectiveness and the accountability of local government.

USAID/Bangladesh's Supply/Demand Strategy

Bangladesh has been engaged in a transition to democracy since holding national elections in 1991. Elected local governments, known as union *parishads*, have been in place for 25 years, although their significance has varied with the degree of national democracy. USAID staff understood that decentralization has long been on the policy agenda in the country and that, historically, local administrations have functioned less as mechanisms for community decision-making than as vehicles through which the ruling party distributes resources and patronage. A tradition of informal decision-making by the union council chairperson had created a strong sense of injustice among the have-nots. Elected union officials are, nonetheless, responsible for important community concerns, including law and order, infrastructure, and birth and death registers. Their performance is constrained by limited financial resources, traditional social attitudes, restricted access to information, and other difficulties. Recognizing that the national government provides sufficient local autonomy, USAID/Bangladesh developed a program focused primarily on building democratic local governance. The strategy is to improve the responsiveness of local elected bodies and government institutions. A supply/demand model, based on initial survey of citizen needs and annual follow-up appraisals, is used to develop and refine program activities. The disadvantaged, especially women, are targeted, and NGOs, which have become quite active in the country, are the main vehicle for providing assistance. The plan is broad-based, at various times reaching 30 percent of the country's unions. Supply- and demand-based activities are complementary and meant to bring elected officials and their constituents together. On the supply side, activities focus on helping local elected bodies become more informed about their roles and more responsive through, for example, leadership training and promoting access NGO development expertise. On the demand side, activities are aimed at establishing mechanisms for direct citizen access to local government officials and promoting issue-specific community awareness and social mobilization.

The case studies found in this section provide examples of the strategies used by four USAID Missions for their decentralization and democratic local governance programming. The experiences of these countries—Bangladesh, Bolivia, Uganda, and Ukraine—may prove useful to DG officers as they consider their own approaches.

5. *Programming with an Eye toward Promoting National Democracy*

Strategy should consider the potential impact of local government activities on democracy at the national level. Because resources are limited, USAID strategies often involve working with a select group of pilot localities under the assumption that this will produce demonstration effects or replication in local governments that have not received support. When applicable, DG officers should assess early on the prospects for such "scaling-up." Will demonstrated progress in the pilots be sufficient to provoke other local governments to adopt these new approaches without external support? If so, can this benefit the host country's national democracy? Officers might consider working with other donors, civil society organizations, and local government associations that are interested in promoting successful pilot activities. The process of choosing local governments should be done to avoid a biased sample of the local reality (e.g., choosing only local governments with obvious advantages).

USAID/Ukraine and Municipal Strengthening

Emerging from Soviet domination, Ukraine became an independent nation in 1991. The legacy of central state dominance, a dysfunctional national bureaucracy that did not serve the public, and a shrinking resource base called for deep-seated reform. Local government, in particular, emerged as an opportunity to demonstrate that the public sector could perform effectively. Working in a foreign-policy-priority country, USAID/Ukraine believed local assistance to be crucial because it has a more direct, positive impact on people's lives, and therefore improves public perception of economic reform and democracy. As local officials came under pressure to produce, however, they faced increasingly severe resource limitations, unfunded mandates to provide new services, and weak administrative capacity. By 1994, the mission launched a pilot municipal finance and management project to support the development of local government in three cities. Activities sought to improve management, planning, service delivery, and information systems. The program supported the rise of the Association Ukrainian Cities (AUC), which lobbies for local government reform (the self-government provisions in the 1996 constitution and the 1997 Law on Local Powers) and supports dissemination of successful practices. Although local autonomy remains weak, as municipal progress has become increasingly important to the overall reform effort, follow-on projects have built on previous work: providing technical assistance to improve trolley bus operation in 12 cities, involving citizens in priority-setting, and institutionalizing the AUC.

USAID/Bolivia's Support for Popular Participation

In 1994, as part of a continuing transition to a stable, modern democratic system, Bolivia took a dramatic step toward the development of representative municipal government. With the passage of the Popular Participation Law (PPL), Bolivia established regularly elected local governments across the national territory for the first time in its history, created a series of mechanisms to help ensure community participation in and oversight of municipal investment decisions, and required local participatory planning. USAID/Bolivia quickly embarked on a multi-pronged strategy, including national-level work and local governance and capacity-building activities, to help implement and institutionalize an effective and responsive local government system. The program began with support for the first nationwide municipal elections in 1995. The focus then became the provision of training and technical assistance to elected authorities, including intensive "teaching" of staff, councilors, new community oversight committees, and CSOs, in some 20 municipalities. To further broaden the base for democracy and governance, an NGO grant fund was developed to allow expansion of training to localities with which USAID was not directly involved (up to 150 more). At the national level, USAID/Bolivia has lobbied in support of the PPL. The program also has supported policy development, congress's ability to respond to new municipal and citizen demands, and the building of links between district-based members of congress and their constituents in targeted municipalities.

V. SELECTING ENTRY POINTS AND TACTICS

After the assessment is complete and strategies have been identified, the third task is to identify and select tactics, or tools, that will support results and sustainable impact. The initial steps in this tactical phase include

• Identifying program entry point(s)

• Choosing appropriate program tools

A. Identifying the Entry Point

An entry point is the initial programming opportunity—the strategic doorway or point of entry—that will allow USAID to anchor its program and optimize overall impact. Ideally, the programming entry point(s) offers a tangible focus for both local attention and donor assistance. An entry point may offer "what to do first" and provide an opportunity initially to fill an important gap in the array of needs. Often, the entry point will lead to a broader spectrum of activities.

The entry point depends highly on available programming resources and the opportunities or constraints present in the country. There is no particular limit on the number of entry points involved. Two or more entry points may emerge at the national and/or local levels. As the DG officer weighs programming options in the strategic focus area(s) against available resources, the entry point(s) that promises to have the greatest impact should emerge.

If work with a group of pilot local governments is anticipated, developing a plan for replication of successful experience in non-USAID supported localities—or scaling-up—will be an essential consideration for long-term impact. Working with other donors and local

government associations may prove helpful in this respect.

Involving mission and host-country stakeholders brings local knowledge and experience to the identification process. Broad participation helps build consensus and commitment to implementation and experience that supports institutionalization.

The following is a list of potential entry points and some discussion of the strategy that might be involved in using each one. The discussion is organized according to the three strategic areas described in Section II: creating a favorable national enabling environment; developing democratic local governance; and building local government capacity. A fourth, critical category has been added: sectoral entry points, which allow consideration of potential program openings in key sectors, such as health care and education.

1. National Enabling Environment

The following entry points are common in programming focused on producing effective decentralization:

a. Implementation of constitutional reforms recognizing local autonomy

Amending the national constitution can establish decentralization and democratic local governance as fundamental guiding principles. Support for constitutional amendment can be a key entry point because, without fundamental reform, the impetus for decentralization may be tightly restricted. In post-conflict situations, especially in countries characterized by strong regional diversity, constitutional reform and the establishment of a federal system may be at the center of the national debate.

An amendment-based approach may

- Be essential, if the role of the central government is already defined

- Provide a valuable opportunity to articulate underlying values and principles

- Establish maximum political visibility and generate broad public discussion and debate that can, ultimately, combat opposition and spur action

- Outline a general distribution of responsibilities for central and local governments, although detail is limited at the constitutional level

b. *Implementation of decentralizing, enabling legislation*

Legislation can establish fundamental principles and revise the relationships between and functions of the central and local government. Bills can be crafted to address changes in the range of relationships between various line ministries and their local counterparts. Legislation can be prepared in tandem with a constitutional amendment or separately if the existing constitution is compatible with the decentralization effort.

For decentralization, a key legislative concern is the establishment of a local electoral system and the convening of free and fair elections based on that system. Local elections can serve as an excellent entry point for programming. For information on election-related programming, see the Center's technical publication, *Managing Assistance in Support of Political and Electoral Processes*. (See ordering information on the inside back cover.)

Legislation is particularly important in defining the location of revenue-raising authority and the flow of funds to and from the center. Issues that can be addressed in enabling legislation include

- The responsibility of the central government to provide continued financial support to local government— or granting new and equivalent local authority to raise revenue—to support fulfillment of new responsibilities

- The authority of local governments to design and deploy alternative revenue-raising techniques

- The authority of local governments to retain funds they raise

- The authority of local governments to make contracts and release funds independent of national ministry control

New legislation also can modify other pertinent laws, such as civil service statutes, that may constrain decentralization.

c. *Implementation of administrative laws, regulations, and policies*

In most instances, decentralization requires substantial revision of regulations and procedures. The issuance of conforming and complying regulations, therefore, can become an important adjunct to decentralization through constitutional amendment or passage of legislation. New regulations can bring substantial change even in the absence of other legal reforms.

The following should be kept in mind when regulations are considered to be a potential entry point:

- Regulations can be issued or revised in a much more flexible and adaptable fashion than can constitutional amendments or new legislation.

- The issuance of new and revised regulations will likely be essential for sorting through the tangle of roles and responsibilities in certain areas (e.g., oversight of public utilities).

- Issuance of regulations is particularly useful for defining procedures for planning and budgeting and for preventing recentralization.

- Civil service regulations can help support development of a professional cadre of local civil servants.

- Administrative law systems tend to predate a new decentralization initiative and are most often used to ensure close central control rather than to encourage local initiative.

It is important to note that regulations also can be crafted to modify, and sometimes thwart, the enacted legislation supporting decentralization and democratic local governance. An open regulatory process that includes opportunities for public review and input is the best safeguard.

d. Establishment of a legal basis for the creation of a local government association

A decision to create and develop a national association with legal standing for advocacy and representation of local government perspectives may entail national enabling legislation.

The creation and development of local associations is an effective way to support local government development because an association can serve as an efficient legislative research arm, a potential source of technical assistance, and a lobby for legislative reform. Associations can

- Advocate decentralization and hold a vested interest in improved government performance

- Serve as a vehicle for distribution of innovative experiences in USAID pilot local governments, as part of a scaling-up strategy

- Serve as the voice of local government in decentralization and democratic local governance initiatives

- Serve as a source of technical advice and assistance on issues of concern to local elected officials

- Help establish professional standards of conduct and improve the public stature of local elected officials and civil servants

- Prepare and advocate for passage of a local government legislative agenda

2. Democratic Local Governance Entry Points

The following entry points are common in programming focused on strengthening local government responsiveness, accountability, and effectiveness.

a. Creation of opportunities for citizens to express views on and priorities for local services

Service is at the heart of local government performance and, if it meets the expectations of citizens, builds a sense of ownership that underlies democratic governance. Establishing open processes for gathering citizen input on service priorities, standards, fees, and satisfaction gives citizens the opportunity to voice their views *and* take responsibility as active participants in the progress of their community. In addition, it provides the local government with data—from those who finance and rely on the services—for informed decision-making.

b. Creation of means for citizens and the media to gain access to public meetings, records, and information

Information dissemination is the currency of local government-community relations. Local policies, laws, and traditions that govern public records, meetings, and citizens' access rights can be reformed without enabling national legislation. Local officials can take the lead in this area by setting standards, instituting policies, training staff to implement them, and informing the public of their new rights and how to exercise them. Many local governments in developing democracies have demonstrated their capacity to develop standing information mechanisms—city hall press centers, citizen information and service centers, annual budget summary publications, and, increasingly, web site applications—with USAID technical assistance and minimal donor capital investment.

Strengthening communication and information mechanisms at the local level can be less onerous than tackling access issues through national-level legislation. Local practices developed in targeted jurisdictions can be scaled up and widely disseminated through local government or professional associations, civil society organizations, and news media unions. Widespread local adoption of these practices may reinforce or catalyze national-level efforts.

c. Support for participatory procedures allowing citizen input on decisions regarding resource allocation and planning

The development and use of procedures for citizen input on major local government decisions—the annual budget, land use, and construction—build trust between local officials and citizens. This also helps improve decision-making, reduce opportunities for corruption, and build consensus on critical community issues.

The budget process, for example, is a practical entry point that provides an opportunity to

- Introduce or reinforce existing participation mechanisms, such as neighborhood meetings, focus groups, and public hearings

- Partner with NGOs and the news media to inform citizens on budget issues and opportunities to get involved

- Demonstrate to local government officials how participation can elicit useful information that helps them make tough budget decisions

Approaching participation at the local level is less cumbersome and likely to be more effective than at the national level. People are more likely to participate if the issues involved, as is usually the case locally, affect their daily lives. Participatory processes as well can be tested in a limited number of target jurisdictions and encouraged to spread to a larger area.

d. Strengthening local government capacity to work effectively with the news media

The news media can serve as both a government watchdog and a partner in sharing clear, accurate, useful, and timely information about government services, issues, decisions, and opportunities for citizens to participate in decision-making. The media and local government in new and emerging democracies have a strong basis for partnership:

- They are simultaneously developing the skills they need to function effectively in their new environment.

- The government has information the media want and need.

- The media have direct conduits to citizens.

- Where a free press exists, the media will cover local government issues with or without the government's cooperation.

- The government wants coverage to include accurate information and its point of view.

A positive relationship between local officials and the news media can shift government from a traditionally defensive or critical approach to media to a more productive, partnership-based style. By working openly and professionally with the media, government can engender media respect and gain accurate coverage of key decentralization-related issues and services.

By initially working to strengthen the working relationship between local government and the media, citizen awareness of community issues, local government services, and public opportunities to participate in decision-making can improve. Media coverage of local government activities and perspectives, moreover, is likely to reach central government audiences.

The Center's publication, *The Role of Media in Democracy: A Strategic Approach*, provides information that can be useful in assessing the potential of this entry point. (See ordering information on the inside back cover.)

e. *Working to encourage non-traditional groups—women, ethnic groups, and other minorities—to participate in local government*

Decentralization may open opportunities for these groups and their leaders to participate in local affairs for the first time. Training and other assistance can help bring them into public life,

and can be an important first step to a larger programming effort.

f. *Promoting partnerships among local governments, civil society organizations, the private sector, and other groups*

Effort to improve public services often provides unique opportunities to bring together groups from many sectors—neighborhood committees, business, academia, etc.—to resolve common concerns. These concerns can be as narrow as landscaping a local park or as broad as regional economic development. The potential for quick—and self-reinforcing—visible results, especially early on, is best when the focus is clear and narrow.

Partnerships give government an opportunity to move from service provider to facilitative leader, a role in which it convenes, guides, and leverages community resources, including citizen knowledge and skills. In the barn-raising model used in the United States and other parts of the world, local government and citizens suspend their traditional roles as service provider and passive consumers to become partners who can contribute whatever they can to take advantage of opportunities and solve community problems.[2]

Partnerships are particularly effective in economic development, where a variety of local interests come together to forge a common vision of what the community can be and to leverage resources from a variety of governmental and non-governmental sources.

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[2] For more information about this model, see the National League of Cities' publication, *Connecting Citizens and Their Government: Civility, Responsibility, and Local Democracy* (NLC, 1996).

3. *Local Government Capacity*

Enhancing human capacity is a basic building block for development. Enhancing local government capacity to act involves not only resources, but also the skills and competencies required to manage them.

The following potential entry points for decentralization and democratic local governance programming focus on the development of local government capacity. For more detail on municipal finance, see the publications of USAID's Office of Environment and Urban Programs in the list of references at the end of this handbook.

a. *Strengthening the local government's role in policymaking*

Strengthening local government capacity to develop policy can include technical assistance and training linked to standard processes:

- Financial policies associated with the local government budget

- Procurement policy associated with contracting for and purchasing of goods and supplies

- Policies governing access to local public records

- Open meetings and open records policies

- Public notification policies, particularly those related to land use and community planning

- Personnel policies associated with professional development of local government employees

Independent organizations of local-elected officials and professional staff can serve as ideal partners in policy-related capacity building. Through research, workshops, and other activities, they can help develop standard policies, promote information sharing among members, serve as a resource center for policy models, and encourage widespread adoption of effective practice.

b. *Expansion of local revenue-generating authority*

Resource mobilization entry points include the following:

- Revenue authority: Access to resources for investment is lacking or insufficient because of inadequately developed capital markets, poor debt-carrying capacity (whether real or perceived), and inexperience with debt as a source of funds for investment.

- Revenue structure: The revenue structure should provide a degree of stability and predictability and allow local government to access tax and fee resources. Available resources should represent the locality's range of economic activities, be buoyant (i.e., grow with economic activity/inflation), allow the local government to recover costs from users of services that are "private" (divisible) in nature.

- Size of the local revenue base: The size of the local revenue base is often described as a percentage of gross domestic product and/or total public expenditures. Because the adequacy of revenues is a function of service responsibilities, service delivery standards or quality relative to a country's economic performance is a

common measurement for determining revenue needs.

- Central-local fiscal transfers: In most transitional or developing countries, transfers are an important revenue source for local governments. They become a perverse source, however, if they are merely substitutes for local resource mobilization authority, are used primarily to balance budget deficits, or are distributed primarily on political terms. Inter-governmental-transfer reforms typically focus on developing a more predictable system, building incentives for good management (either with explicit criteria or by eliminating budget-balancing criteria), and promoting equity among regions or local governments that have highly variable economic bases. They might also be used as incentives to persuade local authorities to raise more revenue locally.

- Local control over financial resources: Increasing local-level management control over revenues and expenditures is a key issue in decentralization. Although effectiveness and efficiency are important criteria in assigning responsibility, revenue flows typically are improved through local control over tax-base evaluation, rate setting, and collections. Similarly, allowing local management of expenditures can increase responsiveness to local needs and preferences and avoid residual control by national ministries such as, for example, finance and interior. Overall fiduciary responsibility should be maintained by post-audit systems.

c. Creation of a national training and policy/ program analytical capacity for local officials

Strengthening local government officials' analytical skills, management, and operational capacity can support both policy reform and service improvement.

Overall training needs in local governments in transitional and developing countries are vast, yet the human and financial resources to meet the needs are relatively modest. It is important, therefore, to identify the specific training that will have the greatest impact, and couple it with appropriate policy and/or structural reforms. Indeed, training often can be designed to stimulate discussion of these issues, and brainstorming on how changed local policies and structures might look.

Because learning needs are vast and ongoing, building capacity to meet them requires careful thought. Many countries, including European countries such as France and Denmark, have opted for a centralized local government training institution. This approach is sometimes criticized for becoming isolated from local government operations (and, hence, local government needs) and for being rigid in the training offered. Other systems, such as in the United States, are market based.

One solution in developing and transitional countries has been to develop a central capacity to identify priorities yet allow for flexible delivery through training-provider networks. Ideally, training is developed and institutionalized within host-country organizations that include training and capacity building in their missions. Potential partners include local government associations, NGOs/CSOs, independent foundations, private consulting firms, universities, and associated schools of public administration.

4. Sectoral Entry Points

Some entry points are not directly related to DG programming strategy, but may nonetheless facilitate change in one or more of the three focus areas. These are "sectoral" entry points. A sectoral entry point takes advantage of an opening in a sector (or some other policy concern, such as anti-drug efforts) to influence decentralization, local democratic processes, and/or local government capacity. Activities in health care, education, or environmental reform, for example, lead to opportunities to work with local and national government officials, to improve local service provision, and to involve sector-based NGOs in local affairs. The impetus for programming may differ, but result is the same: improved democratic local governance and a stronger national democratic system.

Several factors often drive this approach:

- Lack of funding for or host-country interest in decentralization or democracy and governance activities

- Established experience and funding for health, education, and other initiatives

- Allies and policy commitments in key sectors

- Expectation that work in areas such as health care and education may produce tangible results, such as policy and legislative reform, while also generating citizen support and involvement

- Desire to build relationships that can contribute directly to decentralization, democracy, and local government capacity building activities in the future

An interesting example of a sectoral, or non-DG, entry point can be found in USAID/Panama, where the strategic objective is to improve the management and protection of the Panama Canal watershed. As part of that strategy, the mission is working in several municipalities located in the watershed to strengthen their capacity to implement land use plans, particularly solid waste management.

Entry points vary with strategy. There is no single, correct programming approach to uncover. DG officers who can carefully identify that initial strategic doorway(s), however, are best positioned to select program tactics that make sense, garner stakeholder support, and lead to sustainable results.

The Philippines: Legal Reform as an Entry Point

USAID's entry point in the Philippines was legal and policy reform. The mission worked with legislators and within the national bureaucracy to help secure passage of the 1991 Local Government Code, a major decentralization program. This initial work provided an excellent platform for the subsequent Governance and Local Democracy project, which is focused on helping municipal government use the new law to become more participatory and effective.

Benin: Improved Local Capacity as an Entry Point

USAID's planned entry point in Benin was the development of local capacity through local human resource development. The strategy was based on the mission's belief that the success of decentralization would depend on local officials' ability to successfully take advantage of their new service functions. The plan was to develop training opportunities for a range of local actors so that they would be more prepared for the new local system. As of 1999, five key Beninois decentralization laws were pending.

B. Selecting Program Tactics

Keeping with the organization of the handbook, this section on tactical options—the tools of the trade—are organized according to the three strategic focus areas: creating a favorable national enabling environment, developing democratic local governance, and building local government capacity. This discussion builds on the preceding sub-section on entry points. In addition, a table containing a list of tools for the DG officer to consider follows the discussion of each strategy area.

1. *Creating a Favorable National Enabling Environment*

The three major possibilities for formal reform aimed at achieving decentralization include

- Constitutional reform

- New legislation

- New or revised administrative laws, regulations, and policy initiatives

National legal reform can pave the way for improvements at the local level. The enactment of new legislation is easier to achieve than constitutional change. On the other hand, constitutional reform is much stronger and more difficult to reverse than simple legislation, which may be more easily modified or ignored. Administrative or operational change is the easiest to affect, but it is also the easiest to ignore or reverse.

a. *Constitutional reform*

Because constitutional reform implies historic national redefinition of governmental structures and responsibilities in response to major national concerns, it is less susceptible to influence from outside. In some countries, USAID may be able to significantly influence the reform process. In

others, such efforts may not be feasible, and thus DG officers might look to help institutionalize the reforms following their adoption.

Constitutional reform favoring decentralization or democratic local governance may indicate a solid commitment to change in this area. It provides strategic opportunities to apply the following tools:

- Promote the implementation of the appropriate reform provisions. If new elections are under consideration or scheduled, that process may need support. If new responsibilities are to be transferred to the local level, that, too, may require assistance to a particular office or ministry.

- Promote public awareness of and debate on the reform, its implications for governance, and the implementation schedule. Increased public understanding or pressure for change can help soften political opposition and ensure the reforms are instituted.

If a choice among these activities is required, DG officers should favor those activities that best promote *implementation* of constitutional reform. Failure to implement reforms is one of the major shortcomings of decentralization efforts.

b. *New legislation*

New legislation can establish fundamental decentralization principles, strengthen local governance, and revise the relationships between the central and local governments. The scope for donor support is much greater here, and donors have had major influences on the text and implementation of new laws. Assistance can

- Help define the extent of decentralization and the new

governmental roles and inter-governmental relationships that emerge

- Help draft provisions of new local government and local electoral law

- Help develop a law to address the funding constraints under which local governments operate (A new law might increase inter-governmental financial transfers or enhance their revenue-generating authority.)

- Help modify other pertinent laws, such as party reform and the enabling statutes of line ministries, that may be constraining decentralization and the development of democratic local governance

Choosing among these options will be best determined by the specific in-country opportunities presented and the relations USAID has with host-country agencies. DG officers could, for example, look to build ties to ministries that may be more supportive of decentralizing legal reform. In particular, opportunities to influence the outcome of a new local finance law should be exploited.

c.   New and revised administrative laws, regulations, and policy initiatives

Decentralization and local governance reform usually require substantial revision of regulations and procedures. The issuance of regulations is, therefore, an important adjunct to decentralization through the legal reforms mentioned above. Because they are issued in a much more adaptable fashion than reform of the legal code, the opportunity for a USAID role is usually good where relations with relevant ministries are positive.

Some programming options include

- Helping ministries issue and communicate to the local level the revised and typically complex regulations on new governmental roles

- Focusing support on regulatory areas that are especially important to decentralization and democratic local governance, such as civil service regulations, administrative law systems, and planning and budgeting

- Helping ensure that regulations and procedural rules are not crafted to modify or thwart the intent of newly enacted legislation

If an effort to weaken the reform becomes an issue in the country, this latter option should be the priority. Successful implementation of the first two options hinges on the willingness of national government agencies to enter into reform of civil service regulations and other areas that may not be directly related to the decentralization effort. The first option is likely to be necessary under any circumstances.

Table 3 provides a series of programming tools for consideration in creating a better enabling environment.

National or regional associations can take on a major lobbying role on behalf of the local governments they represent. They may work continuously to engage the central government in discussions of legal reform that will help strengthen local democracy. They can, then, enhance the environment for decentralization. Local governments in many countries have neither the resources nor the experience on which to build effective associations. It should be noted that associations may also include independent foundations committed to local

TABLE 3: Programming Tools for Creating Favorable National Enabling Environment

Policy research, analysis, and dialogue:
- Examine current issues and problems of decentralization operations in the host country; explore relevant experiences in other countries; and suggest remedies
- Coordinate roundtables, workshops, and issues forums to join stakeholders in identifying problems and possible solutions
- Provide research-based advocacy for policy change where appropriate

Technical assistance:
- Supply model constitutional provisions, regulations, or laws
- Provide consultancies to leading central government branches (e.g., Ministry of Justice, Ministry of Finance, Office of the President, Legislative Assembly)
- Assist non-governmental public policy research institutes or U.S.-based private voluntary organizations that operate within the country
- Conduct comparative analysis of the existing legislative framework
- Assist relevant local government ministry in redefinition of its mission, roles, and responsibilities and in long-term strategic planning
- Assist local civic groups in understanding their new roles and responsibilities and in educating local citizenry

Technical studies:
- Provide technical studies (e.g., guidebooks on decentralization, new local functions, or democratic practice)
- Conduct detailed analysis for host-country use on issues such as local government structure, its new role, and inter-governmental relations

Training:
- Conduct seminars and workshops for decision-makers and provide visiting professors and other experts on legal reform issues
- Conduct seminars and conferences on implementation and/or regulatory review
- Provide training to staff of policy research institutes or other institutions that can assist government in drafting regulations and laws

government reform, freedom of information, and citizen participation. For approaches and tools in providing assistance, see the local government capacity-building discussion provided later in this section.

It may be that legal reform in areas not specifically addressing local government can have as great an impact as local government legislation itself. Some commons tools for work in this area include

- Support for the development, passage, and implementation of legislation related to open records and open meetings, news media rights and standards, NGOs, and CSOs

- Work with government, NGOs, private business, and other donors to develop a comprehensive national anti-corruption program or targeted anti-corruption legislation aimed at specific processes, such as government procurement (The Center's publication, *A Handbook on Fighting Corruption* (USAID, 1999a), provides additional ideas for programming consideration.)

- Support for the development, passage, and implementation of sector-specific legislation, such as health care or education laws, that can lead to decentralization in that sector and perhaps decentralization on a broader scale

- Support for the inclusion and implementation of standard public access guarantees for important decentralization-related norms, particularly in the areas of finance and administrative process

2. Developing Democratic Local Governance

The development of democratic local governance requires increasingly responsive, accountable, participatory, and effective local government. That is, it calls for improved local government-citizen interaction, the strengthening of media reporting on local government and community affairs, and building an active, more pluralistic civil society.

a. Local government-citizen interaction

Such interaction is essential to democratic local governance. In many developing world societies, citizen involvement—and the public official expectation of community involvement—is traditionally weak or nonexistent, often characterized by passivity or intimidation. The objective is to get local officials to seek out and eventually expect public participation. The locality needs to become involved, expect results from its elected leaders, and develop a collective sense of community. Over time, through continual learning-by-doing, democratic governance can develop. Table 4 provides some options for programming in this area.

b. Local government and the media

Developing responsive and accountable government requires an informed public. Local officials must inform the community about local affairs and about their efforts to address citizens concerns. Citizens, in turn, must have access to information to be able to act on their interests. In many developing countries, in large part because the media are poorly developed or are dominated by particular interests, transparency is extremely weak. Neither local government officials nor their constituents fully appreciate the value of information to local affairs. The promotion of active, independent media to cover local affairs can help address the lack of transparency. Some programming options are provided in Table 4.

c. Civil society organizations

The existence of an active, pluralistic civil society is believed to be closely related to the successful emergence of democratic practice. A healthy civil society can help shape and focus the energies of concerned citizens and ensure public accountability to the community. In many developing countries, however, civil society is weak, and characterized by clientelism and a predominance of individualistic interests. Communities frequently lack civic consciousness or contain an assortment of self-serving organizations that have little concern for the public good. The question is how to promote a civil society that can lead to democratic local governance. Some programming options can be found in Table 4.

3. Building Local Government Capacity

Developing democratic local governance requires improving the financial standing of local governments so that they can carry out their responsibilities, especially the delivery of public services, effectively. It requires developing their general management, operational, and policymaking capacity. It also needs the support of societal organizations, from businesses to universities, that share their interests and experiences.

a. Resource mobilization

Local government can do little without money to pay for its functions. Many developing-world local governments receive financial transfers from the central government, but the levels are insufficient or so use-conditioned that local autonomy is highly restricted. Local governments almost invariably need to do considerable work in developing their own-revenue sources through improved local tax and fee collection systems, improving efficiency of resource use, and increasing access to credit. Revenue generated locally can prompt citizens

TABLE 4: Programming Tools for Developing Democratic Local Governance

Policy reform:
- Support reform of electoral process and procedures to increase responsiveness of locally elected officials
- Build capacity of national electoral commissions to organize and oversee elections at local levels

Policy dialogue:
- Advocate policies to establish local institutions that can organize and articulate citizen concerns in a constructive manner and bring these to bear on the formation of local policy
- Promote civic education to improve citizen understanding of the functions of local government and the obligations of responsible citizenry

General technical assistance:
- Help create watchdog mechanisms that promote transparent and accountable government by spotlighting malpractice and advocating reform
- Provide technical assistance to civic associations and the NGO sector on practical matters such as NGO registration procedures, tax exemption law, comparative charitable-giving legislation, and fundraising practices
- Work to strengthen organizations of civic associations so that they can develop networks of information exchange and promote joint action among rural and other community organizations
- Support local institutions that play a partnership role with local government in the delivery of services

Government-citizen communication technical assistance:
- Promote consultation mechanisms so citizens can express their satisfaction or dissatisfaction with local government programs
- Help strengthen public (both citizen and media) access to public meetings and records
- Promote local government procedures that allow citizens to provide input before decisions are made about resource allocation, and establish oversight procedures
- Build capacity at all levels of government to disseminate information (e.g., press releases, bulletins) regularly to citizens and other levels of government

Information-distribution technical assistance:
- Help build mechanisms to disseminate the results of government decisions to citizens
- Seek to make information about local government performance readily available
- Support the role of local government associations as advocates of transparent governance and communicators of democratic local governance experiences, innovations, and best practices
- Support organizations that can educate the community, advocate the growth of democratic local governance, and oppose efforts to reverse favorable trends

Government-media relations technical assistance:
- Support development of municipal press centers
- Create opportunities for local government and media to partner on public information and participation programs
- Develop associations of city communication, public, and press relations professionals
- Conduct a study tour that includes local government officials and the media to examine other countries' approaches to local government and media relations

Training:
- Provide training to government officials to establish and monitor performance standards and codes of conduct
- Link management training with subsequent matching grant support to enhance impact and sustainability (i.e., scaling-up)
- Provide on-site management training to local officials in pro-democratic governance topics ranging from public accountability to participatory planning
- Provide off-site participant training or study tours, preferably in the region and perhaps in the United States

Sub-project grants:
- Use small matching grants early on to build organizational capacity
- Provide larger grants to established partners for specific initiatives with clear performance milestones
- Provide grants to organizations that can help replicate pilot activities

to monitor more closely how their money is spent. Table 5 illustrates some of the programming options available in this area.

b.   Service delivery

The ability of local governments to deliver or improve the existing delivery of public services is crucial to generating democratic legitimacy within the community. In many developing countries, local governments are scarcely involved in providing anything other than the most basic public services. Their capacity to do so is often weak. With decentralization, however, many local governments are being called on to become involved in new areas. It is critical that they do so as effectively as possible. Table 5 exhibits some of the options available.

c.   Policy, planning, and management

Many countries in the developing world lack the technical know-how to develop policy, institute planning processes, and carry out general administrative duties, such as budget preparation. Personnel often are poorly trained; turnover is high. These technical skills are essential, however, to the development of governmental institutions. How are local governments to obtain them? Table 5 provides options to consider.

d.   Institutional sustainability

As we have seen, particularly in low-income jurisdictions or where education levels are low, enhancing human capacity is critical for local institutional development. Institutional sustainability requires moving beyond the simple training of public and community organization officials, however. It also means helping local actors themselves develop the capacity to train staff and otherwise professionally support the long-term, effective functioning of the local administration. Table 5 includes a variety of options to consider.

e.   Local government and professional associations

National or regional associations of local governments and professional organizations can be of great value in strengthening the capacity of local government. They provide local officials with somewhere to turn for advice and technical support to address capacity-related questions. They can support a strategy for replicating nationwide successful experiences in USAID pilot local governments. Associations provide training, manuals, conferences, and newsletters. They share best practices and promote professional standards and codes.

If a mission is considering helping create or support an association, a number of considerations should be kept in mind. The DG officer should consider the level of politicization of the prospective association and ensure that it does not benefit political parties or interests at the expense of local government system as a whole. The association should reflect the local system's political demographics. It should be able to secure the participation of a large majority of the country's local governments, provide valued services in exchange for membership fees, and eventually become self-sustaining. Refer to Table 5 for some sample programming tools. For more detail on finance, credit, and service delivery, see the publications of USAID's Office of Environment and Urban Programs in the list of references and web sites at the end of this handbook.

TABLE 5: Programming Tools for Building Local Government Capacity

Policy research:
- Examine finance, resource management, service delivery, and other priority trends in the host country and similar countries
- Examine availability and reliability of financial data
- Use workshops and field studies to help the host country define priority structural and policy changes

Policy dialogue:
- Conduct workshops and other fora to bring stakeholders together to develop a common understanding of options and action plans for fiscal, management, and operational reform
- Conduct dialogue at all governmental levels on fiscal reform, economic growth strategies, and equity issues

Technical assistance:
- Help develop alternative fiscal and revenue systems and related regulations
- Provide legal assistance to revise municipal finance legislation
- Support development of property registry systems, tax mechanisms, and revenue collection systems
- Assist with evaluation of local fiscal conditions and implementation of open and transparent budget processes
- Support capital improvement planning and financing of infrastructure improvements
- Help strengthen local governments' fiscal status to enable them to qualify for a bond rating
- Assist in the establishment of a secondary municipal bond market
- Provide sample policies and models of municipal creditworthiness
- Support technical "twinning" to transfer skills and experience on practical management and operations priorities
- Create and facilitate management and operations teams charged with developing and testing innovations and sharing experiences
- Bring "state-of-the-science" techniques, appropriate technology, and best practice studies to those responsible for specific municipal services

Training:
- Present finance models on a firsthand basis through targeted training in technical areas
- Lead regional study tours designed to develop an operational understanding of local government finance, budget, and interactive communication with citizen-customers of local services
- Conduct seminars and workshops on such subjects as customer orientation, quality circles, performance management, and service delivery planning
- Bring together representatives of local government, NGOs, business, the news media, and others for training and action planning to enhance results through improved relationships and communication
- Conduct training needs assessment(s) in a consensus-building manner to build understanding of and support for training
- Develop useful, priority training modules that integrate new approaches and new training techniques

Financial assistance:
- Invest in and install management systems in key areas such as accounting and finance, property management, and cash investment

Private sector and NGO development:
- Promote techniques for "reinventing" local government, such as partnering NGOs and business, service contracting, sale of enterprises, franchising, and small business development
- Explore and work to institute mechanisms to encourage private investment in areas such as job creation and provision of infrastructure in designated commercial/industrial areas
- Support development of consulting organizations and think tanks that support local government capacity development

Support for local government associations:
- Bring in-service training, reorientation, and validation to local government professionals such as finance directors, public works engineers, community planners, economic developers, and communication and public relations professionals
- Help associations share best practices within technical fields
- Provide model legislation for quasi-public bodies that receive financial support from appropriated funds
- Provide institution-building support through strategic planning, organizational development, and strengthening of member relations, communication, and advocacy and lobbying skills
- Assist in establishing technical twinning relationships with other local government organizations
- Provide direct grants to existing associations to improve administrative capacity
- Provide indirect grants through a national intermediary group or through the relevant government ministry (e.g., the Ministry of Local Government)
- Conduct management training directly or through a government ministry
- Conduct international training and study tours for association leadership

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VI. MONITORING AND EVALUATION

Performance information, which includes both performance monitoring and evaluative data, is an essential tool for effective management of decentralization and democratic local governance programs. The reporting aspect of monitoring and evaluation is, for example, a particularly important tool for promoting openness and citizen-customer awareness and satisfaction.

Several USAID publications detail Agency guidelines and procedures for performance monitoring, its relationship to results reporting, and recommended procedures.[3] Table 6 presents a brief summary of monitoring lessons drawn from USAID experience (Cook, VanSant, Stewart, and Adrian, 1993).

TABLE 6: Performance Monitoring Do's and Don'ts

Do	Don't
Encourage ownership and "champions" at all management levels. Train agency staff not accustomed to using performance data. Use a small number of meaningful indicators to keep the system simple. Focus on the vital few. Use presentations that are understandable to both internal and external audiences.	Underestimate the need for visible backing from key agency and/or mission officials. Overwhelm managers; each point of management responsibility should focus on a few key-results areas. Create a data bureaucracy; program managers should be involved in developing data-gathering efforts. Exclude any stakeholders or partners.

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[3] See USAID (1998a), *Handbook of Democracy and Governance Program Indicators*, which offers extensive guidance on the use of scales and related tools.

A. Performance Monitoring

Performance management is not only a central element of USAID's results focus, but also a key element of effective governance. Indeed, assisting local governments with performance management is a potential entry point in efforts to help them become more responsive and effective. Table 7 summarizes ways in which performance information can be used by USAID, partners, and various local stakeholders. In light of the potential benefits, there is real value in USAID involving counterparts and other stakeholders in the design and implementation of performance monitoring for governance activities.

B. Performance Evaluation

DG program managers should consider several tenets that guide the formulation of a framework for evaluating DG activities. The evaluation framework must be user-centered, generating information that stakeholders can use to make decisions. Stakeholders may be donors, program staff, program beneficiaries, citizens, community groups, or local government officials. The framework, therefore, should emphasize participation to guarantee that all stakeholders have a meaningful say in DG program design and implementation.

The evaluation framework should be comprehensive, covering implementation and impact issues. Implementation problems, for example, can be detected early on through comprehensive data monitoring. Having the flexibility to adjust to changing conditions—such as a change in national leadership—is important. It is also appropriate to think of the framework as an interactive rather than a linear, step-by-step process. One must approach the evaluation framework with the idea: "Learn as you go and adjust."

As the evaluation process unfolds and is adjusted, its outputs can contribute to organizational learning. Analysts should seek cost-effective methods in order to obtain the best and most relevant information at the least cost. Finally, the framework should be theory-based and have a sound rationale for the claim that attempted decentralization or local democratic governance development efforts will (if properly implemented) produce intended results.

As they proceed, the developers of the scope of work for DG program evaluation—usually

USAID staff—should consider the following questions:

- **Which sector of activity will be the focus of the evaluation?** Policymakers or local governments operate in multiple sectors—from education to environmental management to transportation—with varying degrees of success. Over time, emphasis among domains may shift. The scope of work should specify the domain or domains that are its focus.

TABLE 7: Uses of Performance Information in Decentralization and Local Governance

USAID	Contractors	Local NGOs and Other Partners	Citizens	Municipal Staff	Elected Officials
Manage for and demonstrate results	Manage for and demonstrate results	Improve performance focus	Understand the budget process and constraints of local government	Understand how actions contribute to organizational objectives	Use performance reports as a focal point for legislative oversight
Track progress on SO, IR, and activity indicators	Benchmark and compare performance over time and against targets	Provide basis for communicating results to stakeholders and citizens	Make more targeted and realistic demands on local resources	Focus on outcomes rather than inputs	Support allocation of resources to programs that are producing results
Communicate results to USAID/W, Congress, partners, and counterparts	Provide early warning of management or performance problems	Mobilize financial support for effective programs	Lobby for or against projects or programs that directly affect them	Identify program improvements to increase customer satisfaction	Propose adjustments to the missions, objectives, or strategies of public agencies
Provide information for the Results Review and Resources Request (R4)	Report to USAID	Account for resources to USAID or other funding agencies	Compare government's performance with similar cities and towns	Enhance communication between units to improve the service-delivery process	Gather information about the needs and priorities of constituents
Hold managers accountable for program results	Support learning agendas (i.e., comparative approaches, lessons learned from implementation)	Strengthen information management and analysis capacity		Manage complex problems generated by competing interests of citizens	

- **What are the key results to be assessed?** An evaluation should measure progress toward achievement of the objectives and targets established in the activity design, as well as toward related mission strategic objectives and intermediate results.

- **Which perspectives, or constituency points of view, will be considered?** As noted above, perspectives often differ widely. The scope of work should specify which perspectives, both internal and external, will guide the analysis and influence the sources of information.

- **Which level of analysis will be used?** The analysis can focus on an entire sector or on specified agency's subunits, depending on the government structure. Effectiveness achieved at one level may or may not correlate with effectiveness at a broader or narrower level.

- **What timeframe will be employed?** The scope of work should specify whether the evaluation will be considering long-term effectiveness or short-term productivity, keeping in mind that the strategies for measuring each may be incompatible.

- **What type of information will be used?** In considering which information to use, one must remember that documented information on DG program activities and effects may differ from perceptions. The availability and credibility of each kind of information will differ from case to case.

- **What will be the point of reference?** The assessment may be comparative (to other similar government entities), normative (to a theoretical ideal), goal-

centered (in relation to a stated target), longitudinal (keyed to improvement over time), or trait-related (relative to predefined attributes).

- **How will the assessment results be used, and by whom?** The results of the DG program evaluation should be provided in a form that is timely, relevant, and practical for the users. User needs may affect not only the length and detail of the analytical presentation, but also the analysis itself.

- **Is the activity suited for evaluation?** Are the problems and anticipated outcomes of the evaluation suitably defined to be measurable? Is there a clear management structure to act on the evaluation?

- **What is the purpose(s) of the evaluation?** The objectives of the evaluation exercise should be clear. Do they include identifying lessons learned? Is the goal to determine how to adjust ongoing activities, for example, or how they can be replicated in other parts of the host country?

C. Performance Indicators

Successful performance monitoring and evaluation require clearly articulated results against which performance will be assessed. Results provide a basis for collecting data on the need for a service, the inputs to that service, the service outputs, and the results. Indicators of these results can be used to measure important dynamics such as the quality of governance or effectiveness of decentralization.

In their performance monitoring plans, USAID Missions must define in detail the performance measures they will track to monitor the strategic objectives and intermediate results, together with

information on the source, method, and schedule of data collection.

Good indicators of results are timely and relevant and can be measured with quality data at reasonable cost. They also are understandable to the program stakeholders who will use the performance information in decision-making or program assessment. As such, they must fit a specific objective, program, and country setting. Useful and effective performance measures are objective to ensure they are interpreted the same way by different people. The most important criterion is that there is effective demand for the information. The quality of supply-driven data is irrelevant; the quality of demand-driven data is crucial.

Sample performance measures are provided in Table 8; they are organized around the three key dynamics of decentralization and democratic local governance. While not comprehensive, the list illustrates the kind of measures that can be used to assess impact. The sampling is drawn from existing USAID projects, experience of the authors, and the *Handbook of Democracy and Government Program Indicators*, which provides a wealth of sample indicators with annotations regarding their applicability, data collection methods, and other interpretive ideas. (See ordering information back inside cover.)

USAID program managers can use these samples as a starting point for establishing a performance monitoring and evaluation system specific to the host country and to a given DG program.

D. Setting Targets and Measuring Results

The complex and dynamic nature of decentralization and democratic local governance makes target-setting particularly difficult. The amount of change to be expected from a given level of activity must be defined as part of the strategic goal for which assistance is being provided. A poorly articulated goal makes evaluating decentralization and democratic local governance difficult. Quantitative indicators often either do not reveal much or push measurement back to more easily counted outputs rather than to real results. One way to deal with this problem is to establish a descriptive scale that defines stages of progress toward an objective. This idea is often put to use for policy indices that track steps toward the passage and implementation of a specific policy reform. Scales also have been used to track institutional progress or growth in capacity.

Scales can be especially appropriate for such dynamics as local government transparency, central government devolution of power, measures of capacity, or level of citizen participation in decision-making. For example, USAID's Office of Environment and Urban Programs uses four stages or levels to describe the expected steps that occur along a continuum to achieve a given result. This is helpful for monitoring the status of progress, even though it does not by itself indicate the complex factors that contribute to achieving the results. As examples, stages for three indicators are presented in Table 9.

A scale normally presents a range of ratings from "low" to "high" or the equivalent on some attribute relevant to what is being measured (for example, citizen confidence in local government). The stages can also be defined as in Table 10 rather than with a numerical rating.

A scale enables the transformation of complex human judgments into numbers that can be combined, averaged, and otherwise processed. It permits "quantitative" analysis of answers that are derived initially from ratings or assessments. A key element in an effective scale is that, at any given moment, different persons would score the assessment the same way. This is essential if comparative measurements or measurements over time are to have meaning. For this purpose,

it is useful to define carefully what each point on the scale means rather than leaving it purely to the subjective judgment of the rater. Using the same rater(s) over time or averaging the scores of several raters are other ways to improve the reliability of this tool.

An example of an overall performance management/evaluation framework for the Municipal Finance and Management project in the New Independent States (NIS) is also provided in Table 10. This project involved a range of interventions to achieve four primary results: decentralized local government finance and management capacity, local government transparency and accountability, improvement in the lives of citizens, and sustainability. Table 10 summarizes intermediate results and indicators used in these four categories. The project is a good example of a performance monitoring system tied to the key dynamics of decentralization and democratic local governance discussed in this handbook.

TABLE 8: Sample Indicators

1. STRENGTHENED NATIONAL ENABLING ENVIRONMENT

<u>Administrative Dimension</u>

- Number of responsibilities specifically reserved to local government (as opposed to central government)
- Number of reforms passed, relative to recommended or promoted reforms
- Number of local government actions overturned by central government
- Scope of responsibilities clearly defined for each level
- Number or percentage of local laws passed without hindrance from central government
- Percentage of local government staff hired independently by local government
- Degree of assignment of functional responsibilities from central government to local government
- Existence of codes of conduct or other legally binding statements for local officials

<u>Financial Dimension</u>

- Increased legislative authority to levy and collect local taxes and fees for local use
- Trends in local own-source revenues
- Percentage of locally generated revenue retained by local governments
- Percentage of residents paying (specified) local taxes
- Degree of independence in use of central government financial transfers
- Percentage of local government budget mandated by central government
- Authority for local debt financing
- Existence of local economic development strategies and incentives

<u>Political Dimension</u>

- Passage of constitutional and legal reforms to transfer power (i.e., local governments have protected legal status and specific powers and responsibilities)
- Number or percentage of local government decisions overturned by central government
- Level of authority to accept, reject, or modify central government plans for urban infrastructure constructed by central agencies
- Level of consultation with associations by local officials on national policy issues
- Laws supporting freedom of association and speech
- Percentage of citizens registered to vote and percentage of registered citizens voting (disaggregated by gender and ethnicity) in local elections
- Percentage of executives, administrators, candidates, and elected officials who are women or minorities

TABLE 8: Sample Indicators (continued)

2. IMPROVED DEMOCRATIC LOCAL GOVERNANCE

- Number and diversity of citizens who make use of local programs, benefits, and services
- Percentage of citizens participating in local political activity
- Public policies changed consistent with advocacy of citizen organizations
- Number and diversity of citizens and organizations involved in local strategic planning/oversight
- Public perceptions of corruption practiced in service provision, as reported in opinion polls
- Level of access to or participation in development of local government services delivery (disaggregated by gender, location of residence, ethnicity, etc.)
- Portion of annual budget with local governments involving citizen participation
- Number and diversity of citizens involved in decision-making task forces or commissions
- Percentage of local governments holding formal meetings with grassroots organizations
- Percentage of citizens in a local area who feel that local authority is addressing their priority concerns
- Independent audits accurately documenting local government performance are made public

3. INCREASED LOCAL GOVERNMENT CAPACITY

- Availability of local government budgets and financial reports to councilors, the public, and the media
- Existence of internal and external auditing in accordance with required schedules
- Number or percentage of post-audit actions taken
- Proportion of local government executive posts for which recruitment is based on clear job descriptions, professional merit
- Existence of a citizen complaint mechanism and use of that input to affect policy or service delivery
- Response time to citizen complaints
- Existence of transparent financial systems and full reporting to citizens
- Percentage of local revenue generated by local government
- Percentage of local operating costs covered by local revenue
- Percentage of population satisfied with particular services (disaggregated to ensure equity of access)
- Documented performance standards and systems of measurement
- Actual performance (results) reported to public
- Percentage of local staff completing relevant skills training, and evidence of use of that training
- Measurement of citizen satisfaction with local government effectiveness, responsiveness, accountability, and communication

TABLE 9: Sample Target Scale[4]

Sample National Enabling Environment Indicator: Degree of independence municipalities and their citizens have to make investment decisions.

Stage 1
Investment decisions are dictated, directed, or carried out by central government.

Stage 2
Central government recognizes need to grant autonomy to localities. Central government has expanded level of consultation with local govern-ment and allows some degree of local government decision-making.

Stage 3
Local governments exercise significant autonomy in investment decisions. Commitment by central governments to expand autonomy is incorporated into national policy.

Stage 4
Local governments act autonomously in making investment decisions with support from central government consistent with national policy.

Sample Democratic Local Governance Indicator: Extent to which women and disenfranchised groups are represented in local governments and other decision-making bodies.

Stage 1
No women or disenfranchised groups are repre-sented in local government.

Stage 2
NGOs or other numbers of the public have indi-cated that women or disenfranchised groups are under-represented in local government.

Stage 3
Women or disenfranchised groups are on the ballots to be elected as local government officials.

Stage 4
The percentage of women or disenfranchised groups in local government positions and other decision-making bodies has increased and contin-ues to grow.

Sample Local Government Capacity Indicator: Degree to which public budget and decision-making processes are effectively carried out.

Stage 1
No public meetings or printed materials on budget are available.

Stage 2
Budget is properly prepared and printed in news-papers or available at local or central government ministry offices.

Stage 3
City council includes one citizen at-large seat or other formal community representation mechanism at annual budget hearings.

Stage 4
Citizen initiatives or positions are gathered and incorporated into budget documents and the planning and approval process.

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[4] This scale is adapted from the 1998 Results Framework, an operational document of the Office of Environment and Urban Programs of the USAID's Global Environment Center.

TABLE 10: Municipal Finance and Management in the New Independent States—Performance Monitoring

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Goals

1. Strengthen accountability and control by keeping track of results compared with plans and objectives
2. Improve decision-making by clarifying information on objectives, alternatives, and consequences
3. Enhance performance by improving implementation and methods
4. Build understanding of municipal finance and management by providing information of significance to various stakeholders and audiences

• •

Result 1: Decentralized local government finance and management capacity

Intermediate Results	*Indicators/Measurement*
1.1 Increased use of good management and finance practices and systems for local decision-making	• Adoption of new approaches and practices adapted to local needs • More timely data availability • Increased analysis of financial data • Performance-based budgeting in place • Service fees related to costs of services
1.2 Improved local government policies, regulations, and procedures	• Reviews of current policy conducted • Legislative changes identified • Increased local control of and responsibility for finance and management
1.3 Greater transaction processing and information systems capacity	• Information system plan in place • Organizational framework established for management information systems • Systems up and running • Increased use of management information to guide decisions
1.4 Organizational structures and approaches better suited for democratic local governance in a free-market economic system	• Organizational systems reviewed • Management development programs in place • Means established for handling citizen complaints

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Result 2: Local government transparency/accountability

2.1 Increased public knowledge of and participation in budgeting and municipal decision-making	• Budgets published and available to public • Open budget processes (public hearings) • Fully auditable financial records • Competitive bidding processes used
2.2 Increased public influence on municipal service outcomes	• Referenda on major issues • Open media coverage of local government issues
2.3 Clearly defined lines of authority and responsibility for public officials	• Open publication of service data and results • Public organizational charts
2.4 Performance monitoring conducted	• Performance monitoring systems in place • Performance monitoring information available to public

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TABLE 10 (continued)

Goals

1. Strengthen accountability and control by keeping track of results compared with plans and objectives
2. Improve decision-making by clarifying information on objectives, alternatives, and consequences
3. Enhance performance by improving implementation and methods
4. Build understanding of municipal finance and management by providing information of significance to various stakeholders and audiences

• •

Result 3: Improvement in the lives of citizens

Intermediate Results	*Indicators/Measurement*
3.1 Improved public service delivery	• Quality improvements • Increases in service levels and number served • Cost-effectiveness improvements • Fee-based service levels improved • Increased citizen access to selected services
3.2 Improved economic status of city/municipality	• Economic development plans developed and implemented • Capital improvement plans developed/implemented • Levels of private sector participation increased

• •

Result 4: Sustainability

4.1 Project innovations incorporated into local government organizational structure, legal framework, practices, and budget	• Documented new procedures • Budget reform • Management and organizational innovations
4.2 Recurrent maintenance and support costs of automated data processing (ADP) and other systems incorporated in local government budgets	• Operations and maintenance of ADP systems covered in local government budgets
4.3 Training institutionalized, and municipal finance and management training available in local government or in-country institutions	• Links to local institutions established • Programs of management training in place • Public management and operations training available

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Process Issues
1. Make defining of standards and indicators a collaborative effort with local government counterparts
2. Place identification of benchmark status in each city on early agenda of field teams working with counterparts
3. Build ownership and capacity among municipal counterparts around defining and implementing monitoring agenda
4. Involve league of cities in baseline data collection and analysis (benchmarking) and in reporting of progress

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VII. LESSONS LEARNED

Decentralization experience in countries around the world and the experience of USAID and other donors with programming activities provide a wealth of important lessons that can guide future efforts. The following is a list—by no means an exclusive list—of general programming lessons we have learned:

- *Take advantage of and encourage political will*. Capitalize on the existing political will for reform. Take advantage of a positive climate as rapidly as possible. Since political winds can shift with little lead time, one may soon face a rising wall of opposition. The degree and type of local governance programming will often be determined largely by the political will of the host country. Efforts to sustain political will (e.g., lobbying national leaders and ministry officials) should be continual.

- *Show results*. Citizens' trust in local government and their willingness to pay for what it does can be enhanced through visible, fast-yielding, priority investments in the community. Concrete results help establish the local government's legitimacy. This fact should not, however, be an invitation for politicized investment planning.

- *Emphasize revenue generation*. Local government income generation should be a priority. Increased financial autonomy—to assess taxes or fees and collect them—allows local officials to address community needs with greater effectiveness. Activities should include emphasis on the responsive and responsible expenditure of all revenue received.

Showing Results through Communication in Bulgaria

As one of the pilot cities in USAID/Bulgaria's Local Government Initiative, the municipality of Stara Zagora has taken a comprehensive approach to informing citizens and involving them in choices related to downtown development, the annual budget process, and conversion to natural gas for heating. As part of its program, the city has established a city hall public information and press office. The city relies increasingly on press releases, weekly news conferences, publication of the council agenda, citizen surveys, televised public hearings with viewer call-in features, and other live fora to share information.

Faced with public confusion, mistrust, and some resistance to a natural gas conversion project, the city and a USAID-sponsored assistance team worked with NGOs, business representatives, and others to develop a communication and citizen-involvement strategy to respond to community concerns, which included traffic disruption and inconvenient street cuts, and to involve them in the project.

Tactics included publication and wide distribution of frequently asked questions, a public debate by the local high school debate team on the merits of natural gas, and a citizen-oriented ribbon-cutting ceremony celebrating conversion of the first public facility (a kindergarten). With USAID technical support, the municipality hosted training workshops on practices in local government regulatory affairs, rate setting, and public safety and natural gas. The press participated in news briefings associated with each workshop.

Results: An independent citizen survey conducted four months after the launch of the information and involvement campaign revealed Stara Zagora citizens considered the USAID-supported conversion of municipal facilities to natural gas the number one community accomplishment of the year. Conversion of targeted public building and related energy efficiency and regulatory efforts continued with news media and community support.

- *Build local government momentum*. Emergence of a local government movement is often critical to long-term success. Programming should help create or sustain the momentum. The enactment of decentralization legislation and attendant national debate often provide or renew the impetus for sustained reform. Local government associations can be powerful advocates for change at the national level, and they can provide valuable support to local government institutions.

- *Help inform the public*. Work with the local news media to develop and conduct public education strategies (e.g., campaigns and informational workshops) to raise awareness of reform and its potential benefits. Promote understanding and support for decentralization and local governance.

- *Work at as many governmental levels as possible*. Resource limitations are always a concern, but programming should help build a favorable enabling environment at the national level while

simultaneously working with local officials to take advantage of new developments. Working at all levels produces the best results.

- *Promote accountability*. Support mechanisms that directly promote participatory and accountable government and build partnerships between local government and other sectors (e.g., regular public meetings with CSOs, formal grievance procedures, hearings on major issues, participatory planning and budgeting, and opinion surveys).

- *Do not assume that building on the best is always best*. To help ensure success, USAID and other donors often target the most promising local sites for assistance. This strategy heightens the chances that the seeds of reform will grow only in fertile spots. It offers little to marginal or less progressive communities. Since the

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Financial Accountability in Russia

The Municipal Finance and Management project in Russia worked directly with eight city governments to help them restructure and learn modern financial management practices that emphasize accountability to citizens for government performance. Budgets were published and debated in public hearings, while citizens provided input into proposed expenditure and revenue policy.

Citizen-public Dialogue, West Africa

In West Africa, where a crisis of confidence in public institutions pervades, training sessions were successfully conducted to allow business interests and citizens to hold official dialogue with locally elected officials and administrative staff. A key issue was managing and financing public facilities, such as public markets, slaughterhouses, and transport facilities.

The Slow Pace of Change in Paraguay

Paraguay is emerging from a long history of oppression and a tradition of *caudillo* leadership (strong one-person rule). For almost 50 years, the political and military dictatorship dominated every aspect of life through the centralized government. Since the early 1990s, the country has struggled to create a multiparty democratic system. In the past five years, international donors have begun to support decentralization and local government initiatives, which have faced a variety of deep-seated institutional obstacles as well.

Paraguay's decentralization and democratic local governance programming offers an interesting comparison of two distinct activities. Both activities also demonstrate the slow pace of reform and change found in many countries.

Public Health: A new health law in 1997, which was then followed by administrative regulations, pointed to a sectoral entry point for decentralization. But administrative, financial, and political authorities were never substantially devolved to the local health councils that the law created. Political will in the ministry dissolved, foreshadowed by national events. The only advocates for municipal-managed health clinics—local government officials—lack sufficient political power and local resources to break the impasse. The organization of municipal interests is only now effectively beginning.

Community Development: The second program, which used the strategic planning model with active citizen, neighborhood, and municipal participation, demonstrates the catalytic power of grassroots organization. Introduced to the planning ideas, the pilot communities became energized; local leadership emerged; local resources were mobilized; and civic improvements were completed. Although the project seeks to fundamentally change the relationship between the citizens and their local officials, the technical assistance is very intensive, the level of sustainability has not been tested, and much remains to be done.

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most promising sites typically are exceptional cases, programming results are less likely to serve as models for the rest of the country.

- *Realize that change is slow*. Decentralization and development of local governance are lengthy processes of incremental institutional change. Institutional reform requires not only legal reform and implementation, but also the emergence of a new political culture. This can take many years and measuring short-term results is extremely difficult. Yet, thoughtful design of sensitive indicators can register change and provide incentives for continued work.

- *Build on prior assistance activities*. An early series of activities should be viewed as a building block for a larger future program. One activity can build on the next, or two activities can work in tandem for greater impact. A program may begin by promoting legal reform to improve the enabling environment, and, once the national reforms are in place, it may turn to assisting a select group of jurisdictions. Later, for long-term sustainability, local government or professional association development may be the focus of activities.

Filipino GOLD: Building on Previous Program Activities

The Governance and Local Democracy (GOLD) project follows a long-standing tradition of USAID support for decentralization in the Philippines, most recently through the Local Development and Assistance program (LDAP) and Decentralized Shelter and Urban Development (DSUD) project. LDAP and DSUD activities focused on policy, or the passage of the proposed Local Government Code. Following the code's enactment—with the key reforms in place—the mission moved to support the new set of policies through the GOLD program. GOLD primarily supports local government units in the implementation of the code.

Working directly with local government units as opposed to national government ministries, GOLD focuses on democratic local governance. Based on previous experience and an extensive consultative process during the design phase, USAID/Philippines saw GOLD as an intensive effort to demonstrate that democracy works and that transparent decision-making results in more unified, legitimate, and equitable policies and programs. The mission wanted to show that government can become more responsive to people's expressed needs and must be held accountable for its performance.

GOLD also shifted the focus from national policy reform to assisting local governments, leagues of governments, and local community organizations in coming together to address common municipal problems, implement policy reforms, and enhance the effectiveness of local advocacy for citizen interests. The project steering committee included both national agencies and local government units as well as representatives from leagues of governments and NGOs.

GOLD represents an important "learning laboratory" for the broader USAID emphasis on democratic local governance. Donors have a long history of supporting administrative and financial decentralization in the Philippines. The USAID/Philippines program's value is that it moves beyond local government administration and service delivery concerns to support institutions and structures that enable individuals to decide and do things for themselves. Activities are based on treating people not as beneficiaries in the traditional sense, but as citizen stakeholders.

Source: VanSant, Blair, Razon-Abad, and Amani (1998)

VIII. PROGRAMMING ISSUES

The following is a series of issues that are important to any discussion of decentralization and local democracy and that consistently arise when USAID considers country programming in this area. We give them some consideration here with the hope they will broaden understanding, provide impetus to the continuing debate, and assist in the improvement of program activities in the future.

- *Promoting decentralization*. Should decentralization always be promoted? As outlined below, there are a number of concerns about the potential impact of decentralization. Democratic theory tells us that decentralized government will improve democracy. Development experience at times provides a less favorable view. As explained at the outset of this handbook, however, we are in many ways in a new era for decentralization throughout much of the world. Is the jury still out?

- *Inequity.* A strong case can be made that granting greater autonomy to local jurisdictions, and therefore to donor efforts, can exacerbate territorial inequality. Wealthy local governments generally have more resources at their disposal and access to better educated personnel than do poor ones. In providing services and improving the quality of life for residents, they can use these advantages to pull much further ahead of less-advantaged counterparts. Low-income areas, meanwhile, face many disadvantages, from minimal resources, to lack of investment opportunities, to a relatively less-educated population, and to greater social and infrastructure needs.

- *National quality standards for public services.* Decentralization should not allow the weakening of national control over quality standards in education, health, and other key service areas. Enhanced local autonomy should not give rise to a multitude of standards that can seriously undermine the quality of life across the country. Does decentralization necessarily lead to this situation and, if so, how should donors react?

- *Local authoritarianism.* Does decentralization give traditionally ensconced local bosses a freer rein to control public resources and dominate local political life? Where is the democracy in instances where democratic tradition is weak or nonexistent? Depending on traditions or the nature of government at the national level, the new, decentralized local context may be a relative improvement. The opportunity for change may be greater as local officials and citizens gain awareness of the new local system and how it should ideally operate.

- *Scaling-up*. How do local governance innovations spread from one locality to another? What makes one local government adopt the practices of another, and how can they be promoted nationwide? USAID and other donors often select a series of pilot jurisdictions in which to work. This approach often assumes a demonstration effect based on the premise that successful practice in the pilots will be adopted in many—if not all—of the country's communities. Evidence suggests this transfer of ideas rarely occurs without some external impetus. Is the premise on which it is based valid? What are the lessons to be drawn from those instances in which

replication reportedly *has* occurred? Does improved national democracy result? Can better planning during the pilot phase help overcome this problem?

- *National cohesion.* Decentralization is a recipe, some argue, for the erosion of territorial sovereignty. According greater authority to local governments can give rise to demands for secession or independence, particularly in culturally diverse or geographically extended countries. On the other hand, others argue, allowing distant regions greater freedom to act on their own affairs may lessen historical demands for separation.

- *Local elections.* Should local elections be required for USAID to begin programming activities in decentralization and the development of democratic local governance? Elections are ultimately essential to the emergence of democratic governance. The absence of local elections does not, however, prevent USAID from becoming involved at the local level because such involvement may lay the groundwork for a larger programming DG effort once elections are convened.

- *Cross-sectoral programming.* Increasing numbers of USAID Missions appear to be addressing democratic local governance from a sectoral vantage point. Missions are pursuing local sectoral programming and local government democratic process together—combining DG resources with resources in areas such as health care, education, and water and sanitation. There seems to be an increasing recognition of the practical value of supporting improved, more democratically operated local service

delivery. Is this a significant trend in programming? Are the results better, as one might expect, than we find when there is a separation of sectoral and democracy work?

- *Moving from local to national democracy*. What is the link between building democratic local governance and the nation's democracy as a whole? As discussed above, decentralization is a direct tool for democracy-building through the development of democratic local governance. Decentralization, for example, can give rise to local political movements or parties that force the traditional political system to open up and become more pluralistic. Success at the local level can, in some situations, generate public pressure on the national government to accord greater local autonomy. This local-national link must be considered because it can be critical to programming, especially when USAID is working where local government officials are not elected.

This handbook illustrates the programming advances that have been made during USAID's long experience with decentralization and democratic local governance programming. As this section demonstrates, however, maximizing the impact of program activities on the development of democracy and improved governance demands greater understanding in a variety of areas. In the coming months and years, in its effort to provide technical leadership for the Agency, the Center will be taking on many of these and other questions as they emerge. Ultimately, after all, successful programming is a continual learning process.

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• USAID's Center for Democracy and Governance internal web site: **www.usaid.gov/G/DG/**

• USAID's external democracy and governance web site: **www.info.usaid.gov/democracy/**

• USAID's Office of Environment and Urban Programs in the Environment Center (intranet and internet): **www.genv.org/mcw** and **www.makingcitieswork.org**

• USAID's Africa Regional Dialogue on Decentralization: **www.info.usaid.gov/leland**

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• USAID-funded GOLD project in the Philippines: **www.ardgold.org/**

• USAID's Decentralization Network on Water and Wastewater in Central American and the Caribbean: **www.ehproject.org**

• USAID's Democracy Strategy paper: **www.info.usaid.gov/democracy/strategy.htm**

• Center for Development Information and Evaluation (CDIE) page: **www.dec.org/usaid_eval/**

• International Forum for Cooperation on Local Government in Latin America and the Caribbean, supported by USAID/LAC: **www.latinterforum.org**

• World Bank site on decentralization: **www.worldbank/org/html/fpd/urban/**

• World Bank site on social capital: **www.worldbank.org/poverty/scapital**

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