

UK Local Government Alliance for International Development

DFID White Paper response

May 2009

“Local Government must be “hardwired” into the overall government system, and not be considered just as an adjunct to central government”. Philip Amis, 2007¹

¹ Philip Amis “Financing Decentralisation and Local Government to Meet the MDGs” Paper by Commonwealth Local Government Forum and ComHabitat submitted to Commonwealth Finance Ministers Meeting 2007.

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Executive Summary

The following paper is a response from the UK Local Government Alliance for International Development (LG-AID) to the DFID consultation on *'Eliminating World Poverty: Assuring our Common Future'*. LG-AID brings together five of the principal local government bodies in the UK: Commonwealth Local Government Forum (CLGF); Improvement & Development Agency (IDeA); Local Government Association (LGA); National Association of Local Councils (NALC); and Society of Local Authority Chief Executives (SOLACE). This paper has been produced in consultation with our overseas partners. It is endorsed by delegates who attended the 2009 Commonwealth Local Government Conference, convened in Freeport, Bahamas, 11-14 May 2009, attended by 550 representatives from 48 countries, including ministers for local government, mayors and local government leaders from across the Commonwealth.

The DFID White Paper 2006 recognised the need for good governance at all levels in the achievement of the Millennium Development Goals. Decades of Aid programme delivery, review and revision suggest that, whilst vital, aid alone is not the answer to reducing poverty. As the 2006 White paper indicated, DFID and other donors must focus on tackling the *causal factors* of poverty – through breaking down the institutional barriers to progress, building self-sufficiency, empowering communities and promoting real democracy on the ground. Strengthening local government is a critical part of that process.

DFID made a commitment in Accra² in 2008 to ensure that developing country governments will “*work more closely...with local authorities...in preparing, implementing & monitoring national development policies & plans*”. It also committed to “*identify areas where there is a need to strengthen the capacity to perform & deliver services at all levels – national, sub-national, sectoral and thematic – and design strategies to address them*”. DFID needs to develop a formal strategy for implementing this commitment and to use its influence more effectively with partners in order to ensure that these promises and the principals of aid effectiveness agreed in Paris are adhered to.

In the light of increasing pressures on development budgets and programmes, as outlined in the DFID Consultation *'Eliminating World Poverty: Assuring our Common Future'*, the principles of ensuring that aid programmes are as effective as possible are evermore pertinent.

Local government³ has a role to play in each of the issues addressed in the DFID White Paper, contributing to poverty reduction, economic development, climate change, fragile states, and institutional reform (as outlined in more detail in the following paper). Local Government, as the deliverer of local services and the voice of local communities, should be automatically turned to as a partner in the planning and delivery of poverty reduction programmes on the ground.

For this reason the UK Local Government Alliance for International Development (LG AID) asks DFID to:

- **Adopt a departmental strategy for strengthening local government** – outlining analysis and research, policy and programmes that will promote pro-poor, responsive and self-sustaining local governance and decentralisation programmes;
- **Work in partnership with local government actors to deliver real results** - in the UK and developing countries, alongside local government ministries, other donor agencies, the private sector and NGO groups to elaborate and implement this strategy.

² Accra Agenda for Action. Third High level Forum on Aid Effectiveness. Accra, Ghana, September 2008 <http://www.accrahlf.net>

³ Local government – in this paper the term ‘local government’ refers to the broad constituency of actors involved in formal local governance, from local councils to regional and national local government associations who work directly in the sector.

1. Building our common future - building from the base

“The Council also calls upon the Commission and the Member States to consult the local authorities of developing countries as necessary, when preparing the programming of instruments which contribute to development assistance”
Council of the European Union conclusions 15293/08

1.1 **Localising the Millennium Development Goals (MDGs)** - the achievement of the MDGs is threatened by global economic, security and climate pressures. Local government is at the front line of delivery of these international commitments. It provides basic services such as health, education and sanitation, and it encourages local enterprise. It acts as a catalyst for building community capacity, bringing together public, private and voluntary organisations. With its democratic legitimacy, it can identify community needs, ensure that aid programmes meet those needs effectively and act as a representative voice for communities. Building local government capacity therefore greatly enhances the effectiveness and sustainability of poverty reduction programmes and addresses head-on potential barriers in local government that may limit progress. Table 1 below shows the relationship between the MDGs and local government functions.

Table 1: The role of local government in delivering on the MDGs

MDG	Fire fighting and police	Solid waste management	Roads	Primary education	Water and sanitation	Primary health	Public health	Land use planning	Economic development
1 (Poverty)	■ ■	■	■ ■	■ ■	■ ■	■ ■		■ ■*	■ ■*
2 (Primary Education)			■	■ ■ ■	■	■		■	
3 (Gender Equality)	■ ■			■ ■			■ ■		
4 (Child mortality)		■ ■	■ ■	■ ■	■ ■	■ ■ ■	■ ■	■	
5 (Maternal health)	■	■	■ ■	■	■ ■	■ ■ ■	■		
6 (HIV/Aids malaria)		■ ■		■	■ ■	■ ■ ■	■	■	
7 (Slums and Water)	■	■ ■	■ ■ ■	■	■ ■ ■	■	■ ■	■ ■ ■	■
8 (Partnership)									■

Key ■ ■ ■ Direct Provision ■ Indirect Relationship ■ Some Relationship *In some cases LG through bad governance can influence this MDG negatively

Source: Amis P. 2009⁴

1.2 **Direct Budgetary Support and coordinated national approach** - DFID needs to work with national local government associations, where they exist, to ensure a coordinated and strategic approach to decentralisation and local governance strengthening. Sector budget support in this area can trigger greater ownership, facilitate dialogue, improve public financial management (centrally and locally), as well as increase transparency and accountability (European Commission 2007⁵). Also joint working between central and local government at a national level provides a clear framework for donors and overseas local government partners to better coordinate their assistance via the

⁴ Amis P. (2009). *Improving Local Government: the Commonwealth Vision*. Background Discussion Paper for the Commonwealth Local Government Conference, Freeport, Grand Bahama, 11-14 May 2009. Dr Philip Amis.

⁵ European Commission (2007) *Supporting Decentralisation and Local Government in Third Countries*. Reference Document 2. EuropeAID. pp xiii para 29

national association and local government ministry.

- 1.3 For example, the Association of Local Government Authorities of Kenya (ALGAK) works in partnership with the Ministry of Local Government in two national plans - the Kenya Local Government Reform programme (KLGSRP) and the Rural Poverty Reduction and Local Government Programme (RPRLGSP). ALGAK sits on both steering committees and participates in financial reporting, and the development, delivery and review of the local authority service delivery plan (LASDAP). The poverty reduction programme is directly assisting the rural local authorities to provide quality services to the residents⁶. These programmes are directly funded by the European Development Fund and international local government partners and the frameworks are used by development partners to coordinate programmes on the ground.
- 1.4 **Utilising UK Local Government expertise** – in addition to the many challenges local authorities already face in developing countries, they have a critical role to play in the current economic crisis and will be subject to increasing pressures. Local authorities will need significant support and guidance to face up to the challenges. This will require DFID to focus more directly on local government strengthening. In addition, DFID should tap into UK Local Government expertise. UK Local Government offers first rate practitioner knowledge that is directly relevant to the needs of development partners at local, regional and national levels. Our councils are at the forefront of good practice in public sector management, service delivery and performance improvement, including:
- Multi-cultural service delivery – local councils provide core services to all sectors of our communities;
 - Local strategic dialogue – English models, such as the Local Strategic Partnerships (LSPs), Local Area Agreements (LAAs) and Multi Area Agreements (MAAs), engage local partners, ensure ownership on the ground and regional coordination of development processes;
 - Enhancing performance – led by the Improvement and Development Agency (IDeA), English local government provides an institutional model to strengthen the local public sector internationally, including tools such as the Beacon Council Scheme that uses peer-to-peer learning and mentoring to enhance good practice⁷;
 - Regeneration & local economic development – as central government now recognises, local councils play the central role in fostering economic prosperity and growth across their areas – stimulating training & employment, supporting SMEs, and supporting marginalised groups such as women & migrant communities;
 - Climate mitigation & adaptation – councils are leading the way in terms of adopting a strategic approach to climate change across their local regions. This covers areas such as promoting energy efficiency, fighting fuel poverty, sustainable local planning, transport & housing development, and emergency / risk management.

Our local government partners in developing countries value working with experienced practitioners and often say they need support from local government practitioners rather than consultants.

"Practitioner to practitioner cooperation between Ugandan and UK local government through the DFID-funded C3 (City Community Challenge) resulted in tangible results; new homes and jobs for some of the poorest people. This project has empowered local councils responding to the basic needs of their community and has led to a resurgence of physical planning in urban areas such as Mpumudde in Jinja". Raphael Magyezi, Secretary General, Uganda Local Governments Association

- 1.5 **Mutual exchange between local authorities in the UK and developing countries, as well as national associations** - such links bring direct benefits to authorities and communities in both countries (LG-AID, 2005⁸). They have also demonstrated a *larger scale* impact on local governance and development in partner countries – as is the case with Lewisham's link with Ekurhuleni in South Africa (see para 2.2. below) and Warwickshire's link with Bo and Meken in Sierra Leone (see Figure 1). Unlike other parts of Europe however, this form of exchange receives limited financial and political support by central government in the UK.

⁶ Comments from Hamisi Mboga, Chief Executive, Association of Local Government Authorities Kenya (April 2009)

⁷ The Beacon Scheme is a programme that recognises excellence in local government service delivery and encourages good practice sharing among English councils. It is a model that has been adapted in other countries, including Bosnia and Serbia.

⁸ LG-AID (2005) *Why should UK local authorities work overseas?* Summary report. Pp.1

1.6 The LG-AID calls on DFID to:

- **work with local government bodies in the UK and in developing countries to develop a strategic approach to building 'Effective Public Services' locally** – to support further coordinated exchanges, and enhance the effectiveness of DFID country offices' decentralisation and local governance activities.

Figure 1. Global exchange – local, regional and national impacts

Commonwealth Local Government Forum (CLGF) Good Practice Scheme

The Good Practice Scheme (GPS), a DFID funded programme, supports local government capacity building in good governance and service delivery. The GPS funds projects based on the principles of technical exchange, joint learning, and testing new approaches. The programme currently operates in six different countries – Ghana, India, Jamaica, Pakistan, Sierra Leone and South Africa, supporting up to 34 projects, including local and national exchanges. Through the scheme the Local Government Association for England and Wales (LGA) is working with both the South African Local Government Association (SALGA), as well as the newly created Local Councils Association of the Punjab in Pakistan. The exchange between SALGA and LGA is looking to share experiences of how local government can address the economic crisis. Two examples of local GPS projects are given below:

Warwick & Warwickshire with Bo and Makeni, Sierra Leone – waste, health, staff development and regional impact

This project provided cost effective solid waste management services and health education programmes in two cities in Sierra Leone. It has now been rolled out to other councils in the rest of the region. The work resulted in reduced incidence of malaria and waterborne diseases, improved hygiene practices and capacity in local councils to generate their own revenues. In Warwickshire the project benefited the council's staff - *"The Warwick District and Warwickshire local government officers with whom I travelled to Sierra Leone in 2007 and 2008 all found the experience very worthwhile for their service delivery in the UK because they were forced to go back to basics in their professional expertise. This gave them new perspectives and ideas for work in the UK. They also felt that the challenges in Bo and Warwick were similar in many ways. So the experience was, in fact, very relevant for their day to day work at home,"* Cllr Jane Knight, member of Warwick District Council.

Leicester City Council with the City of Rajkot in India – water and community cohesion

Leicester and Rajkot worked together to improve the delivery and governance of water and waste management services in the city of Rajkot. The project brought a fundamental change to the mindset of the local authority in Rajkot and brought a focus on community consultation to ensure that services are targeted to local needs. Leicester, where nearly 10% of its population has connections to Raikot and Gujurat, has received beacon status for its approach to community cohesion.

2. The global economy - locally driven stimulus, social and environmental protection

"It is clear that the slowdown is going to hit different places in different ways. Our response to the downturn must be tailored to local circumstance...Local councils are already showing they are best placed to respond to this economic crisis. They are at the centre of helping people, businesses and other groups through tough economic times ahead. When things go wrong, councils step in, both to help kick-start the economy when it hits rock bottom and to provide a safety net for people in need...It is councils that can keep people in their homes; that can get people back on their feet when they have lost their job; that can form partnerships with business; that can help keep the local economy going when the outlook is bleak." Cllr Margaret Eaton, Chair of the LGA, (2009) Global slow down, local solutions www.lga.gov.uk/lga/publications/publication-display.do?id=1191945

- 2.1 **Local innovation and safety nets** - the economic slowdown draws attention to the importance of fostering trade and enterprise in order to generate local initiative, income and community resilience, as well as the tax revenues that enable local and national governments to help fund social programmes. Local government has a vital role in supporting and encouraging local enterprise and work, through instruments such as small loans or safety net programmes. Such encouragement needs to be provided locally and tailored to local communities.
- 2.2 For example, the London Borough of Lewisham was involved in a Good Practice Scheme project with Ekurhuleni, one of South Africa's six metropolitan municipalities. The project focused on tackling unemployment through the roll out of a job brokerage scheme which provided support to both local job seekers as well as small business. The pilot resulted in getting more than 1000 people back to work, as well as a 7.3% rise in employment in manufacturing in the area. Through the involvement of South Africa's national Department for Labour, the pilot in Ekurhuleni was rolled out to other areas across the Gauteng province. At the end of the pilot, the Office of the Deputy President announced its support for a national adoption of the Lewisham/Ekurhuleni model over two years. In Lewisham, the GPS project has led to an increase in flexibility and responsiveness of its own business support. This clearly demonstrates the potential of local government capacity building programmes to promote local economic growth and employment opportunities which involve both central and local administrations.
- 2.3 **Greening local economies** – as indicated by the Local Government Association publication 'creating green jobs' a focus on stimulating green technologies can bring both environmental benefits as well as stimulate new business and employment. For the UK and looking at local carbon economies alone – investments in renewable energy, energy efficiency measures and climate adaptation the LGA estimates it could generate a minimum of 150 thousand new employment opportunities⁹. This role of local government in stimulating environmental industries could be significantly higher for developing countries.
- 2.4 **Fair trade for all** – an important contribution from UK local councils and communities is the recognition of domestic consumption impacts in the global trade markets, through adopting fair trade town / city status. In particular the procurement power of local government in the UK is significant. Rotherham is one of many hundreds of local councils, cities and towns that have now achieved Fairtrade status, as defined by the Fairtrade Foundation. Rotherham brought together different community groups, working closely with young people, councillors, officers, faith groups, NGOs and the co-operative movement. They hosted the first UK Towns and cities Fairtrade Conference in 2007, a Fairtrade Fashion show in 2008 and launched a Fairtrade Rotherham logo design competition in 2009. www.rotherham.gov.uk/graphics/YourCouncil/Fair+Trade/fairtrade.htm
- 2.5 *Therefore DFID needs to:*
- **increase local budgetary assistance, institution and capacity building** - recognising that many infrastructure plans, economic development, environmental and social protection services can be effectively delivered by local government and their local partners, given a supportive environment.

⁹ LGA (2009) *Creating Green Jobs – developing low carbon economies*. Local Government Association. www.lga.gov.uk/lga/aio/1509491

3. Climate change - local strategic approach

“There is a clear urban agenda focusing on more competent and accountable city and municipal governments, with adaptation built into development plans. But there is little evidence of national governments and international agencies responding to this. In most nations, national and state/provincial governments still concentrate most of the power and control over public investments...It is within urban centres and urban governments that so much of the battle to prevent climate change from becoming a global catastrophe will be won or lost. Yet when urban governments do try to respond, they receive little support.” David Satterthwaite, IIED 2007

- 3.1 Climate change cuts across the whole development agenda especially in terms of local government where an estimated 80% of CO₂ emissions are derived from growing urban conurbations (LG 2009)¹⁰. Local government climate strategies are vital to address mitigation issues – identifying tools to advance energy efficiency and clean energy measures in different sectors such as housing, transport, infrastructure development and local businesses. Local government can act as a catalyst to stimulate local green economies and offer training and employment opportunities linked to renewable energy and energy efficiency. It is also a vital actor in terms of adaptation through risk management and emergency planning (IIED 2007)¹¹.
- 3.2 **Local capacity gap** - whilst the IPCC predicts the greatest climatic changes are expected in the northern hemisphere, it is the developing nations that are ill-equipped to address the threat posed. Indeed many are not adequately responding to current climate impacts (ODI 2009)¹². Many cities lie on the floodplains and coastal areas. Half of Africa's cities are on the coast or very close to it and experience severe disasters such as floods and earthquakes. For many local governments in developing countries however, climate mitigation and adaptation are not even on their horizon (IIED 2007). Local government in Africa and other developing countries will need significant international and national support to develop in-house capacity and technical know-how for elaborating and implementing local climate strategies, in partnership with national strategies.
- 3.3 **Integrated local sustainability** - efforts to tackle climate change should be set *within* the context of local development programmes for poverty reduction, economic regeneration, service delivery, habitat and biodiversity protection, water management and food security. Local government can ensure these programmes complement each other locally, in partnership with local actors, to support community wellbeing and avoid wasteful fragmentation.
- 3.4 *Local government is a vital partner in adopting adaptation and mitigation strategies for climate change. Therefore DFID needs to:*
- **Ensure that DFID climate policy and research address local climate capacity needs** - identifying measures to improve in-house capacity, local governance and implementation;
 - **Directly assist local government actors in facing up to the climate challenge** – helping them to integrate climate strategies into local development plans, policy and practice;
 - **Ensure its partners' aid programmes support climate priorities** – promoting a consistent approach to integrating climate issues into local development plans and sustainability strategies.

¹⁰ Draft Local Government Declaration on Climate Change (2009) Local Government Climate Roadmap. <http://www.iclei.org/index.php?id=climate-roadmap>

¹¹ IIED (2007) *Reducing risks to cities from climate change: an environmental or a developmental agenda?* Environment and Urbanisation Brief 15. www.iied.org/human/eandu/eandu_briefs.html

¹² ODI (2009) Presentation from Andrew Watkinson - Director, Living with Environmental change, NERC at “Planning for the Future: Can climate change be brought into development planning through scenarios” Overseas Development Institute (ODI) Public seminar, 2 March 2009.

4. Fragile states and conflict - promoting local stability and conflict prevention

“Dialogue and analysis should facilitate identifying strategic entry points to prevent fragility: This can be achieved by supporting democratic governance processes, at local, regional and national level provided that partner governments are cooperative and that governance is addressed in a comprehensive way, including all its dimensions. Developing sectoral policies, such as employment promotion, and empowering parliaments, decentralised authorities and civil society can contribute to preventing fragility”

European Commission, 2007. *EU Response to situations of fragility in developing countries*. Issues paper. pp5-6

- 4.1 Strengthening democracy at the local level provides a critical building block for state stability and reconstruction. Without local-level democratisation initiatives, stabilisation and peace-building activities will remain incomplete and unsustainable (LGA, 2007)¹³. In its role as a community leader, local government plays a critical role in building and supporting more cohesive communities. This role is especially vital in areas of tension & potential instability, in fragile states and elsewhere, where building local capacity can help prevent fragility and the emergence of conflict.
- 4.2 **Local triggers of conflict** – one clearly identified local trigger is a failure to address tensions between different tribes or community groups. Community diversity or differences can be a source of tension, conflicts, genocide, and even cross-boarder wars. Through addressing diversity, both governments and local authorities can begin to build tolerance and understanding and can play a catalytic role turning diversity into an asset for cultural and economic development. This can be a basis for building sustainable decentralised governments but the local role needs to be further supported to do this. For example, in Northern Ireland while political differences were mirrored and sometimes magnified in local councils, none-the-less opposing political parties did engage with one another, in the absence of a central government role. This gave communities a smaller stage to build-up and stabilise their evolving relationships. Over time, councils together with community groups, were able to mediate better dialogue at a more manageable local level. This experience is now being shared with local communities in other parts of the globe (LGA, 2007¹⁴)
- 4.3 Other community issues, such as low income, poor access to services, or a lack of democratic opportunity to contribute to decision-making and have concerns voiced, can also play a role in destabilising communities. Local government *“can play an important role in facilitating and promoting peace building through good governance, the equitable and accessible provision of government services, the protection of security and human rights and the active promotion of community harmony and a culture of peace”* (Yule, 2005)¹⁵.
- 4.4 **Promoting local democracy and stabilisation** - without supporting the establishment of stable and peaceful local communities it will be extremely difficult to move on and address the longer term need for poverty reduction and sustainable development. The EU brings considerable experience of work with local government in this area, from its work in the Balkans and elsewhere in Eastern Europe. Figure 2 provides a specific example from the Balkans where the focus on democratisation at the local level has sought to reduce potential for future conflict.
- 4.5 **International local government cooperation** – this can offer an important tool in delivering assistance inside fragile countries. Local Government in Northern Ireland has already been referred to (4.2) as an example of sharing such experiences. Another example is in Zimbabwe where in the absence of bilateral government relations, the CLGF and LGA continue to engage with the local government sector, working cross-party to deepen the local democratic process and improve the quality of local governance through broad-based consensus on local development priorities.

¹³ LGA (2007) *Local Government Association (LGA) for England and Wales response to European Commission Issues Paper on situations of fragility in developing countries*. September 2007

¹⁴ LGA (2007) *op cit*

¹⁵ Yule, A. (2005) *The Role of Municipal Governments in Post-Conflict Peace building*. <http://tiny.cc/5oITg>

Figure 2. Balkans experience of decentralised support

Work in the Balkans included the re-establishment of local government and local democratic mechanisms via the Association of Local Democracy Agencies (ALDA). ALDA was set up by the Council of Europe's Congress of Local and Regional Authorities of Europe (CLRAE) with the aim of promoting local development in South and Eastern Europe. At the beginning, Local Democracy Agencies (LDAs) were conceived to provide assistance to war-ravaged municipalities in the former Yugoslavia through partnerships with counterparts in Western Europe. With the end of the war in the Balkans, ALDA's focus shifted from crisis management to democratic reform, with an emphasis on promoting tolerant and trust-based relationships within communities. With its positive experience in the Balkans, ALDA also brought its activities to other European regions: in September 2006, a Local Democracy Agency was opened in Kutaisi, Georgia and it was involved in two pilot projects in Belarus.

Source: adapted from LGA, 2007

4.6 *DFID needs to work with its development partners, such as the World Bank, Development Banks, European Commission, UN and developing country governments, to support local government capacity building, local democratisation and peacekeeping role. In particular:*

- **Capacity building for local government to promote community cohesion** – local government strengthening targeted to both conflict prevention and management of fragility. DFID and other international conflict prevention programmes need to support local government actors to enable them to play a transformative role with civil society and community groups, promoting tolerance of diversity, diffusing tensions and allowing citizens to voice their views in a more managed and peaceful context (Yule 2005);
- **Promote local ownership and democracy** – by working with local government and communities, the international community can adjust efforts to suit local realities, build on local strengths and existing systems, ensuring international activities contribute to local peace building rather than exacerbate local tensions (Yule 2005). Where relevant, this should include addressing the involvement of the traditional chiefs, or community elders, in creating strong and stable local governance. Devolved local governments need to cultivate symbiotic relationships with the traditional leaders with a view to promoting responsive and viable local government;
- **Analytical tools to monitor and assess local fragility** – DFID and others need to develop and utilize local tools / indicators to enable them to be more targeted in reducing fragility. Figure 3. outlines examples of tools that have been used by local government actors;
- **Support international local government cooperation** – where it is appropriate and relevant skills are required, DFID should encourage the involvement of local government practitioners in peer-to-peer exchange. Local government in Europe and elsewhere can offer real expertise in a number of areas e.g. community regeneration, social cohesion, risk management, service provision and administrative support for local institutions. DFID should seek to work with these groups to improve co-ordination by local government, alongside NGOs and other stakeholders, to better utilise the expertise that is available to them.

Figure 3. Local tools to assess and monitor fragility

Local governance indicators

When engaging with international partners, the LGA undertakes a scoping exercise to assess key governance indicators at the local level. Such indicators include: openness of the democratic process to public scrutiny; responsiveness of local government to community voice; the degree of decision making-power and autonomy provided to local government and given by local government to community groups e.g. traditional leaders. The Commonwealth Local Government Forum's 'Peer-Review Mechanism' provides a methodological framework for assessing the state of democracy within local government. In addition UN-Habitat's Urban Governance Index defines measures for the quality of governance mechanism, institutions and processes.

Impact assessment

The Federation of Canadian Municipalities (FCM) has developed a Peace and Conflict Impact Assessment which helps to identify and understand the impact of local government processes/initiatives on peace and conflict, and ensure that they contribute to building peace within and between communities. The framework highlights five areas in which local government activities may have peace (or conflict) impact:

- Conflict management capacities;
- Militarised violence and human security;
- Political structures and processes;
- Economic structures and processes;
- Social empowerment

Source: Adapted from LGA, 2007

5. International institutional reform – creating a coherent approach to decentralisation and local governance

“Local governments are characterized by a level of accountability and legitimacy that is not shared by other development actors. As democratic institutions comprised of elected officials that are accountable to both its citizens as well as to senior levels of government, local governments must maintain the trust and confidence of the electorate and operate with a high degree of transparency.” United Cities and Local Government (UCLG) Position Paper. Aid Effectiveness and Local Government: Understanding the link between governance and development. Draft, 5 Feb 2009.

- 5.1 This section addresses the need for institutional reform in relation to decentralisation and local governance activities. It focuses on four areas – supporting the new emerging model of decentralisation; the importance of local government in supporting aid effectiveness; facing up to urban issues; localizing the MDGs.

New wave of decentralisation

- 5.2 EuropeAID recently commissioned an analysis of decentralisation and local governance activities in ‘third countries’ in which it found a newly emerging approach to decentralisation and local government; one that was less focused solely on reform of service delivery and more toward supporting a broader approach to strengthening good local governance. The study highlighted a new ‘open systems model’ to reform alongside a number of challenges to be faced (Figure 4). Whilst it notes that “the field of decentralisation does not lend itself to a one-size-fits-all model”, EuropeAID characterizes the decentralisation in three forms: Political decentralisation – based on devolution of powers; Administrative decentralisation – deconcentration, delegation and divestment; and Fiscal decentralisation. It states, “without addressing all three elements there can be no effective decentralisation”¹⁶.
- 5.3 **Lack of coordination and local ownership** - one of the key challenges to be faced is the fragmented and inconsistent approach to decentralisation by donors, as well as “a frequent lack of commitment / capacity at central level to decentralise power and funds”¹⁷. In Sub Saharan Africa and North Africa, local government is still limited in its capacity to provide basic services. This is slightly greater in Asia and Latin America, and more significant in Eastern Europe and the former Soviet Union. Many governments have sought to decentralise service delivery without the necessary financial means or investing in sufficient powers / technical capacity to allow authorities to deliver effectively. They have limited autonomy in expenditure decisions and hardly any revenue-generating decisions (World Bank, 2006¹⁸). Local budgets typically require central government approval, and in many countries allocation of funding is not rational or transparent, determined by political considerations and varies from year to year, making it impossible to plan for infrastructural investments that may require capital outlay over a number of years (Tannerfeldt and Ljung 2006¹⁹).

¹⁶ EuropeAID (2007) Supporting Decentralisation and Local Governance in Third Countries. Jan 2007. Tools and Reference Series. Reference Document 2. http://ec.europa.eu/europeaid/what/governance-democracy/documents/decentralisation_local_governance_refdoc_final_en.pdf pp.x

¹⁷ Op cit. ppxii

¹⁸ World Bank (2006) The New Vision of Local Governance. Local Governance in Developing Countries. Ed. A. Shah. Public Sector Governance and Accountability Series. pp.41

¹⁹ Tannerfeldt, G., and P. Ljung (2006) More Urban, Less Poor: an Introduction to Urban Development and Management, p. London: Swedish International Development Cooperation Agency and Earthscan.

Figure 4. EuropeAID – Investing in Decentralisation

New wave of decentralisation - 'open systems' model

- Democratisation and devolving of powers – to democratically elected local government directly accountable to its citizens;
- Promotion of local governance - better working with community groups through greater participation, accountability and transparency;
- New local economic development - where local government acts as a catalyst between local actors and defends local interests at higher levels of governance;
- Regional development planning - to enable coordination between authorities and promoting links between urban and rural municipalities;
- State modernisation and reform – asking the question who is best placed to provide which service and strategic input.

Four challenges to strengthen the role of donors:

- i) Build up role as 'Change' agent – donors intervening in decentralisation processes are not neutral players but actors themselves, with the potential to promote reform in a positive way;
- ii) Ensure coordination, complementarity, and coherence – donors need to work together to ensure better ownership, improve leverage and reduce fragmentation and inconsistencies in donor support – as endorsed by the Paris Declaration on Aid Effectiveness, and to improve coherence between sector-support e.g. water, education along side ongoing decentralisation process so that there is greater mutual support;
- iii) Invest in management systems – the political and variable nature of decentralisation processes requires good systems of management with flexibility and a focus on the right kinds of incentives to support the formulation and implementation of national and locally owned decentralisation policies;
- iv) Strengthening learning – decentralisation is complex, involving multiple actors and country specific actions. There is a need to improve learning in programmes on the ground and internally within institutions to better understand the politics of these processes.

Source: EuropeAID 2007, op cit

5.4 *Recognizing the above recommendations there is a need for DFID to work with its international partners, especially EuropeAID and the World Bank, as well as OECD DAC, UN agencies and Regional Development Banks, to promote:*

- **self-sufficient local government reform and strengthening** - via local government ministries and national Local Government Associations where they exist, to enable local government to take a more strategic role in: poverty reduction; economic development; environmental sustainability; and the prevention of and recovery from conflict;
- **support coordinated promotion, implementation and monitoring of appropriate international guidelines on Decentralisation** – such as UN Habitat Guidelines and other instruments, such as the Commonwealth Principles on Good Practice for Local Democracy and Good Governance, which the UK Government has formally agreed (2005 and 2007 CHOGM communique).

Locally targeted aid to build effectiveness

5.5 *There "is a growing consensus that the Paris Declaration has fallen short in its objective of enhancing aid effectiveness. Part of this failure can be attributed to the great emphasis placed by donors on the mechanics of aid delivery rather than the **development impact** generated by aid. Another key weakness that has been highlighted is the absence of **key development stakeholders**" (UCLG, 2009)²⁰. To enhance the impact of aid for local communities, DFID needs to work more effectively with local government actors – local, national and global. See table 2 below.*

5.6 *To implement this commitment, DFID needs to*

- **Develop a departmental strategy for local government** - to outline how DFID will work directly & indirectly

²⁰ UCLG (2009) op cit

through partners to ensure decentralisation and local governance programmes improve aid effectiveness for development;

- **work with local government actors to improve the impact of aid** - it should build on the work of the world local government body - UCLG and other relevant organisations including LG-AID members to support building local democracy and good governance.

Table 2. Local government contribution to the five principles of ‘Aid effectiveness’

Principle	Local government contribution
Ownership	Where directly involved in development strategies, local government can strengthen democratic local ownership. In particular to: promote social mobilisation; participatory planning, budgets & monitoring; produce national local government development strategies; contribute, via LGAs, to national consultations for plans and PRSPs.
Alignment	Development strategies must be aligned with decentralised fiscal frameworks and resource transfer mechanisms, including through: linking national local government development strategies with national development plans and PRSPs; intergovernmental fiscal mechanisms to flow funds which support the implementation of development strategies at the local level; reducing transaction costs, as decentralised cooperation relies on partner country systems for procurement.
Harmonisation	This must be embraced by all development actors, not just donors and partner countries. Through the UCLG Capacity & Institution Building (CIB) Working Group, member LGAs are working to enhance program coherence & coordination, promote collaboration on policy analysis, share practical knowledge & lessons learned from the collective experience of northern & southern LGAs, and reduce administrative burden on local partners. Through closer engagement with local government DFID could further promote aid harmonisation outcomes.
Mutual Accountability	Strengthening transparency & accountability for improved development results: Northern & southern LGAs are working toward true co-management of decentralised cooperation programs, holding each other mutually accountable in planning & assessing progress in implementing country strategies & programs; Through the UCLG CIB working group, northern & southern LGAs have agreed to work towards a code of ethics reinforcing mutual accountability & transparency to each other as partners, to constituents and to donors.
Managing for results	Keeping in mind donor requirements, northern LGAs are working with host country LGAs to develop, harmonized results-oriented reporting and monitoring frameworks, including indicator sets. Through working more closely with local government in country and providing the necessary resources and training, programmes could be better evaluated, leading to a stronger focus on targeted results

Adapted from UCLG, 2009 (op cit)

Facing up to the urban challenge

“One out of every three people living in cities of the developing world lives in a slum.” UN State of the World’s Cities 2008/2009

5.7 An additional 3 million people are added to cities in the developing world every week according to UN-HABITAT’s State of the World’s Cities Report 2008/9. The report finds that the rate of change of the urban population in Africa is the highest in the world. If trends continue, by 2050 half of Africa’s population will be urban. With 1.2 billion people living in cities and towns, African cities will soon host nearly a quarter of the world’s urban population (UN Habitat 2008²¹). The pace of urban growth is phenomenal and not only in the ‘mega-cities’ but also in medium-sized conurbations. This growth is occurring at a rate which many municipal authorities are unable to keep up with – faced by the joint pressures of economic decline, climate change, population growth / flows and cultural instability. Within national Poverty Reduction Strategy Papers (PRSPs), there is little evidence of *long term strategic planning* for growth in urban populations and the consequent pressures on access to land (ComHabitat 2005²²).

²¹ UN Habitat (2008) *State of the World’s Cities report 2008/2009: Harmonious cities*. <http://tinyurl.com/d7qvqs>

²² ComHabitat, 2005 ‘PRSPs, human settlements and urban poverty’, paper prepared by Kim Mullard and Ruth McLeod and submitted to the Commonwealth Finance Ministers’ Meeting, FMM(05)(INF)1, Commonwealth Secretariat, London, August 2005.

- 5.8 **Missing the urban agenda** - despite clear warnings DFID, along with other donors, continues to ignore the significance of the growing urban crisis. In-country DFID needs to work directly with national representative bodies, local government associations – where they exist – as well as central government ministries to ensure that its work (directly and indirectly) builds up the strategic and practical capacity of local government and their communities.
- 5.9 **Environmental health issues** - a lack of access to clean water and sanitation; local air pollution; waste; poor housing quality, all pose a massive burden on the health of the urban poor (UN Habitat 2008). Studies have show that urban child mortality can be higher than in rural areas e.g. in Nairobi. Poor urban populations can be more vulnerable to climate change threats (IIED 2007). Inadequate infrastructure also remains a major obstacle for sustainable urban development and economic stimulation (Tannerfeldt and Ljung 2006).
- 5.10 **Promoting partnerships for slum up-grading and pro-poor service delivery** - an internal stock-take of DFID's work on Decentralisation and Local Governance in 2008 indicated that 70% of its work focused on supporting the delivery of core services (education, health, social, rural livelihoods). However, this review was unclear to what degree this focused on improving the delivery of *urban services*. The review also noted that there needs to be willingness from local institutions to promote and implement pro-poor policies – DFID needs to address this issue head-on.

“The forced demolition of urban slums has never reduced poverty—it creates poverty. Forced evictions have never reduced slums—they simply move slum formation elsewhere. Provision of secure tenure in existing informal settlements with the participation and contribution of existing residents is crucial to the process of slum upgrading. It is important to note that “security of tenure” describes a continuum of formal and informal legal arrangements that are highly context specific.” UN Millennium Project, 2005

- 5.11 **Security of tenure** - security of tenure is the UN indicator used to measure progress towards MDG Target 11. Security of tenure enables slum dwellers to invest in the improvement of their homes and living conditions and to access essential services, whereas the threat of forced eviction inhibits investment and places people in constant fear that their homes may be demolished. Slum dwellers, by virtue of where they live or their tenure status, are often excluded from access to key elements of city life. They may be excluded from citizenship - for example the right to vote and rights to subsidies and entitlements – or from full protection through the operation of law. Not having a formal, legal address can prevent slum dwellers from accessing services including healthcare, education, water, electricity and credit²³. This requires national governments to *“Enact legislation against forced evictions and provide security of tenure”*²⁴.
- 5.12 **Local government role and central government support** - the Millennium Project report highlighted the role of local government in this regard - *“Local authorities should provide secure tenure to women and men in informal settlements in cooperation with national governments and slum dwellers. All local authorities, supported by the national government, need policies to ensure a supply of land to keep down prices and ensure alternatives to slums for the present and future. Two necessary first steps are to establish a system of effective land regulation to ensure the future supply of well located land as cities grow and to ensure that private transactions in the land market are based on transparent information.”*²⁵
- 5.13 *DFID should therefore:*
- **focus on supporting local government ministries and local government directly** - to promote secure rights of tenure, establish effective and sufficiently resourced systems of planning, land regulation and good governance in land market transactions;
 - **work in partnership with donors, local government ministries, civil society and local government** - to provide incentives and the political push to ensure that decentralisation processes are more effective in addressing urban poverty.

www.comhabitat.org.

²³ Comments from Kim Mullard, Homeless International (2009)

²⁴ UN Millennium Project (2005) *‘A Home in the City’, Report of the Task Force on Improving the Lives of Slum Dwellers*, Earthscan, London. www.unmillenniumproject.org/documents/SlumDwellers-complete.pdf.)

²⁵ Op cit

Stimulating MDG-orientated Local Development Plans

5.14 The MDG slum target is clearly off-track and this is in spite of the fact that the original target was criticised at the time for being unambitious. Clearly DFID cannot be responsible for this failure alone but it does have a strategic role to play in steering pockets of good practice (e.g. City Alliance, Community-Led Infrastructure Finance Facility, CLGF Good Practice Scheme) more into mainstream practice. DFID needs to examine how it can better contribute to ensure sustainable long-term self-sufficiency in municipal government. Local government needs to be better equipped to face up to burgeoning slum communities, along with those MDG targets that are most *relevant* to their local communities i.e. demand-led local development plans²⁶.

5.15 *Therefore DFID needs to:*

- **build local government capacity to elaborate pro-poor and sustainable local development strategies** - in partnership with donors, local government actors (including associations and individual authorities and local communities);
- **target joint local government / civil society strengthening and partnership working** - towards achieving the slum target and other locally relevant MDGs.

²⁶ UNDP (2005) *Toolkit for localising the Millennium Development Goals*. Capacity Development Group, Bureau for Development Policy, United Nations Development Programme, New York, Bratislava

6. Local government – an emerging partner in international development

“The Council welcomes the Commission communication entitled “Local Authorities: Actors for Development”. With due regard for the diversity of statuses of local authorities and the administrative organisation of States, the Council recognises that local authorities now occupy an important place among actors involved in development policy. It appreciates the increasing role they play in developing local democracy, combating poverty and achieving the Millennium Development Goals (MDGs)” Council of the European Union conclusions 15293/08

- 6.1 The UK Local Government Alliance for International Development (LG-AID)²⁷ is a partnership that provides a single voice for local government in relation to international development. It aims to promote local government awareness and engagement in international development.
- 6.2 **Beyond information to practical engagement** - the Alliance was recently awarded three-year funding by DFID through the Development Awareness Fund (DAF). This support recognises the strategic role that local councils can play in promoting local community engagement and understanding of international development. The DAF funding, although vital, is restricted to the promotion of development awareness rather than practical exchange and cooperation. Many local councils understand the role that they can play in international development, in the UK and overseas, but need greater freedoms and support to work more effectively and strategically with their international partners.
- 6.3 The 2009 capability review ‘Department for International Development: Progress and Next Steps’ highlighted the need for DFID to further nurture its relationship with stakeholders, including those in the UK. The review suggested that *“DFID needs to develop more of a culture in which partners feel listened to and valued...An engagement strategy would be a good first step”*. There is a huge opportunity for DFID to build a new relationship with local government in the UK. One that recognises the depth of resource and skills that exists in local government and its potential to work as a true partner in improving the local impact of aid and promoting greater local accountability in development
- 6.4 **‘Supporting Public Services Overseas’** – this model works well in other countries such as Canada, Belgium, Germany, Norway, and the Netherlands, where we see strong and effective collaborations between central and local government that directly seek to increase the effectiveness of aid (see Figure 5 for examples below).
- 6.5 **Demand-led coordinated local government cooperation** - the European Commission has begun to recognise the potential contribution of industrialised local government to supporting poverty reduction in developing countries. To provide a context to this it recently launched its Communication on ‘Local Authorities: Actors for Development’²⁸. Via the new ‘Thematic Programme on Non-State Actors and Local authorities for Development’ EuropeAID is funding a new ‘European Local and Regional Government Platform for International Development’. The Platform includes a number of national and regional local government associations, including the LGA, active in international development and seeks to enhance learning, coordination and ultimately the effectiveness of European Local Government cooperation with developing country partners. However, beyond the platform, the vast majority of funds under the Thematic Programme are largely tied to civil society strengthening. Further dialogue between local government alone can only have limited impact. EuropeAID, along with other donors, including the World Bank, need to deepen their engagement in this process, and utilize this emerging development actor more effectively. This must also be demand-led – through better alignment of national processes e.g. Country strategies and Poverty Reduction Strategies to European public sector expertise and competencies to ensure more coordinated and coherent engagement.

²⁷ The Alliance partners are: Commonwealth Local Government Forum (CLGF), Improvement and Development Agency (IDeA), Local Government Association (LGA), National Association of Local Councils (NALC) and Society of Chief Executives and Senior Managers (SOLACE).

²⁸ EC (2008) *Communication on ‘Local Authorities: Actors for Development*. COM(2008) Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee and the Committee of the Regions. (SEC(2008)2570) Brussels, 8.10.2008.

6.6 LG-AID therefore calls on DFID to

- **Adopt a departmental strategy for strengthening local government** – outlining analysis and research, policy and programmes that will promote pro-poor, responsive and self-sufficient local governance and decentralisation programmes;
- **Work in partnership with local government actors to deliver real results** - in the UK and developing countries, alongside local government ministries, other donor agencies, the private sector and NGO groups to elaborate and implement this strategy.

Figure 5. Promoting public services overseas – central & local government partnering to fight global poverty

Netherlands – integrated approach across government, NGO sector and communities

The Ministry of foreign Affairs in the Netherlands supports local government in development cooperation as part of a multifaceted approach integrating central government, local government, NGOs and other relevant organisations. They recognise the capacity of local authorities to promote development aims within their communities and significant financial and political support is provided to the Association of Netherlands Municipalities (VNG). VNG's international consultancy arm supports national local government association capacity building and municipal cooperation through its 'Millennium Municipality' Campaign. Councils committing to become a Millennium Municipality agree to actively support the Millennium Campaign through formal policy and financial commitments and work with local community groups as well as internationally. Since the campaign was launched in 2007, 111 Dutch authorities have declared themselves to be 'Millennium Municipalities', representing over a third of the Dutch population. This figure is expected to rise to 150 authorities in 2009.

Norway – promoting good practice through partnership

There are three strands to international development cooperation in Norway:

1. Municipal international cooperation (MIC) – funded since 1999 by NORAD (Norwegian Agency for Development Cooperation) and coordinated by the Norwegian Association of Local and Regional Authorities (KS). The programme promotes good municipal governance and service delivery, contributing to poverty reduction and sustainable development. A recent evaluation suggests the programme will be strengthened with more resources in 2010.

www.ks.no/u/English/Services/MIC/

2. Local government & community linking - 'Friendship North/South' an NGO, promotes dialogue between local communities (including local government) in Norway and the South through community linking. This is supported by funding from NORAD. Typically these are local cultural and youth exchanges. www.vennskap.no/home-2.html

3. Personnel exchange & community engagement - FK Norway, a branch of the Ministry of Foreign Affairs, facilitates exchange of personnel between Norway and Africa, Asia and Latin-America. FK Norway works with communities and local government with the aim of contributing to lasting improvement in economic, social and political conditions globally. In the last four years more than 80 municipalities received an award for their international engagement and over 100 municipalities hosted an international development "road show". All these communities have local partnerships in Africa, Asia or Latin-America. FK Norway found that partnerships are strengthened, bringing in new people and new commitment, as a result of these activities. www.fredskorpset.no/en/Activity/Networking

Canada – tapping into local expertise

Working together with the Canadian International Development Agency (CIDA), FCM (the Federation of Canadian Municipalities) uses Canadian municipal expertise to support local governance and democracy practices, and enhance the delivery of basic services in developing countries. FCM's International Centre for Municipal Development (ICMD) develops partnerships with municipalities and national associations in Asia, Africa, Middle East, Latin America and Caribbean. ICMD has involved hundreds of elected and non-elected employees from Canadian municipalities in local development programs. Municipalities in the developing world seek FCM's support to access Canadian skills that are considered critical to successful local development. www.fcm.ca/English/View.asp?x=484

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