POST-2015 GLOBAL DEVELOPMENT AGENDA
Making the Case for
Decentralisation and Local Governance

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This working paper constitutes the first contribution of the Development Partners Working Group on Decentralisation & Local Governance (DeLoG) to the ongoing debate around the Post-2015 development agenda. The paper shows the relevance of a functioning multi-level-governance system for any future development agenda in six key thematic areas.

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On behalf of the Development Partners Working Group on Decentralisation and Local Governance, Bonn, February 2013

Jochen Mattern
DeLoG Secretariat

Acronyms

AMICAALL  Alliance of Mayors’ Initiative for Community Action on AIDS at the Local Level
CG  Central Government
CIGI  Centre for International Governance Innovation
CRC  Citizen Report Cards
OECD/DAC  Organisation for Economic Co-operation and Development: Development Assistance Committee
DeLoG  Development Partners Working Group on Decentralisation and Local Governance
DFID  United Kingdom Department for International Development
DD  Democratic Decentralisation
DCD  Development Co-Operation Directorate
DLG  Decentralisation and Local Governance
DP  Development Partner
GDP  Gross National Product
HIV/AIDS  Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICLEI  International Council for Local Environmental Initiatives
Public-Private Partnership
LED  Local Economic Development
LG  Local Government
MDG  Millennium Development Goal
NGO  Non-Governmental Organisation
PBET  Participatory Budgeting and Expenditure Tracking
PETS  Public Expenditure Tracking Surveys
SSA  Sub-Saharan Africa
UNCDF  United Nations Capital Development Fund
USAID  United States Agency for International Development
WFP  World Food Programme
Executive Summary

The expiration of the Millennium Development Goals (MDGs) in 2015 presents an opportunity to reflect on the achievements and lessons learned since the Millennium Development Declaration in 2000. The international development community has already started debating on what will succeed the current global goals. One emerging consensus is that the current MDGs have focused on the what to achieve while neglecting how these goals should be attained. The success of the harmonisation (Rome 2003), aid effectiveness (Paris 2005; Accra 2008) and development effectiveness (Busan 2011) process will be crucial for achieving the new set of development goals after 2015.

This paper argues that decentralisation and local governance (DLG) need to be integrated in the post-2015 framework as a 'strategic enabler' for accelerating sustainable development goals. Although the current MDG framework did not recommend paths to reach the MDGs, many developing countries have successfully pursued a DLG approach in the design and implementation of their MDG-related interventions. In its Busan Partnership and Rio+20 outcome documents the international development community has acknowledged the role of the sub-national level in achieving tangible development results.

Drawing on critical lessons from the MDGs’ implementation, it has become clear that besides putting emphasis on the content of a post-2015 framework, implementation mechanisms need to be considered as well. The current MDGs framework failed to provide guidance on how to achieve the 8 goals and 18 targets. The Post-2015 framework must remedy this situation and address the importance of local service delivery, democratic ownership, participation and accountability. In order to equitably include the entire territory in the national development process, a functioning multi-level-governance framework is a necessary condition and a key element of democratic, transparent and accountable governance. It needs to adequately distribute competencies amongst government levels, following the subsidiarity principle, and ensure sufficient capacities and resources at the local level.

DLG reforms can contribute to tackling global challenges such as inequalities, food insecurity, urbanisation, youth unemployment, climate change, conflict and insecurity, as well as sustaining progress made in the current MDGs that focus on poverty alleviation. From these challenges six thematic areas emerge in which DLG can contribute to the acceleration of sustainable development outcomes.

1 Basic service delivery

DLG is essential for ensuring inclusive and pro-poor basic service delivery such as primary education, health care, water, sanitation, and environmental health at the local level. The evidence provided in this paper shows that there is a significant correlation between levels of decentralisation and progress on the MDGs as far as service provision is concerned. All around the world, basic services are mostly provided by Local Governments (LGs) and other local actors. LGs have gained considerable experience through experimenting with different forms of public-private and community partnerships. In the Post-2015 framework, this will need to be assisted by a variety of development partners (DPs) in order to improve coverage.

2 Promotion of growth & employment creation

Poverty alleviation will continue to be a key focus of the global development agenda. Post-2015 poverty alleviation efforts must be geared towards sustainable growth. Its impact on poverty could, for instance, be monitored through decent job creation. Within the framework of DLG, sub-national governments can play an important role in generating economic growth by facilitating the exploitation of resources for local economies, which will eventually translate into national economic growth. Such growth becomes endogenous and sustainable and is known to have the potential to drive a country’s economy. A Local Economic Development (LED) approach that creates and job creation should therefore not be seen as prerogatives of the central government’s (CG) sectoral ministries of economic planning, finance, trade and industry or agriculture; but also of local governments.

3 Addressing inequalities

The Post-2015 agenda and implementation strategies will have to recognize both structural and policy causes of inequality. Within a DLG approach, fiscal decentralisation and a formula-based inter-governmental transfer system provide a framework that can correct structural disparities in resource availability between localities as well as between national and sub-national governments. Within localities, given a functioning accountability framework, local governments are better able to identify pockets of poverty and design programmes to distribute resources or develop progressive taxation and payment schemes that match local realities. In this context, LGs, for instance, play an important role in ensuring social protection and in providing participation mechanisms for discriminated and marginalized parts of the population. Women’s participation in LG decision-making can – through formal or informal mechanisms – reduce gender-based inequity by improving access to gender-sensitive services.
4 Ensuring environmental sustainability and addressing climate change

While developing countries only account for around 20% of the worldwide greenhouse emissions, they face 75–80% of the potential damage caused by natural disasters, mostly affecting rural communities. Although the international community has made substantial funding available for adaptation and mitigation measures in these countries, very few resources have been channelled to sub-national levels. A future development agenda will have to consider local mitigation and adaptation measures to tackle this global challenge. Given that cities’ economies account for about 70% of the global GDP, support to greening the urban economy will potentially enhance global climatic conditions. Urban management, land-use, technologies, the construction of buildings, as well as urban utilities of energy, water and waste systems can be improved to reduce resource and energy consumption through integrated design strategies. All these activities often fall under LGs’ jurisdictions. Together with other urban governance actors, LGs can provide managerial and economic roles in greening urban economies, steering municipal investments, setting the conditions for investment and influencing private behaviour and the current debate on climate change.

5 Promoting food security

Addressing global food security challenges hinges on creating effective support structures for smallholder farmers who produce 80% of the food consumed in the developing world. LGs are ideally placed to provide the support services that address the variables which make up the food security equation (e.g. basic infrastructure such as feeder roads, wells, dams, markets, etc.). The same goes for the production and distribution of food crops as well as the settlement of land title disputes. LGs further provide a forum for community groups (including farmer cooperatives), for monitoring local food security and for managing trade-offs between agriculture productivity and environmental sustainability.

6 Managing fragility, conflict and post-conflict environments

Persistent geographical inequalities, struggles over ownership of resources, non-recognition of cultural identity and self-governance and inequitable distribution of national resources across sub-national governments are key sources of conflict, insecurity and violence. Evidence shows that decentralisation has frequently been used as the first strategy to bring peace to many fragile and conflict environments. Also, successful management of post-conflict environments has often revolved around promoting decentralisation of state power. Under certain conditions in ethnically divided countries, political decentralisation can, through the creation of autonomous regions and districts, provide minority groups with a degree of autonomy and self-governance. In crisis situations, LGs can become the only reliable state actor to maintain basic service delivery.

To make DLG an effective implementation strategy for the Post-2015 development agenda, Development Partners (DPs) must continue their support to sub-national governments as agreed in the Busan Global Partnership Agreement. There will be a need to support the transformation of LGs from their traditionally reactive posture towards becoming true agents of development. This includes capacity development for sub-national governments to improve local revenue mobilisation and accountability, strengthening of oversight mechanisms, fostering of transparent procurement and participative budgeting processes as well as support to designing sub-national monitoring and evaluation systems. DLG reforms are complex political processes and affect a broad range of actors from different government levels (multi-level and multi-actor) and the wider public sector reform process. While providing assistance, DPs need to take into account the political economy dynamics underlying DLG reforms. DLG plays a crucial role in improving democratic ownership, mutual accountability and management for effective development results – all three of which are key commitments of the Paris Declaration and the Busan Global Partnership.
The target date to achieve the Millennium Development Goals (MDGs) is three years away but discussions defining the contours, contents and corresponding targets and measuring indicators of what will replace the MDGs are already on-going. As part of the process to develop an acceptable new global development agenda, hereafter called Post-2015 agenda, consensus is emerging among UN bodies, expert groups and member states that the process must foster a broad based, open and inclusive dialogue with all stakeholders. The development of a Post-2015 global agenda must also build on the strengths of the MDGs and, at the same time, meet emerging development challenges; namely climate change, urbanisation, economic recession, food security, youth unemployment and state fragility. Furthermore, it ought to strike a balance between global agenda setting and guiding national strategies.

Even before the consultation processes got to mid-way stage, some perspectives have begun to emerge on what form Post-2015 should take. The UN System Task Team, comprising 60 UN agencies and international organizations working on the Post-2015 framework, recommends:

“A vision for the future that rests on the core values of human rights, equality and sustainability. An agenda format based on concrete end goals and targets, one of the key strengths of the MDG framework should be retained, but reorganized along four key dimensions of a more holistic approach: (1) inclusive social development; (2) inclusive economic development; (3) environmental sustainability and (4) peace and security (UN 2012a:i).”

The Team recommends a high degree of policy coherence at the global, regional, national and sub-national level. It further argues that the agreed goals should leave ample space for national policy design and adaptation to local settings, but be guided by the overall vision and underlying principles of the agenda.

Delegates at the Rio+20 Conference also indicated their intention to elaborate the concept of sustainable development goals to be integrated in the Post-2015 development agenda (UN 2012b). In reflecting on the lessons learned from the implementation of the existing MDG framework, the Development Co-operative Directorate of OECD has proposed seven potential key elements to drive the Post-2015 development agenda (DCD/DAC 2012). The OECD/DAC
proposals that in contrast to the MDGs, Post-2015 goals should be truly global, i.e. apply not only to developing, but to all countries. The participants of the Bellagio conference proposed 12 goals to replace the current MDGs (CIGI 2012). Other opinions are emerging from civil society, academia and individuals (Koehler et al. 2012; Fukuda-Parr, 2012; Melamed, 2012). Furthermore, the Busan Global Partnership, next to the Rio+20 outcome document, signalled the need to give adequate attention to local governments in the next global agenda: “to enable them to assume more fully their roles above and beyond service delivery, enhancing participation and accountability at the sub-national levels” (BPa 2011: Art. 21)3.

Whatever global goals are agreed upon, at the end of the discussions effective implementation mechanisms will have to be developed. The challenge for the UN, governments and development partners (DPs) is how to create implementation strategies that will effectively support DLG and multi-level-governance is reflected upon. The paper argues that DPs need to rethink their support mechanisms for engaging sub-national governments in developing countries. The commitments made in the Busan Global Partnership Agreement can provide useful guidance on how DPs can support DLG as a strategic enabler for implementing the Post-2015 agenda.

Drawing on critical lessons from the implementation of the MDGs, this paper argues that decentralisation and local governance (DLG) should be considered as one of the key ‘strategic enablers’ for implementing any global development agenda that will emerge after 2015. The paper is divided into six sections. Following up on this introduction, section two sketches out some of the lessons from the implementation of current MDGs. On the basis of these lessons and the analysis of emerging development challenges, section three of this paper makes the case for DLG as a key governance implementation strategy. Section four proposes six potential thematic areas for which DLG can contribute to the successful implementation of an emerging development agenda. A multi-level-approach to measuring progress of the post 2015 agenda is presented in Section five. Finally the role of DPs in effectively supporting DLG and multi-level-governance is reflected upon. The paper argues that DPs need to rethink their support mechanisms for engaging sub-national governments in developing countries. The commitments made in the Busan Global Partnership Agreement can provide useful guidance on how DPs can support DLG as a strategic enabler for implementing the Post-2015 agenda.

2. Lessons from the Implementation of the MDGs

The MDGs are among the most important UN ideas that changed the world (Weiss et al. 2009). Without the MDGs, it is likely that the Millennium Declaration would have been forgotten soon after its adoption, along with numerous other decisions by the General Assembly. By articulating the complex challenges of development in 8 goals, 18 concrete targets and 48 indicators to be achieved by 2015, the MDGs have had unprecedented success in drawing attention to poverty as an urgent global priority. The MDGs helped to define poverty as a multidimensional deprivation in the lives of people, including such dimensions as education, health, environment, food, employment, housing and gender equality.

Achievements and Shortfalls

Evidence shows that many developing countries have made progress in achieving targets set in the MDGs. The UN 2012 MDG report indicates that, for the first time since records on poverty began, the number of people living in extreme poverty has fallen in every developing region, including Sub-Saharan Africa (SSA). The target of reducing global extreme poverty4 by 50% has been reached five years ahead of the 2015 deadline, as has the target of halving the proportion of people who lack dependable access to improved sources of drinking water (UN 2012c). The world has achieved parity in primary education between girls and boys and a higher percentage of the world’s children are enrolled in school at the primary level. The worldwide mortality rate of children under the age of five fell from more than 12.0 million in 1990 to 7.6 million in 2010. SSA – the region with the highest level of under-five mortality – has doubled its average rate of reduction, from 1.2% a year over 1990-2000 to 2.4% during 2000-2010. The share of urban residents in the developing world living in slums declined from 39% in 2000 to 33% in 2012.

These results represent a tremendous improvement in human development and a clear justification of the approach embodied in the MDGs. However, projections indicate that by 2015 more than 700 million people worldwide will still be using unimproved water sources, 2.5 billion people will lack access to improved sanitation facilities and almost one billion people will be living on an income of less than $1.25 per day. Mothers will continue to die needlessly during childbirth, and children will suffer and die from preventable diseases. Even as income poverty has decreased, about 13.6% of the global population is estimated to be undernourished5. Close to one third of children in South Asia were underweight5.

3 Busan Global Partnership for Effective Development Co-operation, Fourth High Level Forum on Aid Effectiveness, Busan, Republic of Korea, 29 November 1 December 2011

4 Defined as persons living on less than US$1.25 a day

5 2012 World Hunger & poverty facts and statistics. Available at http://www.worldhunger.org/articles/learn/world%20hunger%20facts%202012.htm
There are increasing disparities between the rich and the poor, between rural populations or those living in slums and better off urban populations, and those disadvantaged by sex, age, disability and ethnicity (UN MDG Report 2010 and 2012). In many countries, individuals and groups have been excluded from the benefits of development due to their geographic location (remote areas), ethnicity (often indigenous population and or minorities) or opposition to ruling governments. In Nepal, for example, individuals from lower caste and indigenous ethnic groups are disproportionately poorer than other groups. In Papua New Guinea and the Solomon Islands, groups and individuals are often isolated and do not benefit from the development processes, which are concentrated in the capital cities (UNDP 2010). In Namibia and Mozambique, rural inhabitants often lack access to essential services, and in Bhutan, most people in rural areas rely on subsistence agriculture for their livelihoods. In Mozambique, citizens who live in rural districts are not allowed to choose their political leaders in the same way as their urban counterparts. There are many reasons for these shortfalls, some of them unexpected like the recent global economic recession resulting in an estimated 50 million more people falling into poverty by the year 2010 (World Bank, 2010). Many shortfalls could have been avoided if implementation flaws had been addressed right from the beginning. Below, some of these flaws are elaborated:

### Centralization and territorially undifferentiated policies

The consensus on poverty as a priority for the global agenda did not lead to fundamental changes in thinking about policy alternatives for faster poverty reduction. The majority of development strategies continued to follow an approach of centralization and promotion of aggregated economic growth. Public policies on economic growth remained territorially undifferentiated with relatively little importance given to local economic development (LED). As a result of spatial undifferentiation, the economies of many developing countries remain concentrated in a few urban centres providing opportunities for those who live there with little backward linkages with the rural economy. Often, decentralisation was not considered a feasible option as it was assumed that technical and human capacity was greater at the central level. However, empirical studies that have been conducted across Africa have not found major declines in public service provision or economic decline after decentralisation, which suggests that sub-national governments’ capacity for service provision is not significantly poorer than central government (CG) capacity (USAID 2010; Commonwealth Secretariat 2010). Indeed, the rationale for decentralisation in Africa and the motivation of DPs to support decentralisation reforms in the developing world was a result of accumulated evidence on the ‘failure of the centralized state’ (Olowu and Wunsch 2004). The experiences of both developed and developing countries show that ‘spatially-blind’ policy approaches have often failed to develop balanced, diversified rural and urban economies (OECD 2009; UNCDF 2010). At the time of developing the MDGs, reports suggested that about two-thirds of the countries in the developing world were implementing some form of
decentralisation as part of public sector reforms with overarching objectives to reform the relations between central and local governments and to bring governments closer to the people (Dillinger 1994).

**Inadequate attention to various forms of inequality**

The MDGs focused very much on the social sector or basic needs, but the attention to various forms of inequality was weak. With the exception of MDG 3 on girls’ education, no explicit effort was made to address inequalities among people. By focusing only on the symptoms and manifestations of poverty, the MDGs failed to address structural causes of poverty such as unequal access to resources and opportunities, discrimination, and lack of representation. Women, children and youth, indigenous people, rural populations, the disabled and the elderly are often those disadvantaged. These groups are more likely at risk of being poor, yet the MDGs assumed that they would benefit naturally from aggregated growth through trickle down effects. Another area of inadequate attention was the inequitable distribution of resources between CGs and LGs. Many CGs used decentralisation policies as a pretext to transfer responsibilities for public service delivery to LGs without providing adequate resources, thereby setting LGs up to fail with devastating consequences for the local population.

**Development partners’ policy of engagement**

During the design of the current MDG framework, development partners were oblivious to the political economy processes that perpetuate poverty and inequality in poor countries. For central or federal governments, there is often little political capital to be gained in dismantling established structures and policies that facilitate social injustice especially when it involves marginalized, remote and poor constituencies. DPs have often followed the same national structures that perpetuate inequality, thereby maintaining the status quo. For instance, during the implementation of MDG 8, development aid as a condition for policy and structural reforms gradually gave way to aid selectivity on the rationale that the latter is less intrusive on national sovereignty and is formally rooted in policies and structures that have domestic ownership. But it became clear that country ownership often referred to a central government driven and donor supported process, and that poverty reduction papers or national development strategies were not reflecting the development priorities of different local contexts. Civil society was also seldomly involved in the process in a meaningful way (OECD 2011/DeLoG 2011).

Furthermore, in the implementation of the MDGs, international development agencies put emphasis on sectoral policies and programmes as well as increases in foreign aid and debt relief – but without trying to understand why and how political economy dynamics cement inequalities and hinder more effective development cooperation. DPs made great efforts to analyse interests and incentives of stakeholders such as DFID (2009) through its ‘drivers of change’ analyses or the World Bank (2009) with a problem driven governance approach. But policies on donor engagements with partner countries’ vested interest groups are still barely influenced. Direct donor support to sub-national governments, which in a way bypasses the central level bureaucracy, gave way to centralized sector-wide and budgetary support channelled mostly through the budget of the national sector ministries. Given that centralized sector-wide and budgetary approaches conform to existing distributional inequalities, the era of MDGs saw some channelling of resources away from the poorest locations and population groups, and thereby contributed to the deepening of inequalities.

**Vertical & horizontal accountability**

A major omission in the implementation of the MDGs was the lack of a mechanism for citizens to hold governments accountable for progress. DPs were occupied with closing the financial resource gap and didn’t give much attention to building institutions which promote vertical and horizontal accountability. Inter-governmental accountability mechanisms, that would have ensured that the two key actors (CGs and LGs) responsible for using national resources hold each other accountable, were ignored. Neither did DPs pay enough attention to other vertical accountability mechanisms such as involving civil society groups in the setting of priorities, strategies and allocation of resources, monitoring disaggregated goals and targets and holding governments accountable to their citizens.

**Distraction of national priorities**

The emphasis on global targets is insensitive to national circumstances. Imposing one-size-fits-all targets for countries irrespective of divergent starting points, constraints, financial resources and capacity distracts national priorities. For example, the goal of universal primary education took the agenda backwards in countries where the challenge was to improve quality in primary schooling and advance access to secondary and higher education. Furthermore, the MDGs were often perceived as a donor driven process that
The expiration of the MDGs presents an opportunity to prospectively correct the flaws associated with their implementation. It also provides a favourable opportunity to integrate new priorities resulting from emerging development challenges such as the economic crisis, climate change, urbanisation, youth unemployment, fragile states, food security, and persistent inequalities. These new challenges will need to be taken into consideration while deliberating the content of the Post-2015 agenda and in determining the most effective strategy for implementing them. For example, can global environmental challenges such as climate change be effectively managed by transferring resources to local communities and LGs that are directly affected by them? Or is it preferable to channel funds to the national or supra-national level of government for implementation? Below, we elaborate on the most compelling arguments for considering DLG as a key governance implementation mechanism for the Post-2015 development agenda.

**Subsidiarity Principle**

The principle of subsidiarity constitutes a key element for managing complex multi-level-governance systems, stating that actions should always be taken at the lowest possible level of governing authority that can effectively implement the task.). The principle of subsidiarity is the central supporting argument underlying the position that DLG, and for that matter LGs, must play a key role in the implementation of the Post-2015 global development agenda. Recognition of this fundamental principle would mean that, in the implementation of the Post-2015 development agenda, there will be a substantial transfer of functions, resources and authority from CGs to LGs on the basis of proximity to locations where problems occur and where appropriate solutions may be found (i.e. the government closest to the problem provides solutions in a more efficient and effective manner).

**Positive correlation between level of decentralisation and progress of MDGs**

While there is no counterfactual evidence to suggest what would have happened to the developing world had there not been any MDGs, the only evidence to rely on when moving into the future are lessons from their implementation. Theory suggests that it makes sense to draw on resources, experiences and capacities of governance actors at the
sub-national level to complement that of the national government. In this sense, DLG provides a policy framework that enables the sharing of resources and responsibilities between CG, LGs and non-state actors and thus can be considered to provide a more effective way in responding to global, national and local development challenges than centralised top-down approaches do.

Empirical evidence also supports this reasoning. A survey assessing decentralisation progress along political, administrative, fiscal, stability, and accountability-related lines shows that countries that have made progress in decentralisation have also made better progress towards achieving the MDGs than countries where decentralisation reforms are at a less mature stage (Veigel 2012) (see fig 1)\(^9\).

Another study by UNDP points out that success of MDGs was more likely when national governments collaborated closely with LGs (UNDP 2012). Where investments were made at the local level, progress towards the MDGs was faster and more sustainable. In Nepal, enrolments transferred implementation competences to the local authorities but the decision-making remains with the central government.

DeLoG provides a policy framework that enables the sharing of resources and increase local incomes and autonomy, Mayors are contributing to the sustainability of service delivery by networking outside the community to mobilise local governance for addressing public goods, if it takes place within a strong institutional framework at the national level, which ensures that the municipalities are working in compliance with the legal framework and the national development strategy. Governments transferred implementation competences to the local authorities but the decision-making remains with the central government.

\(^9\) The study shows that mainly countries with a top-down approach of decentralization made progress in achieving the MDGs and not all decentralized governments can show positive developments. This suggests that decentralization only leads to an improved provision of public goods, if it takes place within a strong institutional framework at the national level, which ensures that the municipalities are working in compliance with the legal framework and the national development strategy. Governments transferred implementation competences to the local authorities but the decision-making remains with the central government.

\(^10\) www.amicaall.org/alliance of mayors and municipal leaders on HIV/AIDS in Africa

Sub-national governments, through innovative strategies such as Public-Private Partnerships (PPPs), community management schemes and partnerships with informal producers and dwellers have responded in diverse ways to improve water, sanitation and slum conditions in many municipalities. Local authorities and regional governments in Peru, Egypt and Niger have successfully implemented integrated anti-poverty and nutrition programmes. Morocco reduced poverty in certain localities by as much as 95% through its targeted national initiative for human development, which was implemented by the municipalities (Global forum on local development 2010).

In many countries in Africa, Latin America, Eastern Europe and Asia, sub-national governments have initiated an effective approach through LED with support from national governments and development partners. The support to sub-national governments led to an improved capacity of local enterprises to create economic opportunities, utilise local resources and increase local incomes in activities specifically targeted towards women and youth\(^11\).

The international Community has recognised the immense contribution that sub-national governments and non-state

\(^11\) UNDP, UNCDF & UN-Habitat supported the initiation of LED programmes in 15 Least Developed Countries in Africa including post-conflict countries such as Burundi, Sierra Leone and Somalia. www.uncdf.org/en/taxonomy/term/2
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Advancing global democratic governance also means pursuing democratic decentralisation & local governance

While the UN System Task Team identified governance as one of the “enablers” to address some of the perceived weaknesses of the MDG framework, the report failed to explicitly mention decentralisation. In Africa and Latin America, as discredited autocratic regimes were replaced by elected governments under new constitutions, democratic decentralisation (DD) was the preferred option to enable the newly elected governments to break free from their authoritarian past, enhance their legitimacy and further improve accountability to their citizens. The current round of decentralisation in many countries emphasises DD with one of its key objectives to promote local self-governance. Local governance comprises a range of interactions between multiple local actors (LGs, private enterprises, civil society and community-based organizations, institutions and systems at the sub-national level through which services are provided to citizens, enterprises and local communities (especially marginalised groups). The interaction involves decision-making, planning, financing, implementation, monitoring, accountability and management of local development processes. It is not solely dependent on the powers, resources and actions of sub-national governments but also on the important space and roles given to NGOs, parastatal agencies and local citizens. DD provides space for marginalised groups that are traditionally underrepresented in formal government to be represented and make their voices heard.

12 Decentralisation is a process of state reform composed by a set of public policies that transfer responsibilities, resources and/or authority from higher to lower levels of government in the context of a specific type of state. Globally, decentralisation occurs nearly simultaneously with democratization processes (however flawed) in many countries. In some literature decentralisation is divided into political, administrative and fiscal reforms between central and sub-national governments. Others divide the concept into deconcentration, delegation, devolution, and divestment. For definitions and typologies of decentralisation see UNDP, 1999; Adamolekun, 1999; Awortwi, 2010; Brilliante and Cuachon, 2002; Livack and Seddon, 1999.

13 Democratic decentralisation, sometimes also referred to as political decentralisation or devolution, is the transfer of some powers from CG politicians to elected LG politicians, who are given autonomy to determine all local processes of development. Unlike deconcentration and delegation, where the CG appoints local leadership, DD involves a set of constitutional amendments and electoral reforms designed to open new or reactivate existing but dormant space for representation of LG politics. It may result in an election instead of appointment of councillors and mayors; creation of local councils with the powers to make laws, determine the quality, quantity and cost of services provision and authorise the use of budget by executives; enhance the autonomy of local councils to hire, motivate, manage and fire local bureaucrats without CG interference, and ensure representation of minority groups in local councils through affirmative action. The LG would also have greater authority to raise and spend its own revenues. Full LG autonomy is rarely practiced anywhere in the world, otherwise an LG ceases to be sub-national and assumes statehood (or nationhood).

Local governance actors are best positioned to deliver effective and efficient services to the poor at the local level

The roles that local governance actors have played towards improving coverage and access to basic service provision such as primary health care, primary education, water, sanitation and environmental health are undisputed. These services will remain the domain of LGs in Post-2015, implying that DLG will continue to provide a reliable institutional base for operational and maintenance activities of these services, thereby sustaining progress made in the current MDGs. In many cases water and sanitation systems which are designed, built and managed locally by LG-NGO-community partnerships can contribute to the improvement of provision for low-income groups. Health care centres that are well staffed and well equipped by the CG are capable of reducing infant, child and maternal mortality rates. At the same time such centres also need to know how to take the lead in supporting local processes to reduce the incidence of malaria, tuberculosis, HIV/AIDS and other major diseases, help those infected and their families in overcoming the stigma that such diseases often imply. A multi-level governance approach provides an institutional model that enables the involvement of local actors in health care provision.

Promotion of Local Economic Development (LED)

Persistent inequalities in the world have shown the need to rethink approaches to economic development by further focusing on pro-poor growth. LED strategies that seek to harness endogenous human, natural and capital resource potentials and exploit opportunities for economic diversification and development, are essential for reducing the impact of the current global economic recession. It is an endogenous process by which LGs, local enterprises, quasi-governmental and non-governmental agencies work collectively towards enhancing the competitiveness, diversity and productivity of a defined territory’s economy and towards ensuring equitable access by its citizens.
to employment and economic opportunities. These local actors, together with the labour force, become drivers of economic development. Around the world, LGs are increasingly being asked to provide strategic guidance to all actors that are promoting LED by actively coordinating and consolidating their actions (Helmising 2001). Through DLG policies, interest in LED has come to the forefront in many developing countries. LGs are being asked to invest strategically (directly or through innovative public-private partnerships) to address their economy’s infrastructure and growth needs. In countries where sub-national governments are provided with the necessary framework to operate – Philippines, Rwanda, Bangladesh, Nicaragua, Tanzania and Chile – sub-national governments have been able to provide leadership in responding to municipal challenges as well as in supporting LED (UNDP 2012).

Promoting a social contract between government and citizens

When properly positioned, LGs are often more successful in gaining the people’s trust than national governments. Through DLG strategies, many LGs have invited civil society organizations to the policymaking discussion table on service delivery. In many cases this has resulted in genuine co-management arrangements. LGs have supported other initiatives, gradually promoting downward accountability between LGs and citizens. Tools such as Participatory Budgeting and Expenditure Tracking (PBET), Public Expenditure Tracking Surveys (PETS), and Citizen Report Cards (CRC) have increased citizen scrutiny of local operations. LGs have worked with citizens to prepare charters that specify the service expectations of users and of the community in general. These strategies have gradually built social contracts between LGs and its citizens and required local officials to publicly commit to locally agreed-upon standards. These may include, but are not limited to, the provision of information, grievance redress, performance indicators, value for money, local democracy and accountability.

4. Thematic Areas for Integrating DLG into the Post-2015 Agenda

Departing from the thematic issues that the UN System Task Team on Post-2015 has expressed views on, we articulate the relevance of DLG for the Post-2015 development agenda in six thematic areas that are presented below.

Improving access to basic services

Reliable access to basic infrastructure, social services and amenities provide the foundation for improving opportunities, assets and the quality of people’s lives. In Africa, Latin America, Asia and Eastern Europe national governments have increasingly shared the responsibility for basic public service provision with sub-national governments. This has been achieved through decentralisation policies, in a variety of intergovernmental arrangements that aim to increase the quality, efficiency, effectiveness, accountability and responsiveness of service provision. As indicated earlier, sub-national governments will continue to be the main providers of basic services which are in turn crucial for poverty reduction. Much of the innovation towards improving and extending basic services to low-income populations in the last 20 years has come from LGs in urban areas. LGs have gained experience with experimenting with different forms of public-private and community partnerships. To further improve coverage, the assistance of DPs within the agreed Post-2015 framework will be needed. Building on the progress of the MDGs will, however, require predictable CG financial transfers to local governance actors, the key actor being LGs so as to ensure effective public spending on basic services.

Promotion of growth and employment generation

Economic growth and employment creation must not be seen as the prerogative of the CG’s sectoral ministries of economic planning, finance, trade, industry and agriculture. Local governance and local development policies and strategies can be key drivers in terms of promoting growth and employment generation. In many countries in the developing world, poverty and deprivation are high in areas where natural resources are abundant but where exploitation has not benefited local citizens due to their lack of...
of knowledge, capital, entrepreneurial skills or institutional support. Within the framework of decentralisation, sub-national governments may play an important role in the exploitation of local resources for the local economy that will eventually translate into national economic growth. Such an endogenous drive of a country’s economy is more likely to achieve economic sustainability.

Decentralisation and local development policies and strategies will emphasize strengthening the technical, managerial and institutional capacity of local actors in supporting local enterprises & their competitiveness; promoting local development planning process; establishing mechanisms to enable local mobilisation of resources; establishing operational frameworks for dialogue, and decision-making. In urban areas, entrepreneurial urban governments would be enabled to promote industrial clusters and set into motion a range of job creation activities that the urban poor will benefit from as waged workers. Urban governments would be required to collaborate with business associations and pro-growth coalitions comprising developers and other actors whose economic interests are tied to local territory. Decentralisation and LED could facilitate local access to capital, develop value adding chains, facilitate the acquisition of new knowledge, reduce business risks, explore and utilise local resources to satisfy local needs, thereby creating growth, employment, and reliable sources of revenue for local citizens and LGs.

Post-2015 development goals must retain the current MDG indicators on poverty but must also add indicators reflecting economic growth and adequate decent job creation. Further, they must be endogenously driven. A LED approach that creates jobs and regular income for people will reflect the voices of the poor within the Post-2015 agenda.

### Addressing Inequalities

The Post-2015 agenda and its implementation strategies will need to recognise structural and policy causes of inequality in order to address its negative effects on localities and people. Reducing inequalities among localities will require tailoring solutions to the characteristics of localities and further ensuring that people who have been marginalised by top-down policies participate in decision making. A DLG approach provides that framework to correct structural disparities in resource availability through fiscal decentralisation and formula-based inter-governmental transfer systems. Fiscal decentralisation enables resource poor localities to receive equitable resources from the CG. The more advanced fiscal decentralisation is, the lower income inequalities are (see fig.2 by Veigel 2012; Sepulveda & Martinez-Vasquez 2012).

Inequality also manifests itself in gender relations. Gender discrimination is one of the most pervasive forms of inequality in the world. Even where national commitments for achieving gender equality are made at the central level through national plans, implementation requires that follow up mechanisms and policies are established at the local level where gender discrimination is often more pronounced.

Based on the subsidiarity principle, decentralisation offers the opportunity for an effective and efficient redistribution of resources across localities and people. The practical and perhaps the most effective way to target social protection programmes is for MPs to work with local governance actors who are in the best position to identify the living conditions of the poor and the right mix of public services needed to enhance their livelihood potentials.

**Figure 2: Fiscal Decentralization and Income Inequality**

18 Structural wise, inequalities manifest in lack of resources and poor conditions that are territorially based and worsened by public policies that instead of correcting them inadvertently worsen them through centralization and top-down approaches.

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Environmental sustainability & Climate Change

Managing environment and climate change, disasters arising from windstorms, floods, hurricanes and droughts will be one of the development challenges of the next decades. There are linkages between climate change, disasters, vulnerability and poverty. Losses from disasters are increasing and climatic events cause 90% of these disasters. While it is estimated that developing countries face 75–80% of the potential damage from climate change, it is important to acknowledge that different localities face different kinds of climate change impacts and consequently require context sensitive policy responses. For over two decades local governance actors have been playing a key role in integrating climate change considerations into local planning, budgetary and investment cycles (Local Agenda 21). If decisions on natural disaster prevention, response and recovery are made at the central level, inevitably a gap is created between decision and action. This, in turn, reduces the level of accuracy of problem perception and analysis. Being the closest form of government to the people directly affected by climatic events, LGs have several instruments for engaging in adaptation and mitigation activities that LGs and communities can engage in.

Since around 80% of carbon emissions come from urban areas, urbanisation that is taking place in the developing world’s cities will exacerbate climate change. The global debate on green economy can also be spelled out locally. Supporting urban governments to promote green urban economy will help to promote sustainable development. Not only national but also local leaders can reduce carbon emissions and pollution, enhance ecological services, and minimise environmental risks. Cities benefit from having ‘green leaders’ through which they can attract green economic activities. Urban form and density, land-use, integrated design strategies, technologies and the construction of buildings, as well as urban utilities of water, energy, and waste systems can be improved to reduce resource and energy consumption. All these activities fall under local governments’ jurisdictions. Urban LGs have several instruments for engaging in adaptation and mitigation activities. However, to date, LG roles in adaptation and mitigation responses have received inadequate recognition; hence they are seldom assigned the mandate or stewardship over their local natural environment. Instead, this responsibility is often entrusted to a national agency and managed centrally from the national capital. This assignment of competencies often has more to do with contrary political and economic interests of national level actors than with the actual ability of local governance actors to perform under the principle of subsidiarity. Post-2015 will need to consider everyday practical adaptation and mitigation activities that LGs and communities can engage in.

Poverty and hunger were joined together in the MDG 1 because of the perception that livelihoods, agriculture production, food and nutrition are intrinsically linked for poor people. However, during implementation, hunger was lost as an element of goal 1 resulting in its marginal progress. Post-2015 must create a separate agenda for food security in order to tackle its multidimensional nature. Addressing food security hinges on creating effective support structures for smallholder farmers. Since they are known to produce 80% of the food consumed in the developing world, they must be considered key implementers of any food security policy (Global Forum, 2010). Through integrated programmes, LGs provide support services that address the variables which make up the food security equation (basic infrastructure like feeder roads, wells, dams, markets, etc.), support the production and distribution of food crops, and settle land title disputes. Furthermore, they provide a forum for community groups (including farmer cooperatives) to discuss crop production, monitor local food security, manage trade-offs between agriculture and other sectors and maintain an inclusive approach to food security policies. The inclusion of food security in the Post-2015 development agenda is crucial for reducing poverty and hunger and for achieving the overall goal of sustainable development.
productivity and environmental sustainability. LGs are ideally placed to provide support services to smallholder farmers because they are the tier of government that is most likely to understand local conditions affecting food security, including weather and crop planting patterns, local trade flows, as well as causes of chronic and transitory food insecurity.

Management of fragility, conflict, and post-conflict environments

Persistent geographical inequalities, struggles over ownership of resources, non-recognition of cultural identity and self-governance, and inequitable distribution of national resources across sub-national governments are key sources of conflict and violence in the developing world. DLG provides potential solutions to many of these causes of conflict. There is a theoretical notion that political decentralisation may result in instability, especially in countries where ethnic politics is salient; but the reality is that across ethnically-divided countries in the developing world political decentralisation has promoted peace instead of conflict. There are no indications that devolution or deconcentration has compromised stability in countries across Africa, a continent containing many countries with numerous ethnic groups.

In fact, decentralisation has been used frequently as the first strategy to negotiate peace in many countries where there has been ethnic conflict. DLG was a key strategy that helped to end Mozambique’s civil war. It also presented a major input to Kenya’s newly adopted constitution. The restructuring of LGs was an important element of South Africa’s post-apartheid reforms. Decentralisation reforms were key to Russia’s transition and during Indonesia’s political crisis following the collapse of the Suharto regime. There are several country cases in the literature (Kosovo, India, Philippines, Belgium, Spain, Nigeria and Ethiopia) where territorial decentralisation along ethnic lines emerged as a key solution to contemporary civil and ethnic conflicts (Mawdsley 2002; Brancati 2006).

In Latin America, decentralisation was used after the civil war to increase participatory democracy and the legitimacy of the nation-state (Burki et al. 1999). Where conflicts and instability have resulted in a temporarily weakened CG, LGs have stepped in. This was demonstrated recently in Côte d’Ivoire and Mali where democratically elected local authorities were one of the main public institutions that ensured institutional continuity. In the absence of a functioning CG, community-based organisations or quasi-LGs have played an important role in restarting the provision of public services. Local governance actors in many post-conflict countries have introduced local development funds or community development programmes. Somalia is a clear case where local governance actors, non-state actors, community-based approaches and informal institutions have played a critical role in service delivery and peace building (UNDP International Assessment, 2010 and Somalia country case). Through the support provided by DPs within the framework of local governance approaches, there has been continuous provision of basic services in the absence of a functioning CG. The experiences of the Commune Development Fund in Cambodia, the National Solidarity Programme in Afghanistan and other similar funds in post-conflict environments suggest that decentralisation and its principle of subsidiarity is an important prerequisite for success (UNCDF 1999).
5. A Multi-Level Approach in Setting (Governance) Indicators

Once there is a consensus on thematic areas of Post-2015, the next stage of the process will be the setting of goals and monitoring of indicators. Thus, the integration of DLG issues into the Post-2015 development agenda will also depend on the inclusion of multi-level governance indicators to measure progress of the agreed development framework. The limited set of global goals and the simple measurable indicators were the main advantage of the MDGs, allowing the initiative to raise global attention and mobilise resources.

The Post-2015 development agenda should follow this path, but with a multi-level approach. On the global level, this could include a small number of agreed upon goals addressing high-profile global public goods and committing all countries collectively towards their provision. This could include climate change and sustainable human development. Then, on the national level, the goals could be defined and tailored to reflect diverse starting points, country contexts, different priorities and capacities to contribute to the provision and preservation of global public goods.

As an important new aspect, the goals will also need to be measured at the sub-national level(s) while respecting national standards. For instance, democratic governance as a national priority should be looked at from different perspectives, including in terms of progress in local democracy. Progress in local democracy could then be measured through the existence of free and fair local elections, the distribution of local council seats between both sexes or the equitable allocation of national revenue between CG and LGs using transparent and predictable sharing formulas. Monitoring indicators at the sub-national level could also be disaggregated by rural-urban locations.

6. Role of Development Partners

Since the agreement of the MDGs, the traditional OECD/DAC-dominated aid architecture underwent a fundamental transformation that manifests itself through new aid modalities (South-South, triangular cooperation) and especially newly acknowledged actors. The latter comprise emerging donors, civil society, the private sector, media, parliamentarians and last but not least sub-national governments. Furthermore, it became increasingly evident that achieving the MDGs does not just necessitate higher rates of financial resources, but that these resources need to translate into qualitative and sustainable development results. Therefore the Busan Global Partnership sets a clear focus on results, seeking to deepen democratic ownership and enhance mutual and domestic accountability, and emphasises that development processes need to be country led and –owned. This entails the use of country systems and harmonised and aligned results matrices, as well as capacity development and monitoring systems.

The Busan Partnership thereby tables the role of local governments for participation and accountability (Art.21). Their function thus exceeds the provision of basic services to include democratic development and decision-making at the local level.

Support a participatory development of national goals and targets

Participation is a key instrument for ensuring an inclusive development agenda that reflects the needs of poor and marginalised parts of the population. Especially at the local level participation can become a central tool to foster accountability, for instance through participatory budgeting processes. Through their associations, local governments should be able to participate in the process of national development planning. In order to design useful indicators and targets to national and sub-national circumstances, sub-national governments should be included in the national consultations of defining the Post-2015 development framework.

Support in transforming traditional to developmental LGs

If DLG becomes one of the strategic enablers for the implementation of Post-2015, LGs and local actors will assume more responsibilities in new fields for which they do not always possess the necessary managerial skills. Leadership and managerial skills trainings would be needed. This includes capacity development in strategic planning, performance management, value for money contracting, effective contract management, PPPs and other skills associated with public management. It also requires capacity development in public accountability and in enabling political participation,

20 In this respect, the recent Africa regional dialogue held in Johannesburg, stated that “all the citizens in the country have the right to elect their local authorities in periodical and regular democratic elections, measured by frequency and regular local elections and percentage of inhabitants of the country that have the right to elect through democratic ballots their local authorities” (UCLGA, 2012:1).
so as to encourage local leadership and empowerment. This will be in conformity with the Freeport Declaration²¹:

“a business un-usual approach, which speaks of confidence, opportunity and innovation rather than helplessness, [...] a shift towards a ‘developmental’ model, with clear strategic vision and leadership, that focuses on what needs to be done rather than on systems and structures.”

Long-term engagement and continuous policy dialogue

Decentralisation is a political process and may be seen as a zero-sum game by CG politicians and bureaucrats, who see themselves as losers and are hence reluctant to share power, resources and authority. They tend to hold back attempts to reform central-local relations because they perceive it to be inimical to their self-interest. DPs cannot continue to stand aside and adopt technocratic approaches while vested interest and power in the host country works against effective DLG. They will be required to engage national-level politicians and promote policy dialogue. In some countries, development partners who previously promoted decentralisation policies have meanwhile withdrawn their support because they have experienced a lack of commitment by the CG to pursue reforms. By withdrawing support to LGs, because of a reluctant CG, development partners throw out the baby with the bath water. Instead they should engage with CG politicians, build alliances, be patient and use the resources they have to obtain leverage. In Ghana, the passage of LG Service Bill by the National Parliament took almost 10 years until donors insisted on making it a condition for obtaining budgetary support (Koranteng & Larbi, 2008). Although not perfect, Ghana today is one of the more successful implementers of DLG in Africa. Development partners also need to take into account the political economy dynamics at the local level. Elite capture of processes is prevalent and often undermines positive effects DLG can have on local democracy and service delivery. DLG reforms also include the “decentralisation of corruption”, which DPs also need to consider in for the design and implementation of their interventions so they can reach their full potential.

Strengthening decentralisation policies

There is a need for development partners to reassess progress in decentralisation policies after more than two decades of implementation in Africa, and three decades in Latin America. The quality of a decentralisation policy (or lack of it) determines the nature, structure and quality of local governance that culminate into determining local development outcomes. The experience gained during decades of decentralisation implementation has improved the capacity of LGs but a lot of work is still required. While there is no doubt that LGs are well positioned to play key roles in the implementation of any global Post-2015 development agenda, the translation of the agenda into localised strategies to advance their implementation will be needed. This will require improved efforts to deepen decentralisation policies and ensuring that, when laws are passed in support of decentralisation, there will be clear benchmarks for assessing progress. In some countries CGs have indicated their intention to use a gradualist approach – starting from deconcentration and moving towards devolution as LGs improve their capacity. But there are no clear benchmarks to determine when to incrementally devolve functions and resources from the CG to elected LGs. In fact, many African countries have begun to centralise instead of deepening their decentralisation processes (Awortwi, 2010). DPs have a responsibility to react to this process, for example through strengthening LG associations that can push for decentralisation reforms from below.

Development of monitoring indicators

During the deliberations on a Post-2015 framework, DPs will need to take a stand and promote the inclusion of multi-level goals and indicators, both to measure progress in governance as well as in sectors. National and sub-national goals should take into account realities on the ground, such as the initial level of governance or services delivered. Local governance actors should also be enabled to develop monitoring instruments to track achievement of the goals. Without capacity to collect solid information at the local level, CGs will resort to the habit of using aggregate figures to determine national progress, however distorted these figures may be for sub-national realities.

Strengthening local revenue mobilisation

While responsibilities have been transferred to LGs, they have not been equally matched with resources. During the implementation of the MDGs, sub-national governments depended very much on donor support and national government transfers. There is no doubt that unfunded mandates are a problem for LGs, but many urban LGs that are in the position to mobilise substantial parts of their local revenues are not doing so. While LGs normally blame CGs for their fiscal plight, it is important that development partners begin to question and review the fiscal efforts of LGs. Many urban LGs collect less than 50% of their potential revenue resources. Sustainable implementation of Post-2015 development goals at the local level will depend very much on LGs improving their fiscal efforts instead of depending solely on CG transfers and donor support.

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### Annex: Calendar of Post-2015 events

**Key date** | **Event**
--- | ---
Jan, 2012 | UN-System Task Team on Post-2015 Development Agenda established.
Feb 27-29, 2012 | UNDESA & UNDP Expert Group Meeting (GCAP, Beyond2015, IMF, etc.)
18 April 2012 | Berlin Civil Society Centre Meeting on Post-2015
24 April 2012 | UNICEF & Save the Children Meeting on Post-2015
May 2012 | Task Team of Senior technical Experts

**Theme area** | **Key events**
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**Jan, 2012**

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**18 April 2012**

Berlin Civil Society Centre Meeting on Post-2015

**24 April 2012**

UNICEF & Save the Children Meeting on Post-2015

**24-25 May 2012**

Beyond 2015. Meeting on Post-2015

**May 2012**

Task Team of Senior technical Experts

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**UN (2012a)**, ‘Realizing the future we want for all: report to the Secretary-General’ New York.


**UN (2012c)**, Millennium Development Goals Report, New York, USA


**UNDP (2010)**, The path to achieving the MDGs: a synthesis of evidence from around the world. New York: UNDP.


**USAID (2010)**, Comparative assessment of decentralization in Africa: final report and summary of findings.


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<thead>
<tr>
<th>Key date</th>
<th>Actor(s)</th>
<th>Goal/agenda</th>
<th>Key events</th>
<th>Thematic area</th>
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<tbody>
<tr>
<td>July 31st 2012</td>
<td>26 members High-Level Panel of Eminent Persons appointed</td>
<td>Country consultation, 9 regional/global consultation on thematic issues with stakeholders</td>
<td>The national consultation, the thematic meetings and on-line conversations will be consolidated into a single report to inform the Sept 2013 UN Gen Assembly</td>
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<tr>
<td>June 2012-June 2013</td>
<td>UNDG</td>
<td>Country consultation, 9 regional/global consultation on thematic issues with stakeholders</td>
<td>The national consultation, the thematic meetings and on-line conversations will be consolidated into a single report to inform the Sept 2013 UN Gen Assembly</td>
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<td>31 October – 2 November</td>
<td>Berlin Civil Society Centre. Berlin, Germany.</td>
<td>Global Perspectives Meeting</td>
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<tr>
<td>September 23, 2013</td>
<td>UN General Assembly</td>
<td>To discuss in details proposals for shaping post MDG agenda</td>
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<td>March 2013</td>
<td>Pan-African Parliament consultation on governance, South Africa</td>
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<td>Democratic Governance</td>
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1 UN System Task Team on the Post-2015 Development Agenda (2012): Realizing the Future We Want for All. Report to the Secretary General, New York, June 2012.
POST-2015 GLOBAL DEVELOPMENT AGENDA
Making the Case for Decentralisation and Local Governance
DeLoG Working Paper