



DECENTRALISATION &
LOCAL GOVERNANCE

Decentralisation and Local Governance Beyond 2015: Challenges, Solutions, Action

The Development Partners Working Group on
Decentralisation & Local Governance (DeLoG)
8th Annual Meeting

A Synthesis & Summary Report

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Challenges

Solutions

Action



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Challenges

- **Conceptual /theoretical:** We need to clarify our DLG approaches. We should beware of false—if sometimes useful—dichotomies including: managerial vs. governmental local government types, political vs. technical solutions, project vs. program approaches, national vs. local, rural vs. urban, and fragile vs. strong.
- **Technical:** Our DLG and sector support are often not integrated with each other, we fail to engage countries in the long-term, local data is scarce, and local government partners often lack capacity.
- **Advocacy:** We need to convince the unconvinced of the importance of DLG and find new allies. Bilateral DeLoG members have a crucial role to play in influencing their own governments.
- **Political Economy Dynamics** Will need to be considered when addressing providing support to DLG reforms

Solutions and Action for post 2015

- **Push for a paradigm shift:** The new paradigm would have an unambiguous objective of inclusive growth, multi-level coordination, and bottom-up, integrated policies that focus on people and places.
- **Support local governments to understand their “general mandate”:** Local governments often do not understand that beyond their specific delegated responsibility of service delivery, they have a general mandate for the welfare of their base and can always do something even with limited resources.
- **Integrate DLG into sector work** to improve basic service delivery and enhance the legitimacy of the state.
- **Multi-level governance platforms:** Multi-level planning and implementing bodies can fill territorial “governance gaps”.
- **fragile environments:** Start small and from below
- **Urban planning, urban planning, urban planning:** This includes guaranteeing tenure, connecting cities with infrastructure, getting property taxes right, and harnessing the strength of the informal sector.
- **Long-term engagement:** DP’s agreed that real impact in the field of DLG requires a long-term commitment
- **Get the data right:** We should support the proposed DeLoG /Urban Institute initiative on the importance of the local public sector to achieve development goals that has a big potential to provide DeLoG with a strong empirical argument for DLG reforms. Also the World Bank’s BOOST is promising
- **Work together on intelligence, funding, and political economy analysis:** Collaboration is DeLoG’s *raison d’être* and members underscored the benefit of pooling knowledge and other resources.
- **Consider human-friendly learning programs and outreach:** The EC and UNCDF shared experiences of producing engaging films and online media.
- **Advocate for disaggregated indicators for Post-2015 goals:** We should advocate for integrating DLG across the goals using indicators that can be disaggregated by place and other dimensions.
- **Map entry points for influencing the Post-2015 process:** The map should cover intergovernmental processes, reports, meetings, people, and lobbies.
- **Do our technical homework:** Clarify concepts and theory, identify data sources, incorporate gender, devise technical proposals for disaggregated indicators and percentage increases across disaggregations, fix the slum target, support to the DeLoG / Urban Institute research, and prioritize Post-2015 technical work.
- **Engage the Post-2015 intergovernmental processes and remember that we are dealing with humans:** We should keep in mind attention-grabbing forms of outreach like films and infographics.

Acronyms

DLG	Decentralisation and local governance
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LG	Local governance
LGvt	Local government
MLG	Multi-level governance
DP's	Development partners
HLP	High-Level Panel of Eminent Persons
PE	Political Economy

Introduction

This is a synthesis and summary report of the 8th Annual Meeting of the Development Partners Working Group on Decentralisation and Local Governance (DeLoG). DeLoG is a network of bilateral and multilateral development partners (currently 27 members) aimed at improving development effectiveness in the field of decentralisation and local governance (DLG). Since its inception in 2006, DeLoG has served as a platform for DP's to share knowledge, conduct studies, engage in advocacy, devise strategies, and facilitate joint training in the field of DLG. For more information visit: www.delog.org

The overarching theme of the meeting was the role of DLG in the post 2015 development agenda. The first part of this report is a synthesis of main themes and ideas, grouped into challenges, solutions, and action. The second part summarizes the presentations and discussions.

Themes and Objectives of the 8th Annual Meeting

This annual meeting co-hosted by the United Nations Development Programme (UNDP), the United Nations Capital Development Fund (UNCDF), and the United Nations Human Settlements Programme (UN-HABITAT) was the second held in the United States and the first jointly organised by all UN member organisations in New York. The primary theme of the meeting was the role of DLG in the post 2015 development agenda, with sub-themes relating to the Global Partnership for Effective Development Cooperation, multi-level governance (MLG) mechanisms, and MLG in fragile, urban, and rural environments. Besides presentations and discussions on these themes, the members shared experiences and new approaches in DLG, provided the DeLoG Secretariat with feedback for its strategic work plan (2014-2016), developed an official closing statement for the meeting, and convened an organizational meeting on the Learn4Dev joint-learning program on DLG. Tapan Mishra (UNDP) provided overall facilitation, encouraging the participants to keep in mind five "I's" as principles of engagement: be very interactive, very informative, very inclusive, very interesting, and very inspiring.

Part I: Decentralisation and Local Governance Beyond 2015: Challenges and possible Solutions

Challenges

On Day 1, speakers from the UN hosts and funding agencies recognized in the opening session panel DeLoG's significant contribution to affirming the importance of local governance (LG) in global policy fora as evident in the recently released High Level Panel of Eminent Persons (HLP) report. However, over the course of the three-day meeting, our discussions focused less on our achievements to date and more on challenges ahead. Highlighted here in red, these challenges require us to take pause for further consideration and debate.

Conceptual / theoretical Challenges:

DeLoG has already made a convincing case for the importance of DLG but participants noted that we can still sharpen our concepts and theoretical arguments. Given the differences and tensions among DeLoG members' approaches to local development, the need for DeLoG to develop a more integrated conceptual understanding of local development is debatable. What may be helpful are theoretical models that have worked in practice. Conceptually, we find it useful to explain our work by drawing categories and distinctions, but we need to beware of false—if sometimes useful—dichotomies including:

- **Managerial vs. governmental local government types:** This typology proposed in a paper by Andrew Nickson distinguishes between “managerial” local governments (LGvts) whose primary purpose is the efficient delivery of services and whose competencies are clearly defined and regulated by statute and “governmental” LGvts who function as representational political entities with autonomous governing authority fixed in the constitution. This distinction may be a useful analytical tool to debate which type is better at delivering services or reducing inequality
- **Technical vs. Political Solutions:** Several participants' characterized decentralisation as a fundamentally political rather than technical issue. DLG reforms are hindered by political economic constraints rather than a lack of technical capacity of donors or partner countries. Yet it is clear from the many presentations (BTC, EC, KfW) —that detailed political economy analysis is perhaps the most important technical expertise that we as DeLoG have to bring to the table to promote DLG reforms. Political economy analysis can help DP's choose the right aid modality, like project or program, and DP's should arguably stay out of countries altogether if they do not have a good understanding of the political economy landscape.
- **Project vs. Programme based Approaches:** The oft-advised program approach should not always be considered the best aid modality. Advantages of the project approach for supporting Decentralisation (EC, BTC) include the room it provides for political experimentation and innovation. At the same time many agencies pointed out that they tend to have many more shades of grey between project and program approaches. There is actually a continuum from full use of country systems to stand alone projects, and flexibility is needed to design an approach that best fits country contexts. There has been a wide consensus amongst member organisations that systematising different aid modality approaches would be a very useful exercise.
- **National vs. Local:** Participants considered the concept of “the missing link” to describe the lack of attention to intermediate levels of governance between the national and local levels. Sub-local (e.g. sub-municipal level) governance, such as community-level authorities, is also under appreciated despite its high degree of relevance for the poor. The term “multi-level governance” helps clarify the existence of a continuum of governance levels from the global to the minutes level of social organization.
- **Urban vs. Rural:** is a traditional dichotomy that actually reflects a continuum from small and medium sized towns to mega cities and larger metropolitan areas. Markets for labour, goods, and services territorially interconnect these urban-rural agglomerations. Definitions of rural and urban vary from country to country, making cross-country comparisons difficult. Nevertheless, studies such as the presented World Bank Global Monitoring Report show that the rural-urban dichotomy may be of use in revealing striking territorial inequalities, with urban dwellers generally better off than rural ones. Importantly, the dichotomy should not confuse DP's into viewing urban development in isolation from

rural development or vice versa. There are challenges and opportunities that present themselves along the urban-rural continuum with neither rural nor urban being more important than the other.

- **Fragile vs. Strong:** Participants challenged the notion of fragility. Often, states are fragile and disorganized from an outsider's perspective, but particularly in a post-conflict environment where one side has won, part of the state system may be working extremely well. Furthermore, even if the formal state system is fragile, there might exist informal systems that are strikingly resilient

Technical Challenges:

Even as we work towards greater conceptual and theoretical clarity, technical challenges loom large. These include:

- **DLG support not integrated with sector operations:** Participants acknowledged the importance of ensuring coherence between sector and decentralisation policies. Pursuit of the MDG's, which were defined along sector lines, tended to be led by central line ministries who focused on enhancing deconcentrated service provision without empowering local authorities with real mandates to act. Effective coordination, cooperation, and communication channels need to be established to break down the silos in which sector colleagues are accustomed to working
- **Lack of long-term engagement:** On the donor side, long-term engagement with partner countries is necessary to have a sustained impact on DLG. But participants noted that by always doing short-term projects with short-term indicators, many DP's are not able to make a difference for inclusive growth. On the country side, LGvts often do not understand or have the capacity to fulfil their general governing mandate, including their responsibility to raise revenue from the private sector so that financing is available in the long-term.
- **Local data scarcity:** Sub-national data is non-existent or difficult to access. Governments, the IMF, and the World Bank have their own data—which they may or may not share—and their own approach to tracking and monitoring. Furthermore, local level indicators that fulfil SMART criteria are especially scarce. So far, the empirical literature is inconclusive on the value of DLG. But in making the case for DLG, only tentative conclusions may be drawn from ODI's recent report on localizing aid and UI's ongoing research on the development impact of the local public sector since these studies are based on small sample sizes. More data is needed, for example, to dispel (or prove?) the myth of greater corruption risks of working with LGVts and rigorously analyse issues for which we have seen contradictory evidence such as whether a more managerial or governmental type of LGvt is better at reducing inequality.
- **Capacity deficiencies:** Lack of capacity is one of the three main shortcomings (along with political and financial constraints) that DLG policies should address. Most city planners emerge from university programs that use outdated urban planning curricula that do not take into account the explosion of new urban challenges. We should consider how to disrupt traditional patterns of how city managers are educated and offer them better training opportunities.

Advocacy challenges:

Advocacy challenges include convincing the unconvinced about the importance of DLG and finding new allies who are simply unaware of DLG issues. However, despite our common cause, we have the tendency to divide into sub-lobbies that prevent us from reaching the critical mass we need for effective advocacy. This may be due in part to the nature and purpose of DeLoG. DeLoG can create technical inputs that members can use to influence governments, but it is itself not an advocacy group as it represents members with differing agendas, constituents, and means of influence. Still, DeLoG has some leeway for advocacy since its bi-lateral members inform their partner ministries in their own governments—including foreign affairs ministries as represented by national delegations at the UN—about DeLoG's work. Yet even if DeLoG members are able to influence global policy frameworks such as the Global Partnership for Effective Development Cooperation, participants wondered how much the Partnership or other platforms actually influence the strategies and work plans of its constituent organizations, since these are the actors that ultimately implement whatever frameworks result from these fora. The EU and UNDP, for example, are well advanced in defining their multi-year strategies. Finally, we should think more about what kind of impact, if any, DeLoG actually has at the country level to improve development effectiveness in the area of DLG reforms. Is there more we can do to have influence where it counts?

Political Economy Challenges when supporting DLG Reforms:

It is a sad paradox that financial capital is abundant globally—it was excessive flows that triggered the recent global economic crisis—but so little of it reaches local actors. Political and economic power structures are behind global inequalities and circumscribe reforms in favour of DLG. Therefore, all the above-mentioned challenges have political economic (PE) dimensions.

- The concepts we use are not politically neutral and the persistence of false dichotomies is not necessarily unintentional. For example, we may need to continue to use the unwieldy concepts of urban and rural simply because lobbies exist around these concepts.
- **While we may theorize about local development-driven decentralisation reforms, political imperatives tend to drive decentralisation.** We can ride decentralisation reforms initiated for political reasons that have nothing to do with local development, but to do this it helps that we at least clearly understand that what we are promoting is *local development-driven* DLG.
- **It is clear that all our interventions, such as choice of aid modalities, must be informed by rigorous political economy analysis.** Questions such as “Who is in charge of decentralisation?” and “Do they have any power?” should be central to our analysis. Certainly, the technical challenges mentioned of integrating DLG into sector work, lack of long-term engagement, sub-national data scarcity, and insufficient local technical capacity are all symptomatic of political economic forces tilted against local empowerment. In contemplating the post-2015 framework, we should recognize the potential for indicator-based approaches like the MDG’s to be coercively used to promote a disempowered, managerial type of LGvt. Furthermore, while governments may accept projects that experiment with decentralisation reforms, long-term institutionalization of these reforms is a whole other story. Finally, we as DeLoG have placed so much emphasis on the importance of harmonizing aid interventions, but as various case studies have illustrated, the political economy of donor support continues to make coordination difficult.
- **Political economy analysis may even explain the “groupthink” that we fall into.** To justify our work and investments, DP’s may want to believe in DLG success stories like Mali and turn a blind eye to contradictory evidence. Also, DP’s may not have the proper incentives to target the root causes of development problems such as conflict, because we are conveniently employed working on proximate causes.

Solutions

Certainly, DP’s did not offer solutions for all of the conceptual, theoretical, technical, advocacy, and political economy challenges discussed above. Yet a number of big ideas surfaced that may guide the group moving forward. Highlighted in yellow, these solutions are offered for DP’s to “proceed with caution” in the face of a multitude of challenges.

Push for a paradigm shift

Much is at stake in the current debate on post-2015. The process has evolved from a basic discussion on revising the MDG’s to a sweeping debate on the future of UN development policy. DP’s tended to agree on the need to for a paradigm shift in the post-2015 debate. Possible elements of the new development paradigm include that it would have an unambiguous objective of inclusive growth and bottom-up, integrated policies that focus on people and places as opposed top-down, sectoral, spatially blind policies. Financing would move away from piecemeal, non-strategic subsidies or simplistic equalization tools toward services that are targeted towards people and places, decentralisation with multi-level arrangements, performance-based grants, and engagement with the private sector.

Support local governments to understand their “general mandate”

LGvts not only have the delegated responsibilities to deliver specific services but also have a general mandate for the welfare of their base. No matter what capacity or financial limitations they face, LGvts need to remember this mandate and that they can always do something. Yet LGvts’ use of local development funds has tended to show that they have not understood their role, opting to spend on infrastructure and service delivery instead of investing in building their own governance capabilities, including the capacity to raise revenue. DP’s can learn from the experience of innovative projects (EU, BTC) that supported local authorities in carefully thinking about their political role.

Integrate DLG into sector work

DP’s offered different approaches to address the lack of coherence between decentralisation and sector policies. In UNCDF’s work, sector ministries saw the effectiveness of local development funds (LDF’s) in providing non-sector specific block grants to LGvts and subsequently integrated LDF’s in their own work. For BTC, integrating decentralisation into sector operations is a new approach that has been also been progressively implemented in fragile situations like in the education sector in Burundi or the DRC. In the case of the European Commission, decentralisation accounts for merely 3% of its total aid spending, so the real question is how to factor decentralisation into sector operations and budget support. It advocated the project approach as a useful tool to bring local perspectives into the national policy dialogue, which, together with capacity building and financial support to the national treasury, is one of the three components of budget support.

Multi-level governing platforms

UNDP’s ART programme establishes participatory platforms at the local and national level to coordinate the planning and implementing activities of sub-national authorities, central governments, civil society, the private sector, academia, and decentralised cooperation partners. The oft-forgotten intermediate (i.e. provincial, departmental, regional) and lowest (sub-municipality) levels of governance are “missing links” to coordinate multi-level action. GIZ has responded to this need for a “governance of multiplicity” by focusing on cross-regional governance systems. The large growth of peri-urban areas results in large swaths of territory where there is essentially no official body with a legal mandate to govern. Informal governing bodies (e.g. non-profits acting as “governance brokers” in New York) may fill “governance gaps”, but they are constrained by their ineligibility for public finance. UNDP clarified that the territorial planning processes supported by the ART programme do not run parallel to official processes and are fully integrated with national development plans and financial allocations.

Start small and from below in fragile environments

DP’s agreed that a flexible, bottom-up approach, starting with small, incremental changes at the local level that slowly repair trust in the social contract is often most effective in fragile environments. This was evident in the post-conflict joint-program in Somalia that started with entirely uncoordinated UN agency work at the local level in the context of a collapsed state. It was also effective in Afghanistan, where a UN-HABITAT project began by establishing community forums to develop elaborate response systems and eventually linked with local municipalities to institutionalize the process. BTC also mentioned its success with an incremental approach in Palestine where it started small with local capacity but eventually had a broader institutional impact.

Urban planning, urban planning, urban planning

Most urbanization takes place unplanned in the form of urban slums. Various DPs (UN-Habitat, World Bank, UNDP, GIZ) stressed that now more than ever cities require legislative, technical, and financial support to plan for and manage increasing influxes of people. Effective urbanization policies include providing slum-dwellers with formal residency so that they have access to health and education services; guaranteeing land tenure; connecting urban areas with infrastructure such as roads and bridges; fiscal equalization; and getting property taxes and land valuation right (e.g. LGvts can sell land to generate considerable revenue). Planning is a crucial first step, and financing will follow. At the same time, urban planners should recognize the false dichotomy of urban-rural, and link up where possible with larger multi-level, territorial planning initiatives like those implemented by the ART programme. The informal sector is often more organized than the formal sector, and DP’s should design governance programs that harness its strengths.

Long-term engagement

DP's agreed that real impact in the field of DLG requires a long-term commitment. BTC's multi-level capacity development approach, for example, requires a significant amount of time because it supports local authorities in developing a vision of local development that takes into account various factors of fragility. Also, the joint-program in Somalia initiated by UNDP required a long-term timeframe, particularly since it took so long to work around the multitude of rules and regulations of different DP's to achieve coordinated action.

Get the data right

In the face of discouraging data constraints, innovative initiatives like the World Bank's BOOST should be encouraged as a means to help make public expenditure in developing countries more transparent and accountable. Participants acknowledged that the World Bank's comparison of urban and rural facts and figures was compelling because it did not advocate for one policy or another but simply presented what the data shows. Certainly, DP's can debate about how data should be interpreted—e.g. the comparability of urban-rural data since definitions of rural and urban vary across countries—but we all agree of the importance of data based arguments. This should encourage us to strongly collaborate with the Urban Institute to ensure that the proposed DeLoG / UI research initiative on the importance of the local public sector to achieve development goals that will exemplarily examine the health and education sectors.

Work together on intelligence, funding, and political economy analysis

DP's repeatedly highlighted the value-added of working together, which in the end is the *raison d'être* of DeLoG. Participants suggested we share intelligence on whom best to target in national delegations to the UN, including senior level officials that could potentially be champions of the DLG cause. UN-Habitat offered some of its available resources to advance in the construction of indicators with local government associations as well as to start working on the think tank papers for the local governments agenda within Habitat III. BTC is using a political economy lens, when conducting country assessments and recommended DP's share political economy analyses. UCLG highlighted the great potential to exchange its knowledge of territories with other DP's technical knowledge of DLG.

Consider human-friendly learning programs and outreach

Often people tire of reading reports, so the EC has used in some DLG support programs, radio programs, guest singers and comedians, histories, and movies for outreach. In the same vein, UNCDF's Local Development Academy uses captivating infographics of people illustrating DLG topics. DP's should keep human-friendly learning in mind as they seek to address the great capacity deficiencies among LGvt planners. DeLoG should also be aware of this in developing its Learn4Dev coursework.

Action for Post-2015

Our discussion on the role of DLG in the post-2015 development agenda could not have been timelier. The HLP report was just released with important recommendations on DLG, and the months ahead will be important for framing the discussion in the General Assembly in September. Concrete next steps for action could include mapping entry points to influence the discussion, doing our technical homework so that we have viable proposals on indicators to bring to the table, and finally engaging national delegations. This action framework is further developed here and highlighted in green as a “green light” to take action.

Map entry points for influencing the Post-2015 process

- **Intergovernmental Processes:** Rene Mauricio Valdes' (ONE UN) provided us with a basic roadmap of the workstreams at the core of the Post-2015 deliberations, including the Open Working Group on SDG's and other intergovernmental processes. In consultation with key actors, we should map out the intergovernmental processes of relevance to DLG and key dates and meetings where DeLoG may have influence.

- **Reports and meetings:** A number of key reports on Post-2015 from the High Level Panel, the UN Global Compact, the Sustainable Development Solutions Network, and the thematic and regional consultations have been published. Our map of entry points should include all recommendations from these reports that are relevant for DLG—such as the important ones in the HLP—as they may be used as references for engagement with national delegations. The map should also include DLG developments in meetings such as those of the Global Partnership for Effective Development Cooperation that will likely have a bearing on how the post-2015 framework is implemented.
- **People:** It was also recommended that we target specific people, especially high-ranking ones, from national delegations that we know may be sympathetic to the DLG cause. As an example, UNCDF engaged the Minister of foreign affairs of Norway, who, due to his political background as a local councilor wanted to be a champion of DLG.
- **Lobbies:** Different people respond to different rationales for inclusive growth, including ethical, economic, and political ones. Our map of entry points should, therefore, illustrate the landscape of lobbies and what reasons they may have to support DLG. It may also help to think about what language they respond to. For example, it was noted that Germans tend to be more comfortable with the term “federalism” than “decentralisation” even if they essentially refer to the same policies. Some participants suggested joining forces with strong urban lobbies, including those outside the traditional development community such as Local Governments for Sustainability (ICLEI).

Do our technical homework

We have the collective responsibility not only to convey the rationale for going local but also to do our “technical homework” and be ready with feasible, rigorously vetted proposals for mainstreaming disaggregated targets and indicators. This will require that we:

- **Clarify concepts and theory:** While the indicators we propose need to be specific and measurable, DLG-related concepts such as fragile or urban are often vague and unwieldy. As a group, we should act to resolve our conceptual uncertainties and come to a basic shared understanding of concepts. In terms of theory, a more tightly articulated vision of why we promote DLG (e.g. for inclusive growth? for local development? for women’s empowerment? etc.) could be useful.
- **Devise technical proposals for disaggregated indicators and percentage improvements across dimensions:**
A basic consensus was reached that rather than pushing only for a specific goal on governance or inclusive growth, we should also “mainstream” DLG across the goals with indicators that can be disaggregated by place and other dimensions. Since the HLP report makes reference to this kind of sub-national target setting, it constitutes a key entry point for framing our advocacy. We should act now to identify indicators that are territorially sensitive and take into account the impact of local governance. In this process, it was suggested that we capitalize on current interest in the concept of resilience, since cities need to have decentralised powers and function as cohesive political units in order to build resilience to economic and climate shocks. Since local-level indicators that meet SMART criteria are especially scarce, we should rigorously survey what data sources are best, including how new data initiatives like the World Bank’s BOOST may help. It was acknowledged that what stood out from the HLP report is the recommendation to not define the new goals on averages like the MDG’s did. The goals should target percentage improvements across all dimensions that data is disaggregatable into (i.e. rural/urban; high income/low income) so that no one is left behind. Here, strong political economy analysis is needed to assess who benefits from the selection of certain indicators and how to best promote justice and equity.
- **Incorporate gender:** We should follow up with Begoña Lasagabaster at UN-WOMEN for the gender-sensitive local level indicators she mentioned, including the one on population of women with identity cards and those related to urban planning.
- **Fix the slum target:** Especially UN-HABITAT and the World Bank showed interest in keeping, though revising, the slum target since it was poorly set in the MDG’s. Other targets related to transportation, sanitation, and drainage could also be good options.
- **Support empirical research:** The proposed DeLoG /Urban Institute initiative on the importance of LG for health and education sectors has the potential to provide DeLoG with a strong empirical argument for DLG reforms. But the study needs to be done right. DeLoG is a technical group with a reputation to maintain if it is to have any impact. Therefore, DP’s after having approved the proposed methodology should now join forces to ensure that enough data from the envisaged 60 countries is collected.

Engage the Post-2015 intergovernmental processes and remember that we are dealing with humans

DeLoG is in a unique position to have a concrete impact on the design of the Post-2015 framework. While it is not an advocacy group, DeLoG does have strong views on global frameworks and policies needed to further the cause of DLG, which it recommends through technical papers and other inputs. In communicating our message to national delegations, we should remember that in spite of political economic forces at play we are dealing with human beings—human beings that often have short attention spans and are averse to reading long documents. More engaging communication like video and interactive online media may be useful to get the message out.

Part II: Summary of Presentations and Discussions

DAY 1

Opening Session:

Geraldine Fraser-Moleketi, Director of the Democratic Governance Group (UNDP)



Geraldine began by noting the close engagement between the UN, UNDP, and DeLoG during the post-2015 discussions, including at the global consultation on governance in Johannesburg, Midrand earlier this year. She acknowledged the collective efforts in Rio, Busan, Naples, Dakar, Istanbul, and Kampala that contributed to the affirmation of the importance of LG for development as evident in the recently released HLP report. Key

quotes on LG from the report include: *“Local authorities form a vital bridge between national governments, communities, and citizens and will have a critical role in a new global partnership”*; *“The most pressing issue is not urban versus rural, but how to foster a local, geographic approach to the post-2015 agenda. The panel believes this can be done by disaggregating data by place, and giving local authorities a bigger role in setting priorities, executing plans, monitoring results and engaging with local firms and communities”*; *“Good local governance, management, and planning are keys to making sure that migration to cities does not replace one form of poverty by another.”* Furthermore, the HLP report proposes a goal to ensure good governance and effective institutions. Continued effort from DeLoG will be needed to push for this outcome in the deliberations of the Open Working Group on Sustainable Development Goals. UNDP acknowledges the potential of LG and multi-level governance, which have been evident in its LG programs spanning 134 countries at 2012. However, challenges include: LGvts lack of political, administrative, and fiscal powers; limited cooperation between LG actors, advocates, and national bureaucrats; cases of recentralization; limitations in personnel, skills, resources, managerial agility, and capacity; and uncoordinated support for DLG programs. The soon-to-be finalized UNDP Strategic plan 2014-2017 places special emphasis on LG, and UNDP, UNCDF, and UNV are in the process of finalizing a common, integrated LG and local development strategy.

Yamina Djacta, Director of New York Office (UN-HABITAT)

Yamina recognized DeLoG as a powerful tool to provide evidence and technical arguments on DLG as inputs into the post-2015 debate. In the context of a rapidly urbanizing world, urban governments must optimize their cooperation and find innovative ways to provide sufficient and equitable access to public services, while ensuring transparency, accountability, and participation. But LGvts cannot do it alone. Hence the need for multi-level governance and the DeLoG forum which enables us to know each other better, exchange practices and approaches, debate concepts, trends and practices, and jointly push a common agenda. UN-Habitat is the

only agency in the UN system with a mandate to represent the voice of local authorities. The United Nations Advisory Committee of Local Authorities (UNACLA) is intended to vitalize the dialogue between local and central governments and the UN system, bringing to the fore important issues on sustainable urban development and strengthening of local governance. It is part of the Global Task Force of Local and Regional Governments for Post-2015 and Habitat III for whom UN-HABITAT hosted a meeting just last week. The preparatory meeting for Habitat III will be in New York in 2014, and she hopes we may discuss here how DeLoG may be engaged in it and the post-2015 process.

Peter Silberberg, Head of Economic Department (Permanent Mission of Germany to the United Nations)

Peter noted that in addition to DeLoG's work in positioning DLG issues in international development debates, it also provides specialized, tailor-made capacity development programs on DLG, including last year in Mozambique, Benin, and Switzerland. In addition, DeLoG has constantly fostered improved knowledge management and exchange of experiences amongst DLG practitioners. He gave his thanks to the Swiss Agency for Development and Cooperation (SDC) for entering into a co-funding agreement to strengthen the DeLoG Secretariat and its activities for the next three years. The German Federal Ministry for Economic Cooperation and Development which has been funding DeLoG since 2008 is happy to announce its support for another 3 years. It hopes its contribution has motivated other members to actively participate in the platform and to build and use its full potential.

Marc Bichler, Executive Secretary (UNCDF)

Marc began by recognizing the timeliness of this DeLoG meeting on the role of DLG in the post-2015 development agenda since the next few weeks will be important for framing future discussions on post-2015 and deliberations of the General Assembly in September. He stressed that DLG is at the core of UNCDF's work and offered three thoughts: i) that LGvts have a comparative and information advantage in meeting development goals, and as the closest tier of government to the citizenry play a key role in building more accountable, transparent, and participatory political systems ii) that sustainable development depends on inclusive, sustainable finance enabled through targeted, socially responsible investments, innovative financial mechanisms, microfinance, improved fiscal flows across levels of government, and mobilizing private capital and iii) and that the opportunity now exists to "localize" the post-2015 agenda by joining with local governments to influence the ongoing debate.

Kuno Schläfli, Policy Advisor (SDC)

Kuno reciprocated the thanks given to SDC by the German government by praising GIZ for its calm, quiet, and continued financial support to DeLoG since 2008. He noted that one of the reasons he committed to DeLoG among alternative platforms is the informal character of the group. It is an organizational form that allows for participants to be as ambitious as possible; it is composed of like-minded members who believe in the cause of DLG; and it is an important platform to learn from each other. Also, DeLoG's proven ability to contribute to inserting DLG in the global development agenda illustrates its enormous potential.

Session 1.1 – Entry points for integrating local governments in the Post-2015 framework

Rene Mauricio Valdes, Chief of Staff, One UN Post 2015 Secretariat

Introduction to the Post-2015 process and global consultation on governance:

Rene presented on the main aspects of the Post-2015 process. The process has two institutional mandates stemming from the MDG summit of 2010 and the Rio +20 outcome, and it marks the convergence of the poverty and sustainability agendas. Three streams of work are at its core: i) the High Level Panel of Eminent Persons appointed by the Secretary General and co-chaired by the presidents of Indonesia and Liberia and the Prime Minister of the UK; ii) Eleven thematic consultations with experts, nearly 100 national consultations with stakeholders, five regional consultations conducted by the UN regional commissions, a private sector consultation conducted by the UN Global Compact, and an academic consultation conducted by the Sustainable Development Solutions Network (SDSN); and iii) the intergovernmental process—including the Open Working Group on the SDG's and the special event on the MDG's during the General Assembly in September—where member states, in consultation with stakeholders, make the decisions on the new development agenda. As of today, we are coming to the end of an initial phase of garnering conceptual inputs with the reports from the HLP, consultations, UN Global Compact, and SDSN now complete. All these

workstreams have recognized the extremely important role of cities and local governments in defining and implementing the new agenda and have stressed: i) policy coherence between national, regional, and local levels; ii) planned rather than spontaneous urbanization; iii) the importance of urban infrastructure and services; iv) resilience to disasters; and v) applying modern technologies to urban services.

Nicola Crosta, Head of Knowledge, Policy, and Advocacy (UNCDF)
Inclusive Growth and the MDG's



When UNCDF started to define its position in order to engage in the post-2015 process a year ago, it asked itself two questions: i) What is an important global challenge after 2015?; and ii) What is wrong with the current MDG's? Discussions on both questions led to the same topic: inequality and inclusive growth. UNCDF then brought together 5 UN agencies, Citibank, Google, Oxfam, Save the Children, UCLG, the Urban Institute, and LSE academics, among others for a workshop to discuss 3 main items: i) inequality; ii) territorial inequality; and iii) the role of LGvts after 2015. On inequality, they focused on going beyond national indicators to assess how progress is really shared among people and communities, taking into account various dimensions of inequality including income, territorial, and gender inequality. In

education, for example, the poorest quintiles in terms of income inequality are not advancing as they should. Also, income inequality is not just an LDC or developing country problem; it is a global problem, including in the OECD countries. Together with Mexico, the US by some analyses is the most income unequal country, including in terms of intergenerational mobility across income tiers. Politically, however, it will be a challenge to convince rich countries to accept a universal post-2015 agenda that will apply to them also. On territorial inequality, the workshop acknowledged starkly increasing trends and rural-urban gaps. There are three reasons to address territorial inequality: i) Ethically, it is not acceptable to leave large parts of countries behind; ii) Economically (and here referencing work of the OECD, World Bank, and ADB), lagging regions will not contribute to national growth as they could; iii) Politically, territorial inequality leads to instability. On post-2015, it was clear that integrating a concern for territorial inclusion would essentially mean moving toward the adoption of a new development paradigm characterize by bottom-up, integrated policies that focus on people and places as opposed to top-down, sectoral, spatially blind policies. And unlike the current MDG's, it would have a clear, unambiguous objective of inclusive growth. Financing in this new paradigm would move away from piecemeal, non-strategic subsidies or simplistic equalization tools towards services that are targeted towards people and places, smart decentralisation with multi-level arrangements, performance-based grants, and engagement with the private sector. There are four possible options we face with the SDG's: i) a stand-alone goal on governance or an inclusive sustainable development goal (ISDG) (both outcomes, politically unlikely); ii) the mainstreaming of disaggregated indicators (a positive outcome); iii) having inclusion concerns not in the goals but in the implementation document (a dangerous option); and iv) ignoring inequality altogether. We need to focus on strong advocacy and communication for these issues while devising technically rigorous proposals for mainstreaming disaggregated indicators.

Diana Lopez, Programme Officer, (UN-HABITAT)

**How to implement the UN Development Agenda Post-2015 at the local level:
the opportunity of HABITAT III**

Diana presented on UN-HABITAT's work in cities. With the arrival of its new executive director, UN-HABITAT's approach has changed radically and focuses primarily on urban planning and urban governance. The next 20 years will see rapid urbanization and growth of slums. Most of the population in Africa will be urban, and today 62% of urban dwellers in Sub-Saharan Africa live in poorly planned, urban slums. Ironically, cities offer the opportunity for a better life but also the risk of a more severe poverty than in rural settings. The urban poor face unique challenges since, for example, in Nairobi the cost of public transport back and forth from work costs more than 1.25 USD per day. The price of urban water, land, rent, and housing is becoming extremely expensive. While private sector developers reap lucrative profits from housing projects, regulations are not in place, as in Europe for example, that obligate them to also rehabilitate nearby sidewalks, put down piping, and pay taxes that would constitute a significant source of public revenue. City governments need support in confronting all these challenges in the face of significant capacity constraints. There is little dialogue between the central and LGvts, with the central governments often legislating without

any local consultation and expecting LGvts to implement. For UN-HABITAT, the solution is planning dense, interconnected, compact cities with strong managerial and governing capacity. Cities need decentralised powers to make their own decisions on urban planning. Political constraints still exist at the global level to inject the voice of cities into the global development discussions. For Habitat 3, UN-Habitat will establish a national Habitat committee in each country consisting of all departments of the government that deal with urban issues, as well as local government associations, academia, civil society, and the private sector. It is an important opportunity for LGvts to advance DLG in the next global urban agenda.

Session 1.1 Discussants:

Jamie Boex (Urban Institute)

Jamie asked the group to consider whether the new development goals are inclusive by their very nature, if they aim for universal access to education, health, water and other services. The challenge of getting LG into post-2015 framework is less of a technical challenge than a political economic one. How do we get central governments to devolve power to the local level? Also, how do we ensure that LGvts function in a responsive and transparent manner once they are empowered? Finally, how do we ensure the intergovernmental negotiations on post-2015 do not conveniently ignore technical expertise in support of DLG?

Edgardo Bilsky (UCLG)

Edgardo provided the perspective of the Global Task Force on Local Development. The Task Force has worked closely with the High-Level Panel in recent months to get wording on LG into its report. It succeeded in getting LG concerns in the narrative but not in the goals. Now, it is exploring ways to influence the goals, including by proposing territory-sensitive indicators. A constraint is that data for local level indicators that fulfil SMART criteria is scarce. DeLoG members with their technical expertise should team up with the Taskforce with its knowledge of the territories to devise proposals for goals, targets, and indicators. The Taskforce also needs the support of DeLoG members to interact effectively with government officials who are part of intergovernmental negotiation process on post-2015, including the Open Working Group.

Carl Wright (CLGF)

Carl sees the High-Level Panel report—particularly with its references to subnational target setting and the monitoring role for LGvts—as a critical entry point for further integrating LG in the post-2015 agenda. Strategic, focused, and coordinated work is now needed to devise technical proposals on subnational target setting. Also, in bringing together about 600 senior officials, including UNDP Administrator, Helen Clark, heads of government, ministers, and mayors, CLGF's 2013 conference and the resulting Kampala Declaration on Developmental Local Government achieved a wider political endorsement for LG than has happened in other fora. With the substantive argument for DLG now made, focus should be on action. The DeLoG development partners, in particular, have a key role to play in influencing their national delegations at the UN.

Begoña Lasagabaster (UN-WOMEN)

Begoña emphasised that local governments are key actors in addressing the challenge of poverty and exclusion and shared that UN Women supports local governments in designing and implementing gender responsive policies that aim to improve access, availability and quality of public services for women and girls. In discussing the importance of women's political participation and gender sensitive governance she provided the example of an electoral law in India that set a quota for 1.5 million local women counsellors and led to higher expectations for educating girls. She highlighted that UN Women is increasingly working on gender and governance; on the interface between gender and corruption at the local level and on gender sensitive indicators at the local level, such as population of women with identity cards.

In relation to the post 2015 development agenda, she reported that a Global Thematic Consultation on Addressing Inequalities was co-led and facilitated by UN Women and UNICEF under the auspices of the UN Development Group (UNDG), supported by the Government of Denmark and the Government of Ghana. UN-Women is calling for a standalone goal on gender equality and the empowerment of women but also the mainstreaming of gender equality into ALL other goals, targets and indicators given the catalytic effect that gender equality has on the achievement of Human Development Goals.

Session 1.1 Open Discussion:

David Jackson (UNCDF)



David Jackson made 4 points i) that we need a model of inclusive growth. Not many have been designed, and few account for territorial exclusion. We need to look at economic history for models that have worked. Countries have transitioned from embracing the Soviet model earlier last century to the Social Democratic, Western model of the 90's and early 2000's, to the Chinese or Vietnamese model today; ii) that resolving land issues (i.e. access, tenure, supply, rights) is critical to effective urban planning as evident from experience in Indonesia and Thailand; iii) that the concept of resilience is a key entry point for getting DLG on the post-2015 agenda, since it is clear that cities need to have decentralised powers and function as cohesive political units in order to build resilience to economic and climate shocks; and iv) that if gender representation is weak at the central government level, LGvts provide critical spaces for women to demonstrate leadership and representation. **Kodjo Mensah-Abrampa (UNDP)** echoed Jamie's earlier thoughts that sectorally-defined global development goals may implicitly target inequality. However, if that is the case, then why were the MDG's not more effective in promoting inclusiveness? He says we need to look at the structure of how they were implemented, especially the way in which LGvts interpreted this structure. The adoption of the MDG's with their definition by sectors resulted in an implementation structure that greatly reduced an emphasis that had been prevailing prior to their adoption on local participation and LGvt action. But ultimately country governments interpret how global agendas are implemented, and the opportunity now exists to influence this discussion, including by engaging ministries of LGvt. On tackling urban issues, Kodjo stressed the importance of disrupting traditional patterns of how city planners are trained, since most emerge from university programs that use outdated urban planning curricula that do not take into account the explosion of new urban challenges. **Tara Sharafudeen (World Bank)** shared the World Bank's approach to addressing territorial inequality. It focuses more broadly on economic integration and asks how to integrate lagging communities and groups such as women, tribal groups, minorities, and the peri-urban poor. A reoccurring theme for the Bank is that conflict and fragility are more intense in lagging regions. Tara notes that short-term projects with short-term indicators are limited in a long-term development process. Other development partners should also self-reflect on whether they have the proper approach to take on these challenges. **Rene Hohmann (Cities Alliance)** highlighted the role that national urban policies play in creating an enabling institutional environment to develop efficient and inclusive local governance structures. The preparation process towards the Third United Nations Conference on Housing and Sustainable Development (Habitat III) in 2016 might serve as a good platform to finally establish the connections between decentralisation, urban planning, and the distinct role for LGvt Associations at the national level. **Alexandra Linden (GIZ)** called for caution in drawing strong distinctions between rural and urban. Small and medium size towns, which are often classified as rural, are the level of urbanization with the most potential for impacting poverty reduction. Therefore it might be advisable, to focus on these small and medium LGvts that are weakest in governance on one hand but also own the greatest potential to benefit the populations in their surrounding economic zones on the other. **Jorge Bilbao (EC)** agrees that the new global agenda requires a paradigm shift, since donors core business has always been support of sectorial policies. Local authorities are special because they have a mandate to govern. They are not just implementers of national policies but have the authority to make policy. We should provide support for specific statutes that create space for interaction between local authorities and citizens. We should also consider innovative funding modalities such as decentralised cooperation. **Nicola Crosta (UNCDF)** noted 5 points for action: i) The rationale for DLG is clear but we can still sharpen our arguments and strategy (e.g. it may be necessary to use unwieldy concepts such as rural and urban to target specific lobbies); ii) We need to convince the unconvinced of the importance of DLG; iii) We need to find new allies who may be unaware of our cause; iv) Despite our common cause we have the tendency to divide into sub-lobbies instead of working together. A common umbrella mechanism may be helpful to prevent us from acting separately and losing critical mass; v) We need to act strategically to communicate our message, including by sharing our intelligence and targeting specific individuals within countries who could emerge as champions of DLG. We also need to do our technical homework and be ready with feasible, technically vetted targets and indicators.

Session 1.2 – Supporting and Financing Decentralisation in the context of Busan and Post-2015: how are we doing?

Fiona Ritchie, First Secretary, Development and Human Rights – United Kingdom Mission to the United Nations) Overview on the implementation of the Global Partnership for Effective Development Co-Operation and its linkages with the Post-2015 Agenda

Fiona's presentation covered i) background to the Global Partnership for Effective Development Co-operation; ii) how it works and; iii) its future agenda and how it relates to a post-2015 framework. Four key drivers provide the background to why the Partnership exists: i) the growing importance of foundations, businesses, and civil society in development and the relative diminished importance of aid; ii) the changing nature of poverty, including that the remainder of poor populations live in middle- as opposed to low-income countries; iii) the need demanded by aid recipient countries for "traditional" donor cooperation to be aligned with "south-south" cooperation; and iv) changes on the ground. The Partnership is charged with monitoring the performance of the entire development community based on four shared principles: country ownership, results, inclusive partnerships, and transparency. The Partnership is co-chaired by three Ministers, which gives it real political credibility and clout. A 15 member Steering Committee, representing various constituencies, helps to monitor progress since Busan and prepares substantive inputs for Partnership meetings. Finally, a joint UNDP/OECD support team conducts global monitoring, produces analytical work, and organizes meetings. The Partnership considers itself an enabler of the post-2015 framework and its business model focuses on four broad areas: aid, finance, knowledge, and policy. In coming meetings they will consider different aspects of these areas. On aid, they will look at developments since Busan and review examples of how countries have made aid more effective. On finance, they will focus on business and improving its role in development. On knowledge, they will look at ways to scale up knowledge from emerging economies in particular. And on policy, they will look at how to mobilize domestic resources through international and domestic policy change.

Fiona Ritchie Q/A:

Both **Lurdes Gomez (UNDP)** and **Jochen Mattern (DeLoG Secretariat)** wanted to know more about why LGvts were not given membership in the Steering Committee despite support from certain actors to include them. Is there still a possibility to include them? Jochen also wanted to know about progress on monitoring, whether the development partners may provide support for certain indicators, and how the post-2015 and Busan agenda's will meet. **Kodjo Mensah-Abrampa (UNDP)** wanted to know how much the Partnership will actually influence the strategies and workplans of its constituent organizations (the EU and UNDP, for example, are already well advanced in defining their strategies) since these are the actors that ultimately implement whatever comes out of the Partnership. **Begoña Lasagabaster (UN-WOMEN)** took the opportunity to mention UNWOMEN's work to include an indicator on gender equality within the post-Busan monitoring framework. **Yuko Suzuki (UNDP)** commented on the support that UNDP is providing to the Partnership for regional and country level monitoring, including a technical workshop next week to discuss indicators. **Fiona Ritchie (UK Mission to the UN)** responded that the decision was made to keep the Steering Committee really small, but LGvts are considered an important constituent of the Partnership and should engage in other ways. Also, the membership is not necessarily fixed and there may be opportunities for inclusion in the future. On the monitoring issue, she would consult with her colleagues and revert back to Jochen. The Partnership sees itself as an enabler of the post-2015 framework, providing feedback, for example, for the High Level Panel report. However, the precise nature of how it will relate to the post-2015 agenda remains to be seen. On the Partnership's influence on its constituencies, Fiona threw the question back at Kodjo and UNDP to answer, since they are a key member of the Partnership.

Leif Jensen, Senior Public Sector Specialist (World Bank)

Developments in Data Platforms and Country Data Systems, supporting Evidence-based Policy Analysis and Dialogue on Decentralisation

Leif acknowledged that access to data, especially sub-national data, is problematic. Governments at the national and subnational level, including their associations, as well as, the IMF, and the World Bank have their own data—which they may or may not share—and their own approach to tracking and monitoring may be different. Current practice entails conducting a targeted, in-depth country study over a two-year period. It is probably a one-off, great report in which you learn a lot about a country, but the short time horizon does not allow for sustained engagement with the government. Given tremendous recent advancements in open data streams and technology, is there a way to find new solutions to old data problems? As an illustration, the

United Kingdom's open data platform neatly organizes data on public spending by the UK's central government by year, agency, and other dimensions. Similar progress does not exist yet on all fronts in developing countries. Data initiatives may be organized into different types along a spectrum of usability from "supply" (inside the government) to "demand" (outside the government) sides. On the extreme supply side, "data to facts" initiatives put a positive spin on whatever raw data exists and are reported as line items. Moving right, "data to information" initiatives organize data (as we saw with the UK) by year, ministry, and so on, and "data to interface" initiatives make them accessible as an interface. On the demand side, research and news services are "data to new data" and "data to data" initiatives that mine data to answer specific questions and package them for sale. Civil society and partnership initiatives on the demand side like the International Budget Partnership's Open Budget Initiative and the International Aid Transparency Initiative (IATI) put pressure on the government side to improve data accessibility and transparency. In the complex landscape of data initiatives, the IATI has been especially helpful in making the right data available. The World Bank's BOOST is primarily a "data to interface" initiative. It collects raw data from government treasuries and organizes it by function, economic and expenditure type, and administration level. A significant challenge has been how to categorize programs like pro-poor spending that cut across various dimensions. The database is constructed at the very, very lowest level of granularity and can be disaggregated along various dimensions, including any territorial unit, as well as rural and urban.

Bryn Welham, Research Fellow (ODI)

Localizing Aid: Aid Modalities for the subnational level

Bryan began by noting that Busan formally acknowledged the role of subnational governments in the development effectiveness framework. But will this actually influence donor behaviour at the country level? ODI has recently conducted research on "localizing aid" (i.e. channelling aid to the sub-national level). Findings include: i) supporting local actors to engage with other local counterparts (in government, civil society, private sector, etc.) strengthens the larger policy ecosystem in which they work; ii) donors are not doing enough to coordinate with LGvts; iii) donors can use localized aid to buy influence at the sub-national level; iv) localizing aid is not necessarily better than other aid modalities, but if local actors are not included the potential for impact is significantly reduced; v) there is a perception of greater risk of working with local actors, but the assumptions on which these are based (i.e. that local actors are less capable and more prone to misuse, theft, etc.) do not necessarily hold true; vi) there is a political trade-off in providing aid directly to subnational governments, since donors must then forgo engagement with senior officials at the national level; vii) successful DLG reforms often depend on the political context of each country and whether leadership is committed to driving change.

Jorge Rodriguez Bilbao, Quality Support Manager (EC)

The Project Approach in DLG support

Jorge began by recognizing that the programme approach is the preferred aid modality of the European Commission and other donors for supporting decentralisation. He cautioned that no aid modality, such as the oft-advised program-based support, should be considered best. Since decentralisation is a political reform driven by politicians with political outcomes in mind, the choice of aid modality is also a political not a technical issue. Since support for decentralisation accounts for merely 3% of its total aid spending, the real question is how to factor decentralisation into its sector support operations and budget support. Budget support consists of financial support to the national treasury, capacity building, and national policy dialogue. The project approach may be seen as a useful tool to bring local perspectives into the national policy dialogue. He provided examples of "smart" projects in Madagascar and Cambodia that i) recognized LGvts as the legally mandated authorities at the local level; ii) systematically made linkages with evolving decentralisation policies; iii) used local systems as much as possible even if they were weak; iv) channelled aid into the municipal budget; v) created "project facilitation units" to catalyse a learning by doing process; vi) coordinated the work of LGvts and sector ministries at the local level; vii) served as a "decentralisation laboratory" to provide tools, ideas, and food for thought, which were compiled in a guidance literature; viii) emphasized communication and outreach by using radio, mobilizing singers and comedians, writing histories, and making movies. Institutionalizing this kind of work will be a challenge. But the project approach provides room for political experimentation and institutional innovation.

Session 1.2 Q/A:

Lurdes Gomez (UNDP) suggested that the decentralised cooperation be included in the EC's guidance note since subnational actors in Europe are using this modality to provide a significant amount of financial and

technical support to poor countries. **Jochen Mattern (DeLoG Secretariat)** noted the debate between using country systems on one hand and using the project-based approach on the other. **Carl Wright (CLGF)** noted the small sample size of the ODI research and wanted to know if it would be expanded to include more studies. **Bryn Welham (ODI)** responded that the research is nearing its close and agreed that there is a limit to generalizations that can be made since it is based on only three case studies.

Breakout Group comments and recommendations:

- We need concrete proposals for targets and indicators to ensure action on DLG in the post-2015 agenda.
- We need to share intelligence to identify national government champions for the DLG cause.
- We need to share our political economy analyses of countries, recognizing that while as donors we all have our own strategic interests, we mutually benefit from knowledge sharing.
- On aid modalities, no one size fits all. A country's political context should be taken into account when selecting the appropriate modality.
- We should focus on accountability between LGvts and citizens not just between LGvts and donors.
- Rather than pushing for a goal, we should opt for the mainstreaming option and identify specific indicators that account for the territorial dimension and urban-rural differences.
- Citizen satisfaction with service delivery should be monitored.
- Members were fascinated by the presentation on data initiatives but unsure how it applies to them and their work.
- Can citizen generated data supplement existing data collection methods?
- There are shades of grey and synergies between the program and project approaches. Flexibility is needed to adapt to local contexts.

Session 1.3 – Implications for DeLoG: Stocktaking and Looking Forward

Jochen Mattern, Coordinator (DeLoG Secretariat)

Report on the state of the DeLoG work plan implementation and options for future strategic orientation.

Jochen provided an overview of the DeLoG Secretariat's workplan which centres on: i) Managing and Sharing Knowledge: For this, the website has been improved and is getting more traffic, quarterly newsletters have been produced, and options for using MS Lync for e-conferencing are being explored; ii) Support for DLG in Global Development Agendas: Here, DeLoG is a member of the Busan Global Partnership's effective institutions platform; has produced a working paper on post-2015 which it presented at the global governance consultation in South Africa; was present at CLGF's conference in Kampala and is planning a session for the UCLG World Conference in Rabat; is negotiating a structured engagement with the UCLG Global Task Force; and is working with the Urban Institute on an empirical study on the potential of the local public sector to achieve development goals. iii) Effective Development Partner support: This includes the learn4dev initiative, which is looking into future workshops in Burkina Faso, Kosovo, and Serbia and will pilot an e-learning course by the end of September. Workstreams include the aid modality stream and the impact, results, and monitoring and evaluation stream, which the German government is particularly interested in. The workstreams on urban governance, climate change, and the diagnostic tool have been largely inactive. Other issues of interest to development partners include accountability, fragile states, natural resource governance, and sector governance. DeLoG also considered updating the Guiding Principles for DLG to reflect developments since 2008. However, the feedback from most members is that this is unnecessary since they do not use the document.

Kuno Schläfli, Policy Advisor (SDC)

Co-funding the Secretariat, diversifying the network ownership

For the operation of the group, Kuno likes informal but not too informal. DeLoG could improve its performance and impact if it better organizes itself. He recognized DeLoG's achievements in influencing the post-2015 agenda and the Learn4dev workshops. However, he encouraged stronger engagement—3 days a year (i.e. the annual meeting) is not enough and the e-collaboration tool could be a good way to stimulate

activity. Also, broadening ownership of the network, for example, by instituting membership contributions would be an important step toward institutional sustainability. Finally, he proposed a minimalist structure of leadership—a facilitating committee or executive board—to assume responsibility for DeLoG and work in partnership with the Secretariat.

Session 1.3 Open Discussion

Nicola Crosta (UNCDF) provided an update on UNCDF’s Local Development Academy, a web-based platform to educate people on DLG issues. The key feature is learning through watching captivating infographics of people illustrating DLG topics. It also includes a knowledge map composed of 210 modules (15 of which are fully developed) that clearly explains DLG topics and systematically illustrates how they relate to each other. Each topic is accompanied by a bibliography of 3 seminal papers. A non-public, beta version is now available on UNCDF’s intranet. Finally, Nicola asked for clear next steps on identifying targets and indicators for the post 2015 framework and potential national government champions of DLG issues. **Diana Lopez (UN-HABITAT)** advised to avoid working separately. UN-Habitat is discussing creating its own indicators for sustainable cities and has resources from Spain to support decentralisation in Latin America. It should team up with the Global Taskforce and DeLoG and pool resources to work on indicator development.



Jochen Mattern (DeLoG Secretariat) agrees that a structured support should be given to the task force and should concentrate on proposing and defining localized post 2015 indicators. However he sees as well a big potential to cooperate with UCLG on the DeLoG/UI initiative that will be an important technical input to influence the debate. He clarified that it is up to the development partners to approach their government colleagues, but DeLoG itself is not an advocacy group. It can create technical inputs that members can use to influence governments, but as a group, it can only play a supporting role since the development partners have their own agendas, constituencies, and means of

influence. **David Jackson (UNCDF)** suggested that DeLoG in representing various development ministries has some leeway for action. It can help fill a knowledge gap between development agencies, local government ministries, and foreign affairs ministries as represented by the national delegations at the UN. Without necessarily becoming an advocacy group, the DeLoG members have a role in informing their partner ministries in their own governments about DeLoG’s work. **Jamie Boex (Urban Institute)** shared that his research focuses on the question of how to obtain evidence that proves that LG is important for achieving global development goals. It is something that we all intuitively understand and have argued, but the empirical literature is inconclusive on the value of LG. In its first phase, the DeLoG/ UI study will look at the local public sector in 15 countries. It uncovered a strong correlation between government effectiveness (using the World Bank’s governance indicator) and share of government local expenditure, i.e. the higher spending at the local level; the more effective the government is deemed to be. He found an equally strong positive correlation between control of corruption and the size of local public spending. These initial results are satisfying but not satisfactory since i) the sample size is small; ii) it demonstrates correlation not causation; and iii) the measure of the development outcome—government effectiveness—is very poor. He would be much more interested in looking specifically within sectors at how spending and institutions (e.g. LGvts) result in specific sector outcomes. So a new methodology and survey instrument have been proposed that explore the importance of LG for the health and education sectors in 15 to as many as 60 countries. With the Urban Institute’s support, DeLoG members will need to collaborate to collect all this data and produce this evidence. He stressed that selling decentralisation is difficult and that terminology such as “multi-level governance as a better way to achieve development outcomes” would better resonate with sector colleagues.



Nicola Crosta (UNCDF) said that if only research like Jaime’s could have been funded many years ago, they would be in a much better position now to influence the post-2015 debate. UNCDF, France, and Danida are interested in providing support.

Session 2.1 – Multi-level Governance: Vertical and horizontal coordination mechanisms as entry points for improved aid effectiveness, service delivery, accountability, and responsiveness to local needs and priorities.

David Edelmann, Coordinator of Community of Practice on DLG (GIZ)

Multi-level Governance and Decentralisation: Conceptual Understanding and Practical Experience in GIZ's Advisory Services

David explained that DLG is of special interest to German decision makers, citizens and taxpayers who live in a decentralised system and understand its value. GIZ has extensive experience with supporting DLG reforms—its most important advisory product in 2012—and it can tap into the knowledge of German mayors, counsellors, and other experts in the German federal system. For GIZ, multi-level governance (MLG) stands for the effective communication, coordination and cooperation between different levels of government who play a role in providing public services or in including citizens in decision-making or planning processes refers not only to how multi-level systems are managed and the process of including different levels in policy-making but also to GIZ's new approach to “modernize” these systems via structural and financial reforms, which they describe as “decentralisation reloaded”. Key elements of effective MLG include: i) clearly assigning decision-making powers, responsibilities, and financial resources at the different levels; ii) minimizing the number of shared competencies among the different levels; iii) appropriate capacities at each level; iv) clear procedures for interaction among the levels; v) incentives, trust, and a culture of cooperation among different levels; and vi) accountability mechanisms. Nowadays, GIZ always applies an MLG approach to its DLG reform support programs. It also tries to be as results oriented and informed on the political economic context as possible. Based on a strategic assessment, GIZ's has recently restructured its approach to support DLG reforms. Among other things, GIZ is now focussing its advisory services on work on decentralisation targets 10 strategic fields, which can be combined in country-specific reform support packages some of which must be covered by each of its decentralisation programs. In internal communication, GIZ uses the word “federalism” to describe its work, since it is well-established and easier to communicate than MLG. In practice, one challenge has been ensuring coherence between sector and decentralisation policies. It requires establishing coordination, cooperation, and communication channels with sector colleagues and line ministries who are used to working in different silos often lack the space, time and incentives to joint forces in order to solve intersectoral challenges. An effective entry point has been to bring together local actors working on improving local services and from there to climb the ladder to the highest level of government necessary to solve the concrete problem.

David Jackson, Director of Local Development Finance (UNCDF)

Vertical Coordination Mechanisms: Public Financial Management, Lessons Learned

David discussed a paper by Andrew Nixon that separates LGvts into two types: Managerial, whose primary purpose is the efficient delivery of services and whose competencies are clearly defined and regulated by statute; and governmental, which function as representational political entities fixed in the constitution. In Latin America, where constitutions tend to grant strong autonomy, citizen rights, and representation, the governmental type has dominated. But recent reforms in local-central financial relations have led to the more managerial, indicator-oriented type of governance. Nixon concludes that this is not such a bad thing, because while the governmental type has its democratic virtues, the managerial type is better at providing services and reducing inequality. However, David's review of the experience of the Hyogo Framework for Action aimed at reducing disaster risk cited contradictory evidence. It found that when you have stronger horizontal coordination you are able to deliver better in terms of disaster risk reduction, then when you have the vertical, indicator-based managerial system. In terms of architecture, he found it more effective to establish a decentralised department to work on disaster risk reduction rather than taking a project approach or mainstreaming the work across many departments. David cautioned that in all our talk on indicators, we may be implicitly leaning toward a horrible, hollowed out type of government (i.e. too much managerial without

enough governmental) where indicators are used to reduce the autonomy of LGvts. Paradoxically, we of course need indicators, otherwise we cannot measure results. The second half of David Jackson's presentation focused on UNCDF's approach to local development finance. It uses four instruments to channel capital flows to the local level: i) A local development fund provides a proxy fiscal transfer which goes through the intergovernmental system without having to be reported to parliament (it serves as a flexible tool that policymakers can use to experiment); ii) immediate compensation schemes (i.e. social protection); iii) a local finance initiative which consists of public-private partnerships and local economic development initiatives; and iv) local investment tools such as bonds.

Session 2.1 Q/A:

But participants recognized that all LGvts lie somewhere on a governmental-managerial continuum. The challenge is striking the right balance to maximize local development outcomes. **Clare Romanik (UNDP)** asked i) how UNCDF gets buy-in from ministries for its local development fund since the fund is not sector-specific and ii) if David Jackson agrees that the managerial and governmental types discussed in Andrew Nixon's paper exist in parallel in each country and the implications of this. **Alexandra Linden (GIZ)** cautioned that that if, on the one hand, you consider indicators of deconcentrated services, then you would conclude that a managerial LGvt type is better performing. But if, on the other hand, you consider indicators that have a very localized context related to local planning or resilience strategies, for example, then you would conclude that the governmental type is better. **Tara Sharafudeen (World Bank)** thanked David for the presentation, finding UNCDF's approach more flexible than the World Bank's. **David Jackson (UNCDF)** responded that once sector ministries saw the effectiveness of the local development fund in providing non-sector specific block grants, they often would mainstream it. Ministries are also interested in the way UNCDF is now using the fund to pilot sector grants that may be flexibility implemented and are not target-related. On managerial vs. governmental, it is not a question of either or, but of balance. You have to design indicators in such a way that take into account the impact of local governance. He provided the example, of the UK in the 60's and 70's, when LGvts had a great deal of autonomy to subsidize services like transport, and this was evident in the dramatically different cost of bus fares in different cities. Later, Blair and Gordon Ram administrations led to target setting across the economy and diminished autonomy of LGvts.

Lurdes Gomez, ART Programme Specialist (UNDP)

Mechanisms facilitating multilevel governance: Experiences from the field

Lurdes described MLG as part of a broader territorial approach that contributes to development effectiveness through the coordination and alignment of development efforts of multiple actors at the sub-national level. It is a bottom-up and long term process in which different local institutions and actors work together to define priorities, plan, and implement development strategies. UNDP has supported programmatic frameworks on MLG in line with national policies for decentralisation. Obstacles to effective MLG include tensions between central and local levels, a "top-down" culture, underestimation of the capacity of LGvt, a culture of working in silos, lack of participatory development plans often done by technocrats, technical capacity gaps, and lack of leadership. Through its ART programme, UNDP has facilitated multi-stakeholder partnerships and dialogue mechanisms led by authorities at local and regional levels. As an example of a horizontal mechanism, ART supported the government of the department of Nariño in Colombia to develop a strategy for international cooperation with the participation and input of LGvts, CSO's (indigenous, Afro-Colombian, displaced, etc.), the private sector, academia, donors, international NGO's, and decentralised cooperation actors. This resulted in a significant increase in the number of partners and financial resources in Nariño. ART has also improved water management in El Salvador through similar multi-actor coordination mechanisms. In terms of vertical coordination mechanisms, intermediate levels of governance (i.e. Provincial, departmental, regional) are sometimes forgotten but they constitute "the missing link" to coordinate multi-level action in different sectors. ART has also worked on cross-border, inter-municipal coordination mechanisms in border provinces of Haiti and the Dominican Republic. Lurdes underscored the importance of decentralised cooperation to enable the sharing of good practice in innovative territorial management including via south-south and triangular cooperation.

Session 2.1 Q/A continued

David Jackson (UNCDF) observed two problems with the multi-level approach: i) enormous transaction costs and ii) plans that have no connection with the resource allocation or political accountability processes. **Tara Sharafudeen (World Bank)** added that these multi-actor platforms, like the district development committees in India, produce a wish list of things that different actors want to see in the strategy and raise

false expectations. **Lurdes Gomez (UNDP)** clarified that ART's territorial planning initiatives are integrated into rather than running in parallel with existing institutional platforms and are aligned with local and national development strategies and resource allocations.

Session 2.1 Discussants:

Paul Smoke (NYU):

Paul has observed recentralization in many countries because decentralisation efforts: i) lacked commitment; ii) were rushed; iii) lacked political consensus; iv) decentralised things that should not be decentralised; v) did not have the LG pieces in place; vi) did not get the financing right; etc. National governments tend to off-load their functions on LGvts reinforced by i) the political economy of the country; ii) fragmenting of donor support; iii) the emphasis on measuring results and short-term, non-sustainable service delivery instead of empowerment of LGvts. So why do countries decentralise? Is the initial purpose to enhance service delivery? No, it is often about political credibility. So if you evaluate decentralisation's contribution to enhancing service delivery, you will get bad results. Unless you understand the political economy landscape of a country, it is better not to get involved. In Kenya, for example, donors supported LGvt programs for 30 years but had little impact because political economic factors, including that resources doled out by parliamentarians were larger than intergovernmental transfers to LGvts, undermined decentralisation. Another critical question is who is in charge of decentralisation, do they have real authority, and is there clarity on what they are allowed to do? Sometimes the logical option for development partners would be not to engage if LG institutions are too weak and lack capacity and outcome indicators. But this is often not a feasible option, and the question becomes what can you do to make a productive difference? Sustainable delivery of results requires working towards better systems, institutions, and processes of decentralisation, progress on which is not necessarily reflected in easily measurable outcomes. But we cannot just say that indicators are bad; appropriate indicators are needed to fit the situation at hand.

Leonardo Romeo (NYU):

Leonardo noted the absence in the meeting of a serious discussion on the concept of local development. Since we know that political imperatives tend to drive decentralisation, we need to adopt a perspective of local development-driven decentralisation. Local development must be seen as "incremental" with respect to national development efforts, not just as their "localization". LGvts not only have the delegated or devolved responsibilities to deliver specific services but also a general mandate for the welfare of their communities. This concept of LGvt as equal partner of the central government stems from a (mostly southern) European tradition (and has been so far also dominant in Latin America. It has been referred to (Nickson 2011) as a "governmental" rather than a "managerial" conceptualization of LG. If local development is seen as the driving force of decentralisation then DLG should not be promoted as much as part of an international democracy agenda but rather as part of a neo-developmental state" agenda (recognizing its difference with the "predatory state" prevailing in many LDC). Leonardo also addressed the controversial issue of the "intermediary levels of government" as instruments for coordination between national and local development planning. While it is true that there is a need to make local authorities plans consistent with national development plans, this does not necessarily require another "intermediary" local authority level to be established. Such levels have a mixed record. For example, in Vietnam, which has seen a very strong process of decentralisation at the provincial level driven by regional elite politics, strong provinces effectively prevent resources to reach lower-level local authorities (Districts and Communes) and their communities. Leonardo concluded with a question: What kind of impact does DeLoG have at the country level to improve development effectiveness in the area of DLG reforms?

Session 2.2 – Multi-level governance in fragile environments: Approaches to support DLG in fragile country contexts

Kodjo Mensah-Abrampa, Policy Advisor (UNDP)

Facilitating an Integrated Support for Decentralisation and Local Governance in Fragile Situations – A practical experience of UN Agencies and Development Partners in Somalia

Kodjo began by recognizing that the Somalia joint-programme involved not just UNDP but 4 other UN agencies: UNCDF, UN-Habitat, ILO, and UNICEF. It is the story of LGvts becoming a tool not only for providing services but also for bringing about reconciliation, peace, and integrated development. The joint-programme

began in the context of an ongoing war in Somalia. UN agencies, donors, and NGO's had many development programs but they were entirely uncoordinated. UN-Habitat pioneered working on LG and local economic development issues by providing access to basic services, such as water and waste management. Institutions had collapsed in Somalia because of the war, and LG was seen as a means to i) begin to restore the social contract and rebuild the state, ii) develop the capacity of the civic administration iii) to begin a system of public financial management. In order to get the process going, they first had to bring various stakeholders around the table to achieve reconciliation after years of war. Then UNDP began working with the other UN agencies to resolve their differences and design a joint-programme for local governance. Then each of the constituent UN agencies, liaising with UN headquarters, reached out to donors working on LG in Somalia to fashion a multi-donor trust fund. The implementation started with a focus on issues of social response, service delivery, and local economic development. Then eventually it set up a local governance system, including construction of offices and the process of training officials. This local governance system eventually became the base by which most of the national institutions were also built and developed. Lessons learned included i) the effectiveness of a bottom-up approach to promote stability and reconciliation in fragile states; ii) the need for the political commitment; iii) the need to strengthen the government administratively and fiscally as a way to restore the social contract and build confidence in government; and iv) the need for a long-term perspective and timeframe, particularly since it takes time to work around the multitude of rules and regulations of different DP's to achieve coordinated action.

Filiep Decorte, Chief Technical Advisor (UN-HABITAT)
Urban areas, centres to address stability and governance

Filipe presented on stability and urban governance. He recognized that cities not only need to provide basic services but also have economic and political power, which very often runs in opposition to the central government. In urban centres, control over assets is very important. Whereas at the country level people vie for control over natural resources like minerals, at the city level, it is about land, economic infrastructure, and other important assets. The difference between formal and informal is also important. In Haiti, 80% of the population lives in informal neighbourhoods and outside the control of LGvts. The whole issue of integrating DLG cross-sectorally is much more important in urban settings because the urban system is highly complex and interconnected, and, for example, if a water system breaks down it has a different type of impact than it would in a rural area. The issues of mobility and affordability are also unique in urban settings. Urban governance is central to making urban resilience possible. We are good at doing projects but how do we use them as stepping stones to establish the role of local authorities. He shared the experience of a powerful EU project that supported local authorities in carefully thinking through their political role. The term “decentralisation” always sounds like we define a system at the central level and then translate it down to the local level. But in fragile states it is often necessary to do the opposite, and to start incrementally improving the bits and pieces at the local level. A project in Afghanistan used this approach, beginning by establishing community forums to develop elaborate response systems, and eventually linking with local municipalities to institutionalize the process. In Haiti, UN-Habitat deals with the problem of informal neighbourhoods, including by supporting a local municipality with a community centre to help address the difficulties of informality. Challenges for development partners include: i) difficulty designing programs for multi-stakeholder settings with complex, multi-level power structures; ii) difficulty managing risk in informal settings (e.g. not giving local authorities the resources—and the chance—to do their job, because of concerns about accountability); iii) moving from a project to program approach to avoid targeting only small pockets of a population; and iv) ensuring local authorities are included to add value to local initiatives and investments.

Anne Flahaut, Governance Experts (BTC)

Applying the principles of engagement in fragile situations: lessons from the field

BTC is working in 18 countries, half of which are fragile with weak institutions. Belgium has developed a specific fragility policy note (2013) which gives a “fragility lens” to implementing strategies based on a multilevel governance approach (similar to the conceptual approach presented by GIZ). The first objective of this approach to fragility is to focus on state building. While Decentralisation is a priority focus in a number of countries, BTC is also taking on a new approach of integrating decentralisation in its sector operations, for example in the education sector in Burundi or DRC. Its country assessments uses more and more a political economy lens to understand sectors and decentralisation, for instance by identifying (future) roles and functions of LGs in implementing sector policies at local level. Although not yet systematically done at country level, it is critical to share findings of such analysis in order to enhance donor coordination for effective support to fragile institutions in their policy making processes. Similarly to other DP's, BTC has experienced

success with using an incremental approach like in the case of Palestine where it started small with supporting local capacity but eventually had a broader institutional impact or like in Niger when supporting local authorities to develop their own vision of local development that takes into account various factors of fragility such as, for example, the issue of food security. To have an impact in the long term, this multi-level capacity development approach requires a significant amount of time and needs adequate resources, and it should be driven, therefore, by pooled efforts with other donors.

Klaus Veigel, Sector Economist (KfW)

Supporting decentralisation in fragile/conflict countries: theoretical options and first practical experiences in Mali

Klaus presented on a new KfW decentralisation support program in Mali. Mali has transformed from a poster child of decentralisation into a disaster area. Decentralisation has often been hailed as the solution to conflict in Mali. In the 1990's it was considered one of the key elements of the national pact that was meant to pacify the north and unite the country. A recent military coup ended recent progress toward stability. Several factors in the decentralisation policy of the 1990's turned out to not really work that well. The local development fund and other programs, for example, explicitly favoured the poorer North, but were ineffective and created resentment in the South. Also, the local development fund became increasingly donor driven with eventually only 3% coming from the national government. Despite these flaws, local governments were the only legitimate government institutions left standing after the coup. Decentralisation was clearly not the solution to the Mali crisis, but having strong local authorities in the crisis situation was a gigantic asset. Donors have recently pledged significant more money (3 billion) for reconstruction efforts, and decentralisation is one of their key priority areas. But the situation on the ground is difficult. In the North, infrastructure has been destroyed (not by Islamic militants but French bombardments after January 2013) and there is an absence of government and financial services. Malian government officials refuse to move back to the North because of insecurity. In the South, there are more than 300,000 internally displaced people, and it is experiencing a sharp economic downturn, unemployment, and reduced government outlays resulting from collapsed trade and donors suspending their contributions after the coup. At the local level, there is high, unmet demand for public services. As donors, we do not want to focus our efforts on the North and risk alienating the South again. Also, the national government is illegitimate, having yet to carry out elections, and it still does not control the entire territory. In large areas of the North, there is no one supervising the local authorities and nobody disbursing money to them. Should we follow a failed state, Somalia-like model with a multi-donor trust fund, bypass the government, and try to rebuild the country as UNDP proposes? Or, as the EU suggests, try to build up the very weak existing institutions without a multi-donor trust fund. KfW has opted for the second option and is developing a program that benefits both the North and South. It recommends other donors to do the same but wants constructive feedback.

Session 2.2 Discussants:

Paul Smoke (NYU)

Paul underscored what Klaus said about managing expectations of decentralisation and doing small-scale things while being flexible. The challenge in fragile states is not to let the stark division between managing emergencies (providing access to basic services) and building institutions fall into place. This requires engaging LGvt in service provision so as to build a base for stability and economic development. He agreed with Anne's point of finding a way to integrate decentralisation into sector operations, so that support for, say, education is not separate than support for decentralisation.

Leonardo Romeo (NYU)

Leonardo recognized that the joint-programme in Somalia of state building from below was the only viable option there because of the absence of central government. He noted, however, that many of the actors in Somalia, who were steeped in the tradition of community development and delivery of services, missed the opportunity to build on LGvt capacity by not adapting their planning, programming, and budgeting procedures for district administrations to handle. He underscored Filiep's point of letting LGvts know themselves and their role—that no matter what capacity or financial limitations they face, LGvts have a general mandate for the welfare of the community, and they can always do something. LGvts' use of the local development funds shows that they have not understood their role, choosing to spend on infrastructure and service delivery projects instead of investing in building their own governance capabilities, including the capacity to mobilize additional resources.

Session 2.2 Open Discussion:

David Edelmann (GIZ) wanted to know how from Klaus why sees harmonizing the different DP's in the field of DLG (e.g. UNDP, KfW, EU) are following different response strategies to the crisis, since they why they are lobbying for different approaches and how donor harmonisation could be improved under these circumstances. **Jorge Rodriguez Bilbao (EC)** wondered whether the bottom-up state building model for fragile states would apply more generally to other countries. He suggested that we have all been victims of a collective hallucination that Mali and Madagascar were models for DLG reforms in the region. If you apply a political economy lens, you understand that a lot of countries that are not considered fragile actually are, because the state is a virtual entity run by officials who know nothing about decentralisation and are very good at empty rhetoric. **Kuno Schläfli (SDC)** noted the focus in the presentations on LGvt capacity development and asked how much should simultaneously be invested on the side of civil society to counteract corrupt tendencies of the state. **David Jackson (UNCDF)** challenged the notions of fragile vs. strong, and the distinction between post-conflict and post-disaster. In post-conflict settings, the state is often very strong because someone has won the conflict. Also, conflicts are extremely organized events. Part of the state system might be broken, but other parts may be working extremely well. The informal system is extremely strong. In fragile settings, making people feel safe and creating the atmosphere of normality, security, and authority (the non-oppressive type) is as important as service delivery. Post-disaster and post-conflict came together in Aceh, Indonesia where following a 30-year civil war, a tsunami flooded a prison allowing a key rebel to escape. He eventually succeeded in getting himself elected as mayor, creating a "feel good" factor that facilitated peaceful reconstruction efforts. **Claire Romanik (UNDP)** noted we should also avoid a related stark distinction in fragile states between managing emergencies (providing access to basic services) and building institutions. LGvts should be engaged in emergency service provision so that they develop into the institutional base for stability and economic recovery that fragile states need. **Tara Sharafudeen (World Bank)** agreed that it is challenging to define conflict and fragility. If there is a partial conflict in a strong state, what is the best form of engagement? **Kodjo Mensah-Abrampa (UNDP)** offered that the Somalia model could be used in any situation where the social contract between the people and state is broken. On the role of civil society, it was a significant beneficiary of the capacity building of the joint programme. **Nicolas Garrigue (UNDP)** explained that he is from UNDP's Bureau for Crisis Prevention and Recovery and is working with Kodjo and other colleagues on defining a guidance note on LG and development in fragile and crisis-affected countries. The social contract model consists of i) making local institutions more responsive to communities' immediate needs; ii) to help communities to build their resilience to factors of fragility; and iii) working on the political processes at the local level, recognizing that conflict often stems from exclusion. He underscored the role that LGvts must play not only in delivering services but also helping restore confidence in the state and restoring the social contract, like by supporting community policing. **Filiep Decorte (UN-HABITAT)** advised that while it is not a straight forward choice between national and local, it is important to fix governance first at the local level because this is where stability will emerge and where the risk of people being disgruntled because they have lost control of assets is greatest. Also, DP's must recognize that the informal sector is often more organized than the formal sector and design governance programs that harness its strengths. **Klaus Veigel (KfW)** said that that political economy of donor support makes coordination weak. Approaches may be different (e.g. KfW's local development fund vs. EU's budget support) but complimentary. The high number of different donor interventions risks overwhelming the countries like Mali and diluting the intended learning from experience process. While there was certainly some collective hallucination among DP's in Mali going on, the great complexity of the country made analysis difficult. **Tara Sharafudeen (World Bank)** suggested that defining conflict—and conflict countries—is equally as difficult because conflict can be of many different shades, ranging from open conflict countries like Afghanistan to strong countries like India where Maoist rebellions are ongoing in over half of its 28 states In Afghanistan, donors are cautious in supporting LGvt to avoid the risk of secessionary movements. Yet if DP's would have found an effective means to support the LGvts then it is unlikely that the Taliban would have the clout in the communities that it has now. **David Jackson (UNCDF)** observed that we often do not talk about the issue of what is actually driving the conflict or we talk about it in the bar after the meeting. What is it about? Has it really ended? This enables you to determine what the role of LGvts is. Nicolas' point about LGvt's role in community policing is a good example of the LGvt exercising its general mandate as Leonardo talked about. The example of Aceh, Indonesia



illustrates the importance of eliminating the drivers of conflict. The election of the rebel governor convinced everyone that change had come. He helped foster trust in the state and convinced the population to collaborate with the post-tsunami reconstruction firm, which was previously seen as a money-stealing agent of the central government. **Nicholas Garrigue (UNDP)** reflected on how “from below” approaches often consider the municipal level as the starting point and the “missing link” is in fact, between LGvts and communities. **Jorge Rodriguez Bilbao (EC)** added that there is also a collective hallucination that there are government policies on decentralisation to align with. But officials often do not know anything about decentralisation and their policy is empty rhetoric. He suggests that institutional innovation and experimentation could be a way to provide substance to their policies.

Paul Smoke (NYU) suggested that no stark division is necessary between the emergency assistance and institution building roles of the state (i.e. you can provide emergency assistance in a way that involves local authorities appropriately). On the role of civil society, he said that the single biggest problem is the fragmentation between the development of the technical apparatus of the state through formal decentralisation programs and what has come to be known as community-driven development. The big lesson is how to think about these interventions. Sector interventions should involve communities; decentralisation interventions should involve sectors. In Cambodia, community groups and NGO’s who had taken over service delivery in the absence of the state felt threatened by the imposition of the commune system. In time, LGvts and community groups developed an effective relationship with each other, taking into account each other’s strengths and weaknesses. Guided by political economy analysis, DP interventions should seek to build on these kinds of collaborative dynamics. **Kodjo Mensah-Aprampa (UNDP)** mentioned a number of UNDP initiatives underway on LG in fragile countries including a strategy, a guidance note, and a social contract document. It is also looking at public administration in fragile states.

DLG Innovation Market Place

During the Innovation Market Place four DeLoG members engaged with the other participants in a more informal way. They were invited to present their new studies or approaches and to receive feedback from other members on these issues. **Claire Romanik (UNDP)** from the regional center in Bratislava explained an assessment method UNDP uses in the region, **Maria Aberg** and **Adiam Tedros (ICLD)** presented their capacity development program for female leaders, **Diana Lopez (UN-HABITAT)** displayed their concept of local government committees which help LGs to feed their ideas into national policy debates and **David Edelmann (GIZ)** asked for feedback on GIZ’s new DLG concept.

DAY 3

Session 3.1 – Multi-level governance and its impact on rural and urban development

Joan Clos, Under Secretary General and Executive Director (UN-HABITAT)

The role of local governments in sustainable urban development

Joan began by recognizing that the post-2015 process is no longer simply about revising the MDG’s to be better. There is now much more at stake: it is a debate about the future of the development policy of the UN, how it can deal with new challenges in the face of diminishing donor allocations for ODA, and the potential for improved partnerships with actors like the World Bank. We need to manage the permanent contradiction that while UN member states recognize that LGvts are fundamental for addressing development challenges, they limit LGvt participation in global decision-making processes like in the Rio sustainability process and the General Assembly. Also, city governments require legislative, technical, and financial support to meet the challenges of urbanization, but this is usually not forthcoming from central governments. Urbanization in the world is in crisis. The current model of urbanization comes from the mid-20th century when energy was extremely cheap and population densities were lower. Now, high energy prices, rapid population growth, and skyrocketing cost of urban living make the model dysfunctional leading to decreasing inequality, political segregation between rich and poor, and social unrest. LGvts should be at the centre of a new model for urbanization. However, current trends, including in the US and EU, indicate diminishing real resources to local authorities just as local demand for services is greatest. The problem is not that there is not enough financial capital—globally there is an excess—but it does not reach local authorities. There is a lack of interest from the financial sector to finance long-term urban infrastructure, despite a general consensus that

investing in city infrastructure, capacity building, and governance is extremely cost efficient. Often we see political decentralisation without financial decentralisation. Most urbanization takes place unplanned in the form of urban slums.

Session 3.1 Q/A

Nicola Crosta (UNCDF) commented that cities do not develop in a vacuum and need surrounding areas for energy, water, food, etc. Hence, the importance of territorial development where urban and rural development go hand in hand. In the post-2015 process, would be more effective to put cities on the table, taking advantage of the strong cities lobby, or to promote a territorial perspective, even though the rural lobby is much less organized? **Carl Wright (CLGF)** asked if we should have a goal on the urban challenge or if it is more realistic to integrate territorial issues and sub-national targets across the goals? **David Jackson (UNCDF)** suggested a useful strategy may be to leverage the synergies between the development lobby for which urbanization is a sub-issue and the cities lobby, like ICLEI. **Kodjo Mensah-Abrampa (UNDP)** noted that urban centres are disadvantaged politically, in that central governments do not see them as equals; financially, in that the private sector is unwilling to finance urban infrastructure; and in capacity, in that city-managers lack training. Where do we begin in such a gloomy situation? **Tapan Mishra (UNDP)** asked how to break the paradox of excess global financial capital but limited access to it by LGvts. **Alexandra Linden (GIZ)** asked how UN-Habitat will lobby for an urban goal and whether Habitat III may be a good forum for this. Also, how can the national urban policies that UN-Habitat promotes be harmonized with countries' decentralisation policies? **Joan Clos (UN-HABITAT)** supported the idea of a goal for cities. The MDG metric of improving the conditions of 100 million slum dwellers was wrong. This has been achieved two times over in China alone, but the population of slum dwellers globally has gone from 730 million to 860 million. Total slum growth will continue to outpace the capacity of cities to engage in time-consuming planning. The slum objective should stay but needs to be revised. Also, the MDG target on sanitation was the most lagging and should be re-included in the new framework along with possible targets on transportation, mobility and drainage. Rural vs. urban is a traditional dichotomy that actually reflects a continuum from small villages to mega cities and metropolitan regions. There are administrative categories that define what it means to be a city, but urbanization is more broadly about the provision of urban services to the population, wherever they live. The most rapid way to urbanize is to improve agriculture, and UN-Habitat has been working with the FAO to develop a concept of rural urbanization that gives the agrarian sector the opportunity to develop their markets and facilitate the services they need. As for the rural lobby, it is, in fact, quite strong. Most development aid has historically been targeted at rural areas guided by the misconception that rural are poor and urban are rich. We need strong development policies to take on the political, financial, and capacity shortcomings that LGvts are experiencing. Critically, cities need a legal framework to provide the minimum guarantees for investors to invest as well as a strong political commitment for reforms. UN-Habitat advocates two strategies i) the development of a national urban policy to have a ministerial-level dialogue on urbanization challenges and ii) a new local strategy for planned city statutes. Guided by the Charter of Local Self Government, UN-Habitat supports constitutional reforms to institute multi-level governance systems and strong autonomy of LGvts.



Jos Verbeek, Lead Economist (World Bank)

Urban-rural linkages and challenges for a country's decentralisation agenda: insights from the Global Monitoring Report

Jos shared insights from the World Bank's Global Monitoring Report (GMR), which functions as a report card to evaluate the impact of various policies on progress toward the MDG's. In 2013, the GMR focused on progress toward meeting the MDG's broken down by rural-urban and gender dimensions. Although the MDG indicators are designed to be disaggregatable along these dimensions, reports on the MDG's rarely do so. The GMR also explored ways to better manage urbanization and decentralisation. Facts and figures from the report show that generally urban people are quite well-off compared to rural people. Urbanization matters. Regardless of the exact pace of urbanization, the stark reality is that by 2030, the developing world

population will increase by 1.4 billion and 96% of these people are going to live in urban areas. 80% of global GDP is produced in cities and 60% in Northern cities. People live in cities because of they offer better jobs and better livelihoods. The prevalence of poverty is lower in urban areas than rural areas. 76% of people still live in rural areas. 80% of urban residents have access to a toilet compared to 50% in rural areas. In education, the primary enrolment rate is not that different between rural and urban, but the difference in quality of education is striking. It is hard to get teachers to go to rural areas. The poor are agglomerating in small towns, so we should also focus our efforts there. With 1.4 billion people arriving soon we have a window of opportunity to manage urbanization well, and make sure not to repeat the same mistakes of current cities in the rapidly growing small towns. Urban supports rural and rural supports urban; they are linked by markets for goods and services and labour. Effective urbanization policies include providing slum-dwellers formal residency so that they have access to health and education services; guaranteeing land tenure; connecting urban areas with infrastructure such as roads and bridges; fiscal equalization; and getting property taxes and land valuation right (LGvts can sell land to generate considerable revenue). Planning is a crucial first step, and financing will follow.

Alexandra Linden, Urban Development Advisor (GIZ)

Sustainable governance of rural-urban linkages in the context of rapid urbanization: impulse and experiences from the German Development Cooperation

Alexandra presented on the challenges of urban agglomerations and the significance of rural-urban interactions within the urban agglomerations. We have a large growth in peri-urban areas, which often do not have any official legal mandate and or administration. Strong rural-urban dynamics and interdependencies are growing in importance. To improve sustainable governance of urban agglomerations, GIZ is focusing on i) economic interrelations between urban and rural areas; ii) labour and land markets; iii) cross-sectoral resource management; iv) cross-regional governance systems in urban agglomerations. Governance is key in steering urbanization toward a sustainable path. With new constellations of urban agglomerations we need a “governance of multiplicity” which can improve horizontal coordination between decentralised and deconcentrated mandates. Informal governing bodies (e.g. non-profits acting as governance brokers in New York) may fill governance gaps but they are constrained by their ineligibility for public financial streams since they do not have a formal legal mandate. The stronger spatial governance is set up, the less you get uncontrolled peri-urban sprawl and the more development gains can be leveraged by creating cross-sectoral and inter-regional synergies.

Session 3.1 Q/A

Jennifer Wörl (KfW) asked Jos if the World Bank has a special approach to small towns where there is a lot of the poverty or a more general approach. **Kodjo Mensha-Abrampa (UNDP)** asked Jos how to decipher these facts and figures since, for example, some small towns are classified as urban even though they consist primarily of subsistence farmers. Also, the definitions of rural and urban vary across countries. **Nicola Crosta (UNCDF)** appreciated the balance that Jos brought back to the discussion between rural and local by putting facts and data on the table. Clearly, when it comes to discussing a new development framework, the problems are both rural and urban and the opportunities are both rural and urban. He doubts Jos would support a goal on cities given the data, so what is his concrete proposal for the post-2015 framework? **Jos Vorbeek (World Bank)** replied that the research is new, but at least in India the new country strategy that the World Bank has prepared looks at decentralisation and the issue of small towns. For this, the framework on planning, connecting, and financing cities is not different in small towns, but small towns clearly have different capacities than megacities so their approach must adapt to this. On Kodjo’s point, the fact that small towns often consist of subsistence farmers is a symptom of their poverty but it does not invalidate the data. The GMR took into account various country definitions of rural and urban since no universal definition exists. On the post-2015 framework, he does not advocate for a specific goal on urban or rural, although the slum target might be interesting. What stood out from the HLP report is the recommendation to not define the new goals on averages like the MDG’s did. The goals should target percentage improvements across all dimensions that data is disaggregatable into (i.e. rural/urban; high income/low income) so that no one is left behind. This was a smart way for the HLP report to bring in these dimensions that are otherwise so divisive. For **Alexandra Linden (GIZ)**, the new development agenda needs to be localized since the MDG’s ended up being sector goals that usually related to deconcentrated services and not to LGvts as political agents. The new goals cannot be designed along central line ministries again because that would mean little hope for giving real mandates to local authorities and enabling them to act. Strategically, it might be smart to lobby for a city goal

as an entry point for discussion, since the lobby around an urban goal is strong enough to actually put the LGvts on the table.

DeLoG Business

Jochen Mattern, Senior Project Manager (DeLoG Secretariat)

Finalizing and approving annual work plan and strategic intervention lines 2014-2016; Steering Arrangement; Host 2014/15

Jochen presented DeLoG survey results indicating that members are especially interested in fragility, urban governance, political economy analysis, diagnostic tools, and sector governance. Activities they would like to do include sharing knowledge, doing evidence-based advocacy of DLG, and capacity development. Members support engaging regional and international government networks and, especially, local governments. Other issues that scored high in the survey are developing a community of practice and organizing multi-stakeholder conferences. There was overall satisfaction expressed about how DeLoG is managed. DP's also expressed a high-level of willingness to take the lead on working groups. A part of the session was dedicated to reviewing and finalizing the closing statement that defines DeLoG's position on Post-2015 (Annex 1).

Further members discussed about who will be hosting the 9th DeLoG annual meeting 2014. There was a general willingness put forward by, BTC, ADA, DANIDA and Sweden, with Sweden having the clearest proposal that was widely approved by the members. Maria Aberg (ICLD) will consult and give feedback.

Learn4Dev organizational meeting

Facilitated by Michelle Söller, Advisor (GIZ)

Michelle explained that Learn4dev is a network that brings together donors to create joint-learning events on different topics including gender, environment, political economy analysis, and DLG. The DLG expert group was created in 2008 and includes DANIDA, EuropeAID, STC, GIZ, BTC/CTB, the French Ministry, and the Austrian development agency. The group shares experiences about projects on the ground and gets together two or three times a year to discuss learning events. Gender has now been mainstreamed into the generic DLG course material and the aid effectiveness sections have been updated to reflect developments in Busan. To identify possibilities for collaboration, Nicola Crosta (UNCDF) provided additional information on UNCDF's Local Development Academy, including details on the cost of developing a knowledge map and infographics. Given strong synergies between their topics, the DLG and Political Economy Analysis expert groups agreed to share course material while marketing each other's courses.

The DLG expert group uses 3 learning formats:

- **Open courses:** These courses on DLG and aid effectiveness are exclusively for DP staff, and the next one will be hosted by Austria. Given the differences in expertise on DLG among participants, a fine balance always needs to be struck between very specialized and more general training.
- **In-country courses:** These bring together all stakeholders in the decentralisation process in a given country to discuss challenges and bottlenecks in their DLG reforms. An in-country course is planned for Burkina Faso where DP's and the national government have shown strong interest. The option of making the course regional by also focusing on neighbouring countries is also being considered. The organizers will have to carefully think participation through since the previous meeting in Benin had too many participants. Since only two in-country courses have been implemented to date, it is still early to see long term change, but audit mechanisms were devised to monitor the success of the reforms. The Benin course clearly had a greater impact than the Mozambique course, because the government of Benin was more involved and took it more seriously. UNDP is the lead donor in Burkina Faso, and Kodjo Mensah Abrampa (UNDP) mentioned that he knows the UNDP Deputy Resident Representative quite well there, so he will be a good contact to support the course. DP's and national partners in Serbia and Kosovo are also interested in having in-country courses, which are scheduled for the beginning of 2014.

- **An E-learning course:** This is aimed primarily at partners on the ground and national senior staff who cannot easily come to headquarters to do training. The course is finally developed and will be publicly accessible on the Global Campus 21 online platform. It is a moderated, 3-month course that will be piloted from September to November this year. Participants agreed that the 30 available spaces in the course should be split equally between national staff working on DLG and staff from other sectors.



Annexes

Closing Statement

http://www.delog.org/cms/upload/pdf/DeLoG_Closing_Statement_New_York_2013.pdf

Agenda

[http://www.delog.org/cms/upload/pdf/Agenda_8th_DeLoG_Annual_Meeting_New_York.p
df](http://www.delog.org/cms/upload/pdf/Agenda_8th_DeLoG_Annual_Meeting_New_York.pdf)