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THE UNDP ROLE IN DECENTRALIZATION AND LOCAL GOVERNANCE:

A JOINT UNDP–GOVERNMENT OF GERMANY EVALUATION

United Nations Development Programme

German Federal Ministry for Economic Cooperation and Development (BMZ)

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The views expressed in this report are those of the authors and do not necessarily represent those of the United Nations, the United Nations Development Programme or the Government of Germany.

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Foreword

UNDP and the German Federal Ministry for Economic Cooperation and Development (BMZ) collaborated on a critical assessment of UNDP support to decentralization and local governance. With the German Government having evaluated its own decentralization projects in 13 countries, the joint UNDP-BMZ evaluation aims to provide a broader view of issues beyond bilateral concerns. It must be noted that this initiative is in line with promoting stronger partnerships, an objective of the UNDP Executive Board and of the Expert Group on Aid Evaluation of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC)

The main objective of this joint evaluation is to learn collectively about decentralization and local governance, an area of great interest for international development cooperation in the last decade. From the very beginning, it was clear to us that the evaluation should provide value-added insights on decentralization issues and approaches based on the experience of UNDP as a multilateral organization and building on the assessment made by BMZ. Moreover, the evaluation should serve a strategic purpose, i.e., to provide a basis for identifying areas for further collaboration between and among BMZ, UNDP, and other key partners.

The evaluation team drew a number of lessons from UNDP experience as a multilateral organization. We would like to highlight in particular two key points.

First, UNDP has a comparative edge over bilateral institutions in addressing issues and providing support in the politically sensitive areas of decentralization and local governance. Its multilateral impartiality and the goodwill and trust it enjoys in programme countries, among other factors, put UNDP in a position of considerable advantage.

Second, because of the highly cross-sectoral nature of decentralization and local governance, partnerships and better coordination among donors are fundamental to achieving cost-effective utilization of scarce resources in support of programme country initiatives. Broader partnerships with key actors in addition to governments are likewise essential; hence, increased involvement of civil society and the private sector needs to be given greater emphasis.

We may conclude from this that the key to the success of decentralization and local governance efforts is to capitalize on the comparative advantages of each type of development institution and to build partnerships based on them. In this context, a seminar will be held in Berlin to present the main results of the evaluation and to discuss broader issues and generic lessons as a basis for mapping out strategic collaboration in support of decentralization and local governance.

We would like to thank everyone who contributed to the evaluation exercise. The evaluation team composed of Manfred Kulesa (team leader), Joern Altmann, Ledivina Cariño, Richard Flaman, and Ingo Schulz, delivered a quality report within a short period. Christopher Peter Metcalf, former UNDP Resident Representative, acted as a resource person for the evaluation. For their in-depth studies, the evaluators visited Guatemala, Mali, Philippines, Thailand, and Uganda; we acknowledge with appreciation the support provided by the UNDP offices in those countries. Colleagues within UNDP, particularly Shabbir Cheema, Robertson Work, and Mounir Tabet of the Management Development and Governance Division, shared their technical knowledge and valuable insights on the subject. Zena Ali-Ahmad and El- Mostafa Benlamlih of the UNDP Evaluation Network undertook the desk research and participated in the development of the evaluation framework and methodology, respectively. Nurul Alam and Abdenour Benbouali of the UNDP Evaluation Office provided useful advice on some of the basic issues. Barbara Brewka edited the report. In Bonn, Frank Richter of BMZ handled logistics support. We also thank

Christine de Barros Said of the German Foundation for International Development (DSE) for her assistance in organizing the Berlin seminar. Finally, Elena Marcelino, Task Manager for the evaluation and its follow-up, is to be commended for her work.

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Executive Summary

CONTEXT

Over the past decade, governance has become a major field of international development cooperation. Both bilateral and multilateral aid programmes can now look back on a great deal of practical experience and draw their respective lessons. It is in this context that the United Nations Development Programme (UNDP) and the German Federal Ministry for Economic Cooperation and Development (BMZ) of the Federal Republic of Germany agreed to collaborate on a critical assessment of UNDP support in the areas of decentralization and local governance.

The evaluation is intended to generate some value-added insights on decentralization issues and approaches based on the experiences of UNDP as a multilateral organization. With the German Government having evaluated its decentralization projects in 13 countries, the present evaluation takes such initiatives a step further by providing a broader view of issues beyond bilateral concerns.

The evaluation schedule extended from late September 1999 to late January 2000 and included field visits to five countries (Guatemala, Mali, the Philippines, Thailand and Uganda) that exhibited active policy commitment and varying stages of UNDP involvement in decentralization and local governance programmes. Separate evaluation country reports were prepared as part of the evaluation. Apart from document reviews and two meetings at UNDP headquarters in New York and BMZ headquarters in Bonn, meetings were held with the Asian Development Bank, World Bank, other donors, United Nations agencies and representative organizations in civil society and the private sector.

It is rather difficult for the evaluation team to develop global or general lessons learned and recommendations from a small sample of only five countries receiving relatively recent UNDP support. Nonetheless, it is felt that the information gathered from the country evaluations, supported by the team's general analyses and consultations, can feed into the corporate policy development and planning functions of UNDP and the Government of Germany. It is hoped that it will also contribute to broader policy dialogue at the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) and other international venues.

MAIN FINDINGS

UNDP Contributions to Broader Goals

In general, the five programme countries often *preferred to cooperate with* UNDP on certain aspects of decentralization rather than with other donors for a variety of reasons. First, UNDP was perceived as being more committed than other donors to promoting national ownership. Second, the UNDP development agenda derived from conclusions of the global conferences of the 1990s (to which programme Governments largely subscribe) and the organization did not try to force a more specific agenda on Governments. Third, UNDP, in representing the multilateralism of the United Nations, could draw on ideas and expertise from any part of the world.

Based on the team's review of over a dozen major UNDP-supported project and programme initiatives in the five countries, it was found that the organization's experiences, although recent, showed some signs of *contributing to broader development goals*. For example, UNDP contributed to the formulation of national decentralization programmes. This was seen to have been strongest in Mali where the main project of UNDP is regarded as the pillar of that country's

decentralization process. In some post-conflict situations (e.g., in the Philippines and Uganda), the use of *participatory processes* was found to be effective in securing the trust, social cohesion and cooperation of people in the communities.

A considerable proportion of UNDP inputs to national programmes supported the *development of national capacities*, especially of local government administrations, and helped to expand the *awareness and understanding* of decentralized governance. Less attention was given to addressing needs within the local civil society and private sector – areas where the team saw the greatest potential for sustainable socio-economic development.

It was not possible for the present evaluation to provide empirical proof that decentralization promoted economic growth, *sustainable human development* or poverty alleviation. This was owing in part to the recentness of UNDP projects, to the complex causal relationships involved and to the now generally accepted view that such initiatives are very long term in nature, where impact and results cannot realistically be measured in the short term.

Findings on Concepts and Practice

One of the more important findings appeared to be the understanding of decentralization as a political as well as a technical process including, but not limited to, administrative structures. As for the underlying philosophy, the team saw much use in the principle of *subsidiarity*, which requires that decisions be taken at the lowest level possible, from family, neighbourhood and community to different levels of local, regional or national government. This governing principle is well known but was rarely mentioned at either the corporate levels of UNDP or in the decentralization discussions in the five countries visited. In the view of the team, the principle of subsidiarity deserves further attention.

In a number of cases, the team found that the mere introduction of decentralization could fuel *unrealistic demands and expectations* (on the part of the local populations) that services would be significantly expanded, that all or most local needs would be met, and that local problems would be solved. Of course, the reality was found to be much different. The capacity, resource and administrative constraints that had existed at the central level more often than not carried over to the local level.

With the exception of Uganda, the national Governments of the countries visited did not have in place *strategic implementation* plans and were lacking in strategic management capacities - although Uganda has just developed a draft implementation road map. This raised the question of how far UNDP (or any other donor) could go in developing a strategic vision and supporting methods of delivery for its support to these areas in the absence of a national implementation strategy. The team generally found that decentralization was constrained by a lack of, or lags in, *fiscal decentralization*. It was the team's general observation that the functions and services delegated to local authorities were in some cases hampered by excessive central control over financial resources, by impediments to the ability of local authorities to raise their own revenues (tax), by various forms of bureaucratic resistance, or by a combination of such factors. The high relative costs and long periods required to develop and maintain effective *multi-dimensional capacities* at both the local and central government levels combined with continued local-level dependency on external resources were found to pose serious risks to the success and *sustainability* of UNDP-supported initiatives. When long-term decentralization initiatives are dependent on externally funded donor projects, their long-term success may well be dependent on a long-term donor relationship and long-term availability of donor resources (rarely assured in the short-term project, programme and funding cycles and agreements of donors).

Comparative Advantages of UNDP

In examining UNDP comparative advantages, it was found that the organization was generally perceived as being closer to the partner Government than to civil society or the private sector. The people the team interviewed (e.g., UNDP counterparts and project personnel) were mainly public servants and not representatives from the private sector (hardly any) or civil society (very few). Thus, team's findings are heavily influenced by the views of government officials. Nonetheless, through interviews in the five countries, the team found that UNDP enjoyed a number of comparative advantages commonly found to be present in most programme countries such as its *neutrality, independence* and *objectivity*. Many interviewees stressed that UNDP was not considered a foreign donor and partner Governments appreciated the fact that UNDP did not wish to impose an external political agenda. This was found to fit well with the *cross-sectoral nature* of the UNDP mandate, giving UNDP a comparative advantage over other United Nations organizations that were seen to push for particular sectors or constituencies.

The well-established *country presence* of UNDP was seen by the countries visited to be particularly important to understanding and supporting long-term decentralized governance initiatives. For example, it was its presence that permitted UNDP to support a number of initiatives, such as those resulting from the forging of the Mindanao peace agreement in the Philippines and the more recent support in Thailand. This response to such historic opportunities should not be dismissed as a product of mere luck because the ability to move strategically required a reasonable level of capacity for quick action.

At the *corporate level*, UNDP policy development and *research* in the areas of governance and decentralization have been a comparative strength in all of the countries visited. The substantial work in these areas undertaken by the UNDP Management Development and Governance Division was found to hold considerable potential for advancing the role, performance and quality of UNDP support in decentralized governance.

One of the more noteworthy advantages was the adoption by UNDP of *innovative approaches*, including the *taking of risks*. Examples are the use of pilots in implementation where certain approaches (e.g., public participation) needed to be field-tested. One example that stands out was the entry of UNDP and the United Nations Capital Development Fund (UNCDF) in Uganda's District Development Project, where a substantial proportion of programme resources was put aside to support the initial development of concepts and participatory processes. A number of these innovations were incorporated into the recent major local development programme of the World Bank in Uganda.

Areas in Need of Improvement

The evaluation team found that UNDP *resources were limited* (compared to the high demand for support) and often unpredictable. As a result, partner Governments often treated UNDP simply as another (and rather minor) source of financing and UNDP programmes frequently failed to make the most of the organization's unique character and comparative advantage. Despite the existence of such tools as the programme approach, technical guidelines for capacity development and the country cooperation framework in the countries visited, UNDP was found to be generally *reactive* and had *not adequately applied strategic management* approaches. The team observed a tendency for UNDP to drift or be drawn into new areas, even into ones as strategically important as governance and decentralization. Once involved in these areas, UNDP at times did not demonstrate the capacity to deliver quality results adequately.

Despite the noted corporate-level strength of UNDP in the area of research and development, UNDP staff members in all of the countries visited reported that they received *little direct support from headquarters* in the field of decentralization. There was a general weakness in the use and

management of *information and knowledge resources* at the country-office level. The team found this to constitute a further impediment to the elaboration of any strategy for the subsector.

External Factors That Impact UNDP Performance

The team uncovered several factors that were having and would likely continue to have significant impact on the role and performance of UNDP in the areas of decentralized governance. The most significant factor was the high potential for *increased demand* from the programme countries for technical assistance and other forms of support. In each country, the initial limited number and narrow scope of programmes, usually covering a small number of pilot local jurisdictions, could be seen as the tip of the iceberg for future expansion and corresponding high demands from programme countries for support from UNDP and other donors. Related to the above was *increasing donor activity* in these areas. The team noted that there were definite signs that different donors, if not directly *competing* with one another, were certainly being aggressive in capturing national attention to secure commitment to and cooperation in decentralized governance.

MAIN LESSONS LEARNED

Despite the recentness of UNDP experience in supporting decentralization initiatives, the team uncovered early lessons on concepts, methodologies and practice as well as some lessons on the UNDP role and partnerships. A special category of lessons relates to success factors for decentralization; those identified by the team are highlighted in the box below.

Some Key Success Factors for Decentralization

- (1) Decentralization is long term and high risk, demanding strategic management.
- (2) Understand the problem before designing and implementing solutions.
- (3) Decentralization requires top executive commitment and coordination.
- (4) Expectations must be carefully managed.
- (5) Participation requires flexible approaches adapted to the local situation.
- (6) Decentralization is a learning process; it requires risk-taking and innovation.
- (7) Decentralization is cross-sectoral and requires substantial multidimensional capacities.
- (8) Decentralization depends on an enabling environment.
- (9) Decentralization implementation should be paced and linked to other reforms.
- (10) Sustainable decentralized governance depends on local fiscal capacity.

Of the 15 major lessons documented in chapter 7 of the present report, the following stand out.

On Concepts, Methodologies and Practice

- The definition and implementation of a decentralization initiative not only derive from political processes but also continue to be driven by political consensus or majority (including ongoing, visible and meaningful political will and commitment).
- Decentralization is highly cross-sectoral in nature and results in multidimensional transformational systems-wide change at both the central and local levels and in the nature of relationships across levels and sectors of society. The greater the change, the greater the potential for resistance to change at all levels.

- Decentralization and local governance initiatives that are subject to rigorous, ongoing monitoring and evaluation have a greater likelihood of viability and of capacity to respond to shifting priorities and other changes in the external environment.

On the UNDP Role and Partnerships

- The acceptance of UNDP as a national partner and supporter of decentralized governance initiatives depends primarily on the local credibility of the country office, which in turn is dependent on the quality of its expertise and a critical mass of resources.
- The credibility and acceptance of UNDP as a key player depend on the nature of its long-term commitment to such initiatives, some stability of resourcing, and some assurances at the very beginning that it will not walk away from such commitments.
- UNDP ability to understand problems, provide advice, play an advocacy role or provide technical assistance is greatly enhanced by a broadened and more flexible network of contacts, experts, advisers, facilitators and other resources, nationally and internationally.
- UNDP success and cost-effective utilization of its scarce resources (as well as those of other donors and programme countries) can be significantly enhanced by better donor coordination at the policy, planning and especially implementation/operational levels.

MAIN RECOMMENDATIONS

There is a need for careful management of internal and external expectations as to how much UNDP can achieve in supporting decentralized governance initiatives, especially in this period of limited and possibly declining resources. The performance gap between what may be expected of UNDP and what UNDP is capable of doing is seen to be wide and possibly widening (as demands escalate and resources decline). If there is to be continued support to decentralized governance, then the team suggests that UNDP will need to focus clearly on precisely *which* role and types of support are to be provided in each country and *how* this is to be done. The following recommendations (detailed in chapter 8) are intended to address such performance issues and, it is hoped, contribute to the closing of the performance gap.

UNDP Role and Partnerships

Strengthening and redefining the nature of UNDP partnerships are major ways in which UNDP can improve its performance. Some of the following recommendations deal with issues that have been on the table for some time. The team has attempted to relate its recommendations to the recent Transition Team report and, more specifically, to the Administrator's draft Business Plans and other emerging policy issues. It is recommended that:

- UNDP attempt to change its image from that of simply being a resource provider (where it is a very small player) to that of being a uniquely placed organization whose role is defined in the Administrator's Business Plans (2000-2003) as "facilitator, catalyst, adviser and partner".
- UNDP concentrate its efforts on providing upstream policy advice to Governments and on complementing this advice with advocacy as appropriate. At the same time, UNDP policy

advice should be complemented by a series of downstream field-level operational projects.

- UNDP actively promote donor coordination at both the policy and implementation levels and, if appropriate, take the lead either at the central level (i.e., if it is a round-table country) or in the specific field of decentralization. At the operational level, UNDP should promote the integrated management of multi-donor projects supported by joint programming and unified work plans.
- UNDP seek execution and implementation arrangements with a greater mix of State, civil-society and private-sector organizations. At the local levels, this would entail national and direct execution and implementation with members of civil society and the private sector and a stronger linkage to programmes dealing with democratization and private-sector development.

Concept Development and Operational Practice

UNDP (primarily through the Management Development and Governance Division) is currently responding to a number of the conceptual and methodological challenges, as noted in preceding sections of this report. Complementing these ongoing activities, [the team recommends that](#):

- UNDP undertake to encourage programme countries to apply strategic-management and multidimensional capacity-development approaches and to make every effort in advance to define their objectives and the means to reach them. UNDP should define a clear exit strategy so as to be able to disengage in a timely manner; the strategy should also allow for sustainability.
- UNDP take a stronger leadership role in the adoption (for its own use) and the promotion (for programme countries) of innovation in decentralization. This would include consideration of risk-taking and risk management.
- UNDP use for itself - as well as promote the use of - more formal and informal mechanisms for ongoing monitoring and evaluation.

Internal Considerations

The team understands that a number of internal management and organizational improvements are under way or are being considered. The recommendations that follow will, it is hoped, contribute to better UNDP performance in decentralization. [It is recommended that](#):

- UNDP ensure that its country offices strengthen their strategic management capacities; recognize that programmes in areas such as governance and decentralization require more substantive human and financial resources; find creative ways to finance these requirements without impinging on the country-office administrative budgets; delegate greater decision-making authority; strengthen information and knowledge management systems; and develop a higher degree of local expertise and professional capacity.
- UNDP strengthen its corporate-level functions of applied research, development and policy analysis in the areas of decentralized governance. UNDP should increase its corporate capacity to both foster and facilitate the transfer of international know-how and technical expertise that could be available to assist programme countries in the conceptual development, policy and programme planning and implementation of decentralized governance initiatives.

FINAL MESSAGE: What is the final message of this evaluation?

1. The team encourages UNDP to continue its support of decentralization and decentralized governance. In terms of application or areas in need of special attention, it suggests that UNDP place *greater emphasis* on: (a) the principle of subsidiarity in its concept, policy and programme development; (b) the role of civil society and especially the private sector; (c) the relationships between the central and local levels of government; (d) linkages to fiscal decentralization; and (e) the linkages of decentralized governance with reforms in service delivery and public-sector management (especially at the central level). The team also suggests that UNDP pursue decentralization as a means to support peace-building and reconciliation in post-conflict situations.
2. Donors have different tools at their disposal for promoting development. UNDP, owing to its multilateral impartiality (and to the goodwill it enjoys in programme countries), is in a better position than bilateral donors to accept certain challenges and to provide support services in the politically sensitive areas of decentralization and (local) governance. Therefore, the Programme constitutes a tool of the international community that deserves enhanced support by all donors.
3. The appeal to the UNDP donor constituency should not be just for more money but rather for a renewed and stronger commitment that is based on the understanding that there are important tasks to be tackled by UNDP in the common interest and that the Programme needs the necessary support to play its role to the full.



CHAPTER 1. PURPOSE AND SCOPE OF THE EVALUATION

“ . . . Decentralization has quietly become a fashion of our time. It is being considered or attempted in an astonishing diversity of developing and transitional countries . . . by solvent and insolvent regimes, by democracies (both mature and emergent) and autocracies, by regimes making the transition to democracy and by others seeking to avoid that transition, by regimes with various colonial inheritances and by those with none. It is being attempted where civil society is strong, and where it is weak. It appeals to people of the left, the center and the right, and to groups which disagree with each other on a number of other issues.”

From: Manor, James, *The Political Economy of Democratic Decentralization*, Directions in Development Series, The World Bank, 1999, p. 1.

1.1 INTRODUCTION

During the last decade, governance has become a major field of international development cooperation. Both bilateral and multilateral aid programmes can now look back on a great deal of practical experience and draw their respective lessons. As recently as 1995, the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) published its *Orientations on Participatory Development and Good Governance*. Since then, the focus on decentralization and local governance has become even more prominent and a number of donors, such as the German Government in 1997/1998, initiated thematic evaluations of their involvement in this specific area.

It is in this context that the United Nations Development Programme (UNDP) and the German Federal Ministry for Economic Cooperation and Development (BMZ) of the Government of Germany agreed to collaborate on a critical assessment of UNDP support in the areas of decentralization and local governance. The evaluation is intended to generate some value-added insights on decentralization issues and approaches based on the experience of UNDP as a multilateral organization. With the German Government having evaluated its decentralization projects in 13 countries, the present evaluation takes such initiatives a step further by providing a broader view of issues beyond bilateral concerns.

The evaluation was entrusted to a team of five external consultants. This is their report. The team would like to express its appreciation for all support received from the Evaluation Office of UNDP, the German Federal Ministry for Economic Cooperation and Development, and all concerned staff at UNDP headquarters and in the country offices. A special word of thanks is due to Christopher Peter Metcalf, a former resident representative of UNDP who joined the group as adviser and resource person.

1.2 TERMS OF REFERENCE

The terms of reference (TOR) for the joint evaluation are attached in annex 1. The evaluation, broad in scope, is aimed at: (a) identifying the main issues of decentralization and local governance at the macro level; (b) assessing the results of UNDP-supported programmes in these areas; (c) identifying UNDP comparative advantages and disadvantages; (d) identifying the underlying factors of success/non-success in UNDP support (e) uncovering lessons learned; and (f) formulating recommendations to improve the role and support of UNDP.

It should be made clear at the outset that this is not an evaluation of decentralization and local governance per se but rather an evaluation of the UNDP role in these areas. The team was also asked to examine critically the new UNDP strategic results framework (SRF) in the context of

decentralized governance and the draft framework for capacity-building in support of decentralized governance. Since this was to be a thematic evaluation, the team did not delve into the details of UNDP-supported projects and programmes.

In addition to supporting UNDP policy-development and service-delivery capacity in decentralization and local governance, as set out in the TOR, the results of the evaluation are to be used by the Government of Germany in its effort to support the development of overseas development assistance (ODA) policy in these areas, including potentially closer cooperation with UNDP.

1.3 OVERALL METHODOLOGY, TIMING AND ORGANIZATION

The evaluation team based its initial work on a desk study prepared by Zena Ali Ahmad, a member of the UNDP Evaluation Network (EVALNET). In late September 1999, the team spent ten days in New York for initial briefings and discussions with staff from BMZ and UNDP, including the Evaluation Office, Management Development and Governance Division (MDGD), the regional bureaux, United Nations Capital Development Fund (UNCDF) and other concerned headquarters units (annex 3 contains a list of those consulted during this evaluation).

The team studied relevant documents on decentralization and UNDP support activities (see annex 4), discussed the evaluation framework, developed a common methodology for its analyses, agreed on the individual assignments of team members, and developed the structure of the evaluation reports. In order to facilitate the communication between team members, a special web site was installed as a working tool for the evaluation team. A documents repository on the web site allowed for the exchange of draft reports and access to main documents. During the course of the evaluation, team members also visited the headquarters of the Asian Development Bank, World Bank and United Nations Volunteers.

The initial period of orientation and discussion was followed by a series of country visits (see section 1.4). From 20 to 21 December 1999, the full team met for a second time in Bonn to exchange experiences and to agree on the content, structure and drafting of this, the main evaluation report. Obviously, such a tight schedule required the authors to rely on the common approach that had earlier been accepted, that is, to concentrate on the main issues, in order to arrive at a meaningful message. An initial draft of the report was prepared in late January 2000, followed by a presentation to and discussion with a special stakeholder group at UNDP headquarters on 4 February 2000. The present version of the report is to be presented at a high-level workshop in Berlin in early 2000.

In addition to the document reviews, the team collected most of its information through meetings, interviews, the occasional brainstorming session, town-hall meetings, UNDP and government briefings and debriefings, participation in some workshops, and follow-up (usually through e-mail, for clarifications and additional information). In the course of the country visits especially, the team met and listened to approximately 300 people from all walks of life. At the central levels of the public sector, these included senior executives and staff of central and line ministries, politicians, and project staff.

At the local levels, the team met people at the provincial, district, village, barrio and *tambon* levels. These meetings included dialogue with and listening to locally elected officials, public administrators and professionals, project staff, ordinary citizens and, in one of the post-conflict situations in the Philippines, with former combatants.¹ The team met with officials within non-governmental organizations (NGOs), community-based organizations (CBOs) and the general public, including cooperatives and associations, the private sector and donor organizations. In

¹ This included a special project site visit in the territory held by the Moro Islamic Liberation Front (MILF), which had left the Moro National Liberation Front (MNLF) and was still fighting in Mindanao.

the vast majority of all these cases, the team was treated warmly and the discussions were open and frank.

1.4 COUNTRY EVALUATIONS

The evaluation schedule included field visits to five countries with active policy commitment and varying stages of UNDP involvement in decentralization and local governance programmes. The countries selected were Guatemala, Mali, the Philippines, Thailand and Uganda. Separate country reports were prepared as part of the evaluation; their executive summaries are attached in annex 5.

In order to arrive at comparable sets of conclusions, the team agreed on the method of the SWOT (strengths, weaknesses, opportunities, threats) approach, organizing the findings and conclusions of their country evaluations according to the categories of UNDP internal strengths and weaknesses and the analysis of external opportunities and threats. The same method also influenced the structure of the present report. Following the main emphasis of the TOR, the team concentrated its analysis on UNDP support against the background of the decentralization policy in each country.

The Philippines was the first country visited. The full team participated in this country evaluation in order to arrive at a common analytical approach before spreading out in sub-teams of two to three members to visit the other countries. The other country visits were carried out within a tight schedule of six weeks in November and December 1999. The duration of the country evaluations varied between one and two working weeks.

To support and facilitate the task of the evaluation, UNDP had made available in each country the services of national consultants who could provide basic information on national policy as well as on the country programme of UNDP. These consultants assisted the team members in their meetings, a service the latter found to be generally helpful.

As a rule, each country office designated one individual as the focal point for the evaluation. This person prepared suitable local programmes, briefed key officials in advance of the visits, assembled documentation and generally helped the team members to make the best use of their limited time for the country visit. Nevertheless, the team felt a certain constraint in that quite often, it had to rely on the information collected from documents and pre-scheduled interviews without having sufficient time available for follow-up analysis and validation of results.

In spite of these limitations, the team was able to include several visits to project sites and local government offices in each of the five countries. The selection of these projects was based on suggestions made by the UNDP country offices. While accessibility was certainly one of the determining factors, the team was also able to visit outlying places such as Mindanao in the Philippines and Timbuktu in Mali. These two visits were of special importance in view of the connection between decentralization and conflict resolution. In the two least developed countries (LDCs), Mali and Uganda, special emphasis was put on UNDP/UNCDF cooperation projects.

1.5 SPECIAL CONSIDERATIONS

In line with the evaluation TOR, attention was given to the linkage of decentralization and local governance to sustainable human development (SHD) goals. Consideration was given to issues of human rights, gender, vulnerable and marginalized groups, local economic development and poverty alleviation. However, a number of other considerations were factored into the evaluation.

At the outset, it should be noted that only five countries were selected as the basis for the evaluation. While it is clear that one cannot escape the necessity of generalizing lessons from the evaluation, five countries that represent less than 3 per cent of UNDP programming countries

make for a very limited sample. The sample choice and size call for care and attention when making generalizations. The team found that the general findings and lessons from the present evaluation corresponded closely with those from the recent German evaluation as well as from other research carried out by UNDP. Nonetheless, as such, the information contained in this report focuses on the country-specific lessons and recommendations, which clearly need to be distinguished from more generalized ones.

Second, the team had the chance to revisit the classical preconditions of decentralization and local governance: political commitment, constitutional and legal foundations, a power-based driving force, and a strategic programme of advocacy and capacity-building. Likewise apparent were the usual shortcomings: a reluctance of the central civil service corps to give up responsibilities, the lag between decentralizing fiscal management and administrative decentralization, the difficulty of raising taxes and other sources of income for local governments, the challenge of exercising leadership in times of change, and the management of often unrealistic expectations.

Third, the TOR did not require the team to work on a definition of governance. Some members of the evaluation team considered the term artificial and spongy, lacking clarity of meaning. The term *governance* could not be directly translated into French, German or Spanish or into the national languages of the countries visited. Under these circumstances, the team was willing to accept the UNDP generic definition of governance: "... the set of values, policies and institutions by which a society manages its economic, political and social affairs through interactions among the government, civil society and private sector..." This definition of governance is extracted from the draft strategy paper entitled Governance for Human Development that is currently being finalized by UNDP/MDGD.

Fourth, with respect to the terms *decentralization*, *decentralized governance* and *local governance*, the team has applied UNDP definitions in this evaluation. It should be recognized at the outset, however, that there exist many definitions and interpretations of these terms. Both UNDP and most researchers and practitioners in the field accept that these terms are highly context-specific – they depend on the national circumstances, scope and objectives of each country. However, there do exist common underlying principles and characteristics. As part of the methodological research, the team produced a working paper entitled Definitions of Decentralization, which also covered the concepts of governance and local governance along with descriptions of the forms, types and approaches to decentralization. The conceptual and practical meanings of such terms as *governance* and *decentralization* are examined in chapter 4 of the present report. The team accepts that these concepts and associated terminology are evolving and will change as more experience is gained.

Fifth, in general, the team was aware of the obvious bias that could result from the fact that all its members were citizens of countries with multi-party and primarily western-based liberal democracies. The team members did not, however, propose their respective forms of governance as yardsticks to measure governance performance in the countries visited and tried to avoid advocating "the dictatorship of liberalism" (Jean-Christophe Rufin). The common denominators remained, as outlined in UNDP policy documents, the emphasis on people's participation and the link to the goal of SHD.

Finally, although the evaluation focuses on UNDP-supported projects and programmes in the areas of decentralization and local governance, the team was reminded that UNDP is a decentralized operation itself. As such, it does not operate as a monolithic, centrally regulated entity but rather in a flexible fashion responsive to the individual and unique needs of its programme countries. While there are clear programme and policy priorities for UNDP as a whole, it must be remembered in this evaluation that the role of UNDP in each of the countries visited varies according to the history and role of the particular country office. Thus, when reading the term *UNDP* in this document, the reader should be cognizant of the general trend in UNDP country offices and at the regional and global levels and not in UNDP as a single monolithic organization.

1.6 STRUCTURE OF THE EVALUATION REPORT

The present report is a synthesis of the five country evaluations supplemented by information and analysis carried out at UNDP headquarters, by the team's consultations with other major donors, and by information from selected experiences from other countries. The following chapters deal with an overview of UNDP-supported initiatives (chapter 2) and the main findings on the contribution of UNDP to decentralized governance, including identification of the organization's comparative strengths and weaknesses (chapter 3). Observations on some basic conceptual issues pertaining to decentralization and local governance are presented in chapter 4 and findings on practice and methodologies are the focus of chapter 5. Findings on internal and external partnerships are the subject of chapter 6. The concluding chapters cover success factors and lessons learned (chapter 7) and the principal recommendations (chapter 8).

In the present evaluation, the team has aimed to move from generic statements of common sense to specific, innovative recommendations that could be the subject of consideration and debate within UNDP and the concerned international community. As it is well aware, UNDP support to governance programmes is undergoing its own process of change. Should some of the recommendations coincide with such reform processes already under way, the team would certainly welcome such a development.

CHAPTER 2. OVERVIEW OF UNDP-SUPPORTED DECENTRALIZATION AND LOCAL GOVERNANCE INITIATIVES

"Decentralizing government ... enables people to participate more directly in governance processes and can help empower people previously excluded from decision-making. In this way a country can create and sustain equitable opportunities for all its people. Closer contact between government officials and local communities and organizations also encourages the exchange of information that can be used to formulate development programmes that are tailored to local needs and priorities, and thus are more effective and sustainable."

UNDP, Governance for Sustainable Human Development, p. 19.

2.1 POLICY THRUST FOR DECENTRALIZATION AND LOCAL GOVERNANCE

The new Administrator recently highlighted the growing demand from programme countries for support in the general area of governance, noting that 104 delegations had referred to the importance of governance during the 54th session of the General Assembly.² In response to programme countries' growing demand for support in this area, UNDP had committed 48 per cent of its 1992-1996 expenditures in fields associated with governance. The UNDP emphasis on governance as a policy thrust was eventually set out in the 1997 UNDP policy document entitled 'Governance for Sustainable Human Development, where governance was defined as a programming objective within UNDP and as a critical component of human development. UNDP has identified five major areas of intervention under the governance umbrella: decentralization and local governance, governing institutions, public- and private-sector management, civil-society organizations, and governance in special development circumstances.

UNDP support and involvement in decentralization and local governance have evolved significantly over the past decade. UNDP activity used to focus primarily on the administrative aspects of decentralization and the development of management at local levels, with separate country initiatives aimed at supporting local governance. Currently, UNDP support in these areas aims at increasing political, financial and administrative authority and responsibility for local-level governance structures and improving responsiveness to the needs and aspirations of local communities. Results of the recent UNDP multi-year funding frameworks (MYFFs) show that there will be increasing demands for support to these areas over the foreseeable future.

At the time of the writing of this report, UNDP was in the process of developing a specific set of policies for decentralized governance that are intended to capture issues associated with both decentralization and local governance. Based on the Administrator's draft Business Plans, the orientation of emerging policies is likely to be towards such aspects as upstream policy advocacy and advice, capacity development and global dialogue, all geared to attack poverty issues more directly and to capitalize on the established strengths of UNDP. The results of the present thematic evaluation generally support these emerging policy thrusts.

² UNDP, The Way Forward: The Administrator's Business Plans (2000 – 2003), draft, November 1999.

2.2 RECENT TRENDS IN UNDP SUPPORT

The total number of projects and programmes³ on decentralization and local governance supported by UNDP between 1992 and 1999 is estimated at 237.⁴ In 1997, the year the governance policy was enunciated, the all-time high of 111 decentralization projects was achieved (see table 1). The total resources committed by UNDP to this thematic area amount to US\$138 million and steadily increased from 1992 to 1999. The resources in the three years from 1997 to 1999 increased by 81 per cent of the amount given in the five preceding years. The average amount of resources per project in 1998 and in 1999 (\$1 987 130 and \$3 407 800, respectively) is also particularly dramatic. What a difference a policy makes!

Table 1. UNDP Resources for Decentralization and Local Governance, 1992-1999, Total and Average per Project

(thousands of dollars)

Year	Number of Projects	Amount	% Increase	Ave. Amt. Of Resources per Project
1992	28	4 111	--	146.82
1993	22	6 534	58.93	297.00
1994	13	10 592	62.11	814.77
1995	22	13 126	23.92	596.64
1996	16	14 844	13.09	927.75
1997	111	25 258	70.16	227.55
1998	15	29 807	18.01	1 987.13
1999	10	34 078	14.32	3 407.80
1992-1996	101	49 207	--	487.20
1997-1999	136	89 143	81.16	665.46
Grand Total	237	138 350		583.76

2.3 DECENTRALIZATION AND LOCAL GOVERNANCE IN THE FIVE COUNTRIES

Against this global context, this section highlights the initiatives of UNDP in the five selected countries to give a feel for the actual work of country offices on the ground. These countries were selected based on the following criteria: presence of a pronounced government policy and a wide range of UNDP-supported initiatives; the availability of successful as well as not-so-successful initiatives; and examples of good collaborative efforts with development partners in addition to Governments.⁵

³ Unless otherwise indicated, figures in this section are based on the information provided by the Division for Information Management and Analysis (DIMA), which indicates the amount of committed resources.

⁴ This compares with 284, the number of decentralization and local governance programmes and projects in the database of MGD for a much shorter period (1992-1997). There may be two reasons for the discrepancy. First, only programmes and projects with decentralization and local governance terms in their titles have been included in this estimate. A complete inventory would require studying all programme documents with a view to including all those with objectives and outputs supporting decentralization, a massive task outside the scope of the present evaluation. Second, the classification system of DIMA on which the team relied did not consider regional development programmes as part of decentralization and local governance.

⁵ Annex 4 contains the 2-page executive summaries from each of the country evaluations. For more detailed information on UNDP activity in each country, the reader is referred to the individual country reports.

From the country visits, the team noticed a remarkable connection between conflict resolution and decentralization policies. In four of the five countries visited, the national decentralization process owed its foundation or its present shape in part to a history of rebellion and civil war and the subsequent effort of reconciliation. At the national levels, it was found that Governments had adopted decentralization for a mixture of reasons: to enhance political stability; to avoid potential conflict; to solve an existing crisis; to move to a post-conflict situation; to promote democratization; to promote economic growth; and to alleviate poverty.

It could not be established that UNDP had been the prime catalyst for decentralization and local governance in national development policies. In most of the countries examined, the development of a strategic concept on which to base UNDP support appeared to be considered of secondary importance. Traditional, project-oriented approaches seemed to have prevailed.⁶ Also, approaches to project design and implementation appeared to be more ad hoc and not based on a systematic assessment of the situation (as a baseline) or on the experiences of UNDP elsewhere in the world. The five countries evaluated are also alike in that all had a strong thrust towards decentralization and local governance in the beginning of the 1990s. The Philippines enacted the Local Government Code in 1991, Uganda's Decentralization Policy was promulgated in 1992, Mali's Mission for Decentralization and Institutional Reform began in 1993, Thailand dates "the first meaningful change in local government" to the May Incident letter in 1992.

UNDP support to decentralization in the five selected countries is detailed in table 2. The countries are differentiated according to the centrality of decentralization in their concerns. The first set of programmes and projects is directly focused on decentralization; the second set is located in another thematic area but has decentralization components.

Three countries evinced a strong thrust towards decentralization and local governance in the early 1990s: Mali, the Philippines and Uganda. Meanwhile, Guatemala included new decentralization policies in the mandate of the Presidential Commission for Modernization in 1996, shortly after signing the General Agreement on a Firm and Lasting Peace. The key decentralization strategy in these cases had been defined as devolution (although in most cases, a closer look revealed the form of many of the initiatives to be more that of the delegation or administrative-decentralization variety; this is discussed in more detail in the next chapter).

Table 2. Comparison of Decentralization and Local Governance Programmes and Projects in the Five Case Countries

Country	Focused on Decentralization		With Decentralization Components	
	No.	Resources (\$)	No.	Resources (\$)
Guatemala	3	3.7 million	10	not available
Mali	1	2.8 million	7	no data
Philippines	3	2.0 million	6	6.4 million
Thailand	1	0.5 million	3	No data
Uganda	3	21.3 million	3	2.1 million

⁶ It is recognized that upstream, strategic support in a field as complex and as sensitive as governance is a long-term endeavour. Such support often encounters donor requirements and government requests that could be contradictory. Donors require highly visible and immediate impact and interpret the absence of these as weaknesses while programme Governments continue to see upstream policy work as a national prerogative supported and protected by national sovereignty. Moreover, national Governments continue to value their development partners in accordance with the depth of a partner's pocket. It is rare to find fiscally strapped Governments favouring policy advice over financial contributions of donors. UNDP country offices find themselves in a challenging position wedged between these two points of view.

The Philippines devolved the provision of identified basic services from the central government to local government units, increased financial support to local units, and institutionalized people's participation in local governance. Unlike the Philippine law that identified a limited set of functions to be devolved, the Ugandan Local Government Act of 1997 gave local governments a broad range of services that they could take up and even allowed them to add other lawful functions needed for the development of their respective areas. Meanwhile, Mali passed three key laws aimed at creating and strengthening autonomous sub-national units. Guatemala and Thailand are decentralizing through deconcentration although the Thais are explicitly moving towards local self-governance.

For all these countries, a strong decentralization policy seems to have been made necessary by civil conflict and/or political and economic crisis. This is widely acknowledged in Uganda. As stated in the country report:

“Uganda’s adoption of devolution as the bedrock of its decentralization strategy can be attributed to three major crises that the National Resistance Movement had to address when it seized power in 1986: an institutional crisis that had long paralyzed the functioning of the central government; a legitimacy crisis that had created a large chasm between the populace and the government; and the contradiction between the administrative system the NRM had set up in liberated areas during the 1981-85 civil war and the centralized structures it inherited on taking power” (Uganda Country Report, p. 37).

The decentralization momentum in Thailand was helped along by the political uprising in 1992 and was given greater impetus in the economic crisis of 1997. The Philippines passed the landmark code as part of the re-democratization process, following the toppling of a dictator in 1986. It is experimenting with a regional government in Mindanao as the only viable alternative to the demand for secession by the Moro National Liberation Front. Mali is also involved in the peace process in its northern area to which support is a crucial response as an instrument for both democratization and development.

The perceived significance of UNDP support to decentralized governance varies widely among the five countries. The UNDP country office in Mali perhaps is playing the most crucial and central role since it has been supporting decentralization since the beginning of the process, and it is a major contributor to the peace process, which is followed up by a CDF-supported programme and bilateral assistance. Moreover, the perception is that UNDP is largely integrated into government structures (especially within the Mission for Decentralization and Institutional Reform) and acts as a facilitator and catalyst rather than as an outside source of expertise. The UNDP country office in Guatemala, though low profile, has also been an active partner of the Government in peace and decentralization. The UNDP country office in the Philippines plays a similar role in Mindanao as the key player and coordinator of the multi-donor initiative following the forging of the peace agreement.

Like the Philippine country office, the UNDP country office in Uganda is a latecomer to decentralization. However, its joint project with UNCDF, the District Development Programme (DDP), is well regarded in government circles and the donor community as a model programme. DPP has increased the standing and credibility of the Uganda country office, and it has been visited by governance advocates from other countries as a source of lessons to be learned. Meanwhile, UNDP is regarded as a minor player in Thailand. The fact that the resource contribution of the UNDP country office in Thailand is low is not necessarily regarded as a negative factor there since it sits well with the image of strong self-reliance that the Thai people wish to project.

Brief sketches of UNDP involvement in each of the five countries follow.

Guatemala

In Guatemala in 1996, the Office of the Presidential Commissioner for the Modernization of the Executive Branch and the Public Administration was created. Here UNDP, although a latecomer to the support of decentralization, aimed at supporting the conceptualization of a national decentralization strategy and the promotion of sectoral initiatives in support of the decentralization process. It also collaborated in a number of privatization activities, such as Guatemala Railways (FEGUA), postal services and expansion of the national maritime ports. UNDP subsequently turned to supporting the Peace Secretariat of the Office of the President in the preparation of a national decentralization strategy.

The nature of UNDP support was for the most part directed to policy dialogue, planning and concept development. At the sectoral level, UNDP has been collaborating in various areas relating to decentralization such as the sectors of education, justice and health, decentralization in public-sector financial administration, and delegation of administrative functions to municipal governments. UNDP programmes on decentralization and local governance include:

- GUA/96/012, Municipal Strengthening for Administration – budget: \$ 537,685;
- GUA/97/025, Support to Government for Decentralization Strategy – budget: \$ 492,617; and
- GUA/98/001, Decentralization of Ministry Services - budget: \$ 2,670,442.

Mali

UNDP has provided assistance to Mali since the early stages of the implementation of the programme of decentralization in 1993. Its contributions in this area have been in the form of one major project and the inclusion of a decentralization component in at least seven other programmes and projects.

The main project is MLI/94/003, Strengthening of Capacities for the Promotion of Decentralized Development Management, started in 1994. It is expected to provide considerable support for decentralization and good local governance through the component of decentralized planning and land-use management. The project, with a budget of \$ 2.8 million, is regarded as the pillar of the Mission for Decentralization and Institutional Reform (MDRI). Through it, UNDP provides the resources needed to permit the coordination of the activities of the different actors and partners in the sector, including national and regional government agencies, civil society and the private sector as well as members of the donor community.

In view of the novelty of the programme, the complexity of the subject, the inexperience of the actors and the large number of partners involved, UNDP was requested from the outset to help smooth the way for the process in order to give it operational visibility. As many as 22 themes were selected for study. These concerned mainly the economic sector, the productive sector and coordination. The elaboration of development tools and instruments has also been a special area of contribution by UNDP to decentralization and good governance at the local level.

This programme is to be succeeded by MLI/99/003, Strengthening of National Capacities for the Strategic Management of Development, which includes decentralized planning and land-use management. Six other projects contain a decentralization component but are focused on participatory development, the promotion of women, conflict prevention, and community management.

Philippines

The UNDP country office in the Philippines has three programmes and projects focusing on decentralization and six others with decentralization components. The decentralization projects are:

- PHI/97/028, Human Resource Development Programme on Governance and Leadership for the Southern Philippines Council for Peace and Development (HRD-SPCPD). The Mindanao Multi-Donor Initiative aims to transform the politico-military structures of the Moro National Liberation Front (MNLF) into viable development organizations capable of mobilizing resources for the delivery of basic services and livelihood assistance to its members and to build capacity and confidence among MNLF communities, government instrumentalities and civil society. UNDP is the coordinator of this Initiative, with funding support of \$0.4 million.
- PHI/97/007, Strengthening Decentralized Capability towards Sustained Local Development (\$ 0.8 million). This project aims to assist the local government unit to build its capacity in the area it deems as its priority and to source technical assistance from any relevant local academic institution or organization.
- PHI/97/019, Effective Local Governance for Sustainable Cooperative Development (the Co-op Project). This project, budgeted at \$ 0.8 million, provides models of partnerships between local government units and cooperatives.

Six other projects dwell on the decentralization aspects of agrarian reform, empowerment of indigenous peoples, environmental planning and development, coastal resource management and environmental tourism, biodiversity, and HIV prevention and care, development of an integrated poverty monitoring and indicator system, and development of investigative journalism.

Thailand

The major UNDP programme in Thailand on decentralization and local governance is THA/98/005, Promoting Sound Governance through Decentralization. With a budget of around \$0.5 million, the project aims to put in place a working prototype of a decentralized government operation in selected local administrations and line agencies. A few provinces and local governments at different levels have also been selected on a voluntary basis to carry out experimental designs in their own organizations. Cooperation is also being promoted with central ministries and departments that are willing and ready to transfer some of their functions to local governments. The project aims to provide recommendations deriving from the experimental models to the policy and decision-making body on decentralization that is to be set up in the near future.

Three other projects have implications for decentralization and local governance:

- THA/97/003, Umbrella Project in Support of the Thailand-United Nations Collaborative Action Plan. The objective of the project is to provide resources to enable the facilitation of the Thai-United Nations Collaborative Action Plan (UNCAP) process at the national, provincial and community levels. It is involved in such themes as human and social well-being, equity and poverty eradication, sustainable development, governance, gender and HIV/AIDS. Project activities are carried out by means of civic forums, training and Thai-UNCAP partnership-building.
- THA/99/001, Strategic Interventions in Support of Emerging Issues in Governance. The objective of this project is to create a national agenda for good governance in seven related areas: civil society participation, public-sector accountability and transparency,

political accountability, rule of law, human rights, civic education, media responsibility and corporate governance.

- THA/ 98/006, Management Support to the Social Investment Programme. The Social Investment Programme (SIP) of the World Bank and OECD aims to mitigate the social impact of the current economic crisis. UNDP provides a small amount of funding for staff and operational costs and provides advice based on experiences in social investment fund management in other countries.

Uganda

UNDP and UNCDF have a major programme on decentralization and local governance in Uganda, UGA/97/001, Support to Poverty Eradication (Participatory Planning). This project is providing support to the decentralization process through the Decentralization Secretariat, funding the capacity-building component of the District Development Programme (DDP), and providing District Resource Endowment Profiles (DREPs) for the entire country. It is a joint project of UNCDF and UNDP, which provided \$12 million and \$8 million, respectively. DDP is a byword in Uganda as a model for how decentralization is to proceed and it is the model programme of the World Bank's major new Local Government Development Project.

Two other projects have decentralization components: the Africa 2000 Network and the Global Environmental Facility (GEF)/Small Grants Programme. Both promote regeneration of the environment to reduce poverty in local communities. The second is patterned after the Africa 2000 Network, which is a regional initiative. Out of a total donor package of \$3.2 million, UNDP has contributed \$1 million to the Uganda portion of the Africa 2000 Network. Another project that supports local governance is UGA/97/006, Support to Local Council Elections, which has been completed. To support those elections, UNDP coordinated donor activities in capacity-building for civic and voter education and the provision of logistical support.

Additional experiences in selected countries are presented in boxes 1 through 4.

Box 1. SOMALIA: Decentralization and Local Governance in a Failed State

One would assume that a process of decentralization and strengthening of local governance would require the support of national policy and the Government. Somalia provides an interesting example of community initiatives in the absence of a national authority and disintegrated public institutions. While the people of Somalia have experienced civil war, strife and suffering during the last decade, they have also been able to create new communities, establish administrative structures and organize basic services. Apart from scars and destruction, we can now observe elements of hope that are mainly based on such initiatives. In this endeavour, UNDP has offered support, e.g., through civic education and war-torn societies projects. Ali S. Hassan, Senior Programme Officer of the UNDP country office in Somalia, observed the following positive attributes of development:

- “
- *Weakened authority of faction and political leaders ...*
 - *End to civil war drama created by the factions and the existence of relative peace now in Somalia.*
 - *Strong support by the Somalis for a decentralized system of any future government in Somalia.*
 - *Establishment of a well-developed private sector, civil society and community based organizations ...*
 - *Privatizing by virtue of government absence in the telecommunication, banking, airline ... sectors.*
 - *Recognition by ... Somalis of the need for an inclusive, democratic and transparent government.*
 - *Increased levels of remittances by the Somali Diaspora and immigrants to their families and relatives in Somalia during these difficult times.*
 - *The immigration exposure of Somalis throughout the world and the knowledge and experience gained.*
 - *The reduction of levels of hostility among Somalis and ... they can live peacefully together.*
 - *The disappearance of illusions of faction leaders to rule the country by force.*
 - *The likelihood that Somalia will never have another civil war for centuries to come.*
 - *Feeling a sense of nationhood and nationalism.*
 - *Rebuilding regions and districts neglected since independence in 1960.*
 - *New opportunities for women as they became the heads of their families and the main bread-winners ..."*

Source: Good Governance in the Somalia Context; Supporting Local Governance Where There is No Government: UNDP's Experience, UNDP, MDGD, September 1998.

Box 2. NEPAL: Involvement of UNDP in Long-term Decentralization

During the past four decades, the political system of the Kingdom of Nepal underwent deep changes. Throughout these years, the efforts towards decentralization continued to remain a major characteristic of Nepal's national policy. Decentralization and District Administration Plans were drafted as early as 1965, followed by the Local Administration Act of 1971, the Integrated Panchayat Development Design of 1978 and the Decentralization Act of 1982.

At that time, UNDP was already providing support. In fact, the Act of 1982 had received key inputs from a preparatory study funded by UNDP, which since then has, over a period of twenty years, constantly offered advice and support to the Government's programmes on designing and implementing decentralization policies.

The shift from a partyless Panchayat system to multiparty polity in 1990 provided further impetus to the implementation of the ideals of local governance and decentralization. Clause 25(2) of the new Constitution foresees "conditions suitable to the enjoyment of the fruits of democracy through wider participation of the people in the governance of the people through decentralization". This principle was followed in subsequent legislation and national plans and finally in the Local Self-Governance Act of 1999. Participation, self-help activities and the sense of ownership and transparency have greatly increased in the rural communities of Nepal.

Presently, UNDP is assisting the Government in operationalizing the decentralization process at the central, district and village levels in close cooperation with UNCDF and with additional support from Norway. A long-term process, pursued under varying political systems, has finally taken root and has met the aspirations of the people who are willing to take their fate into their own hands. One indicator can be seen in the fact that over 5 000 community organizations have been formed, nearly one third of them by women. Village development through social mobilization is seen as a key strategic approach to poverty alleviation. Feudal traditions are gradually but finally giving way to structures favouring self-reliance.

Source: UNDP country office in Nepal.

Box 3. TURKEY: Decentralization through Local Agenda 21

Decentralization is not a new idea. It has been promoted by the International Union of Local Authorities (IULA) since its establishment in 1913. However, the idea has recently been invigorated and given a new shape through Local Agenda 21 programmes in many countries of Europe. In Turkey, UNDP teamed up with IULA in promoting and developing such programmes. Although the project started only in 1997, it was well received as it met with a strong movement of awareness among the urban population.

Twenty-three cities are presently included in the programme, whose strength is derived from the involvement of the full spectrum of stakeholders, the establishment of local partnerships, and the decentralization of the local decision-making process. Participatory platforms identified the major social, environmental and economic problems, prioritized them, and developed joint solutions and projects under local action plans. Among the noteworthy project examples mentioned are a residence for street children (Antalya), a project promoting active participation of women in politics (Izmir), and a health centre for the poor (Agri).

The impact of the Local Agenda 21 movement is not limited to these pilot cities. Throughout the entire country, the general awareness of environmental and social issues and local governance has been raised to a considerably higher level. This has also contributed to the ongoing process of strengthening local administration. A draft Local Administration Law before parliament aims at the transfer of roles and responsibilities from the central government to local levels. The advocates of the Local Agenda 21 promote the inclusion of mechanisms that would enable and encourage the establishment and functioning of city-wide consultative platforms.

Source : UNDP country office in Turkey.

Box 4. CHINA: Support to Grass-roots Democracy in the Most Populated Country

The rural economic reform introduced over the past two decades has dramatically changed the face of social and political life in the Chinese countryside. With the introduction of the household responsibility system, the communes and production brigades that previously managed village affairs were disbanded. Facing a public management vacuum at the grass-roots level, rural Chinese began to develop various institutions of self-government autonomously. Although these village committees are not part of the formal government administration structure, the Constitution of 1982 recognizes the elected village committees as the basic form of political organization at the grass-roots level. In 1987, the Organic Law on Villagers' Committees of the People's Republic of China was passed by the National People's Congress. One of the goals of the current Five-year Plan (1996-2000) is to develop grass-roots democracy further and to see all villages practicing self-government through effective village committees.

By now, there are more than four million committee members serving on 930 000 village committees, having an impact on the economic prosperity and social well-being of 900 million rural residents. These huge numbers show both a promise for the development of participatory local governance and a challenge to any attempt to strengthen its performance. UNDP, with additional support from Finland, has opted to provide training inputs in order to upgrade the capability of elected village committees and their counterpart officials. For this purpose, standardized curricula and the respective textbooks and audio-visual training materials are being developed, tested and evaluated in pilot training activities, workshops and seminars. The activity is being strengthened through links with international experiences in the field of adult education and local governance. It is part of China's comprehensive initiative in human resource development at the grass-roots level.

Source : UNDP country office in China.

2.4 NOTE ON FUTURE TRENDS IN UNDP SUPPORT

As noted earlier, decentralization and local governance are rather recent concepts, and they have been developed in the course of time based on development philosophies that were closely allied. Earlier UNDP approaches were developed to emphasize institutional strengthening and capacity-building to support sustainable human development. Now, governance appears to be the operative approach, within which decentralization and local governance have emerged as major areas of attention. This does not mean that earlier approaches did not address decentralized governance (e.g., in institutional strengthening and capacity-building of local administrations relating to rural development, agriculture and other sectors). The shifts in philosophy together with the emergence of a new vocabulary make it difficult to identify the roots of support to decentralized governance.

An analysis of the strategic results frameworks (SRFs) indicates that the thrust of UNDP action focuses on the goal of creating an enabling environment for SHD. One of the sub-goals is to promote decentralization that supports participatory local governance, strengthens local organizations and empowers communities. Promoting participation in development planning and other decision-making processes at the sub-national level, particularly through increased articulation of interest by CSOs, is a popular strategic area of support under this sub-goal. There is a clear indication of emphasis on supporting the development of capacities of local authorities.⁷ In applying this emphasis, UNDP appears to be less an institution transferring resources and more of a focused development agency. This may well prompt the organization to act proactively

⁷ UNDP, UNDP Multi-Year Funding Framework, 2000-2003, Report of the Administrator to the Executive Board, September 1999.

and not reactively. In the surveyed-country examples, however, UNDP has been more reactive to developments in the host country when engaging in the field of decentralized governance than proactive. Generalizing, it must be said that UNDP funding levels are not sufficient to provide the critical mass needed to have a major operational impact in the areas of decentralization and local governance.

CHAPTER 3. FINDINGS ON THE CONTRIBUTIONS OF UNDP

In general, it is too early to demonstrate clearly that the UNDP-supported decentralization and local governance initiatives directly contribute to the achievement of such broad goals as sustainable human development (SHD) although it must be recognized that only five countries were covered. Most of the initiatives (see box 5) evaluated were recent and it is generally accepted that decentralized governance is a long-term process of change. Also, none of the UNDP-supported initiatives were based on a strategic management approach and it would be difficult to measure such impact since little has been done in terms of the definition, at the outset, of clear indicators and baselines for measurement. Nonetheless, the team found many encouraging signs that UNDP-supported national programmes held potential for the achievement of such broad goals as economic/social development, democratization, political stability and SHD.

This chapter, then, presents findings and observations on the contributions that UNDP has made in supporting decentralization and local governance in the countries visited. Although the emphasis is on the role played by UNDP in the country offices, some findings relate to the supporting relationship of UNDP headquarters. In all countries visited, UNDP has had only

recent experience in supporting these areas. The team's findings, although based on recent performance, are indicative of the potential role of UNDP in the five countries visited and possibly other countries.

The second subsection addresses some of the key factors that were found to affect current and possibly future UNDP performance in the areas of decentralization and local governance. The team's findings on UNDP comparative advantages and weaknesses are discussed briefly in the final subsection.

Box 5. "Interventions"

The team has intentionally avoided the use of the term "intervention", which is often used to describe UNDP support. In the area of governance and decentralization, the team view is that "intervention" does not adequately express the growing role of UNDP as a partner nor does it project an image of a mission of support or facilitation or of being responsive to countries' needs. "Intervention" does not seem to cultivate a sense of national ownership (If a country is in control of its programmes, then why would UNDP or any other donor "intervene"?).

3.1 CONTRIBUTIONS TO SELECTED HIGHER-LEVEL GOALS

In the five countries visited, the team observed that the UNDP-supported programmes and projects were based on the principal understanding that decentralization and local governance are major levers of development. UNDP was found to have shown early signs of contributing to seven higher-level goals (see box 6). The nature of this contribution is briefly described below. The evaluation team did not have time to verify or validate these findings.

Box 6. UNDP Contributions to Higher-level Goals

- (1) National programme conceptualization;
- (2) Achievement of SHD objectives;
- (3) Developing capacities of programme countries;
- (4) Supporting people's participation;
- (5) Fostering social cohesion;
- (6) Promoting gender and equity issues;
- (7) Building national ownership of programmes.

(1) [National programme conceptualization](#). The UNDP contribution to national programme conceptualization was strongest in Mali, where its main project is regarded as the pillar of that country's decentralization process. UNDP has likewise made an impact in Uganda with its District Development Project, regarded as a role model for how local governance would proceed. Even in Thailand, where the UNDP role is relatively minor, the team found that UNDP access to senior decision-makers in the Government and civil society ensured that the organization would have a role to play in the development of decentralization in that country.

It may bear mentioning that the UNDP local-level pilot projects were recognized as providing valuable experience in and understanding of decentralization and local governance issues in the Philippines, Thailand and Uganda. The team found that UNDP could enhance its strategic role if it could combine its access to policy-makers with such field-level or operational experience.

Despite the findings noted above, the UNDP image in the field was more that of an executor of policy than a definer and conceptualizer. This was in part because UNDP was a latecomer to decentralization (except in Mali). Besides, other donors were generally found to be more associated with governance and decentralization, the particular donor varying by country (e.g., USAID in the Philippines). One possible reason for this may be UNDP's having spread its assistance to too many aspects of decentralized governance without forcing itself to define the strategic and core concepts underlying its support.

(2) [Achievement of SHD objectives](#). In the countries visited, UNDP-supported decentralization and local governance programmes and projects were accepted in principle as major levers to the achievement of SHD. The team found many other programmes with identified decentralization components focused on a broad range of issues, such as sectoral concerns (agricultural development, agrarian reform, environment, health, etc.) and cross-cutting issues such as gender, media development and the cooperative movement.

The team did not have the opportunity to evaluate the results of these projects since most of them were still in their early stages. However, the team found that the vague statements of objectives, the lack of clear performance indicators, and the general absence of traceable causal connections between projects, inputs and development results raised serious concerns over the direct correlation between decentralized governance and such objectives as poverty alleviation (or eradication) and sustainable development (see chapters 4 and 5 of the present report). No instance could be found of a UNDP-supported initiative having direct, positive distributional impact or results in the areas of SHD or poverty alleviation. Possible exceptions to this may be cooperative development support in the Philippines, but even in these cases, the longer-term sustainability of these start-ups without continued assistance is in question.

(3) [Developing capacities of programme countries](#). In chapter 3, observations were made on the general weaknesses of (local) governance and decentralization initiatives in adequately addressing the capacity-development needs of all sectors of society (public sector, civil society and the private sector) operating in a system of governance. Few of the projects and programmes were found to address the capacity needs of civil society and especially the private sector adequately. In some instances, considerable attention was given to NGOs and CBOs insofar as supporting their participation in governance and local development activities. With respect to capacity-development support for government entities, a considerable portion of UNDP support was directed to these areas. The main areas covered typically were training, development of procedures and manuals, and some support to developing participatory methods (see below).

(4) [Supporting people's participation](#). Several UNDP-supported projects were aimed at the promotion of participatory planning as part of local capacity-building activities or incorporated a programme of participatory development. These were found to be geared to satisfying essential needs and other objectives relating to SHD. As noted in chapter 4, the relationship of participation to decentralization is a key characteristic and prerequisite to good governance. However, the team found that the notion of participation alone could sometimes generate

misconceptions that community participation was equated with decentralization and local governance. Nevertheless, it also noted that in some post-conflict situations (e.g., in the Philippines and Uganda), the use of participatory processes had been very effective in securing the trust, cooperation and participation of the people in the communities.

(5) [Fostering social cohesion](#). UNDP won high praise in Uganda for its role in the peace-making process and in the post-conflict situations in both Mali and the Philippines. Both the Government and donors stated that this was a role that only a United Nations organization could have assumed effectively. In Mali and the Philippines, UNDP had adapted innovative approaches and solutions in supporting the development of peace and stability (e.g., community meetings in Mali, in partnership with Norway, and various participatory techniques in the case of the Philippines). In all five countries, UNDP had been active in fostering the promotion of human rights. In Thailand, a major project noted was the generation of a national agenda for good governance with civil-society participation, focusing on accountability, human rights, civic education and the rule of law.

(6) [Promoting gender and equity issues](#). In all five countries, the team found UNDP to have been somewhat active in gender and equity issues - areas that also contributed to social cohesion. In the Philippines, for example, the decentralization projects in Mindanao included specific components for women – particularly employment-generation opportunities through various cooperative ventures (a number of them were visited by the team). In Uganda, the constitution calls for 30 per cent representation of women in all elected bodies at both the central and local levels. In Mali, a project aimed specifically at promoting women included a component for educating and motivating women for active participation in the political processes, e.g., in local elections. UNDP, in Uganda as well as in some of the other countries, was noted to have been in the vanguard in the conceptual development of such cross-cutting issues as gender and equity.

The team made note of comments made by several interviewees that decentralization initiatives could also create certain inequities. For example, the downloading of social services from the central to local levels without corresponding financial resources could result in reduced service delivery. Also, the use of pilot districts for many initiatives created some short-term financial benefits for those pilot areas (in terms of, for example, external aid flows and related employment), with other areas not receiving any support (which has caused some jealousy or competition for these resources). Full decentralization (e.g., devolution, privatization, alternative services delivery) may also cause short-term job losses. In general, majority rule may sometimes result in some disadvantages for the losing minority. The team did not see any hard evidence of this nor did it have any time to look for evidence.

(7) [Building national ownership of programmes](#). In the countries visited, UNDP was effective in its efforts to contribute to the national ownership of some of the programmes and projects it had supported. In addition to the national execution (NEX) modality noted earlier, the main factors leading to this outcome were found to include:

- low funding levels, which reduced risks of dependency on external resources;
- low-key profile, which gave national counterparts a higher profile;
- innovative approaches, which encouraged learning and local initiative;
- participatory approaches, which encouraged greater buy-in and acceptance;
- capacity development, which encouraged sustainability of institutions;
- local revenue contributions, which encouraged a higher degree of commitment.

3.2 NOTE ON EXTERNAL FACTORS AFFECTING UNDP PERFORMANCE

Within the limited time available, the team could not explore in detail the underlying reasons or factors that might affect UNDP performance - either positively or negatively - in the delivery of its results or in the contributions made to national goals. In the preceding subsections of the present report, a number of internal organizational, management and methodological weaknesses have

been noted, and these are considered to exert negative effects on UNDP results (quality, timeliness, acceptance, impact). Clearly, the noted internal strengths would have a positive impact.

It was not within the scope of the present evaluation to look into issues of leadership or executive management at either the corporate or country-office levels as possible factors affecting performance. However, the team observed that other factors of an external nature were affecting the role of UNDP, its results and overall performance (see box 7). It recommends that UNDP look into such factors more closely when entering the decentralization and local governance areas. Depending on the country, external factors were seen to consist of one or more of the following.

Box 7. External Factors Affecting Performance

- (1) Increasing demand;
- (2) Increasing donor activity;
- (3) Donor and United Nations agency operational overlaps;
- (4) National bureaucratic resistance;
- (5) Capacity limitations;
- (6) Politics.

(1) Increasing demand. The first significant external factor that was seen to affect current and possibly future UNDP performance is the increasing demand for technical assistance and other forms of support to decentralized governance initiatives from the five programme countries. Many of the projects and programmes reviewed by the team were based on pilot approaches: tackling decentralization issues in a small initial set of local jurisdictions. Second, most of the initiatives reviewed addressed only a small set of functions and services to be decentralized to local levels. As these pilot, limited-scope projects and programmes expanded, there was seen to be corresponding major increases in demand for a wide range of types of support. This would cover capacity-building and other forms of support for the following: local government administrations; service delivery; addressing capacity issues within central government entities; addressing capacity and role issues within civil society and the private sector; policy dialogue and strategic planning; and other areas.

(2) Increasing donor activity. The increasing demand from programme countries for support in these areas was noted to be having an impact on the donor community. There were definite signs that different donors, if not directly competing with one another, were certainly being aggressive in capturing national attention to secure commitment and cooperation in governance initiatives (including decentralization and local governance). In most of the countries visited, many of the interviewees (including donors) commented on the fact that governance was the growth area, and more donors were re-allocating resources to this area. This competition was noted to occur at the upstream policy dialogue and advocacy levels as well as at the operational levels.

(3) Donor and United Nations agency operational overlaps. Related to the above factor, the more that donors are active in a project or programme – especially at the local level – the greater the chance for duplication, overlap and general confusion. This aspect is covered in more detail in the next chapter, but multiple donor activity in common operational areas (e.g., in the same district) has been observed to have a negative impact on the performance of not only the donors involved but also the programme's national participants.

(4) National bureaucratic resistance. As noted in chapter 3, the greater the magnitude and direction of change envisaged in an initiative, the greater the potential of resistance, from different levels. The team observed several instances of significant resistance at the central levels of government impeding the direction and flow of decentralization to local levels (e.g., in Thailand and Uganda). Resistance, if not properly managed, can impede significantly the progress and success of decentralization initiatives, including UNDP support to such initiatives. Unmitigated resistance also adds to costs and other inefficiencies.

(5) Capacity limitations. Despite the availability of funds and the readiness of programme countries and donors carry out decentralization initiatives, the often severe capacity limitations within national execution and implementation agencies seriously impede the performance of donors and programme countries alike. The team observed that there generally was an insufficient understanding on the part of both UNDP and programme countries of which types of capacities are required to develop, design, implement and sustain decentralization and local governance initiatives. Even in recognizing capacity limitations, the support initiatives that are mounted to develop capacities are often poorly designed and executed (focusing inordinately on training) simply because the real needs are not well understood.

(6) Politics. Governance and decentralization initiatives are by their very nature political: they respond to and raise fundamental questions about the role of government (and other sectors of society) and strike at basic issues of power distribution. Often the push and pull factors of decentralization are wrapped up in formal political-party platforms. The potential of political misalignments is there. Poor understanding of the political landscape could result in failed and inappropriate projects or in projects (and associated funding) being hijacked for internal political purposes. This issue could be especially sensitive at the local levels in terms of political power groups emerging as a result of a conflict between democratic decentralization and traditional power structures and institutions.

3.3 COMPARATIVE ADVANTAGES

In all five countries visited, the evaluation team observed that UNDP enjoyed a relatively favourable reputation and is recognized as the principal funding organization and chief coordinating agency within the United Nations system. This reputation covered the whole area of its programming and was not limited to the specific field of governance and decentralization.

UNDP also benefited from its status as a United Nations organization and consequently from the United Nations' reputation as a neutral, impartial institution. Many interviewees stressed that UNDP was not considered to be a foreign donor and partner Governments appreciated the fact that UNDP did not wish to impose an external political agenda. This was found to fit well with the view of the broadness and cross-sectoral nature of the UNDP mandate, which generally was found to have given it a comparative advantage over other United Nations organizations that push for particular sectors or constituencies.

In examining the UNDP comparative advantages (see box 8), it was found that the organization was generally perceived as being closer to the partner Government than to civil society or the private sector. The people the team interviewed (e.g., UNDP counterparts and project personnel) were mainly public servants and not representatives from the private sector (hardly any) or civil society (very few). Thus the team's findings are heavily influenced by the views of government officials. The team found generally that in recent years, country offices have sought to strengthen their relationships with civil society and the private sector and more experience with these sectors of society may uncover or help to develop different strengths and contributions.⁸

Box 8. Comparative Advantages of UNDP

- (1) **Neutrality and goodwill;**
- (2) **Country presence;**
- (3) **Innovation and risk-taking;**
- (4) **National execution policy;**
- (5) **Access to international know-how;**
- (6) **Independence and objectivity;**
- (7) **Corporate-level research and development;**
- (8) **Grant assistance and flexible procedures.**

⁸ However, it should be borne in mind that SHD can be achieved only within the national socio-economic and legal system and that, in general terms, this framework can be provided only by the Government.

(1) [Neutrality and goodwill](#). UNDP is considered a neutral donor, not pursuing any political, commercial or other interests except those that stem from its mandate as a United Nations organization and its support of national development priorities. UNDP is usually not seen as a foreign donor by national governments but rather as a facility in which the country has its stake. This does not mean that UNDP is apolitical or standing apart from political issues. Indeed, its advocacy of decentralization and local governance is a political stand, and it quite openly sees the process as a significant means of attaining SHD. As part of the United Nations system, UNDP goodwill was found to have provided a basis for increasing trust on the part of the programme Governments, NGOs and research and academic institutions that are involved in governance and public-sector management issues. However, the team generally found that this aspect of trust was more a function of the personalities involved.

(2) [Country presence](#). Another advantage enjoyed by UNDP in the countries visited is the long-term presence of the country offices, which have been in place for several decades, in most cases since the 1960s. This presence has enabled the country offices to develop an institutional memory and corporate understanding of the historic development of the countries concerned. This clearly strengthened their capacity to identify the positive features of long-term national policies and how they could best be supported by the programme activities of UNDP itself. This strength is even more appreciated in such cases as Mali, where UNDP had supported the process of decentralization from the very beginning. Some country offices had been able to translate opportunities associated with a strategic national situation into a key area of programme support. In the words of a Thai senior government official, UNDP was “... *in the right place, at the right time and with the right concepts*” with respect to Thailand’s new People’s Constitution and the policy shift to decentralized governance, people-centred development and the implementation of participatory development processes.

(3) [Innovation and risk-taking](#). In some cases, UNDP was found to have adopted innovative approaches in supporting decentralization and local governance, including the taking of some calculated risks. Examples were the use of pilots in implementation where certain approaches (e.g., public participation) needed to be field- tested. Another special example of note was the entry of UNDP in designing Uganda’s District Development Project, where a substantial proportion of programme resources was put aside to support initial concept development, planning and a wide range of consultations. It was being there that permitted UNDP to support a number of initiatives, such as those resulting from the forging of the Mindanao peace agreement in the Philippines. This response to such historic opportunities should not be dismissed as a product of mere luck because the ability to move strategically required a certain vision and reasonable level of capacity for quick action.

(4) [National execution policy](#). It was generally felt that the UNDP policy on the national execution (NEX) modality contributed to the national sense of ownership, which in turn generated higher degrees of commitment on the part of programme countries to UNDP-supported initiatives.

(5) [Access to international know-how](#). As a multilateral body within the United Nations family, UNDP was felt by many of those interviewed to have the potential to access the most appropriate expertise, equipment and approaches, irrespective of national origin. According to the team, the nationalities of experts and advisers engaged by UNDP tend to have been neutralized by their affiliation with the organization. Some of those interviewed felt that its worldwide experience gave UNDP the potential for the global sharing of lessons learned, in the design and implementation of projects, for example. However, as noted elsewhere in this report, UNDP often did not live up to its potential in accessing international know-how and expertise. In general, it was also noted that, while experts and advisers are recruited from a variety of countries, their loyalty to the international organization superseded their national interests and they were effective in following an international agenda.

(6) [Independence and objectivity](#). The team found that UNDP is generally perceived by programme countries to be relatively more independent and objective compared to bilateral donors. This provided some assurance to the programme country that UNDP inputs, especially

in terms of advice and expertise, have less likelihood of being tied to proprietary approaches, solutions and methodologies. This perception of UNDP objectivity and independence was found to lead to other positive consequences: (a) it encouraged the Governments and others with whom UNDP interacts to be more likely to value its opinion and advice; (b) other donors indicated a higher degree of willingness to coordinate their efforts and to cooperate with UNDP; and (c) UNDP had a greater potential to engage successfully in politically sensitive interactions. This is especially significant for UNDP initiatives in the field of decentralized governance since they are traditionally considered to be sensitive and inappropriate for foreign inputs.

(7) [Corporate-level research and development](#). At the corporate level, the team found that organization's development of policies and carrying out of research in the areas of governance and decentralization to have been a comparative strength in all of the countries visited. The governance policy of UNDP was formulated in 1997. Since 1998, UNDP has been investing in the development of substantive tools to put into the hands of country offices. So far, MDGD has developed and distributed or made available at its Management and Governance Network (MagNet) web site the following: a monograph of 60 experiences of decentralization, including a preliminary conceptual chapter; nine case studies on participation and decentralized governance and a synthesis paper; various other documents and papers on decentralized governance and linkages to other sources, institutions and web sites; and a technical paper and a conference paper on local governance.⁹

UNCDF has produced two policy documents: (a) the 1995 policy paper, which explicitly argues for the UNCDF comparative advantage in local governance support and setting up of policy-relevant pilot projects; and (2) the 1999 policy paper entitled Taking Risks, which builds on the 1995 paper, further underlining the UNCDF niche in local governance and lessons learned since 1995.¹⁰ A related aspect found by the team was a certain degree of positive corporate backstopping provided by certain units such as UNCDF. Much of the research and analysis work carried out by the UNCDF headquarters unit proved useful in the field and this unit was observed to provide good support to the UNDP/UNCDF projects in Mali and Uganda. These relationships were seen to be most appropriate in these least-developed-country situations. The higher capital funding levels of UNCDF were also noted to add considerable financial strength to the UNDP/UNCDF projects in these countries.

(8) [Grant assistance and flexible procedures](#). Some interviewees commented that the grant nature of funds contributes to the attractiveness of cooperation. However, most programme countries also expressed concern that the low levels of funding did not allow UNDP to become substantively involved in many initiatives (see below). To be fair, some view this low level of UNDP funds positively - as an incentive to become more self-reliant and for country offices to mobilize and seek other donors for worthy projects. Similarly, many of those interviewed (especially at the central government levels) felt that UNDP rules and procedures were comparatively relaxed and flexible compared to those of other donors.

⁹ Additionally, there are a number of ongoing monitoring and thematic-assessment exercises for which results are anticipated shortly. It is expected that these and additional research and substantive tools will merge into a methodology that could be used to guide countries in their efforts to decentralize and UNDP country offices in their support to such countries. The team was also informed that MDGD participates in a number of forums and networks as part of its research and analysis role. These include:

- International Workshop on Decentralization and Rural Development, Rome, 1997;
- Japan International Cooperation Agency (JICA) International Workshop on Decentralization and Local Development, Tokyo, 1998;
- United Nations Centre for Regional Development (UNCRD) International Workshop on Governance, Nagoya, 1998;
- Donor Discussion Group, 1998 - ongoing electronic discussion group started by UNDP with nine other donors;
- West African Conference on Decentralized Governance, Gambia, 1999;
- World Conference on Governance, Manila, 1999;
- Governance Global Resource Network (GGRN), 1999 - ongoing global, electronic discussion group on governance.

¹⁰ As a small United Nations capital funding agency, UNCDF is well placed to fund risky/innovative, policy-relevant activities at the local level, which can yield lessons for the how-to of decentralization and upstream policy. The noted policy papers also clearly state the need for UNCDF to be working more closely with UNDP to ensure upstream advocacy and to exploit respective comparative advantages.

3.4 COMPARATIVE DISADVANTAGES OR WEAKNESSES

Some features have also been seen as embodying weaknesses or comparative disadvantages of UNDP (see box 9). To be sure, the major weakness noted primarily by country offices was the limited levels of programme and administrative funding. However, the team found that there were a number of other internal management and organizational weaknesses at the country level that impaired the overall effectiveness and delivery of support.

Box 9. Comparative Disadvantages of UNDP

- (1) Low funding levels;
- (2) Insufficient corporate backstopping;
- (3) Low visibility and profile;
- (4) Weak strategic management capacities;
- (5) Inadequate information-management capacities;
- (6) Problematic use of concepts and terminology;
- (7) Mixed quality of UNDP outputs.

(1) **Low funding levels.** The relatively low (and declining) levels of funding of UNDP, especially compared to other donors, were aired as a criticism in all the countries visited. There has been a tendency to shrug this off as an unsolvable problem since UNDP as a whole has a lower budget than other donors and depends on annual contributions from Member States that are often subject to annual fluctuations. The team noted instances of delays in the start-up of projects, late recruitment of experts and, in at least one instance, the budget reduction of an ongoing project. This raised questions about the quality of its financial planning and management, ironically a capacity it is trying to inculcate in many of its projects. Low funding levels added to an impression on the part of programme countries of the limited and possibly declining ability of UNDP to take on a leadership role or to influence programme implementation. This problem is compounded by the fact that limited resources were often spread thinly over many areas, thus diluting effectiveness in any one area.

The team would like to offer a different perspective on the issue and relate it to the need to enhance the strategic presence of UNDP in a country. Given low UNDP resources overall, the team believes that UNDP must make explicit decisions on what its areas of emphasis should be and then focus its resources on these few areas of commitment. Governance has been chosen as a centrepiece programme in the country offices visited, and the team did not see any dramatic jump in decentralization and local governance funds since the 1997 policy announcement. Nevertheless, there remains the tendency to have perhaps too many projects and simply to recognize or add on a governance or decentralization component to a broadly designed country programme. What appears to be needed is greater focus and targeting of limited resources on specific issues.

(2) **Insufficient corporate backstopping.** Despite the noted corporate-level strength of UNDP in the area of decentralized governance research and development, UNDP staff members in all of the countries visited reported that they received little support from headquarters in the field of decentralization. They recognized the high caliber of staff and intellectual resources in New York and regional offices, but these did not seem to be available for internal backstopping at the country-office level. Some noted that headquarters-level resources may be spread too thinly (a problem not only at the country-office level). The country offices noted that the need was not so much in the sharing of theory as it was in the timely - and regular - sharing of experiences on decentralization and local governance, what has worked in some contexts and why.¹¹

(3) **Low visibility and profile.** It was found that UNDP generally maintained a low profile in the programme countries visited. The team was informed that this was often intended so that the

¹¹ It should be noted that in 1997 and as a consequence of the 2001 change management exercise undertaken by UNDP, it was decided that the Bureau for Development Policy would focus its efforts on policy development rather than direct country-office support. Even so, the team was informed that MDGD had maintained substantive relationships with a select number of countries receiving substantive support and that MDGD was getting feedback to enhance its policies (none of the five countries evaluated are among this group). This trend is expected to continue evolving with the new directions drawn by the Administrator in his recent business plans, where policy units will have more opportunities to support pilots and to generate learning from monitoring operational activities. The evaluation team has noted elsewhere the importance of downstream operations (including programme design and pilot and monitoring activities) as an essential factor in strengthening upstream service and capacity to provide strategic advice.

Government and other stakeholders might take on the ownership of the supported projects more seriously. While there may be some benefit in this humility, the team noted that in at least two countries, an excessively low profile could be carried too far. In Guatemala, for example, it was noted that UNDP was not recognized as having professional expertise and few were aware that UNDP considered decentralization as one of its major thematic concerns. In Mali, few of those interviewed outside of the Government seemed to associate UNDP with the excellent work of the Mission for Decentralization that it had been ably backstopping. The point here may not be to grab credit but rather that too much anonymity could limit UNDP effectiveness in advocacy and policy dialogue in both the programme country and in the donor community.

(4) [Weak strategic-management capacities.](#) In most countries visited, it was found that UNDP had not entered the areas of governance and decentralization in a strategically managed way. There did not seem to be any long-term vision for UNDP activities in the governance sector. Many of the projects at the country level did not appear to be well coordinated nor did they seem to fit into any concrete, integrated strategy for UNDP support in these areas. In addition, it was found that there were inadequate formal, ongoing monitoring, evaluation and feedback mechanisms. No evidence was found in any of the countries visited of UNDP having assessed the broader and longer-term demands for support to decentralization or (local) governance or of UNDP determining priorities for support that would be consistent with its limited funding resources.

Without a proper assessment of the long-term needs for support, current initiatives were found to have underestimated (a) the *complexity* of the decentralization process, (b) the *time lines* required for implementation, (c) the mixed and varied *expectations* with respect to decentralization and local governance, and (d) the significant *resources* required to develop related capacities. As a result, it was found that the current approaches, if continued, could run the risk of trivializing the decentralization challenges and of mismanaging expectations for delivery on the part of both UNDP and national organizations.

(5) [Inadequate information- and knowledge-management capacities.](#) Related to the above issue is the fact that the team found a general weakness in the use and management of information and knowledge resources at the country-office level. This weakness constitutes a further impediment to the elaboration of any strategy or programme for the subsector. In addition, in the local office, there does not appear to be a readily accessible, organized information base on governance and decentralization (in terms of publications, including periodicals and newsletters, other documents, facilities to access external information resources or access to other sources of expertise).

This observation was strengthened by the comments of some interviewees that UNDP at times was unable to respond to government requests for specialized information or inputs on governance and decentralization. The UNDP subregional resource facility (SURF) system was not well known or generally not used by the country offices (or is perhaps not well adapted to the needs of the country offices). This in turn impeded the learning process internally and, by extension, the learning processes of national participants in the subsector.

(6) [Problematic use of concepts and terminology.](#) As noted earlier in this report, one of the comparative strengths of UNDP is its policy on and support for governance and decentralization. However, the team found that this strength applied only to UNDP development of definitions and concepts of governance and decentralization at a higher or general level and that there were, in practice, some weaknesses in applying the concept in some national contexts. For example, in Thailand, some of the interviewees in government admitted that they did not have an understanding of governance even though good governance was high on the policy agenda. Some interviewees commented that the use of terms in project documents and other publications (e.g., "transparency", "governance", "holistic", etc.) caused confusion and required considerable time and effort to translate into the local language and culture. Project design, local and regional events (e.g., workshops and seminars), the use of study tours, etc. and general UNDP dialogue

with programme countries did not, perhaps, factor in the effort and sensitivity required to adapt such difficult western concepts to the national contexts or to take into account the local culture.

(7) [Mixed quality of UNDP outputs](#). Several comments were made to the team by some senior officials that the quality and timeliness of some UNDP inputs to projects were not satisfactory. This was measured in terms of the following: the qualifications and performance of some international experts (who were perceived by some interviewees as not having appropriate expertise in the subsector), advice on governance and decentralization issues, lack of sensitivity to and understanding of the national situation, and slowness in responding to requests for specific technical-assistance inputs and support.

Those interviewed noted that the reasons for reported suboptimal performance by UNDP in these areas varied, e.g., inadequate mutual understanding of a particular need, inadequate terms of reference, poor management of the inputs, inadequate backstopping and support from UNDP headquarters and regional levels, poor procedures for the selection and recruitment of experts and advisers, bureaucratic delays by both the Government and UNDP, and allocation of inadequate time and financial resources to a particular task.¹² The poor or mixed quality of performance, whether real or perceived, was noted to diminish the UNDP image of both its professionalism and its expertise.

¹² Most country offices expressed some concern over the quality, responsiveness and timeliness of support from such entities as the United Nations Department of Economic and Social Affairs (UNDESA) and the United Nations Office for Project Services (UNOPS).

CHAPTER 4. OBSERVATIONS ON CONCEPTUAL ASPECTS OF DECENTRALIZATION AND LOCAL GOVERNANCE

*“One of the most critical prerequisites to translate decentralization from theory to practice is a clear understanding of the concept. To be able to better envision what decentralization means, how best it can be planned and implemented, what its intricacies are, and how its challenges can be overcome, development practitioners should be equipped with appropriate tools which could provide an analytical knowledge of decentralization from a conceptual viewpoint accompanied by real and field-tested examples of the concept in practice.”*¹³

4.1 DEFINITIONS AND THEIR OPERATIONAL MEANINGS

The purpose of this chapter is to present the team’s general observations on the key terms and concepts associated with decentralization and local governance as the team has found them in practice in the countries examined.¹⁴ The evaluation team was also asked to examine the draft UNDP framework for decentralized governance as it may apply to UNDP support to decentralized governance initiatives. Some of these key underlying principles are also explored here since they form an important backdrop to the evaluation.

The various UNDP publications and the literature show that decentralization and local governance are complex concepts that have different meanings or interpretations in practice. The results of this joint evaluation support the contention that decentralization is a complex term with no single or commonly accepted *applied* definition. However, the *fundamentals* associated with decentralization and local governance were very nearly consistent from country to country and from donor to donor. The team observed that decentralization was not so much a theory as it was a common and variable practice by national Governments to achieve objectives associated with a diverse array of political, governance, service delivery, economic development and public-sector management reforms.

In the literature, it appears that comparatively more thought has been given to governance in general rather than to *local* governance. As a consequence, the different concepts of decentralization and local governance as defined by UNDP and the programme countries are generally compatible but not always consistent. The linkage of the UNDP concept to the practice of decentralization and local governance appears to be weak. This may be an indirect consequence of the multitude of written materials on the subject, of the inherent complex nature of the topic, and/or of the fact that it is still evolving. The team explored some of these complexities as follows.

¹³ UNDP, *Decentralized Governance Monograph: A Global Sampling of Experiences*, MDGD, April 1998, p. 6.

¹⁴ In support of this task, the evaluation team prepared a separate report, based on bibliographic research, documenting the various meanings of decentralization. Descriptions of decentralization were drawn primarily from recent UNDP reports and publications and from a selection of other documents from the World Bank and other sources. The literature and other sources on decentralization are vast. There exist numerous documents on decentralization in the donor domain alone (e.g., project documents, evaluations and reviews, etc.). If decentralization were broadened to incorporate such concepts as devolution, alternative services delivery, privatization and so on, then the resource base on the subject would undoubtedly be massive. It should also be noted that most of the bibliography, writings and publications - with the exception of some of the more recent ones - refer to theoretical and conceptual issues and not to empirical data on decentralization practices across the world. Empirical evidence from developing and transitional economies is hard to come by this early in the game. Not only have the majority of developing countries that have been decentralizing been doing so only lately but also, conditions under which these countries are undertaking their efforts have been influenced by such recent trends as globalization and democratization, whose impact is not yet fully understood.

Decentralization was seen in all countries evaluated as an indispensable instrument for development policy and not as an end in itself. However, the team also observed from the countries visited that centralist tendencies prevailed at many levels and in many branches of central government administration. Typically there was an observed reluctance on the part of central authorities to assume their new roles of policy and guidance as opposed to those of administration and control. This was manifested in a difference in views of capacities at the central and local levels: on the one hand, many central authorities (usually ministries responsible for local government, finance and planning) stated that they were reluctant to delegate too much (financial authority) owing to serious capacity limitations at the local levels; on the other hand, local authorities would often complain that central authorities were simply unwilling or resistant to giving up power and territory.

The team found that the definitions of "decentralization" and "local governance" depended primarily on context: the country involved, culture and societal traditions, reasons and objectives, forms and scope of decentralization, level of geographic application, linkages to other reform-agenda items, among other considerations. Such terms as "decentralization", "decentralized governance" and "local governance" should first be seen as deriving from or being linked to basic concepts of [governance](#) (see box 10).¹⁵ To deal with what might appear as the more straightforward term, the team would see [local governance](#) defined as the exercise of economic, political and administrative authority to manage a country's affairs at the local level.¹⁶

Box 10. UNDP Definition of Governance

UNDP defines governance as "... the set of values, policies and institutions by which a society manages its economic, political and social affairs through interactions among the government, civil society and private sector. It is the way a society makes and implements decisions - achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. Its rules, institutions and practices set limits and provide incentives for individuals, organisations and firms."

Source: UNDP, MDGD, Governance for Human Development, draft.

The degree of local economic, political or administrative authority may be set out in a constitution (e.g., in Mali, Thailand, Uganda), and/or it may be articulated in other types of new, and often amended, rules (e.g., legislation, decree, administrative procedure, regulation). According to this definition, local governance may be seen as a *system* that is in place or to be achieved. On the other hand, the team found that the term *decentralization* more broadly defines a *process* by which a greater degree of autonomy or independence from central government is achieved - to shift or achieve some balance of authority or power between the central and local levels. It was not the team's objective to redefine the meaning of decentralization; the team has therefore generally used the definitions developed by UNDP and other organizations

that are active in the field. The definition presented in box 11 is about as good as any that the team has found.¹⁷

¹⁵ This definition of governance is extracted from Governance for Human Development, the draft strategy paper that is currently being finalized by MDGD.

¹⁶ UNDP recently defined [local governance](#) as referring "... to systems (formal and informal) of managing a community's affairs at the local level. Such systems have been in existence from pre-tribal times and continue to exist with varying levels of quality, integration with other levels and impact on the local population. Examples include clan or community leadership-councils, village or neighbourhood councils, local government, etc." (Extracted from an internal MDGD paper)

¹⁷ From: UNDP, MDGD, [Decentralized Governance Programme: Strengthening Capacity for People-Centred Development](#), September 1997, p. 4.

Box 11. What Decentralization IS

“... Decentralisation is considered by UNDP as part of the overall governance system of any society. It is the process by which authority, responsibility, power, resources and accountability are transferred from the central levels of government to sub-national levels ... Conceptually, decentralisation relates to the role of, and the relationship between, central and sub-national institutions, whether they are public, private or civic. Improved governance will require not only strengthened central and local governments but also the involvement of other actors from civil society organisations and the private sector in partnerships with government at all levels.”

Source: UNDP, MDGD, Decentralized Governance Programme: Strengthening Capacity for People-Centred Development, September 1997, p. 4.

Decentralization is often seen by its advocates as a *reactive* measure, in part to achieve stability in post-conflict situations (e.g., in Guatemala, Philippines-Mindanao, Uganda); to counteract excessive centralization (in Uganda); to serve as a solution, in part, to economic downturn (in Thailand); or a combination of like factors. As much as it is important to define what decentralization is, it is also important to define what it is *not* (see box 12).¹⁸

Box 12. What Decentralization is NOT

“... An alternative to centralization: Decentralization is not an alternative to centralization. Both are needed. The complementary roles of national and sub-national actors should be determined by analyzing the most effective ways and means of achieving a desired objective. For example, a national road system should be designed with both local input and national coordination. Foreign policy should be a national function based on the views of the citizenry ... In designing a decentralization strategy it is imperative that such an analysis be done.”

“... Exclusively public sector reform: Decentralization is much more than public sector, civil service or administrative reform. It involves the roles and relationships of all of the societal actors, whether governmental, private sector or civil society. The design of decentralization programmes must take this into account. This is why UNDP prefers the use of the term ‘decentralized governance’ rather than the term ‘decentralization’.”

Source: UNDP, MDGD, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centred Development, February 1998, p. 1.

Another term introduced during the course of the evaluation – *decentralized governance* – is perhaps distinct from local governance. Again, the team relied on the UNDP definition to guide understanding of decentralized governance, viz. *“... Decentralised Governance refers to a local governance system to which fundamental functions, appropriate resources and clearly identified responsibilities are present at sub-national levels with linkages between the levels. Such a system applies the good governance principles and works towards achieving SHD.”*¹⁹

¹⁸ UNDP, MDGD, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centred Development, February 1998, p. 1.

¹⁹ UNDP, MDGD, Decentralized Governance Programme: Strengthening Capacity for People-Centred Development, September 1997, p. 4.

This, then, raises the need to link these key terms:

“... UNDP uses the term ‘decentralizing governance’ as it firmly believes that decentralization of the public sector, in itself, will not be effective unless support is also provided to strengthen local governance, involving the public, private and civil sectors. And, in turn, the achievement of good governance at the local level is also not possible without the transfer of responsibilities and capacities through decentralization.”²⁰

In the countries visited, decentralization and decentralized governance were not often explicitly linked to broader governance programmes or to imperatives or programmes targeting public-sector management reform.²¹ As measures of decentralization were implemented, the supporting local-level systems and procedures, personnel management, methods of service delivery, budgeting and planning and so on were developed primarily by central authorities (with local participation). Such systems and procedures often did not factor in opportunities for innovations in modern public administration and management.

4.2 FORMS OF DECENTRALIZATION

According to the UNDP interpretation, decentralization takes a number of different forms, or combinations of forms, depending on the country, the reason and objectives. Much depends on what it is that is being decentralized. Box 13 contains a list of the key forms of decentralization defined by UNDP.²² During the country visits, the team found very few examples of devolution as defined by the organization. In fact, most forms of decentralization practiced by the countries visited were of the delegation and deconcentration varieties (and, in some cases, the contracting out of some functions to the private sector).

The team considered these forms to be primarily of the administrative decentralization variety. To be clear on this, while a number of decentralization initiatives were classified by UNDP and the governments involved as devolution, the reality or practice was a continuing (and sometimes high) degree of central control - usually effected through fiscal management and legislative and regulatory means.²³

The team found that the question of degree of devolution (or not) is related to the level of autonomy that is being exercised by the local government units to whom power is being devolved. Most of the local government administrations were seen to be not very autonomous, at

²⁰ UNDP, MDGD, Decentralized Governance Monograph: A Global Sampling of Experiences, April 1998, p. 6.

²¹ It has been noted by UNDP that, while in some countries decentralized governance is part of an overall reform package, in most, it is still not perceived as such. The integration of the two and the comprehensiveness of the approach are important but not always perceived as such by Governments, which prefer the gradual approach. While the comprehensive, integrated approach requires significant political commitment and other conditions not always easily available, the gradual approach affords Governments opportunities to experiment operationally with what works and to modify their approach as they learn from their mistakes.

²² UNDP, MDGD, The Impact of Participation in Local Governance: A Synthesis of Nine Case Studies, draft report, Decentralized Governance Programme, 14 January 2000, pp. 5-7.

²³ In the recent publication by UNCDF, *Taking Risks: Background Papers* (September, 1999, p. 168), the terms "devolution" and "local government" are expanded as follows: "... this represents a stereotype ... to which, in reality, no local government will ever fully correspond, even in Western liberal democracies, but which provides a useful framework for assessment and for comparison over time and between countries. Briefly, these features are: a democratically representative and autonomous political authority; a clear mandate to provide a range of significant services; body corporate status, with ability to sue, be sued, enter into contractual arrangements, hold a bank account and employ staff; control of or access to local executive and technical staff; access to adequate funds, control of its own budget and accounts and the ability to raise its own revenue; the ability to make and enforce local bylaws. These features are seen as key to achieving efficient and locally accountable service provision and the related benefits of democratic governance."

Box 13. Forms of Decentralization Defined by UNDP

“Political Decentralization: This normally refers to situations where political power and authority have been decentralized to sub-national levels. The most obvious manifestations of this type of decentralization are elected and empowered sub-national forms of government ranging from village councils to state level bodies. . . Devolution is considered a form of political decentralization.

- **Devolution:** Devolution refers to a full transfer of responsibility, decision making, resources and revenue generation to a local level of public authority that is autonomous and fully independent from the devolving authority. Units that are devolved are usually recognized as independent legal entities (such as municipal corporations) and are ideally elected (although not necessarily).

Administrative Decentralization: . . . aims at transferring decision making authority, resources and responsibilities for the delivery of a select number of public services from the central government to other lower levels of government, agencies, field offices of central government line agencies. . . It is the accountability factor that differentiates the major types of administrative decentralization.

- **Deconcentration:** transfers authority and responsibility from one level of the central government to another while maintaining the same hierarchical level of accountability from the local units to the central government ministry or agency which has been decentralised. Deconcentration can be seen as a first step in newly decentralising governments to improve service delivery. . .
- **Delegation:** redistributes authority and responsibility to local units of government or agencies that are not always necessarily branches or local offices of the delegating authority. While some transfer of accountability to the sub-national units to which power is being delegated takes place, the bulk of accountability is still vertical and to the delegating central unit.

Fiscal Decentralization: Cutting across all forms of decentralization, some level of resource reallocation is made to allow local government to function properly. . . Arrangements for resource allocation are usually negotiated between local and central authorities and they are dependent on several factors including concerns for interregional equity, availability of central and local resources and local fiscal management capacity.

Divestment or Market Decentralization: This form . . . is done in favor of non-public entities where planning and administrative responsibility or other public functions are transferred from government to voluntary, private, or non-governmental institutions with clear benefits to and involvement of the public. This often involves contracting out partial service provision or administration functions, deregulation or full privatization.”

Source: UNDP, MDGD, The Impact of Participation in Local Governance: A Synthesis of Nine Case Studies, draft report, Decentralized Governance Programme, 14 January 2000, pp. 5-7.

least at their current stages of development (e.g., in Uganda and less so in the Philippines); dependence on the centre remains strong in both cases. Devolution has traditionally been applied to the transfer of powers to local government units (or elected bodies, generally) and thus the assumption of autonomy because, if anything, the local authorities are now directly accountable to the people.²⁴

²⁴ From a broader perspective, UNDP has pointed out that devolution or fully decentralized governance includes some level of autonomy not only because of the transfer of power to local authorities that are directly accountable to the people but also because a reasonable level of fiscal and managerial autonomy is achieved. This is not to mean that such autonomy will not require other obligations on the part of local authorities in terms of this relationship with the central level (and other levels) of government. An integrated approach to development will continue to be needed and a high level of

Delegation has been applied to the transfer of powers (or more correctly, functions) to entities that are neither local governments nor field units of the central government - usually public enterprises, development authorities and the like. Sometimes, "delegation" is also the term applied to the transfer of functions to non-State agencies such as NGOs. They are semi-autonomous because no matter how well they perform the job, they will continue to derive their power from the central government, and their accountability is to it and not to the people. In Uganda and the Philippines, the process may be seen as that of quasi-devolution or leading to devolution, no matter how imperfect.

Political or democratic decentralization was observed to be an important dimension of decentralization as practiced by a number of the countries visited.²⁵ For example, in the post-conflict case of Uganda, the government has pursued a vigorous decentralization policy involving substantial devolution of powers, functions and responsibilities to popularly elected local governments. The choice of devolution as the main plank of Uganda's decentralization policy was dictated by the need to institutionalize the revolutionary changes implied by the system, which was also congruent with the objectives of broadening political participation and improving social service delivery. Again, however, the current implementation of devolution in the Uganda case appeared to be more the administrative-decentralization variety - perhaps the first step in a longer-term process of true devolution.

In the case of Thailand, the team found that decentralization was being implemented as a major component of the national governance programme wherein the two highest priorities were the combating of corruption and the instituting of more transparent decision-making. It also noted that decentralization in that country was very much linked to democratization processes. In Mali, the need to connect local leadership with national-level responsibility was foreseen, and this was done through the creation of the *Haut Conseil des Collectivités*, whose constitutional status is intended to be stronger than that of the usual associations of mayors or leagues of local governments.

Decentralization- however narrowly defined in practice - was significantly constrained by a lack of, or lags in, *fiscal or financial decentralization*. It was the team's general observation that the functions and services delegated to local authorities were hampered by excessive central control over financial resources, by impediments to the ability of local authorities to raise their own revenues (tax), by various forms of bureaucratic resistance, or a combination of such factors.²⁶ Furthermore, it also appeared in some instances that decentralization was being used to off-load

vertical (between levels of government) and horizontal (across sectors and actors) coordination will be required. As such, UNDP does not see decentralization as an alternative to central government but rather a complement to it.

²⁵ The team found the following quotation to be particularly relevant to its findings on political decentralization: "... Not only has the over-concentration of business and political power been a problem in holding back worldwide economic development, it has also helped foster corruption and dictatorship. A century ago, the British political commentator Lord Acton noted that power corrupts, absolute power corrupts absolutely. This maxim has been demonstrated all too frequently. Indeed, much of the recent emphasis placed on the strengthening of local governance has been motivated by a desire to break the grip of sometimes quite corrupt national bureaucracies on the development process. Indeed, in many cases, the single most important rationale for the strengthening of systems of local governance is the need to disperse the monopolization of power that is held by many national governments ... It is critically important to ensure the existence of a system of multiple checks and balances on the exercise of political power. In that respect, the single most important form of checks and balances in any society is the dispersal, or fragmentation, of political power. Without question, the creation of strong regional and local governments is critical to that development." Extracted from the United Nations, Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996 (St/Tcd/Ser.E/46), p. 11.

²⁶ The dangers of excessive central financial control have long been recognized: "Centralizing the administrative and financial functions within central control agencies tends to work contrary to the public interest. The allegiance of the administrators themselves must, if only for career advancement purposes, lie with the central agency and not with the agency that they are to serve". Crerar, A. D. and M. L. Kelly, "Managing for Failure and Alternatives for Managing Success", *Journal of the Institute of Public Administration of Canada*, Vol. 29, no. 1, 1986.

or download functions and service-delivery responsibilities from the central to local levels without effective corresponding authority and financial and personnel resources.²⁷

In the review of the literature and evaluations at the country level, the team uncovered a number of other definitions of decentralization, most of which are variations on the main UNDP definition. However, some interesting interpretations were found, e.g., asymmetric decentralization, inadvertent decentralization, alternative services delivery, and sectoral decentralization. The reader is referred to the team's separate report, Definitions of Decentralization, that was prepared as part of the present evaluation.

4.3 SELECTED CHARACTERISTICS OF DECENTRALIZATION

There are a number of underlying principles and characteristics commonly associated with the concept and operational meaning of decentralization or decentralized governance (see box 14). The team's general observations on some of these follow.²⁸

Box 14. Selected Characteristics of Decentralization

- (1) **Subsidiarity;**
- (2) **Accountability;**
- (3) **Participation;**
- (4) **Ownership;**
- (5) **Expectations;**
- (6) **Strategic vision;**
- (7) **Sustainability.**

(1) **Subsidiarity.** The principle of subsidiarity was generally applied in the country-level decentralization initiatives that the team examined.²⁹ However, as noted in the preceding subsections, meaningful subsidiarity was in most cases diluted through varying means of continued State and central-level control. The team found that subsidiarity was weakened by inadequate attention to economies of scale in the decentralization of certain functions to appropriate tiers of local administration or clusters thereof (e.g., a group of towns or villages in close proximity to one another).

Very much related to the above is the team's observation that most decentralization initiatives paid little attention to the role of the private sector. This was surprising, given that it is generally held that the private sector, in a supportive enabling environment, is the productive sector, where most investment is made and generated, where most wealth and jobs are created, and, ultimately, where the goals of poverty alleviation and SHD are or can be achieved.

(2) **Accountability.** The question of meaningful accountability at either the central or local level was raised during the course of the evaluation. Clear-cut accountability and division of roles and responsibilities are key elements of decentralization. A common concern voiced to the team by

²⁷ The team was informed that, based on global UNDP experience, central governments often use weak local fiscal capacity as an excuse not to fulfil their responsibilities for fiscal transfers and as such contribute to arresting a potentially successful decentralization initiative. Offloading responsibilities from the central government to local authorities without transferring the necessary resources (or empowering such authorities to raise the needed resources) has been found to be one of the more common practices in ill-conceived decentralization initiatives. Such a practice is also a great risk for planned decentralization initiatives that do not take local resource capacities into account or empower local authorities to address the fundamental issues of poor resources. In such situations, experience shows that one must be careful not to allow uncontrolled borrowing by local authorities (on the local or international market) because when local authorities default on payments, high amounts of unpaid debt will then become the responsibility of the central Government, which often has serious fiscal constraints.

²⁸ Core characteristics of good governance are described in the recent draft report entitled The Impact of Participation in Local Governance: A synthesis of Nine Case Studies, UNDP, MDGD, 14 January 2000, pp. 4-5.

²⁹ The team observed that the principle of subsidiarity generally was not explicitly factored into the design and implementation of the UNDP-supported decentralization and local governance initiatives. The team found the definition and practice of this principle in local governance initiatives supported by the Konrad Adenauer Foundation (KAS) in the Philippines, for example, to be particularly relevant. UNDP could benefit from adapting the KAS definition and application of subsidiarity— both in concept development and implementation. As stated in a recent KAS publication, Citizens and Communities in the 21st Century (1999, p. 10), "*The principle of subsidiarity substantiates ... the demand for emphasizing the promotion of decentralization and local government in development policy ... The order policy ... is based on a powerful society and a State confined to its core functions. Within the system of State organization, preference is given to lower levels of administration.*"

locally elected and administrative officials was their having the assigned responsibility for certain functions without meaningful corresponding authority and resources. The team members also generally observed that issues of accountability were confined to the roles and responsibilities of State organs. They found that the interrelated aspects of accountability, authority, resources and control needed to be considered more closely in the design and implementation of decentralization and local governance initiatives.

(3) **Participation.** Notwithstanding the above-mentioned general comment, there were numerous instances of active local participation of the civil society in decentralization and local administration. Participation was a key success factor for decentralization, and various mechanisms were implemented to solicit participation in decentralization and local governance matters. However, the team found that participation, beyond the sloganeering, could take different forms, depending on the decentralized function. For example, some local decisions were based on representational participation rather than the direct participation of the population. Other forms of participation would be secured through consultation and campaigns to disseminate information. Effective participatory mechanisms had to be crafted to respond to the unique local needs and circumstances, with due respect for local customs and traditions.

(4) **Ownership.** The success of decentralization may be jeopardized by the excessive dependency of local administrations on external resources and support. In Uganda, fully 80 per cent of local development resources were still being acquired from external aid sources. In this case and that of other LDCs, continued dependency of local governments on financial inputs from central and external sources does not encourage or sustain the notion of local ownership and sustainability. A long-term phasing out of this type of assistance over time should be factored in from the beginning.

(5) **Expectations.** In a number of cases, the mere introduction of the notion of decentralization can fuel unrealistic demands and expectations on the part of the local populations that services will be significantly expanded, that all or most needs will be met, and that local problems will be solved. Of course, the reality is much different. The team observed that the capacity, resource and administrative constraints that had existed at the central level more often than not carried over to the local level. They found that expectations on the part of all those involved in or impacted by decentralization must be managed carefully and that the potential for resistance varies with the gap between what may be expected and what may be delivered through decentralized governance.

(6) **Strategic Vision.** The national governments and those charged with implementing decentralization initiatives did not have in place strategic implementation plans or strategic management capacities (although Uganda has just developed a draft implementation plan or road map). This raised the question of how far UNDP (or any other donor) could go in developing a strategic vision and supporting management approach for its support to these areas in the *absence of a national implementation strategy*. The simple answer might be to: (a) support the country in the development of such strategies and capacities through upstream policy dialogue and advice, advocacy and technical assistance; (b) wait until there is such an implementation and management strategy in place (Clearly, this would be the optimal situation, but the reality is not so often optimal.); or (c) develop one for its own use, which in principle should be a routine undertaking.³⁰

(7) **Sustainability.** The interrelated issues mentioned above obliged the team to look at the question of the sustainability of decentralized governance initiatives. The high relative costs and

³⁰ If the programme country still embarks on decentralization implementation without a long-term implementation strategy, as is the case in the countries visited, the following question was raised: What is UNDP to do, especially if requested by the Government to provide support? The answer to this is not quite so simple, especially if there are other donors competing at delivering support. The team suggests that some measures may be taken to fill this strategic planning gap, e.g., developing the best possible UNDP support strategy; incorporating strategic management in specific programmes and projects; working formally and informally with donor groups in developing ad hoc strategies; and withholding funding support until some basic strategy is in place.

long periods required to develop and maintain effective multidimensional capacities at both the local and central government levels combined with the continued local-level dependency on external resources posed serious risks to the success and sustainability of such initiatives. When long-term decentralization initiatives are dependent on externally funded donor projects, their long-term success may well be dependent on a long-term donor relationship and long-term availability of donor resources (rarely assured in the short-term project, programme and funding cycles and agreements of donors).

4.4 SUGGESTIONS ON IMPROVING OPERATIONAL DEFINITIONS

The English language definition of “decentralize” is straightforward enough: “*Do away with centralization of; confer local government on; distribute (administrative powers, etc.) among local centers ...*” (*The Concise Oxford Dictionary*). From the survey of the literature and the evaluations in the five countries, the team concluded that the term “decentralization” must be defined in context or according to its particular application and this is what has apparently evolved in the countries that visited.

It is the team’s view that effective decentralization requires a *balanced approach* to administrative, political and financial decentralization.³¹ The team draws attention to the fact that most developed economies look increasingly to the non-State sectors as the source and means of ensuring that citizens’ needs and wants are met (e.g., sustainable livelihoods, economic well-being, safeguarding of freedoms and the rights of citizens, health). Public- or State-sector activity in the context of decentralization might be more devoted to such aspects as (de-)regulation, taxation reform, fostering competitive practices, trade and investment, ensuring an overall and vital enabling market economy and private-sector development.

Another potential opportunity may be to focus not so much on decentralization or decentralized governance - which assumes that something is being taken away from the centre and pushed out to more local and/or lower levels of government, or from the public sector to civil society and the private sector - but rather on local governance. Local governance (*subsidiarity* being the underpinning principle) would implicitly and explicitly address issues of relative distribution of powers, the balancing of functions, the delivery of services, and the carrying out of activities across different layers of the national mosaic, e.g., the national and subnational levels, and/or between the public sector and civil society/private sectors.³²

There may be instances in national social, political and economic development where development logically and traditionally *originates at the local levels* and/or non-public-sector levels since there may not be any legacy or present capacities at the central level. New services, functions and activities may be developed or evolve independently and strictly at the local level, with no prior history of (or need for) the development of such services or activities at the central or national level (so the issue is not decentralization but rather simply local development/governance). This raises the point that governance should be seen in a systems-wide context or a context of systems operating within systems.

Decentralization can result from a national redefinition of the *role of government* (e.g., as contained in a new constitution) and at the same time, it can raise questions and create new

³¹ This notion is also expounded in a recent World Bank publication: “... *The political decision to devolve powers from central government ... can only get translated into actual powers being shifted if sub-national governments have the fiscal, political, and administrative capacity to manage this responsibility.*” Litvack, J., J. Ahmad and R. Bird, Rethinking Decentralization: A Discussion Paper, World Bank, 1999, para. 18.

³² From a general perspective, UNDP has pointed out that the difficulty in using the term “local governance” is that it does not imply any form of decentralization from the centre. In other words, there could be heavily centralized, inefficient governance running alongside some form of local governance (tribal, communal, even formal, i.e., local government). Indeed, decentralization may be seen as taking away something from the centre, but the centre gets something back, it is hoped, namely, more efficient delivery of services - vital to achieving the centre’s (national) goals.

pressures to redefine the role of government. In other words, decentralization can be both a *result of* and a *catalyst for* changes in the role of the State (national and subnational levels, in all functions and sectors). Countries in the more developed world have applied various role-of-government analyses to guide them in making fundamental decisions on which sector of society is best at performing certain functions and services and if it is decided that government is the best sector, then which level of government. The team feels that considerable benefit could be gained by factoring such methodologies into decentralization policy dialogue, needs and capacity assessments, and programme/project design and implementation.

4.5 NEED FOR A FRAMEWORK ON DECENTRALIZED GOVERNANCE

One of the conceptual and methodological issues addressed by the evaluation pertains to the “... *evolution of an overall framework to guide the design of UNDP interventions in decentralization and local governance and the strengths and weaknesses of that framework ...*” (extracted from the TOR). Related to this framework, the team was advised that the Management Development and Governance Division (MDGD) of UNDP is currently developing methodological guidelines on decentralized governance.³³ A number of working papers and documents are now being prepared by the Division, including conceptual papers, technical papers, findings of original research, lessons from other donors, a monograph on national decentralization experiences, and a monograph on a framework for building capacities for decentralized governance.

The team observed in all countries visited that multiple dimensions of capacity could be defined at different levels within a system of decentralized governance: at the system and subsystem level (including the broader understanding of “institution”), at the entity and organizational level, and at the individual level. From the country evaluations, it found that capacity development is often overly concentrated on training, study tours, conferences and the development of manuals. UNDP has developed technical guidelines on capacity development. It therefore suggests that the multidimensional and strategic management approach to capacity development could be adapted to the needs of decentralized governance.

The evaluations at the country level support the notion that decentralization and decentralized governance are complex, long-term, multidisciplinary processes of (usually) transformational change. The team found that the emerging systems of decentralized governance (the end result of a decentralization process) would be similarly complex - and indeed more complex than centralized systems of governance. This is the case since they create new dynamics and interrelationships across central and local levels of governance and between the public sector and the civil society/private sectors.

The team is of the considered opinion that any capacity-development guidelines being developed by MDGD should reflect such key aspects of decentralized governance as those associated with the processes of decentralization, the need for long-term and incremental implementation periods, notions of performance and people-centred processes. These and other aspects are reflected in the UNDP technical guidelines on capacity development that address multidimensional capacities in a systems and strategic management context. Methodological guidance on the following aspects would be a welcome contribution to programme design and implementation:

- In the country evaluations, the goals for decentralized governance as documented in UNDP-supported project and programme documents were often found not to be very closely integrated with national goals. For example, while UNDP goals focused on such aspects as SHD, national programme goals more typically addressed such aspects as political stability, democratization, economic development, and better services delivery. Future methodological

³³ These include: Decentralized Governance Programme: Strengthening Capacity for People-centered Development (1997), Decentralized Governance Monograph: A Global Sampling of Experiences (1998), and Decentralized Governance Country Thematic Assessment: Framework and Guidelines (1998).

guidelines would need to examine closely how the goals of UNDP-supported projects can be better integrated into national goals at the operational level.

- The need to simplify and ensure consistency of *terminology* in any methodology requires special attention. For example, the use of the term actors should be reconciled with the use of other terms such as "players", "stakeholders", "partners", and "participants" that are used in UNDP and programme-country documentation. The scope, form, level and nature of decentralization will determine to a great extent which entities and individuals will be involved in decentralized governance. Some consideration of donors and other external entities should be given in new methodologies since they can be important participants in decentralized governance capacity-building.
- The functions associated with decentralized governance depend on the level and scope of decentralization. While the role of the State is generally clear, there might be a need to delineate the legislative, judicial and executive functions. The functions of the civil society and private sectors would need to be identified since these sectors are by definition essential components of good governance, decentralized or not.
- Interrelationships among the sectors of society and all those involved in a particular model of decentralized governance are important in programme design and implementation. Such relationships may consist of combinations of the following: contract (social and legal), partnership, participation, consultation, communication, coordination, and so on. These interrelationships should be considered in designing and implementing programmes.
- The team found that there could be many entry points for UNDP and other donors and that such entry points depend on whether the nature of support is upstream, midstream or downstream, or some combination of the three. In any new guidelines to be developed by UNDP, perhaps the differing and priority roles that UNDP might play could be identified, linking them to UNDP comparative advantages and strengths.
- UNDP documentation identifies characteristics and principles of decentralized governance as covering aspects such as subsidiarity, transparency, legitimacy, and service orientation. The list of principles in any specific country or initiative may vary according to the scope, form, level and nature of decentralization, i.e., context. Perhaps there are some universal principles that would be applicable at any level of decentralization.
- Systems of decentralized governance imply multiple layers. Any new guidelines should clearly indicate that there are combinations of levels in systems of decentralized governance (different functions would be carried out at different levels), that decentralized governance incorporates some centralized aspects (the notion of balance), and that there can be overlapping jurisdictions.

CHAPTER 5. FINDINGS ON PRACTICE AND METHODOLOGIES

This chapter presents the team's findings and observations on the general practice and selected methodological issues relating to UNDP support of decentralization and local governance in the five countries visited. The findings on the practice of decentralization - the degree to which the concepts discussed in the preceding chapter have been put into practice by programme countries and reflected in UNDP-supported projects and programmes - are presented in subsection 5.1. In looking at the practice of decentralization, the team examined clarity of design with respect to UNDP-supported initiatives of the five countries; this is the focus of subsection 5.2. Observations on the potential applicability of the recently introduced results-based management (RBM) approach and the strategic results framework (SRF) management tool to decentralization are presented in subsection 5.3. The chapter concludes with the findings on project management and execution methodologies.

5.1 GENERAL PRACTICE OF DECENTRALIZATION

A common feature of national decentralization and local governance policies and programmes is their ambitious nature, as reflected in programme objectives. Development objectives were observed generally to be verbally impressive at the conceptual level but somewhat abstract and vague when put into practice (see box 15³⁴). The political statements and declarations of intent revealed a similarity in all surveyed countries. Such general objectives were indeed seen to be ambitious, constituting vague visions of an imaginary new and better society where government, civil society and the private sector would work hand-in-hand for a better future. While such visions may be noble, the challenge remained to translate them into reality.

The team found that the relationship between decentralized governance initiatives and broader governance policies and strategies was not always explained. The impact or linkage of decentralization to poverty alleviation and SHD was in most cases assumed or considered to be self-evident. The linkages between the higher-level objectives and SHD were observed to be tenuous at best and non-existent at worst. The objectives generally were not broken down into more operationally meaningful sub-objectives.

It was the team's view that a more comprehensive concept of decentralization would elaborate on who is supposed to do what, how, when and *why*. This would include an operational clarification of the role of government at the national and the local levels. Decentralization in some cases appeared in practice to be simply a downloading of service delivery to local levels of government without a corresponding redistribution of authority and resources according to the principle of

Box 15. Examples of Vague National Objectives

- (1) *"The final objective of the efforts to decentralize decision-making powers is to have all interested parties, communal powers and corresponding populations take up ownership again of the public case through their participation in the execution of power at the base. In effect, it is a question of reconstructing the State so that it takes the needs and the objectives of the population more into account."*
- (2) *"The overall aim of the (Decentralization) Statute is to provide for a continuous process of decentralization whereby functions, powers and services are devolved/transferred from the Central Government to Local Governments (Resi stance Councils) in order to increase local democratic control and participation in decision making and to mobilize support for development which is relevant to local needs."*

Source: see footnote 34.

³⁴ Examples are drawn from, respectively: (1) Croissance, équité et pauvreté; rapport national sur le développement humain durable, Mali, 1999, p. 70, (sec. 6.30: La décentralisation des pouvoirs); and (2) Preamble to the Decentralization Statute of Uganda, in UNDP, Decentralized Governance Monograph: A Global Sampling of Experiences, September 1998, draft, p. 26.

subsidiarity.³⁵ This appeared to the team to constitute the possible distribution of one large problem at the central level to the lower levels, where it is subdivided, thereby becoming many smaller problems.

5.2 DESIGN OF UNDP-SUPPORTED PROJECTS AND PROGRAMMES

(1) **Multiplicity of definitions.** There were three main applications of the concepts associated with decentralization and local governance: (a) a country's national decentralized governance programme (which per se is generally drawn, in part, from literature outside of UNDP and/or developed internally by the Government); (b) the approaches pursued by the country offices, usually defined in UNDP programmes or projects; and (c) the literature (policies, research documents and publications) developed by UNDP in New York. The broader corporate-wide concepts on the whole were not sufficiently reflected in the country-oriented activities.

(2) **Linkage of UNDP goals and national goals.** In some cases, there was no strong congruence or correlation between the national policy goals for decentralization and the UNDP country-office goals for decentralization. National goals were mostly oriented towards economic development, political stability, and democratization. The policy goals of the UNDP country office were oriented more towards poverty alleviation, gender and other social aspects, and the linkages to national goals were often not evident or not measurable.

(3) **Vague project objectives.** The objectives as stated in many of the UNDP project documents tended to be general and vague and gave little indication as to what the project actually designed was about (see box 16³⁶). Such project objectives were observed to add little to insights on the nature and purpose of the project and came close to being meaningless. In addition, such objectives contained a number of elements that called for definition or clarification, such as "give impulse", "alleviate", "contribute" or "empowerment" (all of the yielded effects could well be minimal and still correspond to the wording). Apart from the problematic wording, a more important issue was that such project objectives implied an overly ambitious thrust. As a consequence, the team believed that such stated objectives were not realistic and led to the potential for a corresponding mismanagement of expectations.

Box 16. Examples of Vague UNDP Project Objectives

- (1) ***"Give impulse to the decentralization process of the country through the promotion of local participation and local strengthening".***
- (2) ***"To alleviate poverty among the urban poor through improvement in income and working conditions, and empowerment of the community-based organizations for the informal sector workers".***
- (3) (a) ***"Solidly support the decentralization process which presently takes place".***
 (b) ***"Strengthen the capacities of rural municipalities on the technical and financial level for transparent and responsible management".***
- (4) ***"Contribute to the strengthening of local institutional capacities."***

Source: See footnote 36.

(4) **Linkages among projects.** The interrelationships among the relevant UNDP projects in a specific country were not well defined and the projects generally appeared somewhat scattered

³⁵ However, one of the more convincing concepts was found in Mali (*Décentralisation et gouvernance au Mali*).

³⁶ These are extracted from the following projects, in order: (1) "Impulsar el proceso de descentralización del país a través de la promoción, de la participación y del fortalecimiento local", from project GUA/99/005/A/01/99, Apoyo a la descentralización; (2) one of the development objectives of the CCF for the Philippines, programme title: "Poverty Alleviation Projects for Social Human Development", September 1997; (3) (a) "Appuyer solidement le processus de décentralisation actuellement en cours"; (b) "renforcer les capacités des communes rurales sur le plan technique et financier pour une gestion transparente et responsable" (quoted from Présentation du Programme d'Appui aux Communes Rurales (PACR), Mali 9/99, p. 3); and (4) "Contribuer au renforcement des capacités institutionnelles locales" (Programme d'activités de l'année 1999, MDRI/PNUD ML/94/003, p. 2).

and isolated from one another. At the project level, UNDP was generally active in supporting various sectors relating to decentralization, with differing intensities. These areas varied widely in nature and included, among others, administrative functions of municipal governments, the sectors of education, justice and health, public-sector financial administration, revenue collection, and rural development. Internally, the various UNDP-supported projects were not well-linked and did not seem to fit into a UNDP programme strategy for governance or for decentralization and local governance.

In summary, UNDP country offices did not appear to have concrete long-term visions for their activities in the field of decentralized governance or integrated strategies for the implementation of their support. UNDP country offices had generally not fully clarified the concepts of governance and decentralization as pursued by UNDP in the national contexts. The conceptual and strategic shortfalls identified from the team's country evaluations go hand in hand with some of the observations on weak project design and at times unrealistic objectives and deadlines. Assertions of decentralized governance as an instrument for achieving such goals as poverty eradication³⁷ and SHD may sound fine in theory, but there appeared to be little in terms of any practical implementation or measurement thereof.

5.3 OBSERVATIONS ON THE UNDP STRATEGIC RESULTS FRAMEWORK

During each of the country evaluations, the team found that decentralization and local governance initiatives by their very nature demanded a strategic management approach. The team is of the view that the recently implemented results-based management (RBM) approach - a form of strategic management - holds the potential for improving the role and performance of UNDP in the area of decentralized governance. The team was informed that the RBM approach had been piloted in 10 countries, but none of the countries covered by the present evaluation were in that pilot group.³⁸

The team noted that the planning cycle for the new RBM approach is to extend over a four-year period. This is referred to in the UNDP RBM documentation³⁹ as the multi-year funding framework (MYFF), which is composed of the SRF and the integrated resource framework (IRF). The team was also informed that UNDP planning and programming periods are usually medium term (three to five years) while individual UNDP-supported programmes can have a maximum life of seven years. However, in such projects and programmes, it is not expected that longer-term impact will be generated within these time frames but rather that outputs and outcomes will be produced that contribute to longer-term impact.

The team has been advised that the RBM approach and the SRF tool are being adapted to take into account the long-term nature of decentralized governance initiatives (which, based on international experience, may take 15-20 years). As part of the implementation of this new approach, the longer-term process of decentralization would be separated into a series of discrete phases, where each phase would be associated with a discrete set of results. Using pre-established indicators, project and programme results could be measured (through the SRF and

³⁷ In fact, the term "eradication" explicitly means the total removal of, or "tearing out by the roots" (*The Concise Oxford Dictionary*). In light of the human experience, the team questions whether such goals have any attachment to the reality of development. The term alleviation would seem to be a bit more reasonable.

³⁸ The team noted that, as part of introducing the RBM approach, each of the countries visited had developed (in 1999) a preliminary SRF, but the team understands that these were first efforts. The team did not evaluate the country SRFs but noted the fact that this is an important step towards institutionalizing a strategic management approach for this area at the country level.

³⁹ The documents referred to include: UNDP Results Framework: Technical Note, Revision 1, 12 March 1999; UNDP Results Framework: Overview, 3 March 1999; and the UNDP Executive Board Report of the Administrator (DP/1999/30), (6 August 1999) entitled Financial, Budgetary and Administrative Matters: Multi-Year Funding Framework, 2000-2003.

annual reporting periods) to see if they are contributing to longer-term goals and the achievement of impact. All of this assumes that there is in place a longer-term national implementation strategy for decentralization and local governance development. However, in other sections of the present report, the lack of such strategies has been noted.

Even though results-oriented and strategic management approaches have been available to country offices for some time,⁴⁰ the team hopes that the new RBM approach and the SRF will be more effective in supporting the planning and delivery of UNDP support to longer-term decentralized governance initiatives. It considers that the success and effectiveness of the RBM approach and the SRF management tool are highly dependent on strategic management capacities within the country office. Strategic planning is normally an executive and senior management function and skill (although other staff and supporting systems would be required to support the full SRF process). Special training in strategic planning targeted at the senior management levels of the country office may be needed to complement the introduction of the RBM approach and the SRF management tool.

5.4 SELECTED PROJECT MANAGEMENT ISSUES

(1) National execution. UNDP has made an almost complete transition to the NEX modality in the countries visited. This was seen as being generally appropriate in the national context and questions were raised not so much regarding the appropriateness of NEX but rather with regard to how to make it a more effective management tool. NEX was noted as having the advantage of increasing the Government's sense of ownership of the UNDP programme and thus rendering more likely the sustainability of its outputs and outcomes. On the other hand, there was a danger that the NEX modality tended to reflect the prevailing weak characteristics of national administrations and to operate with less than maximum efficiency. Since UNDP cannot afford to have this happen, ensuring that every effort is made to make NEX function as smoothly and effectively as possible was clearly viewed as being important. In this connection, it should be noted that in the countries visited, NEX was seen to be reasonably effective and that, for example, external auditors had not made major criticisms of the accounts of nationally executed projects.

(2) Information and knowledge management. Some of the staff responsible for the engagement of UNDP in the field of decentralized governance revealed a good understanding of the approaches developed at headquarters and in the literature. In several cases, the familiarity with concepts, facts and developments in decentralized governance was found to be generally good at both a theoretical and an empirical level. What generally was found to be suboptimal were the *institutional memory* and effective use of information and knowledge in the field of decentralized governance. On a more technical level, this boiled down to the fact that at the country-office level, there was a significant need to improve UNDP internal, supporting information and knowledge management capacities; this included the management of mechanisms for the transfer of international know-how and expertise and for the better use of the SURF and other resources. UNDP capacities in corporate backstopping and supplementary expertise were generally found not to have been sufficiently utilized by the country offices. The use of innovation and experimental and learning approaches was not widespread, with the exception of Uganda.

(3) Evaluation and monitoring. In all country offices visited, the team observed that UNDP followed the normal procedures for the monitoring and evaluation of individual projects. However,

⁴⁰ In the course of the evaluation, the team discovered that the RBM approach and the SRF tool do not represent the first attempt by UNDP to introduce strategic and results-oriented management. For example, the programme approach (available for some years) incorporates a number of strategic management principles. Also, in 1998, UNDP published and disseminated technical guidelines on capacity development in a systems and strategic management context, in part to complement the programme approach (the country offices visited were either not aware of or had not applied these guidelines to decentralized governance initiatives). In 1997, UNDP produced a programme manager's handbook on results-oriented monitoring and evaluation.

as several of the governance and decentralization projects were noted to cost less than \$1 million with an implementation period of less than two years, the full monitoring and evaluation procedures were not formally required. Given the importance and sensitivity of the field, it would seem desirable for all governance and decentralization projects to be carefully monitored and evaluated. This is all the more important since project evaluations often provide the basis for programming follow-up support.

(4) Outcomes and Impact

In the documents reviewed, the team generally found that the positive effects of decentralized governance were assumed to be self-evident and not in need of further explanation. Perhaps because of this assumption, the existing structures of objectives and indicators in the project documents reviewed appeared to be disjointed and allowed for only cloudy insights into the supposed linkages between the individual local projects in decentralized governance in a given country. This deficiency was found to limit potentially the lessons that could otherwise be learned from innovative practices that UNDP had incorporated into other projects (e.g., in Uganda). UNDP may need to document its impact to prove that it brings its comparative advantages to bear and plays an important role in the development arena to *capture* results achieved.⁴¹

Box 17. Areas of Outcomes and Impact

- **Completeness and quality of the *legal framework*;**
- **Adequacy of the institutional structure of *tasks* in the country (functional division of labour);**
- **Adequacy of *resource availability* (financial, personnel);**
- ***Political dedication and determination* in, for example, realizing financial decentralization;**
- ***Response* of administrative and political action to the aspirations of the population;**
- ***Sustainability* of changes and improvements induced by the programme;**
- ***Identification* of the population, public or private agents and their achievements (ownership);**
- **Development of the *delivery of public (local) services*;**
- ***Participation* and citizens' influence on local government decisions;**
- ***Financial performance* of local governments;**
- ***Clustering* of local activities;**
- ***Mitigation* of resistance to change.**

(5) Use of indicators, baselines and benchmarks. Within decentralized governance, the country offices did not apply a coherent system of indicators and benchmarks to control the quality of outcomes or to assess performance.⁴² The team found that in none of the surveyed countries had baselines been established, or benchmarks, against which development could be measured. Admittedly, a major methodological difficulty in the area of decentralized governance is that of causality. Many of those interviewed felt that it would be difficult to establish a sound, reliable causal relationship between output and impact variables in decentralized governance since as a rule, a plurality of factors was likely simultaneously to be affecting any indicators that might be chosen. Also, the performance of institutions in general and of local governments in particular is very difficult to measure.⁴³

Outputs, outcomes, performance and impact with respect to decentralization and local governance concepts pursued by UNDP may need to be described by a multitude of indicators of

⁴¹ UNDP, Impact Assessment of UNDP Country Interventions, draft concept paper, undated, p. 6.

⁴² A partial exception to this is UNCDF, where a core set of indicators has been developed for local development programmes. These indicators are used in the context of the logical frameworks of project documents and monitored by project staff.

⁴³ The complexity of such endeavours becomes clear in the publication entitled Capacity Assessment and Development in a Systems and Strategic Management Context, UNDP, MDGD, January 1998.

different types.⁴⁴ USAID has applied an interesting longitudinal set of indicators to measure the performance and impact of the Governance and Local Democracy (“Gold”) Project in the Philippines over an eight-year period (see box 18).

Box 18. USAID Rapid Field Assessments in the Philippines

USAID carries out rapid field assessments (RFAs). They describe actual experiences rather than reporting anecdotal viewpoints derived from second-hand information. Consultants familiar with a region undertake a rapid, qualitative investigation based on interviews with local government officials, national government agency personnel, and respondents from the private sector and NGO. Regional reports are first discussed internally and then presented to a seminar for discussion by over 100 participants from all strata, including – apart from project staff and representatives of local and national governments - parliament, donors, NGOs, academe, business, cooperatives, etc. This is supported by a two-day seminar, and a synopsis seminar in which a team consensus is sought on the prevailing trends and major constraints. The views of national agencies are reviewed, fed into the distillation of trends and constraints, and used to compare local experience with national perceptions. A synopsis is then prepared on the basis of the consensus reached at the synthesis seminar.

(6) [Note on the proposed UNDP country-level impact assessments](#). The UNDP Evaluation Office has proposed the development of country-level impact assessments (CLIAs) in two phases.⁴⁵ In phase one, rapid, qualitative and participatory methods are to be applied to provide a first cut in determining impact at the country level. The first phase of the CLIA approach appears to be a close relative of the USAID rapid field assessments (RFAs) (see box 18). Also, the United Nations Population Fund (UNFPA) has carried out some assessments that appear to be similar to the RFAs. Phase two would zoom in on a few, very specific areas that qualify for problem-related evaluations or that have been identified in one phase as promising in terms of impact. It may also involve quantitative and longer-term studies and may include softer areas of support (e.g., advocacy, advice) as well. Some conventionally accepted criteria that may be used in a country-level impact assessment of project and programme design are presented in box 19.

From the evaluation carried out in the five countries, it would seem that the CLIA has considerable potential. The evaluation team felt that, because of the objectives of the CLIA, this type of assessment has the potential to qualify and quantify impact with a fair degree of plausibility. The CLIA may also enable the identification of a combination of external factors, capacities and management decisions (or lack thereof) that would lead to the measurement of impact (or absence thereof). It would be helpful in drawing lessons applicable in a broader

⁴⁴ In order to have a firm understanding of the achievements and the direct or indirect impact of the UNDP-supported initiatives on poverty alleviation or SHD, it is necessary to establish baseline data and to compare them with a targeted situation. The latter can also be described by benchmarks. Both require a solid theoretical understanding of the factors relevant to decentralized governance, empirical insights into the problems entailed, and an understanding of the causal mechanisms. These would then need to be distinguished from those aspects that are a function of the central government and those that are a function of the local level.

⁴⁵ UNDP, Impact Assessment of UNDP Country Interventions, Methodology for CLIA, Phase 1, undated.

Box 19. CLIA Criteria for the Assessment of Programme or Project Design

- The **focus** of the established objectives (Are benefits local?);
- The **realism** of objectives;
- The **relationships** of decentralized governance objectives with general development objectives (poverty eradication, gender issues, culture, social and institutional fabric, environment, etc.);
- The **completeness** of the *concept* (e.g., political decentralization, administrative deconcentration, inclusion of constitutional powers (above all legislation), civil society, private sector);
- The **relevance** of the different components of the decentralized governance policy with respect to the objectives and the problems addressed.

context, advising UNDP on ways to improve its impact, promoting a results-orientation by focusing the attention of UNDP on the impact of its cooperation, and building in-house capacities to evaluate impact. It can only be hoped that there will be improvements in monitoring by the 'new' approach.

CHAPTER 6. FINDINGS ON INTERNAL AND EXTERNAL PARTNERSHIPS

In the old days of development assistance, most projects were usually delivered by specialized donor organizations along specific sectoral lines: health, agriculture, infrastructure, forestry, civil service and so on. More recently, national development programmes and projects have recognized the *cross-sectoral* nature of even sectoral development initiatives. For example, a health-reform initiative would not only examine health issues per se but would also address institutional strengthening, policy and regulatory reform, civil service and management development, partnerships with the private sector and alternative methods of health delivery. This has forced both programme countries and donors alike to design programmes from a more cross-sectoral perspective and to engage the services of multiple partners, as implementing and cooperating agencies, for example.

Governance and decentralization are by their nature cross-sectoral, multi-level and multidisciplinary. Many, if not most, development initiatives in this area involve a number of stakeholders. For UNDP, this has meant the development of partnerships in the form of formal and informal cooperating arrangements with programme countries and strategic alliances with other donors. Many of the projects examined involved multiple donors and stakeholders from the public, private and civil-society sectors. In light of overall declining resources, partnerships and other methods of cooperation are becoming increasingly important to the cost-effective delivery of support to decentralization and local governance initiatives. The team was asked to look into the nature and effectiveness of UNDP partnerships in the carrying out of its role in decentralization and local governance. Its observations and findings are presented below.

6.1 PARTNERSHIPS WITH CENTRAL AND LOCAL GOVERNMENT INSTITUTIONS

Since all UNDP projects emanate from a formal request from the national Government and since they must also be formally approved by the Government, the principal partnership that was found in all five countries visited was with the central Government of the country concerned. The next level of cooperation (depending on the particular legal situation prevailing in the country) was focused on a variety of ministries or other central governmental institutions (administrative sub-units, institutes, research organizations, etc.) and these institutions were normally the operational partners of UNDP.

An obstacle to the successful execution of UNDP projects can arise where there is competition between rival sub-units of a national Government. The team found evidence of this phenomenon, at least in a few cases. To avoid such difficulties, UNDP country offices should diligently examine the national scene and seek the appropriate project partner as may be determined by particular socio-political facts rather than by strictly legal criteria. The team is well aware that this is a sensitive area, but it believes that considerations of this type are crucial to the sustainability of any given project.

At the level of local government institutions, UNDP access must necessarily follow the appropriate legal and formal process, depending on the rules of the country involved. However, UNDP should emphasize - wherever possible - the active participation or at least the involvement - where they exist - of the national municipalities' association(s) and/or of the central research or management institution(s) for local government affairs (e.g., INFOM in the case of Guatemala). The inclusion of mayors' leagues may also be useful, although in such cases, great sensitivity is required, owing to the potential of political implications. The main role of UNDP is as a partner of both national and local government institutions and it must normally avoid involvement in day-by-day, possibly changing, political rivalries.

6.2 PARTNERSHIPS WITH CIVIL SOCIETY AND PRIVATE-SECTOR ENTITIES

It is almost unanimously agreed in the literature that effective, sustainable decentralization will be achieved only with the active participation and support of the population at large, whether as individuals or as members of civil-society organizations (CSOs), CBOs or NGOs. However, the team made the general observation that in many UNDP-supported decentralization projects, this relationship appeared to be lacking, especially where the role of UNDP was at the local rather than at the central government level.

All the country offices visited have made some effort to achieve closer contact with non-governmental organizations and/or entities. However, in general terms, UNDP lacked a long-term global strategy for decentralization; as a result, it lacked specific guidelines concerning the inclusion of NGOs or the private sector in the decentralization process. This is all the more problematic since decentralization is necessarily very complex at the local level and any grass-roots development activities require a much more significant input of human resources than can be provided by the country or even by locally based UNDP projects.

In view of the above, when UNDP is designing projects for the local level, it should already in the planning phase identify the CBOs, CSOs, NGOs and representatives of the private sector that could usefully be partners of the project. Clearly, every effort must be made to avoid a situation where the project might benefit individual interests, but this should not be used as a justification for avoiding partnerships with grass-roots, non-governmental and private-sector institutions.

6.3 COORDINATION WITH OTHER UNITED NATIONS AGENCIES AND DONOR ORGANIZATIONS

There was a large variety of donor activities in all five countries visited by the evaluation team. This included activities of multilateral donors such as UNDP, other United Nations agencies, the Asian Development Bank, Inter-American Development Bank (IDB), World Bank, many bilateral donors such as the European Union, Australia, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland and the United States as well as various national and international NGOs and foundations.

Almost unanimously, the team found that the overwhelming number of interviewees favoured UNDP as the potential local donor coordinator. However, with the exception of the two examples mentioned earlier (i.e., Mali and the Philippines), the role of UNDP as an effective coordinator seemed to be rather weak, even in relation to other United Nations agencies working on the spot. In fact, there were quite a few apparent cases where activities of United Nations agencies overlapped, especially on the margins of United Nations support for decentralization initiatives (but again with the exception of the Mindanao project, where the Food and Agriculture Organization of the United Nations (FAO) and the International Labour Organization (ILO) are closely involved). Enhanced efforts should be made by the United Nations Development Group to strengthen the role of the UNDP Resident Representative as Resident Coordinator in order to reduce this overlapping and to avoid not only redundancies but also the concomitant waste of human and financial resources. The poor state of coordination is seen by the team to be a major management failure on the part of the donors; it impedes opportunities to engage in strategic alliances that could benefit the local population.

Coordinating the work of the international community as appropriate (in the sense discussed in chapter 3) should be a main aim of every local country office. It is well understood that there is a wide range of difficulties and obstacles to increasing the level of coordination among donors, but it is considered to be all the more important in view of the overall decline in aid flows, whether through multilateral or bilateral donors. It is recognized that this is already the declared policy of the United Nations Secretariat and the United Nations Development Group in New York, and the team would only like to re-emphasize the importance of this issue. Possibly a new demarche

should be made to OECD to encourage ambassadors and aid agencies of donor countries to give more active support to the coordination efforts both of partner governments and of the United Nations system.

The acceptance of a coordinating role depends on the services the coordinator can render to the donor community. As a basis for this enhanced coordination, it is suggested that the country offices should undertake a meticulous collection of information on donor and counterpart activities in the recipient country. For example, the team found on several occasions that neither the local country offices nor the local donor embassies or development agencies knew what the different players were doing in the fields of governance in general or decentralization in particular. This information base would enable donors to ensure that aid is distributed on a more or less equitable basis throughout the country and that some sectors or regions do not receive excessive resources to the detriment of others.

6.4 NOTE ON LINKAGES BETWEEN UNDP PROGRAMMES

In the following remarks, a distinction is made between those issues of linkage and coordination that are covered by one UNDP country office at the national level and issues of cross-border coordination where several country offices are involved and where coordination would normally be provided by UNDP headquarters or by networking among the country offices themselves.

As regards coordination at the national level, the team noted the following: in all the countries visited, UNDP was financing several projects to support the decentralization process, but (with the exception of Mali) it had not taken active steps from the beginning to provide for linkages between the different projects. Any significant interactions that seemed to exist apparently occurred more by accident than design. Nevertheless, at the national level, the team would like to recognize the generally good coordination of the UNDP programme in Mali, and at the sub-national level, it would like to note its appreciation of the rather effective role of UNDP in the Mindanao Multi-Donor-Initiative (Philippines). Both initiatives have had considerable impact (although with hindsight, it is clear that improvements could have been made).

The team thought that cross-border coordination had not been given the attention that it deserved. Apart from some contacts between Mali and Uganda, it seemed that there had been very few contacts among the countries visited or with other countries where UNDP is supporting governance and decentralization projects. There seemed to be no systematic structure for the exchange of ideas and information on these topics and where such an exchange did occur, it did so rather accidentally and depended on the experience of individual UNDP expatriate staff who had been transferred from one country office to another. It would be desirable for UNDP headquarters to play a more active role in this area and to encourage individual offices to exchange more experiences and information through networking.

Of particular note was the very close coordination of UNCDF on projects in Mali and Uganda, and of the United Nations Volunteers (UNV) in Uganda and other countries. With respect to UNCDF, there was a good balance in roles where UNDP played a more effective upstream policy role while UNCDF played a valuable downstream operational role.⁴⁶ Also active were UNFPA, the United Nations Development Fund for Women (UNIFEM) and UNV. The team had the impression that these agencies can (and do) play a useful role in supporting decentralization and local governance processes: they have their strength in outreach and can assist the local people with participatory planning techniques and in many other ways (see box 20). At the same time, they can play advocacy roles and assist UNDP with their upstream policy assistance by providing

⁴⁶ It should also be highlighted that UNCDF, as a fund within UNDP, has announced its main business policy as support to local governance and decentralization, a focus that is endorsed by UNCDF donors. UNCDF is seen as consistent in its policy. It is running local development programmes at different stages of development in some 20 countries, all of them embodying the strategy. More than 80 per cent of all recent programme approvals were for such programmes. Further, UNCDF now approves no programmes for which there is no UNDP cooperation or co-funding to help to ensure that UNCDF gets the sort of upstream partnership in-country that is needed.

feedback from the grass-roots level. In these cases, the team found solid evidence of complementarity between UNDP and other United Nations agencies and programmes.

Box 20. MALAWI: Volunteer Expertise at Work in Support of Local Governance

United Nations Volunteers (UNV) have actively contributed to the design and implementation of the Local Government Act of 1998. Since 1994, 17 UNV specialists have participated in the District Development Planning System and in the introduction of the participatory learning and action programme in the six pilot districts selected. They assisted in preparing district development plans, including district database systems. In addition, 12 UNV field workers have been assigned to the pilot districts since 1997, mainly to strengthen the participatory planning process at community and village levels and establish links to district planning and access to district development funds. At the same time, they have supported food security for vulnerable groups, crop protection, agricultural diversification and environmental management, including livestock and wildlife.

In the Thyolo District, for instance, this has led to a major self-help initiative of the local people, who are training themselves in the use of participatory development tools and the effective use of locally available material resources for sustainable development. One outstanding innovation is the collection of indigenous tree seeds for the raising of seedlings for use in the reforestation programme. Instead of using the conventional plastic bags, the field workers have encouraged the production of seedling bags from dried banana fibers, which are locally available at no cost and are environment-friendly. The outcome has been the distribution and planting of 35 000 seedlings of indigenous trees by 419 households in 26 villages. In the field of food security, skills introduced by field workers included compost-making and organic farming and planting of grass to stop soil erosion and improve soil fertility. All mountain tops have since been terraced and planted with food crops, using instruments manufactured locally out of the available bamboo instead of imported tools. Likewise, field workers have transferred skills in small enterprise development, e.g., in business planning and marketing and financial management. A total of 22 business groups of beneficiaries of the Trickle-Up grant programme have thus been able to become customers of the National Bank of Malawi.

Source: UNV.

CHAPTER 7. SUCCESS FACTORS AND LESSONS LEARNED

Decentralized governance initiatives, being unique in their own right, generate different experiences and lessons. Each of the country experiences examined reveals important early lessons that can guide UNDP concept and policy development and implementation support, making them more effective and leading to an enhanced UNDP role. The team also identified a number of factors that were seen to be critical to the success of decentralization initiatives. The key success factors and lessons learned from the evaluation of UNDP-supported initiatives in the five countries are briefly described in this section of the report.

7.1 SUCCESS FACTORS

As noted in section 3, decentralization and governance must embody certain characteristics in order to be effective and successful. However, when decentralization is designed and implemented as a political, technical and management process, certain other factors need to be present in order to optimize the chances for success and reduce the potential for failure. The evaluation of the limited set of UNDP-supported initiatives in the five countries visited revealed a number of factors that are seen to be important, if not critical, to the success of decentralization and the longer-term sustainability of systems of decentralized governance.

Here, a distinction should be made between the process of decentralization (a planning and implementation activity) and the end state of the process, which is a system of decentralized governance. Based on the evaluations of the five-country sample, the team identified a number of factors (see box 21) that appear to be critical to the success of the decentralization process. These success factors might also be seen as a special category of early lessons that have been learned or are being learned, based on the evaluations of the five countries. More experience will likely reveal new success factors or modify/confirm those presented here.

Box 21. Some Key Success Factors for Decentralization

- (1) Decentralization is long term and high risk, demanding strategic management.
- (2) Understand the problem before designing and implementing solutions.
- (3) Decentralization requires top executive commitment and coordination.
- (4) Expectations must be carefully managed.
- (5) Participation requires flexible approaches adapted to the local situation.
- (6) Decentralization is a learning process; it requires risk-taking and innovation.
- (7) Decentralized governance requires substantial multi-dimensional capacities.
- (8) Decentralization depends on an enabling environment.
- (9) Decentralization implementation should be paced and linked to other reforms.
- (10) Sustainable decentralized governance depends on local fiscal capacity.

(1) Decentralization is long term and high risk, demanding strategic management. As a long-term process of transformational change, decentralization is inherently risky. When programme countries or UNDP enters such a new area, effectiveness and ultimate impact are likely to be reduced if a strategic approach is not taken. The expectations and demands for quick implementation and delivery of early results should be reconciled with the need to take a longer-term or more comprehensive and strategic approach.

(2) Understand the problem before designing and implementing solutions.

Decentralization, in whatever form, is very complex. Considerable time and effort are required to define and understand the problem. Months, and in some cases years, may be required to

articulate the problem and scenarios of possible solutions and to have these communicated, debated and understood by a broad base of stakeholders. Similarly, substantial time and effort are required to develop and evaluate options, design solutions and develop implementation strategies, including an assessment of costs, benefits and other potential impact.

(3) Decentralization requires top executive commitment and coordination. The implementation of decentralization initiatives requires a central driving force or top executive capacity (at the central and local levels) that integrates and coordinates central and line-ministry interests, links and coordinates central and local interests, and assures working relationships with civil society and the private sector.

(4) Expectations must be carefully managed. The mere introduction of the notion of decentralization can fuel unrealistic demands and expectations on the part of the local populations for better and quicker service delivery. Expectations on the part of all those involved/impacted by decentralization must be managed carefully. Neither Rome nor a local system of decentralized governance was built in a day.

(5) Participation requires flexible approaches adapted to the local situation. Participation is a key success factor for decentralization and local governance, and flexible approaches are required to ensure active participation of affected parties. However, participation, beyond the sloganeering, can take different forms, which must be adapted to local culture and traditions and be sensitive to timing and resource considerations. Ultimate sustainability and the achievement of goals depend on the active, meaningful and balanced participation of all sectors of society, with emphasis being given (a) to the State (at all levels) to assume only its core roles, and (b) to the private sector to assume fully its productive capacities.

(6) Decentralization is a learning process; it requires risk-taking and innovation. Decentralization and the building of decentralized systems of governance are fluid, dynamic and learning processes. Greater effectiveness and success occur when innovative approaches are adapted, where success is rewarded, where risks are taken, and where implementation design and plans can be adjusted continuously in order to respond to changes in the environment and to factor in lessons learned. The key here is the skill of translating other country experiences into lessons that are generic and applicable to specific country situations.

(7) Decentralized governance requires substantial multidimensional capacities. The capacity for decentralized governance goes far beyond the need for training of staff or development of manuals and procedures. Multidimensional capacities must be developed at different levels of the systems within which decentralized governance operates. Comprehensive capacity assessments undertaken at the outset lead to sound capacity-development initiatives.

(8) Decentralization depends on an enabling environment. The success of decentralization depends on the existence of an enabling environment. Optimally, it should be grounded and well defined in the highest legal instruments of society, preferably in a constitution, and supported by a range of organic legislation, institutional structures and government machinery. The necessary legislative (and administrative) environment is critical but not sufficient.⁴⁷ Other elements in the environment should also be in place to make decentralization work, including systems and procedures, accountability structures, resources (financial, information and human), and the right culture and attitudes.

(9) Decentralization implementation should be paced and linked to other reforms. It is important that the pace of decentralization policy development, design or implementation be neither too fast (lest it outrun needed supporting legislative and other reforms) nor too slow (lest commitment, enthusiasm and support be lost). Decentralization and local governance are

⁴⁷ In some cases where local initiative is strong and innovative, there is no need to wait for the proper legislative environment. Such local initiative can drive the need and create momentum for the needed legislative change; it can also create the proper enabling environment.

increasingly being seen as components of broader governance reforms or linked to public-sector management reforms. While it is desirable that decentralization be part of an overall governance reform initiative, it is not unwise to allow decentralization, in special cases, to take place in the absence of such linkages in that it can provide momentum for change through successes and be a catalyst for broader change (i.e., a decentralization initiative may trigger broader reform).

(10) Sustainable decentralized governance depends on local fiscal capacity. Decentralized government requires effective access to and control over financial resources to meet local responsibilities and accountability requirements, primarily through local revenue-generation and to a lesser extent through fiscal transfers from the central level. Locally planned and financed investments enhance the willingness of the citizens to pay taxes and fees as they should. In certain situations where a local administration may be dependent on fiscal transfers for extended periods (and the system of fiscal transfers is built on a dialogue between equals, is consensual, transparent and well institutionalized and enjoys strong political support), such transfers need not jeopardize sustainability.

7.2 LESSONS LEARNED

Most of the countries visited did not make conscious, up-front decisions to use their decentralization/local governance initiatives as learning experiences.⁴⁸ However, it was quickly appreciated through implementation that much needed to be learned. In most of the countries visited, the decentralization and local governance initiatives were recent and lacked sufficient operational experience. Much more time will be required to see if such initiatives are successful, what has worked and what has not, and whether in fact they will be sustainable. Despite these being early days, the evaluation uncovered fourteen lessons that are emerging (see box 22). A brief description of each follows.

Box 22. Summary List of Lessons Learned

1. On the Role and Experience of UNDP

- (1) The greatest value-added role of UNDP is at the upstream policy level.
- (2) UNDP credibility depends on a critical mass of resources.
- (3) Decentralization can benefit from international experience.
- (4) Credibility depends on having a strategic commitment.

2. On Internal and External Partnerships

- (5) UNDP effectiveness depends on a broader network base.
- (6) The efficacy of decentralization support depends on close donor coordination.
- (7) Implementation is greatly enhanced by integrated management.
- (8) Local quality depends on a balance of corporate support and local control.
- (9) Better integration of United Nations system activity leads to better products and services.

3. On Concepts, Methodologies and Practices

- (10) Decentralization is a highly political and politicized process.
- (11) Decentralization, as transformational change, generates resistance.
- (12) Decentralized governance implies multiple levels (subsidiarity principle).
- (13) Linkages to sustainable human development are difficult to establish.
- (14) Ongoing monitoring and evaluation are key to success and learning.

⁴⁸ One major exception to this is the Uganda UNDP/UNCDF District Development Programme, which is covered in detail in the Uganda country report.

7.2.1 ON THE ROLE AND EXPERIENCE OF UNDP

(1) The greatest value-added role of UNDP is at the upstream policy level. At the country level, UNDP is relatively more effective at supporting upstream advocacy and policy development rather than being restricted to providing technical assistance at the operational levels. However, having downstream operational experience enhances the upstream policy role. The role of UNDP need not be highly visible or publicized. In some countries, the visibility of the UNDP role will enhance a national decentralization initiative, yet in other countries, such visibility may undermine the initiative and detract from a sense of national ownership.

(2) UNDP credibility depends on a critical mass of resources. The acceptance of UNDP as a national partner and supporter of decentralized governance initiatives depends primarily on the local credibility of the country office, which in turn is dependent on the quality of its expertise and a critical mass of resources. Donor inputs, especially from a neutral source such as UNDP, are welcomed, but they will not have impact unless both programme countries and UNDP can rely on a critical mass of resources and significant expertise. When UNDP enters a new field, it brings with it considerable prestige but often scarce resources. This mismatch can mean that expectations about the UNDP potential for making a significant contribution may be exaggerated and its credibility may suffer. Consequently, the management of expectations is an important element in maintaining the credibility of the organization.

(3) Decentralization can benefit from international experience. Decentralization initiatives can benefit substantially by learning from the mistakes and successes of others. Timely and quality international inputs supporting well-defined local needs considerably enhance such initiatives. Worldwide, there is considerable literature on the theory and practice of decentralization. Successful support to decentralization projects draws on and makes maximum use of this body of information while ensuring that it is carefully adapted to local needs.

(4) Credibility depends on having a strategic commitment. The credibility and acceptance of UNDP as a key player in decentralization initiatives depend on the nature of its long-term commitment to such initiatives and some assurances at the outset that it will not walk away from such commitments. The effectiveness of the country-office role is directly related to the presence and use of adequate supporting information and knowledge management systems; sufficient and well-managed human resources; specially adapted management tools, methodologies and techniques; and other capacities developed according to the local office needs. As priorities shift and resource bases change, there must be a clear strategy for UNDP to disengage from support.

7.2.2 ON INTERNAL AND EXTERNAL PARTNERSHIPS

(5) UNDP effectiveness depends on a broader network base. UNDP ability to understand problems, provide advice, play an advocacy role or provide technical assistance is greatly enhanced by a broadened, more flexible network of contacts, experts, advisers, facilitators and other resources at both the national and international levels. The more that UNDP can directly tap into and access such resources, the greater the quality and cost-effectiveness of its support.

(6) The efficacy of decentralization support depends on close donor coordination. UNDP (as well as other donor and programme country) success and cost-effective utilization of scarce resources can be significantly enhanced by better donor coordination at the policy, planning and implementation/operational levels. Different donors operate according to different priorities and policy agendas - often in the context of a single national programme - and not always in synchronization with national policies and priorities. UNDP (and other donor) effectiveness can be enhanced by a greater understanding of each other's strengths, policy objectives, constraints and priorities and, to the extent possible, the harmonization of such priorities and policies for specific initiatives.

(7) Implementation is greatly enhanced by integrated management. Many local governance initiatives involved the support of multiple donors, including different agencies within the United Nations system. The implementation and execution of decentralization and local governance initiatives that involve multiple donor support would benefit by integrated and singular management, perhaps achieving up to a 20 per cent gain in efficiency.

(8) Local quality depends on a balance of corporate support and local control. The quality of UNDP support to decentralization (especially at the policy and upstream levels) is enhanced by the presence of and access to good UNDP corporate capacities in terms of backstopping, access to knowledge and information, training support, applied research and policy development, methodology development, and peer review. The more a country office has direct access to and control of local and international experts and other inputs, the greater the exercise of meaningful local accountability.

(9) Better integration of United Nations system activity leads to better products and services. Unified, integrated management of the activity of the United Nations system in the areas of decentralization and local governance leads to increased efficiencies, effectiveness and economy. This applies to those specialized entities involved in local governance development and capacity-building (e.g., UNCDF, UNIFEM, UNV).

7.2.3 ON CONCEPTS, METHODOLOGIES AND PRACTICES

(10) Decentralization is a highly political and politicized process. Decentralization is not just a complex technical and management process; it is also a political process. The definition and implementation of a decentralization initiative not only derive from political processes but also continue to be driven by political consensus or the will of the majority (ongoing, visible and meaningful political will and commitment). The implementation of decentralization often changes the political landscape by creating new political power groups, special interests and lobbies, each of which competes for power, authority and resources. It should be added that decentralization often begins with limited forms of administrative decentralization that can trigger processes leading to greater levels of decentralization, devolution and pressures for more autonomy.

(11) Decentralization, as transformational change, generates resistance. Decentralization results in transformational change both centrally and locally and in the nature of relationships across levels and sectors of society. The greater the change, the greater the potential for resistance to change at all levels. Resistance mitigation eases the implementation of decentralization initiatives.

(12) Decentralized governance implies multiple levels (the subsidiarity principle). The level, scale and scope of decentralized government depend on the activity, function or service delivered. Insofar as the State is concerned, decentralized governance may take a combination of forms: lower-level administrative units, regional structures and administrations, collaborative structural arrangements among clusters of municipalities and local jurisdictions and the central level, among other possible arrangements.

(13) Linkages to sustainable human development are difficult to establish. Indicators and measures of the performance of decentralization that demonstrate positive contributions to SHD, poverty alleviation and other such broad goals are extremely difficult to establish. There may be short-term inverse relationships and causal effects. Nonetheless, an assessment system is indispensable to sound management. Results in terms of outcomes and impact from decentralization may take a long time to be realized. Short-term results that sustain credibility and momentum are of the softer variety or are restricted to pilot, test or experimental implementations.

(14) Ongoing monitoring and evaluation are key to success and learning. Decentralization and local governance initiatives that are subject to rigorous, ongoing monitoring and evaluation

have a greater likelihood of viability and responsiveness to shifting priorities and other changes in the external environment. Regular and periodic evaluations, funded and built into the implementation strategies, improve learning processes, the capturing of lessons learned, and the dissemination of innovation. A wide range of planning and management tools, techniques, methodologies, approaches and other forms of best practices are available in the international domain. The prudent identification, selection and adaptation of such practices to meet defined local needs can significantly increase the cost-effectiveness of decentralization initiatives. Local decentralization initiatives can also produce innovations and best practices for adaptation elsewhere, thereby enhancing the learning processes.

CHAPTER 8. RECOMMENDATIONS

“ . . . Today, throughout the world there is a broad-based movement towards greater decentralization. At the same time, however, there is still real debate about whether decentralized governance can be an effective means of achieving the critical objectives of sustainable human development: improved and more equitable public access to services and employment, increased popular participation and enhanced government responsiveness.

United Nations, DDSMS and UNDP, Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996 (St/Tcd/Ser.E/46), p. 9.

Much of the theoretical work done by UNDP and other organizations shows that decentralized governance can lead to greater economic development, political stability and, eventually, SHD. This is supported empirically in the more economically developed countries where decentralization has resulted in significant advances in economic development and income growth. The evaluation in the five countries visited shows that there is not only broad-based support for decentralized governance but also increasing demand for such support combined with positive signs of greater public participation and democratization at the local levels.

The team understands that UNDP is currently attempting to adapt and respond to both resource constraints and rapidly changing external and internal environments. In this period of limited resources, the internal and external expectations of how much UNDP can achieve and in what time frames must be clearly and carefully managed. There is a danger of raising expectations that cannot be met or that can be met only in the longer term. This is particularly important to the relationships of UNDP with programme countries and other donors in terms of its feasible role in decentralized governance. UNDP, as part of its strategic management approach, should assess the expectations that exist among those it deals with and manage such expectations carefully.

In the context of these expectations, the findings and lessons presented in the preceding sections underscore potentially serious performance and capacity issues for UNDP. The gap between what may be expected of the organization in these areas and what UNDP is capable of doing is seen to be wide, and possibly widening. The performance of UNDP in delivering credible support and playing a viable role in decentralization is constrained by limited capacities at primarily the country-office level but also at the corporate level. If there is to be continued support to decentralized governance, then the team suggests that UNDP will need to focus clearly on precisely which role it is to play and which types of support are to be provided and how this is to be done in terms of allocating resources, setting priorities, assigning accountabilities and developing capacities.

The following specific recommendations (see box 23) are intended to address these performance issues and, it is hoped, contribute to the closing of the performance gap. The recommendations are grouped as follows: (1) UNDP role, including internal and external partnerships; (2) concept and methodology development; (3) operational practices; and (4) some internal considerations. A brief description of each recommendation follows.

Box 23. Summary List of Recommendations

1 UNDP Role and Operations

- (1) Highlight the role of UNDP as facilitator, catalyst and adviser.
- (2) Balance upstream policy advice with downstream operational experience.
- (3) Enhance donor coordination and create new alliances.
- (4) Strengthen United Nations system coordination.
- (5) Seek more diverse execution and implementation arrangements.

2 Concept and Methodology Development

- (6) Continue to develop conceptual frameworks.
- (7) Place more emphasis on the role of civil society and the private sector.
- (8) Give greater attention to fiscal decentralization.
- (9) Strengthen the use of strategic management.

3 Operational Practices

- (10) Promote innovation, risk-taking and the sharing of experiences.
- (11) Strengthen monitoring and evaluation.
- (12) Emphasize broader approaches to capacity development.

4 Some Internal Considerations

- (13) Strengthen and invest in the country offices.
- (14) Strengthen corporate-wide support to country offices.
- (15) Follow up the present evaluation with focused research and analysis.

8.1 UNDP ROLE AND OPERATIONS

As an overriding recommendation, the team encourages UNDP to continue its support of decentralization and decentralized governance.⁴⁹ It suggests that UNDP place *greater emphasis* on: (a) the principle of subsidiarity in its concept, policy and programme development; (b) the role of civil society and especially the private sector; (c) the relationships between the central and local levels of government; (d) linkages to fiscal decentralization; and (e) the linkages of decentralized governance with reforms in service delivery and public-sector management (especially at the central level). The team also recommends that UNDP pursue decentralization as a means to support peace-building and reconciliation in post-conflict situations.

Strengthening and redefining the nature of UNDP partnerships are major ways in which UNDP can improve its performance. Some of the following recommendations deal with issues that have been on the table for some time. The team has attempted to relate its recommendations to the recent Transition Team report and, more specifically, to the Administrator's draft business plans and other emerging policy issues. The following recommendations apply to both the UNDP corporate as well as the country-office level.

⁴⁹ It should be noted at this stage that a very thorough independent and recent evaluation of UNCDF sponsored by its main donors gave a strong endorsement to the policy niche UNCDF has identified, that is, local governance and decentralization. This separate evaluation also supported the innovations UNCDF is introducing and UNCDF's potential for real impact on both poverty and decentralization policy. The separate evaluation also pointed to areas for improvement (project documentation, monitoring and evaluation, policy outreach, greater access to technical expertise). This conclusion and the recommended continuation of this focus on decentralization for UNCDF were acknowledged and endorsed at the September 1999 UNCDF Executive Board meeting.

(1) Highlight the role of UNDP as facilitator, catalyst and adviser. For historical reasons, UNDP has been known primarily as a resource provider and its programmes have been measured essentially in terms of financial flows. A purely financial estimate of the organization's worth undervalues its role and impact. In fact, the position of UNDP within the United Nations system and its special relationship with programme countries mean that it is valued for more than its capacity to finance projects.

It is recommended that: UNDP attempt to change its image from that of simply a resource provider (where it is a very small player) to that of a uniquely placed organization whose role is defined in the Administrator's Business Plans (2000-2003) as "facilitator", "catalyst", "adviser" and "partner". In this capacity, UNDP could function as an effective agent of change. It should also be understood that the UNDP role may vary from country to country, depending on its history, the opportunities and its relative strengths and weaknesses in a particular country. UNDP should also take the necessary steps to find entry points into the political arena and be ready to contribute to political debate.

(2) Balance upstream policy advice with downstream operational experience. Although the team considers UNDP to be more effective at the level of providing upstream policy advice and advocacy, it is also desirable for UNDP to provide support to a series of field-level initiatives. These can both act as pilot activities in new and innovative areas and offer experience and feedback to UNDP on the operationalization of the policies that are being advocated and adopted.

It is recommended that: UNDP concentrate its efforts in the field of governance and decentralization on providing upstream policy advice to Governments and on complementing this advice with advocacy as appropriate. At the same time, UNDP policy advice should also be complemented by a series of field-level operational projects. However, it is recommended that wherever possible, these projects be implemented and even funded by other agencies such as UNCDF or by NGOs.

(3) Enhance donor coordination and create new alliances. In a complex and cross-sectoral field such as decentralization, it is certain that more than one donor will be cooperating with the programme country at the policy and operational levels. It is clearly in the interest of both the country and participating donors to cooperate and to coordinate their activities.

It is recommended that: UNDP actively promote donor coordination at both the policy and implementation levels and, if appropriate, take the lead either at the central level (i.e., if it is a round-table country) or in the specific field of decentralization. In the absence of nationally driven donor coordination, UNDP should seek the means, with other donors, to coordinate donor activity and offer the respective services. UNDP should actively pursue consultations on cooperation and coordination with major actors in the field of international support to decentralization, such as the World Bank and bilateral donors. In fact, it is recommended, as a follow-up to the present evaluation, that specific consultations take place between UNDP and BMZ. At the operational level, UNDP should promote the integrated management of multi-donor project activities supported by the joint programming of inputs and integrated work plans.

(4) Strengthen United Nations system coordination. Within the United Nations system, UNDP is likely to be the lead agency in any given country in governance and thus in decentralization activities. Other United Nations agencies, however, may also plan to reinforce the decentralization process with programmes or projects that are covered by their specific mandates and areas of competence. The United Nations Development Assistance Framework (UNDAF) can provide the conceptual and programmatic framework for this coordination, but more needs to be done at the operational levels and the UNDAF should be further strengthened. Synergistic working relationships have been developed with the UNCDF, UNIFEM and UNV programmes. In the field of decentralized governance, these programmes have much to offer in the upcoming effort to advance the UNDP agenda.

It is recommended that: where appropriate, UNDP take a more proactive role in encouraging United Nations system support for the decentralization process and that it ensure coordination of the system's inputs. The UNDP role in coordination may depend on the types of services rendered (documentation, information, secretariat of donor group, etc.) and UNDP should be prepared to offer such services. It is recommended that UNDP engage in strategic forward planning and build on the special relationships with UNCDF (where UNDP and UNCDF are currently doing such planning) and with UNIFEM and UNV (where such planning is less visible or has not been done so far).

(5) Seek more diverse execution and implementation arrangements. Decentralized governance should involve much more than the State sector. Decentralization generally strengthens or creates new interests, many of which can be institutionalized (e.g., professional and industrial associations, municipal structures, etc.). The direct channelling of support to non-State (or at least to local levels of government) organizations within civil society and the private sector could significantly enhance the cost-effectiveness and ultimate sustainability of such initiatives.

It is recommended that: UNDP seek execution and implementation arrangements with a greater mix of State, civil-society and private-sector organizations. At the local levels, this would entail execution and implementation arrangements with members of civil society and the private sector and a stronger linkage to programmes dealing with democratization and private-sector development. It is recommended that UNDP review the process of national execution and explore alternative modalities, including direct execution in special cases. It should examine as appropriate the desirability of setting up NEX support units in the country offices.

8.2 CONCEPT AND METHODOLOGY DEVELOPMENT

Many of the recommendations fall into the category of concept and methodology development. It is in these areas that the team sees considerable opportunity for improvement in UNDP performance. UNDP is currently responding to a number of the conceptual and methodological challenges, as noted in preceding sections of this report. For example, the Evaluation Office is in the process of developing country-level impact assessment methodologies and RBM approach, and MDGD is developing policies and methodologies for decentralized governance. To complement these ongoing activities, the team recommends the following:

(6) Continue the development of conceptual frameworks. Each country that undertakes the process of decentralization is to a greater or lesser extent making a leap in the dark. External assistance should, therefore, be ready and able to provide advice on the conceptual and methodological issues concerned with decentralization and to support it with comparative country studies, management approaches, methodologies, other innovations and best practices.

It is recommended that: UNDP, through the Management Development and Governance Division, continue to develop a stronger, more practical conceptual and methodological framework for both the decentralization process as well as decentralized governance, one that will provide the intellectual, policy and planning framework for the UNDP programme in this field. Such a framework should be logically related to or integrated with frameworks for governance and would cover the lessons summarized in the preceding chapter. It should be backed up by comparative studies of decentralization in different countries, drawing on both successes and failures.

(7) Place more emphasis on the role of civil society and the private sector. Sovereign Governments normally take the lead in promoting decentralization, but the role of civil society and the private sector is also crucial if the process is to be a success. A clear policy is required from the start regarding the complementary roles of the different sectors in society in the process. Government alone or even in a prime role will not solve development problems (in fact, government is often the problem). Greater recognition should be given to the role of the private

sector (in an enabling market economy) as the primary engine of wealth creation, job creation and ultimately SHD.

It is recommended that: UNDP take a lead in encouraging programme countries and especially their Governments both to define the complementary roles of civil society and the private sector in the decentralization process and to promote their participation. Decentralization programmes should be closely coordinated with programmes dealing with private-sector and market-economy development.

(8) Give greater attention to fiscal decentralization. Decentralization may be primarily a political process, but it will never succeed unless adequate provision is made to finance the decentralized or devolved responsibilities. This can be done in a variety of ways, including, as the first area of priority, local revenue-generation and, only secondarily, an orderly system of financial transfers from the centre.

It is recommended that: UNDP urge Governments to make adequate provision for fiscal decentralization in their overall decentralization initiatives. This would include advocacy for taxation reform and revenue collection at the local level to finance local development and service delivery. UNDP should also continue to work closely with other donors, and especially the World Bank, to ensure that fiscal considerations are factored into decentralization design. At the same time, UNDP should be ready to provide, as appropriate, the policy advice and capacity-building required.

(9) Strengthen the use of strategic management. Countries usually decide to undertake the process of decentralization for a variety of reasons and often under strong political pressure for quick results. Consequently, they frequently look for solutions before they have defined the problem to be solved. Decentralization initiatives by their nature are very long-term initiatives of (usually) transformational change. Many of the budgeting cycles of both Governments and donors do not adequately address the long-term resource requirements and resource commitments that may be needed for such initiatives. While budgeting and resource flows shift from year to year, long-term programmes could benefit from more formal long-term funding mechanisms. This would be especially important for donor-supported projects where a programme country would have greater assurance of resource availability and long-term commitment from a donor.

It is recommended that: UNDP encourage Governments that are embarking on or have embarked on a policy of decentralization to apply strategic management approaches to the process and to make every effort in advance to define their objectives and the means to reach them. UNDP should both adopt and promote the adoption within programme countries of longer-term planning, budgeting, and programme and project cycles to reflect the reality of decentralization as a long-term initiative. Financial flows in support of decentralization should be phased in order to be linked to the shorter government and donor project/programme time frames. From the start of decentralization support and related capacity-development initiatives or other activity, UNDP should define a clear exit strategy so as to be able to disengage from its support in a timely, well-prepared manner that allows the maximum opportunity for sustainability.

8.3 OPERATIONAL PRACTICES

The preceding recommendations clearly have an operational impact at the country-office level. The team also made a series of supplementary recommendations that may strengthen operational practices and performance at the country-office level, as follows:

(10) Promote innovation, risk-taking and the sharing of experiences. Decentralization initiatives are by their nature dynamic learning processes. The design, strategic plans, implementation and operationalization of systems of decentralized governance should derive from the adaptation of innovation, the taking of risks and learning from experiences. At the

country level, Governments will, in the nature of things, have little possibility to draw on decentralization experiences except from abroad. External assistance should, therefore, not only promote but also be able to facilitate the sharing of experiences with other countries.

It is recommended that: UNDP take a stronger leadership role in the adoption (for its own use) and the promotion (for programme countries) of innovations in decentralization. This would include consideration of risk-taking and risk management. UNDP should, on the basis of its own previous and ongoing programmes, develop a greater capacity for the sharing of lessons learned, experiences and best practices. Flexibly adapted methodologies and approaches to decentralization should place greater emphasis on the use of innovative practices, risk management, resistance mitigation, change management and related aspects.

(11) Strengthen Monitoring and Evaluation. It should be accepted that complex processes such as decentralization benefit from rigorous, ongoing monitoring and evaluation. Even smaller projects and minimally funded elements of support (e.g., policy dialogue, advocacy) should have built-in, funded mechanisms for formal monitoring and evaluation to know what works, what does not work, and how to effect improvements.

It is recommended that: UNDP use for itself as well as promote the use of more formal and informal mechanisms for ongoing monitoring and evaluation. For larger programmes and projects, the UNDP guideline of earmarking 8-10 per cent of project budgets for monitoring and evaluation is appropriate and should be maintained. However, for smaller catalytic projects that may have minimal budgets but high potential for impact, UNDP should consider on a case-by-case basis how best to ensure that adequate funding is provided so that lessons from experience are captured.

(12) Emphasize broader approaches to capacity development. The term “capacity development” is widely used in the development literature and particularly by UNDP. It is normally understood to cover the assessment and development of multidimensional capacities at the systems, organizational, entity, institutional, and individual levels. The development of decentralized capacities needs to take place at both the local and central levels, in the relationships between the central and local levels, and in the interrelationships among the State, civil society and private sectors. All too often, comprehensive capacity assessments are not undertaken, with the result that most capacity funding is allocated to training (which is quite often not effective).

It is recommended that: UNDP review its ongoing decentralized governance projects in terms of their explicit references to capacity-building and examine whether an approach that is strategic and broad enough is being adopted. Training is a crucial element of capacity-building, but it should be integrated into a holistic, systems and strategic management approach. Training may be important but only in the context of the development of other dimensions of capacity at the systems, organizational and individual levels.

8.4 SOME INTERNAL CONSIDERATIONS

This set of recommendations applies to some internal considerations of UNDP at both the corporate and country-office levels. The team understands that a number of internal management and organizational improvements are under way or being considered. The recommendations that follow focus on strengthening certain areas in order to improve UNDP performance in decentralization.

(13) Strengthen and invest in the country offices. It is fully consistent with UNDP corporate policy to welcome government initiatives to engage in a process aimed at bringing better governance and increased decentralization. Consequently, country offices are normally responsive when invited by the programme country to support such initiatives. However, it is not clear that country offices have sufficient capacities or take sufficient time to develop a strategic

vision of what the role of UNDP in the governance and decentralization process should be. UNDP should recognize the risk of compromising its neutrality and comparative advantage by putting too much emphasis on country-level resource mobilization. While much can be said on this topic, the team's main recommendations on strengthening the country offices follow:

It is recommended that:

- (a) UNDP ensure that its country offices strengthen their strategic-management capacities. Before entering into any new field of activity, the country office should undertake a SWOT analysis of the situation, a capacity assessment or similar such assessment and define its objectives and the means to achieve them. Emphasis should also be given to the adaptation (and gradual implementation) of strategic-management tools to the country-office operation as a whole and to its governance/decentralization programmes specifically.⁵⁰
- (b) UNDP recognize that programmes in areas such as governance and decentralization require more substantive human, financial and information resources. Creative and alternative means should be found to finance these requirements without impinging on the country-office administrative budgets.⁵¹ UNDP should make every effort to assure a sufficient and constant level of funding and, at the field level, show maximum realism about the amounts of funding likely to be available and undertake its programming accordingly. Every care should be taken to avoid raising expectations about levels of activity that cannot subsequently be met.
- (c) As the role of UNDP evolves, the decision-making authority of the country offices be enhanced with a view to delegating greater authority to the country offices. In the short term, it is recommended that UNDP delegate greater contract and procurement authority to the country offices.
- (d) UNDP country offices put in place strengthened information and knowledge management systems with a view to providing more efficient policy and operational support for government decentralization initiatives. It is also recommended that UNDP develop the corporate-wide policies, strategies, practices and standards for the effective communication and sharing of information and knowledge on a corporate-wide basis.
- (e) UNDP ensure a high degree of local expertise and professional capacity in the areas of (decentralized) governance. Such capacity can be expanded through the professional development of existing staff, recruitment and redeployment of staff, and quick access to short-term (national and local) sources of expertise. It is also recommended that in each country office with a (decentralized) governance programme, there be at least one senior staff member (specialist) with qualified expertise in this field. This will, *inter alia*, enhance quality management of the function and service.

(14) Strengthen corporate-wide support to country offices. The effectiveness of a decentralized organization such as UNDP relies in large part on a basic minimum set of corporate (headquarters) backstopping and support capacities. The quality of UNDP policies and analysis

⁵⁰ It may be useful for each country office to develop a business plan that could address all of the short-, medium- and longer- term demands and opportunities for services and support (what must and can be done). Such a plan would also include appropriate strategies for meeting these demands (how it must be done) in light of local and corporate-level strengths and weaknesses. Human resources, organizational design, training, knowledge management and other capacity-development requirements would be set out in such a plan, including the costs and benefits for implementing it. Such a plan would be the local office adaptation of the Administrator's business plan but with a focus on the realities and operational needs of the country office.

⁵¹ The team observed in at least one country that UNDP credibility as a neutral partner and trusted adviser to Governments can be compromised if it is too active in seeking to mobilize resources from other donor agencies at the field level. This is perhaps more true in sensitive areas such as governance than in the technical fields. Resource mobilization should be treated as one element in the UNDP overall development cooperation strategy and not as an externally driven imperative.

plus research and development in the areas of decentralized governance can translate into better overall corporate and country-office performance.

It is recommended that:

- (a) UNDP invest in the development and strengthening of its corporate-level functions of applied research, development and overall policy analysis in the areas of decentralized governance. More emphasis in research and policy development should be given to issues concerning democratization, the market economy, and the roles and interrelationships of the private sector and civil society with the public sector. More collaborative research efforts should be carried out with external donor, think-tank and research organizations. A strengthened SURF could be used as one of the key elements of the UNDP knowledge-management network.
- (b) UNDP also increase its corporate capacity both to foster and facilitate the transfer of international know-how and technical expertise that could be available to assist programme countries in the conceptual development, policy and programme planning and implementation of decentralized governance initiatives.

(15) Follow up the present evaluation with focused research and analysis. The present thematic evaluation was carried out under certain constraints. It allowed for only a general evaluation of the UNDP role in and support of decentralization and local governance in a small sample of five countries.

It is recommended that: UNDP carry out focused follow-up evaluations and other research to determine more precisely the results of its supported projects and programmes. Other focused investigations should examine closely the linkages and causal relationships between decentralization and sustainable human development and other cross-cutting issues such as human rights, poverty alleviation and gender. Areas that might be considered are presented in box 24.

Box 24. Suggested Areas for Follow-up Research and Analysis

- Development of case studies and best practices
- Applied policy development
 - Decentralized governance and poverty alleviation
 - Decentralized governance and gender equity
 - Decentralized governance and environmental improvement
 - Mechanisms for effective linkages between levels of decentralized governance
 - Decentralized governance and cultural variables
 - Decentralized governance and subsidiarity
 - Public-private-sector interfaces
 - Role of the private sector and civil society
 - Accountability and transparency in decentralized governance
- How-to technical guidelines and methodologies
 - Developing indicators and baselines
 - Strategic planning
 - Capacity development
- Niche marketing analyses
 - Targeted policy areas
 - Donor coordination



ANNEX 1

Evaluation Terms of Reference

10 August 1999

Introduction

UNDP has supported initiatives aimed at addressing decentralization issues. It is estimated that from 1992 to 1997 alone, there have been 284 projects and programmes dealing directly with issues of decentralization and local governance supported by UNDP for approximately \$380 million. It was during the same period that UNDP also adopted sustainable human development (SHD) as its overarching goal.

SHD, as distinguished from narrow economic models of development, embraces a process which emphasizes equitable growth, enhancement of human capabilities, gender equality, respect for the environment, and people's participation. It is about people's empowerment and as such requires people to be active participants and not merely passive recipients of benefits. Not only sound and relevant policies are needed but also appropriate institutions and mechanisms at all levels. SHD requires such institutions to be inclusive of all productive partners in society such as government, civil society, the private sector, communities and other partners. Furthermore, the attainment of SHD objectives is facilitated when such mechanisms move from national to sub-national to local levels. The challenge of governance in this paradigm is thus based on an alliance of all relevant national actors, where the mechanism is decentralized in order for people to influence the development process. Decentralized governance, therefore, is a key factor for people's empowerment and institutional sustainability and as such is an important means for SHD.

Good governance is widely recognized as the key to human development. Defined as the exercise of economic, political and administrative authority to manage a country's affairs at all levels, governance was explicitly confirmed as a UNDP programming objective with the publication of *Governance for Sustainable Human Development (A UNDP Policy Document)* in 1997. With the introduction of the strategic results frameworks (SRFs) in May 1999, the promotion of decentralization in support of participatory local governance, strengthening of local organizations and empowerment of communities was established as a sub-goal under the goal of creating an enabling environment for SHD.

The Management Development and Governance Division (MDGD) in the Bureau for Development Policy contributes to the development of policies, strategies and methodologies in the area of good governance. As part of its overall governance initiatives, MDGD has been managing since 1997 a global programme on decentralized governance. One of the main outputs targeted by the programme is an effective methodology to support country-level efforts to decentralize governance at appropriate levels. In this connection, a number of case studies and assessments are being undertaken and will be completed in the year 2000.

UNCDF, one of the funds associated with UNDP, has also been experimenting with new approaches to decentralization including local development funds and support to local governments and civil society. Increasingly, UNCDF is being known for its focus on decentralized rural development and this concept has attracted other partners.

This point in time is ideal for conducting a global evaluation of UNDP support to decentralization and local governance since adequate experience seems to have been gained from the use of earlier approaches to decentralization. Simultaneously, new approaches are being experimented with. Both could offer practical lessons to UNDP and its partners.

The Basis for a Joint Evaluation

This is the first thematic evaluation of UNDP with a major donor partner in many years.

In June 1998, one of the achievements reported by the Administrator to the Executive Board on evaluation was the contribution made by UNDP, specifically the Evaluation Office (EO), to promoting joint evaluations. As a direct follow-up to that, EO initiated discussions with the Government of Germany on joint evaluations around themes of common interest to them and to the wider community. EO later agreed with the Federal Ministry of Economic Cooperation and Development (BMZ) on decentralization and local governance for the following reasons:

- UNDP and the Government of Germany have accumulated substantial experience and continue to support programmes in this area.
- The Government of Germany has already carried out an assessment of its involvement in this area and has produced a synthesis report based on its experience in 13 countries. Working with UNDP, the Government of Germany expects to gain a broader view of decentralization and local governance issues beyond its bilateral concerns since UNDP is expected to have a comparative advantage in this particular area.
- UNDP, on the other hand, has not undertaken yet a comprehensive evaluation of its cooperation with programme countries in decentralization and local governance, despite the magnitude of resources that it has invested in this area and the expectation of some partners that this area could really prove to be an effective niche for the organization. So far, evaluations only of some individual programmes and projects have been conducted.

Objectives

As partners, the Government of Germany and UNDP aim to obtain a critical assessment of UNDP support in the area of decentralization and local governance. Their joint evaluation is aimed at achieving the following specific objectives:

- Identification and analysis of the main issues in decentralization and local governance at the global/macro level based on common experiences of programme countries;
- Assessment of results of UNDP-supported programmes in decentralization and local governance, highlighting UNDP's comparative advantage vis-à-vis other partners as well as the effectiveness of UNDP partnerships in the area ;
- Identification and analysis of the underlying factors for success/non-success of UNDP interventions in decentralization and local governance, highlighting in particular lessons that could be drawn from experience; and
- Formulation of concrete recommendations aimed at improving UNDP's capacity to address decentralization and local governance issues based on its comparative advantage and in partnership with other appropriate institutions.

Issues to be addressed

Conceptual and methodological issues

- Evolution of an overall framework to guide the design of UNDP interventions in decentralization and local governance and the strengths and weaknesses of that framework,

including the recently formulated SRFs;

- Clarity of the objectives of UNDP interventions in decentralization and local governance at the global/macro level; use of indicators and benchmarks; and
- Trends analysis: types of decentralization and local governance approaches supported by UNDP and methodologies used in deciding for a given situation the most suitable type of decentralization.

Results of UNDP initiatives in decentralization and local governance

Areas where UNDP has demonstrated comparative advantage (potential and actual) vis-à-vis other partners;

- Areas where UNDP has worked most effectively with development partners;
- Contribution of UNDP to the conceptualization of national decentralization programmes including the advocacy role it has played;
- Contribution to improvements in two or three key sectors/sub-sectors (to be determined based on the results of desk research) in support of SHD;
- Contribution to people's participation in decision-making, democratization, political reform and development processes at the local level;
 - Contribution to the building of capacities of government agencies, civil society organizations, and the private sector at the local level in terms of:
 - clarifying their roles and promoting complementary working relationships at the local level; and
 - establishing the enabling environment and appropriate organizational arrangements and providing the necessary human, financial and technological resources
- Extent to which human rights concerns at the local level have been addressed;
- Sustainability of results specifically of the contributions mentioned above; and
- Factors that have affected the delivery of results.

External and internal partnerships

- UNDP partnership with governments of programme countries, civil society organizations, the private sector, other UN agencies and donor institutions in decentralization and local governance
 - nature/forms/extent of partnership, e.g., cost-sharing/co-financing, technical cooperation in a programme, execution arrangements, general coordination, etc.; and
 - how UNDP initiatives relate to the programmes of UNDP partners.
- Partnerships within UNDP in addressing the complex issues of decentralization and local governance

- relationships between MDGD, the regional bureaus (RBx), country offices (COs) and other relevant units to promote cross-fertilization of ideas among regions and themes/sectors.

Products Expected from the Evaluation

UNDP and the Government of Germany expect the following products from the evaluation:

- a report based on a desk research presenting:
 - trends analysis: UNDP initiatives in decentralization and local governance in terms of a) number of programmes and projects and amount of resources (total UNDP and by region), highlighting to the extent possible, key sectors where such initiatives have been introduced; and b) types of decentralization approaches supported by UNDP – devolution, deconcentration and delegation. The analysis will also incorporate, and to the extent possible, look more closely at trends noted in the SRF aggregation exercise conducted in July 1999. This may constitute part of the main evaluation report.
 - most significant issues in decentralization and local governance that need to be examined closely by the evaluation;
 - countries recommended for in-depth studies by the evaluation team (based on criteria described in the section on methodology below);
 - emerging lessons from experience; and
 - supporting tables/graphs; profile of selected programmes and projects providing some basic information on key elements of decentralization and local governance; draft case studies of two or three major programmes to be developed fully by the end of the whole evaluation exercise.

This report will serve to validate the focus of the whole evaluation exercise and serve as the basis for making any changes in the TOR and for finalizing data collection and analysis methodologies. The overview may also constitute part of the report of the whole evaluation.

- main evaluation report based on the desk research and field visits presenting:
 - trends analysis of UNDP initiatives in the area of decentralization and local governance;
 - the results of UNDP initiatives in the area, highlighting those that demonstrate UNDP's comparative advantage vis-à-vis other partners as well as the result of UNDP's partnerships with other institutions, in selected sectors/sub-sectors;
 - critical assessment of issues that affect the success of UNDP-supported programmes and projects in decentralization and local governance, including partnerships, capacity-building and sustainability;
 - lessons learned across regions/countries and sectors on the conceptualization and implementation of decentralization and local governance initiatives; and
 - recommendations on how to strengthen UNDP's overall capacity to assist programme countries in decentralization and local governance, specifically those that can serve as inputs to: a) a clearer definition or refinement of the corporate policy on decentralization and local governance, b) development of appropriate methodologies

for programme design, implementation, monitoring and evaluation including the selection of indicators, and c) building strategic partnerships within and outside UNDP to achieve desired results.

- individual country reports along the lines of the main evaluation report

Methodology

Desk research

Initially, the evaluation will involve an extensive desk research to obtain and analyze information (as outlined above) needed to have a good overview or a global/macro picture of UNDP initiatives in the area of decentralization and local governance and to have indications of the main issues concerned that should be examined more closely. Sources of information include the statistical reports prepared by the Division of Information Management and Analysis, relevant SRFs, programme/project report documents, and reports of technical reviews, evaluations and related studies conducted by UNDP, UNCDF and other partners. Even at this early stage, the individuals conducting the desk research will already interview key staff in UNDP to validate information and clarify preliminary issues identified.

The report of the desk research will serve to validate the focus of the whole evaluation exercise and serve as the basis for making any changes in the TOR, for finalizing data collection and analysis methodologies including the selection of programme countries and key initiatives (in addition to the draft case studies) to be studied in greater depth.

In-depth data collection and analysis

Guided by these evaluation terms of reference (to be refined based on the results of the desk research), the evaluation team will interview staff and stakeholders at UNDP and its associated funds and programmes (e.g., UNCDF, UNIFEM), relevant UN agencies and the Bretton Woods institutions as necessary.

It will also undertake visits to selected countries in Africa, Asia and the Pacific, and Latin America and the Caribbean where initial research shows a concentration of UNDP-supported programmes in decentralization and local governance. Countries in the two other regions (Arab States and Europe and the Commonwealth of Independent States) will be considered as appropriate. Selection of the countries will be based on the following criteria:

- the presence of a wide range of UNDP- and government-supported decentralization and local governance programmes;
- experiences of successful as well as not so successful initiatives; and
- examples of good collaborative efforts with development partners in addition to governments (i.e., civil society organizations, private sector, UN agencies and other donor institutions).

The final list will be established based on the analysis/results of the desk research and in consultation with the RBx ,MDGD, and BMZ.

The full team will visit one country first to test its evaluation approach. Based on the team's experience with that visit, necessary adjustments will be made. Then the team will be divided into three groups.

The evaluation team will take into account, to the extent feasible, MDGD's thematic assessment studies on experiences in decentralization in selected countries.

Evaluation Team

The desk research will be carried out by a member of the UNDP Evaluation Network (EVALNET) and a consultant. Both should have substantive knowledge on decentralization and local governance issues and have good synthesizing and writing skills.

An evaluation team composed of five external experts will undertake in-depth data collection and analysis and the preparation of the evaluation report. Two of them will be designated by the Government of Germany and the rest by UNDP. One EVALNET member will participate in the preliminary work of the team, i.e., development of the evaluation framework/methodology. The members of the evaluation team, individually and/or as a group should have the following qualifications:

- expertise in the area of decentralization and local governance, public sector management, partnerships with civil society organizations and the private sector, SHD including participatory development, and the key sectors/sub-sectors to be examined closely by the evaluation;
- extensive experience in developing countries combined with good academic background;
- a gender perspective;
- excellent analytical skills as demonstrated, for example, by prior experience in evaluation and related studies;
- prior experience in dealing with UNDP and other institutions involved in development cooperation;
- command over a mix of languages, i.e., English, Spanish and French; and
- excellent report-writing skills.

The evaluation team will be headed by a team leader who is internationally-recognized and respected in the area of decentralization and local governance. She/he is responsible for ensuring the delivery of the evaluation report that satisfies fully the terms of reference and for making the necessary briefing presentations during and after the evaluation as may be required by UNDP and the Government of Germany.

Implementation Arrangements

The evaluation will be directly managed by EO which will assign one of its staff members to be responsible for the overall management of the exercise.

EO will work closely with the following units within UNDP:

- MDGD as the focal point for governance issues within UNDP will act as the main resource base for the evaluation team and make available to the team all relevant material.
- The RBx will provide access to their documentation to the evaluation team and assist EO in organizing the country visits.

- The COs concerned, working closely with EO, will organize the country visits including the briefings and discussions with stakeholders and other key informants for the evaluation. Each CO will designate a staff member to act as the focal point for the evaluation who should be thoroughly familiar with the evaluation terms of reference and help facilitate the work of the evaluation team in the field.

In addition, EO will seek the collaboration of UNCDF in sharing UNCDF's experience and insights through the provision of relevant documentation and interviews of key UNCDF staff at headquarters and in the countries to be visited by the evaluation team.

Timetable and follow-up arrangements

Milestones	Dates	Approximate Duration
Desk research	Aug. – Sept. 1999	6 weeks
Final selection of countries to be visited; start organizing country visits with COs	Late Aug. 1999	
Launching of the evaluation in New York : to be attended by UNDP, BMZ, and the evaluation team	20-21 Sept. 1999	2 days
-Evaluation team begins its work -Discusses evaluation framework, incl. detailed methodologies for data collection and analysis -Agrees on individual responsibilities of team members -Interviews key resource persons in UNDP and relevant UN agencies in New York, and as necessary, Bretton Woods institutions in Washington	22-29 Sept. 1999	7 days
Country visits: -First country visit by full team -Four other country visits by sub-teams	1-14 Nov. 1999 22 Nov. – 17 Dec. 1999	10 days Each mission, 10 days
Full team in Bonn to discuss the preparation of draft report	20-21 Dec. 1999	2 days
Preparation of draft report; draft report submitted to EO on 17 Jan. 2000	22 Dec. 1999 – 17 Jan. 2000	3 weeks
Discussion of draft report in New York (presentation by evaluation team leader)	24 Jan. 2000	1 day
Finalization of report; final report submitted to EO on 7 Feb. 2000	25 Jan. – 7 Feb. 2000	2 weeks
Workshop in Berlin to present the final report to German parliamentarians, representatives from academia and NGOs	23 February 2000	1 day

As a follow-up to the evaluation, EO will present major recommendations of the evaluation to appropriate management units within UNDP for decision, and track and report on the implementation status of those recommendations.

ANNEX 2

Evaluation Team

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ANNEX 3

List of People Interviewed

The evaluation team met with and listened to numerous individuals within UNDP at both the headquarters and country-office levels. This annex contains a list of only those people interviewed at the headquarters level and individuals in selected donor and international organizations. The reader is referred to the five country reports for a list of those interviewed at the country level. The evaluation team members extend to all of those interviewed their utmost gratitude for their participation, for their openness and for their constructive suggestions.

FEDERAL REPUBLIC OF GERMANY

Federal Ministry for Economic Cooperation and Development

Horst Breier	Head, Evaluation Division
Klaus Kraemer	Deputy Head, Evaluation Division
Juergen Lindenthal	United Nations Division
Juergen Schmid	Division of Governance and Cross-cutting Issues
Wilhelm Suden	Head, United Nations Division
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ANNEX 4

Selected List of Documents

The evaluation team reviewed hundreds of documents at UNDP headquarters and in the country offices, including publications and reports from other international organizations, journals and publishers. This annex lists only selected documents. The reader is referred to the five country reports for a list of documents reviewed at the country level.

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ANNEX 5

Executive Summaries from the Five Country Reports

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GUATEMALA COUNTRY REPORT

Guatemala is struggling to achieve reconciliation in a post-conflict situation. The Peace Agreement of 1996, which ended the internal armed conflict, requires various changes in the different areas of public administration in Guatemala. Some of the changes are closely related to the process of decentralization.

The principle of subsidiarity is established by the Political Constitution; the State will act by complementing private initiative and activity. The administration will be decentralized and development regions will be established on the basis of economic, social and cultural criteria. A system of national, regional, departmental, municipal and local (development) councils is responsible for organizing the public administration through urban and rural development policies and land-use regulations. Special emphasis is being placed on strengthening the municipalities' technical, administrative and financial resources. The formal links of civil society organizations to decentralized governance remain to be structured. In 1996, the Office of the Presidential Commissioner for the Modernization of the Executive Branch and the Public Administration (which also covers decentralization) was created. The constitutional authority for decentralization is strongly emphasized.

A number of basic laws have been amended and other amendments are pending. There are many initiatives at the level of plans and recommendations. It is not sufficient to transfer competencies; more efforts are necessary to ensure that adequate resources and capacities are in place. While there are positive examples of reform, the scope of the new approaches needs to be expanded through legislative and operational reforms. As in other countries, there is no system for adequate follow-up and monitoring to assess the progress achieved.

UNDP has supported the elaboration of a national decentralization strategy and the promotion of sectoral initiatives in support of the decentralization process. Since 1996, it has also been supporting the promotion of decentralization policies through the Office of the Presidential Commissioner and it has collaborated in a number of un-incorporation activities. In 1997, UNDP offered its support to the Peace Secretariat of the Office of the President in the preparation of a national decentralization strategy. A number of meetings yielded agreement on a common notion of decentralization and views on how to promote and coordinate the process in Guatemala. In 1999, it was decided that the finalization of the arrangements would be deferred to the year 2000.

It appears that the approaches adopted by the Guatemalan Government and UNDP are not well structured and targeted and that there are more plans than coordinated action. UNDP has been collaborating in various areas relating to decentralization that vary widely in nature. This is also true for the various multilateral and bilateral donor initiatives to support decentralization, which appear to be rather uncoordinated.

Main Observations and Findings

UNDP **strengths** in decentralization and local governance in Guatemala include the following:

- (a) UNDP is considered a neutral donor, not pursuing any subjective interests. It has won a high reputation and is a trusted agent of development.
- (b) UNDP projects tend to be identified as national projects; they promote national ownership.
- (c) UNDP has an ability to mobilize financial resources as well as competent personnel.
- (d) UNDP is efficient in facilitating and administering activities financed by other donors.
- (e) Support to partners is provided without conditionalities.

To meet the challenges of supporting Guatemala's decentralization programme, the following potential for **improvement** has been identified:

- (a) The portfolio of UNDP projects is widely diversified. More emphasis on decentralized governance would help to give a major focus to decentralization.
- (b) The design of the UNDP projects does not reveal a coherent concept that would unite them under an umbrella strategy. Their sectoral structure is mainly vertical and the horizontal complementarity is not evident.
- (c) Project execution in decentralized governance takes place without an operational system for a sectoral impact assessment. The links with poverty eradication are assumed but not established.
- (d) UNDP is not recognized as having professional capacity in decentralized governance.
- (e) Since UNDP is seen as working with and for the Government, it has an image of not being very close to civil society.
- (f) The intellectual capacities of headquarters and interregional experiences appear to be underutilized in project execution.
- (g) There is an impression that the management of information and communication within the country office is suboptimal.

The team found that the current environment in Guatemala provides significant **opportunities** for UNDP to support the decentralization process.

- (a) Decentralization is in itself of the highest *democratic value*.
- (b) The present Government is dedicated to a policy of decentralization, and this augers well for a change in power after the presidential elections.
- (c) The communes in Guatemala benefit from a system of municipal resource generation.
- (d) There are partial positive developments with respect to donor coordination in limited fields.

The main **challenges** for UNDP include the following:

- (a) No umbrella strategy for decentralization has been developed by the Government. The individual approaches taken by the Ministries have led to a variety of non-cohesive initiatives.
- (b) There is a lack of coherent and operational planning on the part of the Government.
- (c) A monitoring system for decentralized governance does not exist.
- (d) Administrative efficiency is low and further impaired by a lack of coherence among the many activities that appear to be undertaken on an independent rather than a coordinated basis.
- (e) Most municipalities do not have sufficient capacity to cope with the new tasks delegated to them.
- (f) Intercommunal cooperation is close to non-existent.

- (g) Major obstacles to decentralization stem from resistance within the administration.
- (h) At the local level, there is a considerable lack of trust and faith in the national Government and its political leaders.
- (i) The uncoordinated donor activities in the field of decentralization and local governance are a challenge to the rational utilization of funds.

Main Lessons Learned

- The political character of the decentralization process must be understood and accepted by all parties, including donors.
- An enabling legal environment is a necessary but by no means sufficient condition for success.
- It is essential to create a culture of trust.
- In order to fight poverty and unemployment, the micro-economic environment for all citizens must improve.
- Participation is often more a pretence than a reality. The mere exchange of information is not participation.
- The pace of the decentralization policy must not be too fast; however, too slow a pace makes the management of expectations difficult.
- The effectiveness of the Government in its executive role depends on the functioning of other branches of government, above all, the legislature and the judiciary.

Principal Recommendations

- UNDP should continue its policy that technical cooperation in decentralization need not be restricted to the executive branch but should include the other branches of government provided by the Constitution.
- UNDP should consolidate its rather pluralist project portfolio and concentrate its engagement in fewer sectors. It should continue to expand its project activities in decentralization and underline their conceptual complementarity and linkages.
- UNDP should continue to assist the development of permanent and sustainable Guatemalan capacities for administrative training.
- UNDP should continue to encourage the Government in developing and formulating a coherent, operational strategy for implementing a decentralization policy.
- The fiscal aspects of decentralization should be continuously emphasized.
- At the same time, the UNDP country office should shape its own strategic concept of decentralization and local governance as a basic management requirement for the execution of its projects.
- UNDP should continue to improve its own approach to impact assessment in decentralization policies.

- The baseline (situation at the beginning) and the benchmarks and indicators that would show progress towards an intended outcome should be more precisely defined.
- The present state of knowledge and information management should also be improved in order to strengthen the institutional memory.
- UNDP should strengthen coordination and ensure greater dissemination of information among its own projects.
- The UNDP country office should undertake a more in-depth internal analysis of its programmes in the governance and decentralization field than could be carried out by this mission.

MALI COUNTRY REPORT

The Government of Mali has elaborated and implemented a number of global and sectoral policies aimed at promoting sustainable human development and, in particular, the fight against poverty. A number of cross-cutting strategies, including decentralization, aim at the key objectives of expanding and strengthening the democratic process and promoting local development. Decentralization is a political process and it follows a political agenda. The political structures for decentralization have almost been put in place and the challenge is to make decentralization work. There is, in particular, an urgent need for technical inputs (training, financial regulations, etc.) at the commune level. There is something of a race against time since failure to make at least a majority of the communes minimally functional would discredit the process of decentralization and democratization.

UNDP has been supporting decentralization since the beginning of the process in the early 1990s and plays a crucial role in supporting the Mission for Decentralization and Institutional Reform (MDRI). The reputation of both institutions must stand or fall together. The theme of the next round-table (to be held in Bamako in 2000) is decentralization. Apart from UNCDF, UNDP and UNICEF, the main donors include the European Union, Canada, France, Germany, the Netherlands, Switzerland and USAID. In addition, a variety of funds and projects are supervised and managed by NGOs and other associations. UNDP concentrates its activities on supporting the MDRI and gives special emphasis to activities in the North.

Main Observations and Findings

UNDP **strengths** in Mali include the following. It is perceived as a neutral donor that does not pursue its own economic and political agenda. It gained a high level of credibility by its role in the peace process after the Tuareg uprising. Its catalyzing role in resource mobilization and its engagement in donor coordination are recognized and appreciated. It has a comparative advantage in engaging in policy advice. UNDP intentionally maintains a low profile, which is valuable for national ownership. It is a competent broker for information and technical assistance of all kinds.

However, **improvement** in the following areas would be possible. UNDP support to the MDRI practically amounts to budgetary support. The UNDP programme is rather too widely dispersed, but efforts are under way to concentrate resources on decentralization. Owing to its deliberately low profile, UNDP is not widely identified with the excellent work of the MDRI and its value-added is not immediately recognized. The donor community does not know much about or have a very high opinion of UNDP activities in Mali.

The defined objectives of the UNDP/MDRI project are rather general and vague. The impact of decentralization on poverty alleviation and sustainable development is assumed, but the structure of the objectives is not broken down at the operational level. Consequently, UNDP does not have a system of benchmarks and indicators with which to control the quality of its inputs and outputs or to assess its support for decentralization in Mali. UNDP staff members could benefit from more advice and support from headquarters in the field of decentralization, not so much on an academic level but by an exchange of experiences with other countries. The visit of office staff to Malawi and Uganda helped in this regard.

A number of **opportunities** for UNDP may be enumerated. Decentralization is in itself a democratic value and the political dedication of the Malian Government is not in question. There seems to be little competition among the donors in the field of decentralization and the establishment by donors of a common fund to support decentralization should enhance cooperation. The MDRI is a small, flexible key agency. It gives the impression of dynamic leadership supported by democratic participation and it has a strong political position and a good reputation. UNCDF and UNDP programmes in Mali appear well integrated and mutually supportive.

UNDP is faced with **challenges** in the following areas. Decentralization is the most ambitious initiative in Mali since independence and the risks may have been severely underestimated. The large increase in the number of communes is certainly a result of the positive democratic process, but their large number (701) and their often small size constitute a disadvantage.

The Government's decentralization policy seems to focus mainly on the decentralization of the State. The integration of civil society into the process is much less pronounced. The private sector has by and large not been identified as a valuable agent of change and development. The decentralization and local governance concepts of UNDP and the Government of Mali are compatible but not consistent. UNDP applies a broader interpretation.

The capacity of the national, regional, and local levels of the administration is not sufficiently developed to cope with the requirements of decentralization. The recruitment of Secretaries-General for the 701 communes also proves to be a bottleneck. There are not enough institutions capable of providing the necessary training at the local and regional levels and the central supervisory ministries (*ministère de tutelle*) generally lack the capacity to exercise their functions effectively. It appears that the middle levels of management of the administration are reluctant to support the decentralization policy of the Government and there seems to be a significant gap between the general dedication to decentralization at the political level and the will to put it into practice. Like UNDP, the Government is not very successful in its management of expectations. At this point, it is in need of some success stories in order to maintain momentum in the decentralization process. There is a wide gap between the proclaimed aspiration towards efficient development cooperation and the reality of donor coordination. The poor level of donor coordination among certain donors is a severe management failure that is not due to incapacity but to unwillingness among some donors.

Main Lessons Learned

- The success of decentralization depends, *inter alia*, on three prerequisites: (a) on a devolution of tasks to the different local government levels which correspond to local and regional needs (the principle of subsidiarity); (b) on the availability of corresponding financial resources; and (c) on the availability of personnel resources corresponding to the devolved tasks (both in quantity and quality).
- Support for a political process entails higher risks for a donor than the usual type of technical assistance (or investment) project.
- UNDP impact may be reduced if the organization does not take a strategic approach to its programmes and projects
- Systematic monitoring and evaluation are not required to ensure that lessons learned and other experiences are captured.
- The role of UNDP is most appreciated when UNDP intervenes at the policy and coordination level. It is less successful at the operational level.

Principal Recommendations

- UNDP should maintain its current strategy and continue to support the political process of decentralization in Mali.
- UNDP and all donors in Mali should make a special effort to meet the urgent technical needs, in particular in providing training for locally elected officials and in facilitating the transfer of funds to the communes.

- UNDP should address the problem of fiscal decentralization more proactively.
- UNDP should identify indicators for both decentralization and poverty alleviation and merge the two in an integrated process.
- UNDP should concentrate its efforts in fewer areas and should only support projects that complement the decentralization process. This should be subject to an in-depth review by the country office and should be supported by the planned evaluation of the MDRI project.

PHILIPPINES COUNTRY REPORT

Since the late 1980s, there has been an ongoing process of re-democratization in the Philippines. In 1991, it passed a strong measure of devolution, the Local Government Code. In the mid-1990s, it forged a peace agreement with the Moro National Liberation Front, created a regional government in Muslim Mindanao and promoted the involvement of civil society in national and local governance.

However, despite these advances, a number of issues relating to decentralization still need to be addressed at both the central and local levels. These include: the need for central government agencies to assume new roles under devolution and the need for local government units (LGUs) to develop capability for internal management and resource-generation and to forge partnerships with civil society and the private sector.

Main Observations and Findings

UNDP has some **strengths**, as evidenced by its perceived neutrality, the trust that it has generated, its long-standing presence in the country, its independent outsourcing and advice, and the prestige it enjoys from being part of the broader United Nations system. It has also gained some important, albeit limited, operational experience and credibility, primarily in its support to the peace process in Mindanao but also in other related and mainly capacity-development initiatives in which it is recognized as having initiated innovations in project delivery and local governance. It is also perceived as being responsive to the needs of national organizations and as having helped to build national ownership. Its comprehensive approach to governance, the grant funding and its readiness to tackle sensitive issues are other comparative advantages. Even its relatively low level of funds has been seen positively as a motivator of self-reliance.

However, in order to **improve**, UNDP needs to clarify its working concepts of decentralization and local governance as well as capacity development. It is somewhat lacking as regards a long-term strategy for decentralization, performance management methodologies, strategic management culture, knowledge and information management, and management of expectations. It is also handicapped by low funding levels.

Other secondary findings focus on the need for: (a) project re-design in mid-stream; (b) longer project time lines; (c) less sparing use of international expertise; (d) greater cultural awareness; (e) improved donor coordination; (f) increased visibility and access; and (g) greater attention to the private sector.

Significant **opportunities** may exist for UNDP in filling certain gaps in national decentralization initiatives, e.g., engaging in upstream policy dialogue, assisting in the development and coordination of national implementation strategies, supporting donor coordination activities more substantively at both the government and donor levels, and fostering a more balanced evolution of governance in the country.

Key **challenges** for UNDP in the Philippines include the following: (a) the political nature of decentralization; (b) the need for a national strategy; (c) the potential for unbalanced governance; (d) over-reliance on external assistance; (e) the indeterminate duration of programmes; (f) the difficulty in measuring outcomes and impact; (g) the tenuous linkages between decentralization and SHD; (h) the sustainability of the peace process; (i) the inconsistency of donor methodologies; and (j) a competitive donor environment.

Main Lessons Learned

- The political nature of decentralization requires that any donor be ready to dialogue with the national political leadership and to adapt its programmes to the political framework.
- Although UNDP entered the decentralization field relatively late, it did not undertake a strategic review and seek to concentrate on a few areas. Experience then showed that spreading limited resources widely reduces the potential for achieving clearly identifiable and measurable outcomes.
- Reliance on national execution may have lessened the impact of the organization's considerable international expertise in decentralization and post-conflict situations. The combination of national execution and United Nations agency execution can result in unclear lines of authority and responsibility. Also, a narrow view of capability-building results in the strengthening of individual capacities in the absence of strengthening institutional capacities.

Principal Recommendations

- Before engaging in new activities, UNDP should undertake a strategic review and choose among the following options: (a) seek to increase its resources so as to be one of the major players in the field; (b) withdraw entirely; (c) use the management tool of SWOT analysis to identify strategic roles; and (d) seek strategic alliances with other key players so as to have maximum impact.
- UNDP should find entry points into the political arena and be ready to contribute to the political debate. If this is not feasible, UNDP should decide to stay out of the field. Within the political debate, UNDP should maintain clear principles. These include promoting good governance and decentralization in order to promote sustainable human development and, in Muslim Mindanao, the peace process.
- The UNDP country office should avoid raising expectations beyond what can be programmed and delivered. To do this, UNDP should provide its partners with clear, realistic information on its strategic objectives and capacity to deliver. The country office must maintain a common approach to decentralization.
- UNDP management should review the human resources of the Philippines country office and provide it with the core capacities necessary to support a decentralization programme. Professional staff should make a substantive (and not simply process) contribution to programming and monitoring.
- The UNDP country office should undertake to upgrade its knowledge management systems in order to strengthen its capacity for dialogue, programming and monitoring.
- Within the framework of the Consultative Group mechanism, UNDP should identify where in the decentralization process it can act as a facilitator and provide value-added by playing a more active role in the coordination either of policy or operational activities. The type of leadership that UNDP already plays in Muslim Mindanao could, with appropriate modifications, be extended to other areas.
- UNDP, with the Government and with its different cooperating partners, should examine how to streamline the existing project rules and procedures to make them more user-friendly for national partners.
- The UNDP country office should define the intellectual framework for its governance and decentralization programmes and ensure that they are consistent with national definitions and policy.

- UNDP should encourage closer links between the political process of decentralization and the promotion of the private sector so that political and economic decentralization is pursued within a common framework.
- UNDP should disseminate information about its projects so that the actors and beneficiaries of the projects themselves fully understand the process and obtain a sense of ownership.
- UNDP should ensure that the capacity-building components of its projects include not only training but also organizational reform and institution-building.
- UNDP should draw on the experience of other countries in the fields of decentralization and post-conflict reconstruction so that expertise (whether international or Filipino) can be made available as appropriate.
- To improve project impact, UNDP should nominate one lead agency (whether national or international) in each project with full responsibility for management and implementation.

THAILAND COUNTRY REPORT

Decentralization is mandated in the 1997 Constitution and was given further impetus by the 1997 Asian economic crisis. Thailand has a long history of centralized government and resistance to decentralization remains, especially in the bureaucracy. For example, questions are raised about the capacity of local government units to undertake service delivery and to shoulder their fiscal responsibilities. Capacity-building is required at all levels.

However, there is also a growing feeling in the private sector and civil society that decentralization is essential to promote economic growth, to improve service delivery in the social fields and to give real meaning to democratization. Numerous civil-society and private-sector organizations are ready to enter into a dialogue with the Government on decentralization issues and to promote operational activities at the local level. These organizations represent the demand for decentralization and attempt to regulate and, where necessary, modify the top-down supply that comes from the Government.

Various donors, including UNDP, are supporting different aspects of the decentralization process. UNDP focuses mainly on government programmes, including pilot activities at the local level, but one project is assisting an NGO. UNDP projects are well accepted since they are flexible in terms of project design and management and they do not include the conditionalities of financial donors.

Main Observations and Findings

As a major summary finding, the team believes that UNDP in Thailand has made a major, significant entry into supporting the country's decentralization and local-governance priorities at both the policy and operational levels. It has established itself as a credible, trusted partner for a number of key governmental and non-governmental organizations. A key measure of this is the fact that most organizations consulted requested that UNDP not only continue its support but also expand it in other areas.

To achieve a stronger, future support role in the area of decentralized governance, the team sees a number of key UNDP **strengths** that may be capitalized. These include the following:

- (a) National attitudes towards the United Nations and UNDP are positive. UNDP neutrality and objectivity are particularly appreciated and it is felt that UNDP does not drive a policy agenda other than its support to national priorities.
- (b) UNDP has high-level access to the Government and can benefit from a number of strategic entry points. The combination of its good reputation and its readiness to take innovative initiatives gives it an edge over other donors.
- (c) The UNDP national execution modality is appropriate to Thai conditions. It promotes national ownership of the programme and encourages sustainability.
- (d) UNDP has access to expertise worldwide for the implementation of its projects.

However, UNDP also needs **improvement** in the following areas:

- (a) Even though UNDP appears to have a long-term goal of mainstreaming project activities into the Government's programmes in the decentralization field, it will need to develop an overall, long-term strategy and integrate such a strategy into each of its projects. It should also establish baselines and benchmarks against which performance (results, outcomes, impact) can be measured.
- (b) UNDP internal information- and knowledge-management capacities will need to be strengthened.

- (c) Further work is required on clarifying and developing practical concepts of governance and decentralization that can be adapted to the Thai context.
- (d) The design of UNDP-supported projects will need to recognize clearly the long time frames involved and the complex, cross-sectoral nature of impact. Greater attention should be paid to building the internal implementation and management capacities for national execution.
- (e) UNDP funding levels will need to achieve a critical mass necessary for impact in the decentralization field.

The **challenges** posed by the external environment to UNDP in decentralization in Thailand include the following:

- (a) continuing resistance in the bureaucracy;
- (b) government emphasis on process and transition and lack of a clear vision of the overall objectives;
- (c) weak national implementation capacities at all levels and insufficient use of monitoring and feedback;
- (d) weak support institutions (especially for training) both in government and civil society; and
- (e) insufficient efforts to derive experience and lessons from the decentralization process and to provide feedback on best practices.

However, there are also significant **opportunities** for UNDP:

- (a) supporting the strengthening of the National Decentralization Committee;
- (b) contributing to preparations for the 9th National Development Plan;
- (c) introducing core strategic management capacities in government;
- (d) assisting the Government to redefine its role;
- (e) promoting modern knowledge management and modern methods of public-sector management;
- (f) strengthening various institutions outside the Government;
- (g) promoting the Government's donor-coordination initiatives; and
- (h) developing capacity in its broadest sense (i.e., capacity-building that goes beyond training courses and the preparation of manuals).

Main Lessons Learned

- Decentralization in Thailand is a cross-sectoral process of major change. The impact of UNDP is reduced if it does not take a strategic approach to its programmes and projects.

- Decentralization is a major challenge both for Thailand and for donors, especially in the areas of coordination, priority-setting, resource allocation, and information-gathering and analysis.
- Decentralization and local governance development are long-term, transformational processes of change. They often generate new and competing expectations as to what can be done for whom and in what time frames. In a new field such as decentralization, there is often confusion between wants and needs, requiring careful attention to problem definition and programme formulation.
- Significant resources are required by Thailand to implement the decentralization process. Donors such as UNDP need a certain critical mass of funding if they are to play a useful and credible role in this field.
- Decentralization and local governance development initiatives are often experimental, innovative and of the learn-as-you-go type. Flexible project and programme designs are required to reflect the dynamic nature of such initiatives and rigorous ongoing monitoring and evaluation are essential to ensure that design remains relevant and that lessons learned and other experiences are properly captured.

Principal Recommendations

- Before entering a new field of activity, UNDP should undertake a strategic assessment of its potential role. In Thailand, this should be done before UNDP commits itself to any significant new decentralization projects.
- UNDP should adopt a strategic management approach to decentralization and local governance and should ensure the coherence and coordination of its different inputs.
- UNDP should identify strategic alliances not only with the State sector but also with the civil society and the private sectors. It is in both these sectors that the sustainability of decentralization and local governance will be achieved.
- UNDP should identify niche areas in decentralization, balancing upstream policy advice and advocacy with downstream operational support (e.g., capacity-building).
- UNDP should develop a strategy and plan for the management and exploitation of information and knowledge on decentralization and local governance in Thailand.
- UNDP should continue to provide expertise in decentralization and should review how best to achieve the transfer of ideas, experience and know-how.
- UNDP should evaluate its decentralization projects in Thailand and use the results to fine-tune current projects and to promote a strategic management approach.
- UNDP should identify ways to improve national execution in Thailand.

UGANDA COUNTRY REPORT

The history of Uganda during the post-colonial period was marked by political and economic turmoil. The National Resistance Movement (NRM) formed a new government in 1986 and embarked on an extensive consultative process to draft a new constitution. Since 1986, the Government has pursued a vigorous decentralization policy involving substantial devolution of powers, functions and responsibilities to popularly elected local governments. The choice of devolution as the main plank of Uganda's decentralization policy was dictated by the need to institutionalize the revolutionary changes implied by the new Constitution. This was also congruent with the objectives of broadening political participation and improving social service delivery.

Currently, over 80 per cent of Uganda's development budget is financed from external sources. UNDP support is directed mainly to democratic governance for poverty alleviation. This is being pursued through support to decentralized governance and private-sector development. A major UNDP initiative is the capacity-building component of the UNCDF District Development Programme (DDP), whose model has been adopted by the World Bank for its Local Government Development Programme.

Main Observations and Findings

UNDP has a number of important internal **strengths**, developed through its practical and successful support of decentralized governance initiatives (especially the DDP). It has also effectively applied the concept of governance to involve not only the State but also civil society and the private sector although the State sector still receives prominent attention. Of special note, the team found that UNDP demonstrated a willingness to take risks in programme design (DDP) and to adopt innovative methods in its implementation.

A number of areas need **improvement** if UNDP is to continue successfully to support national decentralized governance initiatives. The team found that UNDP has not entered the area in a strategically managed way nor does the organization appear to have sound supporting information and knowledge management systems. There does not appear to be any long-term vision for UNDP activities in the governance (local or central) or decentralization areas.

One of the greatest **challenges** facing not only UNDP and other donors but also the Government is the lack of strategic management capacity for decentralized governance within the Government itself. A recent implementation road map developed by the Government is a good start to the development of such a strategy. Another major challenge relates to the resistance of central ministries to decentralization. Many commented on the continuation of a regulatory regime that tended to control, rather than liberate, local governments.

There is a high degree of political and public commitment to decentralization in Uganda. This applies primarily to local governance development but also covers the relationships between local and central government and within central government. UNDP/UNCDF experience with decentralized governance initiatives has opened communication channels with a number of civil-society organizations, the private sector and the academic community. The team sees all these non-State entities as an emerging and important constituency with which UNDP can work to assist Uganda in implementing its decentralization agenda.

Main Lessons Learned

In the case of Uganda, several important early lessons have emerged that can guide future, more effective initiatives. The Uganda case is interesting since UNDP/UNCDF made a conscious decision at the outset to use the decentralization initiatives, in part, as learning experiences. The lessons learned are:

- The mere introduction of the notion of (administrative and service delivery) decentralization can fuel unrealistic demands and expectations on the part of the local populations. Expectations on the part of all those involved in decentralization or on whom it has an impact must be carefully managed.
- Decentralization creates new political power groups, special interests and lobbies, each of which competes for power, authority and resources.
- Decentralization is a fluid, dynamic and learning process. Greater effectiveness and success occur when innovative approaches are adapted, risks are taken, and implementation design and plans can be continuously adjusted.
- Decentralization is most often a process of transformational change. The greater the change, the greater the potential for resistance to that change.
- The success of a decentralization initiative depends on a thorough understanding, at the outset, of the complex and cross-sectoral requirements and needs.
- Decentralization requires a central driving force or top executive capacity that integrates central and line ministry interests, that links central and local interests, and that assures managed relationships with civil society and the private sector.
- Participation is a critical success factor for decentralization and mechanisms are required to ensure active participation in local governance matters. However, participation, beyond the sloganeering, can take different forms.
- Administrative decentralization can be impeded by lags in fiscal decentralization. Effective local governance depends on effective access to and management of financial and human resources at the local level.

Principal Recommendations

- UNDP should formalize its adoption of a strategic management approach by preparing, in collaboration with the Government of Uganda, a governance and decentralization programme that brings together in a coherent whole all UNDP activities in this field.
- UNDP, in the pursuit of its strategic vision, should review the existing and potential non-State actors in the decentralization and local governance fields and identify the ones with which to develop new partnerships and alliances.
- UNDP should continue its support to the DDP and build on future successes of this Programme. It is clear that DDP is a flagship initiative for both the Government and UNDP/UNCDF.
- UNDP should examine ways to streamline the NEX modality and find ways to harmonize its procedures with other United Nations agencies and donors.
- UNDP, within the framework of a strategic approach, should review systematically with the Government and other donors the niche areas in which it could contribute most to the governance and decentralized governance processes. Possible niche areas might include: support to the Government's strategic management of decentralization; the development of national knowledge-management capacities; ongoing upstream policy dialogue and advocacy; the establishment of national baselines, indicators and benchmarks; and capacity development (in the State, civil society and private sectors).

- UNDP should strengthen its internal strategic management capacities, with emphasis on adapting strategic management methodologies, developing supporting information and knowledge management systems, training and reallocating staff resources, and streamlining its internal organization.

Abbreviations and Acronyms

BMZ	German Federal Ministry for Economic Cooperation and Development
CBO	community-based organization
CCF	country cooperation framework
CLIA	country-level impact assessment
CSO	civil society organization
DAC	Development Assistance Committee (OECD)
DANIDA	Danish International Development Agency
DSE	German Foundation for International Development
EVALNET	Evaluation Network (UNDP)
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
IRF	integrated resource framework
ILO	International Labour Organization
KAS	Konrad Adenauer Stiftung (Foundation)
LDC	least developed country
MagNet	<u>Management and Governance Network</u> (the MDGD website)
MDGD	Management Development and Governance Division (UNDP)
MYFF	multi-year funding framework
NEX	national execution
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
RBM	results-based management
RFA	rapid field assessment
SHD	sustainable human development
SRF	strategic results framework
SURF	Subregional Resource Facility (UNDP)
SWOT	Strengths, Weaknesses, Opportunities, Threats
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteers

ABOUT UNDP

The United Nations Development Programme is the United Nations' largest source of grants for development cooperation. Its funding is from voluntary contributions of Member States of the United Nations and affiliated agencies. A network of 132 country offices and programmes in more than 170 countries and territories helps people to help themselves. In each of these countries, the UNDP Resident Representative normally also serves as the Resident Coordinator of operational activities for development of the United Nations system as a whole. This can include humanitarian as well as development assistance.

The main priority of UNDP is poverty eradication. Its work also focuses on the closely linked goals of environmental regeneration, the creation of sustainable livelihoods and the empowerment of women. Programmes for good governance and peace-building create a climate for progress in these areas. Country and regional programmes draw on the expertise of developing-country nationals and non-governmental organizations, the specialized agencies of the United Nations system and research institutes. Seventy-five per cent of all UNDP-supported projects are implemented by local organizations.

Ninety per cent of the UNDP core programme is focused on 66 countries that are home to 90 per cent of the world's extremely poor. UNDP is a hands-on organization with 85 per cent of its staff in the countries that it supports.