Local Government Initiative:

Pro-poor Infrastructure and Service Delivery in Rural sub-Saharan Africa

A synthesis of
case studies

edited by

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Acronyms and Abbreviations

ANRS	Amhara National Regional State
CAC	Commune Advisory Centre
CBF	Capacity Building Fund
CG	Central Government
DAF	Decentralisation Allocation Fund
DDP	District Development Project
EC	Electoral College
FY	Fiscal/Financial Year
GDP	Gross Domestic Product
GoU	Government of Uganda
HDR	Human Development Report
IPF	Indicative Planning Figure
ISD	Infrastructure and Service Delivery
LDC	Least Developed Country
LDP	Local Development Project/Programme
LDG	Local Development Grant
LG	Local Government
LGA	Local Governments Act
MC	Minimum Condition
MoLG	Ministry of Local Government
NDCT	National Directorate of Territorial Collectivities
NGO	Non Governmental Organisation
O&M	Operations and Maintenance
ODA	Official Development Assistance
NATCI	National Agency for Territorial Collectivity Investments
PEAP	Poverty Eradication Action Plan
PM	Performance Measure
PPP	Purchasing Power Parity
PRA	Participatory Rural Assessment
RC	Rural Community
RDSP	Rural Decentralisation Support Project
TCSP	Timbuktu Commune Support Project
UAS	Universal Adult Suffrage
UNCDF	United Nations Capital Development Fund
WDF	Woreda Development Fund
WDR	World Development Report
WTT	Woreda Technical Team

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Foreword

The preparation of the four pro-poor infrastructure and service delivery case studies in rural sub-Sahara Africa is an important contribution to the policy debate on the linkage between improving local governance and poverty reduction.

The case studies and the accompanying synthesis were prepared for the Africities Summit in Yaoundé, Cameroon in December 2003, in which the Local Governance Unit of the United Nations Capital Development Fund took an active role.

The Summit, which occurs every two to three years in a different African city, is considered by many to be the most important platform of dialogue on decentralization and local development ever organized in Africa. The 2003 Summit, the theme for which was *Ensuring Access to Basic Services in African Local Governments*, brought together more than 2,000 local and central government representatives from throughout the continent to share experiences and ideas on local government policy and the case for decentralization.

Professor and author Akin L. Mabogunje, who also is an advisor to President Olusegun Obasanjo of Nigeria, told the packed opening plenary at the Summit that although much development emphasis is placed on urban areas, the rural areas of Africa are often characterized by abject poverty and suffering – thereby contributing to a rural exodus. “Not providing services to rural areas causes urban problems,” he concluded.

About this publication

The first draft of this publication was distributed at the Africities Summit. The four case studies encapsulated in the synthesis presented in this printed publication, highlight the important roles that local governments play in fostering the pro-poor outcomes in terms of rural service delivery in the Africa region, where the majority of the poor (up to 80 per cent) still reside. Rural local governments are often ignored because of their structural weaknesses but these case studies show that they can make a meaningful and enduring contribution to poverty reduction through intensification of linkages between sector departments/ ministries and local governments, through improved local revenue mobilization, through improved planning and budgeting, through improved operations and maintenance, and strengthened downward and upward accountability.

The four case studies are included in a CD ROM in their original languages: Uganda and Ethiopia in English; and Mali and Senegal in French. Also included on the CDROM is a paper on UNCDF and its Niche in Local Governance and Development, written by UNCDF's regional technical advisor for East Africa, Joyce Stanley.

The publication of these case studies, documenting key lessons from our experiences in infrastructure and service delivery, marks the beginning of an important initiative on the part of the UNCDF Local Governance Unit's knowledge-management activities. In the future, the Unit will document lessons learned from the different LDCs covered by the project portfolio, and share the experiences with Governments, associations of local governments, and other partners. This will also help shape the design of new projects and programmes at UNCDF, which seek to achieve the targets of the Millennium Development Goals (MDGs).

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Preface

On the third day at the Africities Summit, UNCDF hosted a special session on Financing and Delivering Services in Rural Local Governments. More than 130 delegates participated in the four-hour discussion, which included presentations of UNCDF local governance programmes in Senegal, Mali, Uganda and Ethiopia. Following the participatory session, a list of recommendations was presented to the Conference Secretariat, for distribution amongst participating governments. Following is the full text of these recommendations:

RECOMMENDATIONS

Despite rapid urban growth, most of sub-Saharan Africa's population continues to live in rural areas. For that reason alone, local government in rural Africa – and its capacity to deliver public goods and services – merits both investment and interest. Moreover, it is in the rural areas of Africa that the poorest live and where the greatest challenges for poverty reduction exist – focusing on poverty reduction in Africa almost invariably implies the need to pay special attention to the rural dimensions of poverty. If local government in rural Africa is to be relevant, accountable and thus deliver appropriate services, then, it must also face up to the challenges of poverty reduction.

There is a greater challenge in supporting local governments to be participatory, responsible and effective in rural Africa than in the urban environment. In fact, we are starting to understand that rural development, local economic development and the reduction of poverty all benefit from the provision of infrastructure and services by local governments for local communities.

The participants of the UNCDF session at the Africities conference have recommended the following:

General Recommendations:

- There should be more and deeper inquiry related to the transperency, accountability and the responsibilities of local government.
- More actions are needed to promote local economic development, directed by and based on local demand for public investments.

Specific Recommendations:

1. To central governments

- A transfer of human and financial resources should always accompany the transfer of knowledge.
- Capacity building programmes at the local level is needed, particularly concerning legislation and regulatory frameworks related to local management.
- A greater and improved connection between the various central government sectors (education, health, etc) with local policies is needed.
- An equitable, local system of taxation, avoiding an unnecessary burden on the poor, such that which results from regressive taxation systems that taxes communities by the number of people.
- Systematic gender mainstreaming is needed in all decentralization programmes, including the allocation of specific budgetary resources.

2. To local governments and their associations

- All public investments should take into account recurrent costs and current revenues.
- Local planning should always be linked with available budgets
- Poverty reduction strategies at the local level should emphasize capacity building for local government personnel and elected leaders, to improve leadership skills and new approaches to local economic development.
- There is a need for more political dialogue between local and central governments that addresses national poverty reduction strategies.

3. To development partners

- There should be more sharing of experiences to promote improved harmonization of development methodologies and the way development programmes are implemented.
- More development resources should be directed towards the poorest areas.

4. To the Municipal Development Partnership (MDP)

- More consideration should be given to the needs of rural local governments.

Overview

This paper provides a synthesis and comparative analysis of the case studies of local government (LG) infrastructure and service delivery (ISD) in rural areas in four sub-Saharan countries (Ethiopia, Mali, Senegal and Uganda). The paper:

- starts by looking at the specificities of rural ISD in Africa;
- sets the geographical and institutional stage for the rest of the paper;
- moves on to describe, examine and compare differing institutional arrangements;
- then looks at the innovations introduced by four pilot programmes;
- discusses how and whether such approaches have resulted in pro-poor, institutionally useful, and policy-enhancing outcomes; *and*
- concludes with some brief statements about key lessons learned.

The case studies draw upon experience gained through UNCDF-supported local governance projects, all of which were explicitly formulated with a view to piloting innovative LG practices in ISD.

1 Local Government in Rural Africa: Challenges and Issues

Despite rapid urban growth, most of sub-Saharan Africa's population continues to live in rural areas. For that reason alone, local government in rural Africa – and its capacity to deliver public goods and services – merits both investment and interest. Moreover, it is in the rural areas of Africa that the poorest live and where the greatest challenges for poverty reduction exist – focusing on poverty reduction in Africa almost invariably implies the need to pay special attention to the rural dimensions of poverty. If local government in rural Africa is to be relevant, accountable and thus deliver appropriate services, then, it must also face up to the challenges of poverty reduction.

Making local government in rural (as opposed to urban) Africa work in pro-poor ways, however, is no easy task. At the risk of gross over-simplification and of over-determining the urban-rural dichotomy, Table 1 summarises some of the factors (and their consequences) that make LG service delivery in rural Africa particularly challenging.

From Table 1 it can be seen that – all things being equal – the challenge of fostering participatory, accountable and efficient local government is somewhat more formidable in rural Africa than it is in an urban context. The challenge is compounded by a distinctly urban bias in our current understanding of local government – more is known, both conceptually and practically, about municipal government than about LG in rural areas. And, indeed, the very conference for which this paper was written will probably be dominated (numerically and/or "vocally") by representatives from African urban governments – testimony to the enduring marginalisation of local government in rural areas.

TABLE 1: LOCAL GOVERNMENT SERVICE DELIVERY IN AFRICA: RURAL/URBAN CONTRASTS

Feature	Urban areas	Rural areas	Implications for rural LG
Professional staffing of LGs	More attractive to qualified staff	Less attractive to qualified staff	Lower overall human resource capacity
Elected members of LGs	Likely to be better educated	Less likely to be well educated	Lower overall human resource capacity
Financial resources of LGs	Greater fiscal potential	Lower fiscal potential	Limited financial resources derived from local revenues; less capacity to finance recurrent and capital expenditure; greater dependence on fiscal transfers
Population density	High population densities	Low population densities	Participation more costly; access to and use of services more time-consuming
Distances and transport facilities	Proximate and abundant	Longer distances and fewer transport services	Participation more costly; greater difficulties in contact between locally elected representatives and their constituencies; greater difficulties for councillors to attend LG meetings/sessions
Literacy and education	Higher literacy rates, better educated public	Lower literacy rates, less educated public	Lower overall human resource capacity; reduced impact of written information; less self-confidence
Income poverty	Less poverty	More poverty	Reduced fiscal base; reduced possibilities of cost recovery
Media	More diverse and better developed media	Weak media	Reduced likelihood of media oversight – less likelihood of non-institutionalised transparency and accountability
Private and/or NGO sector	Better developed	Weakly developed	Fewer service/"exit" options for rural clients; fewer benchmarks for assessing quality of LG service delivery; less technical capacity for IS production; less competition for tenders (higher costs for ISD ?)
Society	Better- developed civil society institutions; traditional hierarchies degraded	Under-developed civil society, dominance by traditional social hierarchies	Greater likelihood of elite capture; less likelihood of women's active involvement in public affairs; less likelihood of downward accountability

2 Local Institutional Arrangements for Local Government: Profound Variations and Basic Similarities

2.1. Four countries at a glance

The four case studies that provide the basis for this paper are drawn from very different, but also very similar, African countries. The following table provides brief comparative profiles for the four countries in question.

Table 2: Country profiles

	Uganda	Mali	Senegal	Ethiopia
Total population	24.7 million	12 million	10 million	67 million
Rural population as % of total	88%	80%	59%	84%
Surface area (km^2)	241,000	1,240,000	197,000	1,104,000
PPP per capita (US$)	1,329	840	1,510	720
HDR ranking	147	172	156	169
% of poor (below $1/day)	82%	76%	27%	82%
Adult literacy rate	67%	40%	37%	39%
Institutional history	Former British colony	Former French colony	Former French colony	Briefly colonized (by Italy)
Polity	Republic; no political parties	Republic; multi-party politics	Republic; multi-party politics	(Federal) Republic; emergent multi-party politics

Sources: country case studies, WDR 2004, HDR 2003, UNICEF (website)

All four countries are LDCs, amongst the poorest countries in the world. In terms of population size, Ethiopia is the second largest country in sub-Saharan Africa; the three others, in contrast, are more demographically representative of African countries as a whole. With the singular exception of Senegal, their populations are overwhelmingly rural and largely dependent on agrarian-based livelihoods. Three of the four countries have a political history that has been profoundly marked by European colonial empires (French and British), the intellectual and institutional legacies of which remain of varying influence; only Ethiopia, of the four, has "escaped" any long-lasting colonial hegemony.

2.2. Decentralization: general contexts

2.2.1. Histories

It is probably safe to attribute the recent wave of decentralization in rural Africa to a political rationale – extending a degree of self-governance to rural areas has, in many cases, been a response to the need to provide an often ethnically diverse population with greater "voice" and representation in the political process – without dismembering the state as a geographical unit. The recent policies of ongoing decentralization in Ethiopia, Mali and Uganda, for example, must all be seen (in large part) as follow-ons from the overthrow or fall of particularly odious, highly centralized, regimes, as attempts to move away from authoritarian rule[1]. This eminently political dimension to decentralization – paradoxically, perhaps, part of the ongoing process of nation-building in many parts of sub-Saharan Africa – should not be forgotten in discussing the service delivery functions of local government in rural areas.

2.2.2. Types of decentralization

The UNCDF country case studies include three broad "types" of decentralization :

- A "federal" model, as in Ethiopia, where the 1995 constitution provides for the co-habitation of nine ethnically-based regional states (and two autonomous areas[2]) with a federal government in Addis Ababa. Some of Ethiopia's regional states are larger than many other African countries[3]. Constitutionally, the regional states have the right to secede from the Ethiopian federation, and enjoy wide powers; the federal government's responsibilities – in theory – are limited to inter-state functions (e.g. defence, monetary policy, foreign affairs);

- An "anglo-african" local government model, as in Uganda, characterized by a loose but nonetheless organic hierarchy of LGs (Districts, counties, sub-counties, etc.), with the larger units having very considerable responsibility for and authority over public service delivery. On paper, however, the central government in this type of decentralization enjoys rather more "operational" and sectoral powers than does a federal government;
- A "Franco-African" model of territorial (or local) collectivities, enjoying the right to self-administration. Here, there are no local *governments* in the strict sense of the word; the central government (l'Etat, with a capital letter) continues to exercise very substantial powers both in terms of service delivery and authority over territorial collectivities[4]. Whilst there is a hierarchy of LGs, they are organically distinct; moreover, the smallest units (variations on the communal theme) tend to be the most visible in this type of decentralization .

The first two types of decentralization – despite their important constitutional differences – are closer to each other than they are to the third, Franco-African, model.

2.2.3. Local government units and characteristics

(1) General characteristics

Table 3 provides a brief description of the characteristics of rural local government units found in each of the case study countries. As can be seen, there is considerable variation between the countries in terms of LG characteristics.

(2) Local government specificities in the case studies

The UNCDF programmes discussed in this paper provide the vast majority of their capital budget support to specific (rather than all) LG units in each country:

Table 3: Features of rural local governments

Country	LG units	No. in country	Average size		Elected authority		Budget authority	Functional observations
			Population (000s people)	Area (km^2)	Type	Election method		
Ethiopia	State	9	7,000	122,000	Council	UAS	Yes	Largely autonomous of federal government
	Zone	66	1,000	16,700	None	-	No	Administrative unit
	Woreda*	556	120	9,000	Council	UAS	Partial	Key low level LG unit
	Kebele*	n.a.	5	n.a.	Council	UAS	No	Planning unit
	Got	n.a.	n.a.	n.a.	Council	UAS	No	Planning unit
Uganda	District*	56	440	3,500	Council	UAS	Yes	Important sectoral and staffing unit; key LG unit
	County	n.a.	n.a.	n.a.	Chair	EC	No	Administrative unit
	Sub-county*	856	27	320	Council	UAS	Yes	Key low level LG unit
	Parish	n.a.	n.a.	n.a.	Chair	EC	No	Administrative & planning unit
	Village	n.a.	n.a.	n.a.	Chair	Villagers	No	Administrative & planning unit
Mali	Region	8	1,200	155,000	Council	EC	Yes	Supra-cercle functions
	Cercle	48	250	25,000	Council	EC	Yes	Supra-commune functions
	Commune*	703	17	1,700	Council	UAS	Yes	Key low level LG unit
Senegal	Region	11	600	18,000	Council	EC	Yes	Supra-RC and technical planning functions
	Department	n.a.	n.a.	n.a.	None	-	No	Administrative unit
	Rural community*	320	5	615	Council	UAS	Yes	Key low level LG unit

** = principal focus of LDP activities | UAS = universal adult suffrage | EC = electoral college (usually made up of council members from lower echelon LGs)*

- **Ethiopia:** the Woreda Development Fund (WDF) in north Gondar, as its name implies, provides support to Woredas, the lowest level budgeting unit in the Ethiopian system of local government. Woredas typically have a population of just over 100,000, and are governed by an elected Woreda Council. Executive functions are carried out by cabinets, accountable to Woreda Councils and made up of administrative, financial and sector departments. Woredas, in turn, are made up of a variable number of Kebeles – also governed by elected Councils and managed, on a day-to-day basis, by multi-sector "cabinets".

- **Uganda:** the District Development Project (DDP) piloted activities in 5 Ugandan Districts. Districts are large LG units, with important responsibilities and considerable powers; significantly, they directly employ a large proportion of the sector personnel in their jurisdictions. Legislative functions are carried out by the District Council, the Chair of which is also the District's chief executive. Districts are responsible for the bulk of public service delivery functions within their jurisdictions, with sector departments in charge of day-to-day management of such services. Districts also provide technical support to sub-counties (the lowest level corporation in the LG system). DDP, however, and in response to the greater prominence accorded to sub-counties by the Local Governments Act (1997), went beyond Districts and provided support for sub-county level ISD (despite widespread scepticism about these lower tier local government units).

- **Mali:** the Timbuktu Commune Support Project[5] (TCSP), as its name suggests, provides communes in the Timbuktu Region of northern Mali with financial and capacity-building support. Communes are relatively small LG units, headed by elected mayors who are accountable to commune councils. Malian communes directly employ very few (sometimes only one or two) staff and have no direct authority over State technical services.

- **Senegal:** the Rural Decentralization Support Project[6] (RDSP) provides financial and capacity-building support to Rural Communities (RCs), the lowest but most prominent level of LG in the country, in the Departments of Kaffrine and Kebemer. Senegalese RCs have similar responsibilities to Malian communes, although they are often smaller and directly employ even fewer staff than their Malian equivalents.

All the local governments with which UNCDF programmes work are planning and budgeting units (with varying powers to raise local revenue), with differing but definite responsibilities and powers in the area of rural development and Infrastructure and Service Delivery (ISD). In addition to these "developmental" functions (which translate – or are expected to translate – into direct benefits for local citizens and taxpayers), all such LGs also provide more administrative services, such as registry functions (issuing birth, marriage and death certificates), dispute settlement/arbitration, and – in some cases – policing and public security[7].

2.3. Decentralization : institutional opportunities and constraints

This part of the paper looks at some (but by no means all) of the broad institutional opportunities for and constraints to rural LG service delivery in the four countries. It thus tries to see how far existing institutional arrangements either foster or inhibit effective local governance and LG infrastructure & service delivery – and sets the stage for a presentation and discussion of UNCDF Local Development Programme (LDP) innovations.

2.3.1. Shared opportunities and constraints

(1) Opportunities

In all four cases, a number of key opportunities for LG infrastructure and service delivery can be identified:

- ISD, in all cases but perhaps in somewhat different ways, is a statutory function of local governments. Ugandan Districts, Ethiopian Woredas, Malian communes and Senegalese Rural Communities are all expected to provide local citizens with public goods and services. They are not "just" administrations (although civil administration is often one of their functions). By law or by policy prescription, such LGs are expected to provide ISD benefits to the citizens of their respective jurisdictions.

- In general, the "spirit" of existing institutional arrangements is one that calls for representation, participation and downward accountability on the part of local government. Citizens are represented through the elected members of local councils, which oversee the activities of LG executive branches and enact local legislation (e.g. periodic plans, annual budgets, bye-laws). Statutes generally call for bottom-up participatory planning methods and, to varying degrees, provide for citizen access to information about LG affairs. It follows from all this that LGs are expected to be responsive and accountable to local citizens and are thus expected to provide services for which there is a demand.

- There is a general, if only rhetorical, commitment by central government to ensure that LGs have access to the means necessary for them to fulfil their statutory mandates – be it through taxation, borrowing or inter-governmental fiscal transfers.

In general, then, institutional arrangements in the four countries provide for "democratic" decentralization , with LGs expected to provide a range of services and to be allocated the resources necessary for such ISD. These are vital opportunities – they spell out who it is that local governments are accountable to, what public goods and services they are accountable for delivering, and how they are to provide them. Transforming such opportunities into realities, given some of the constraints (see above and below), is a major challenge.

(2) Constraints

A cursory look at the policy and institutional frameworks for rural LG indicates a number of commonly recurring constraints, factors that make rural LG service delivery more difficult than it might otherwise be.

- Overall, national policy frameworks provide little room for local governments to finance a significant proportion of their expenditure assignments from local taxes and other fees. In Uganda, for example, less than 10% of total District revenues are derived from local sources; in Ethiopia, local revenues account for only about 20% of total annual expenditure in Amhara National Regional State (ANRS). Taxes and other sources of local revenue are often of limited revenue potential, with central or federal governments retaining control over the largest sources of revenue. Many local revenue sources are relatively costly to collect, further discouraging

LGs from maximizing their fiscal autonomy. Some local taxes (e.g. Mali's "development" and Senegal's rural taxes, both of which are head taxes) are highly regressive, generally unpopular, and thus often difficult to collect. Land and property taxes (often the most important source of local revenues in LGs worldwide) rarely yield a great deal of rural LG revenue in these and other African countries – rural property is often not registered (partly because of the complexity of traditional land tenure arrangements, partly because registration is usually costly) and, in addition, is of comparatively little value in many areas (and certainly of much lower value than urban property). Local taxes can also be the object of political manipulation during election campaigns – as is the case for the graduated tax in Uganda, which usually makes up almost 50% of all local revenues. Finally, rural LGs in all four countries often lack the skilled and specialized personnel needed for revenue collection. These problems are often compounded by insufficient and inappropriately designed transfers from the centre.

- Functional responsibilities and expenditure assignments are not always that clear. This applies to the demarcation of expenditure responsibilities between sector agencies (often centrally managed) and LGs, as well as between different tiers of local government. Malian communes, for example, have statutory responsibilities for primary education, but so too does the Ministry of Education – as a result, their respective roles are subject to considerable overlap. Even in Uganda, where statutory provisions seem quite exhaustive, there is some confusion, especially when looking at the role and responsibilities of different tiers of local government.

- A related, but somewhat different issue, concerns sectoral devolution. Policy frameworks can be contradictory – as in Mali, where there is an uneasy cohabitation between public health policies and the legal provisions made for communes and their role in primary health care. Even where such policy contradictions are absent (as in Uganda), the "policy" functions of line ministries are sometimes fulfilled (or interpreted) in ways that impinge upon LG discretion and choice; moreover, conditional sector grants to Districts in Uganda may sometimes be overly prescriptive, blurring the distinction between local prerogatives and national policy.

- Linked to the above is the difficult issue (succinctly captured in the Ugandan constitution) of "integration with non-subordination" – the nature of the relationship between different tiers of local government (and between them and central government). This is clearly brought out in the context of regional planning and the ways in which it is (or is not) genuinely integrated; it is also evident in a country like Uganda, where Districts are expected to provide lower levels of LG with support, but have ambiguous powers in compensation.

- Although the mantra of "bottom-up" planning is common to all four policy frameworks, usually much less is said about how this is to happen and what LG development plans are expected to look like (although Uganda is probably an exception to this). Whilst this might seem an admirable way of providing individual LGs with plenty of latitude in planning (according to local circumstances), it gives citizens little idea of what they can expect from their local authorities in the way of development planning. Finally, planning is rarely explicitly conceptualized as taking place within the framework of a pre-determined hard budget ceiling (as opposed to simply needing to fit into an annually balanced budget).

- Finally, modes of accountability (between elections) and transparency remain weakly defined and provided for in most cases. Statutory prescriptions concerning the public availability of information about LG activities are often timid (or even non-existent, as in the cases of Senegal and Ethiopia). The fundamental right of citizens' access to information is often provided for, but the question of how this right is to be exercised and respected is less frequently specified. Upward accountability is another aspect of policy frameworks that is usually under-specified – the broad principle is evoked, but its precise modalities may often be neglected; and enforcement issues (such as what will happen in the event that LGs are found to be in breach of the "rules of the game") are largely avoided or neglected.

2.2.2. Differing opportunities and constraints

Whilst rural LGs in all four countries face similar opportunities and constraints, there are also differences (sometimes obvious, sometimes subtle) in their policy environments – and these lead to country-specific constraints and opportunities. Some of these specific issues are briefly discussed below.

(1) Functional issues

(a) Size of jurisdiction

There are significant differences between the sizes of local government units, and these have far-reaching implications. In Franco-African cases, the lowest level (but most prominent) local government units tend to be small, as illustrated in the inset below. This is in contrast to Ugandan and Ethiopian LG units, which consistently tend to be larger – or when smaller (such as Kebeles in Ethiopia or Parishes in Uganda) are not budgeting units.

In the case of Franco-African LGs, small size potentially allows for more consistent participation and oversight on the part of local citizens – but the trade-offs are clearly in terms of economies of scale, of economic and fiscal viability, and (as a consequence of the first two trade-offs) of the kinds of public service that communes and RCs can be expected to provide. In addition, given statutory provisions for councils and the size of their membership, smaller LG units also tend to be "over-represented", such that their basic functioning (costs of meetings etc.) can be relatively expensive: for example, however small their constituencies might be (and some have total populations of fewer than 2,000), Senegalese RC councils consist of 30-odd members.

Not surprisingly, the relatively small size of such key LG units makes the issue of "inter-communality" in Franco-African systems a very real one – as described in the case study for Mali. It is through inter-communal arrangements[8] that a smaller LG jurisdiction is able to pool both its slender resources and small client catchment in order to provide public goods and services that it might otherwise be unable to provide. This is a logical solution to the problem – but, like all solutions, it has its own set of transaction costs (meetings with other LGs, inter-commune budgeting, and so on).

Larger LG units, such as Districts in Uganda, are potentially able to capture economies of scale and provide a wider range of services to their populations. This, however, also had its trade-offs – in terms of the ease with which citizens can participate in and engage with LG processes and in terms of how far information about LG activities is readily available to them. If one of the ISD challenges of Franco-African LG units is to create extraterritorial service delivery jurisdictions (with other LGs), in the anglo-african case the challenge is to ensure that administrative "rationality" is counter-balanced by adequate arrangements and procedures for popular participation and citizen oversight.

(b) Local control over technical and other services

Although related to the issue of jurisdictional size, there are also differences in the institutional arrangements for relations between LGs and technical services (such as agriculture, education, health). In Ethiopia, for example, a local government such as ANRS[9] is responsible for both policies and operational activities for almost all public services – ANRS not only runs schools, it is also instrumental in determining educational policy (up to a certain level). In Uganda, Districts have few *de jure* policy prerogatives, but – within the overall parameters set by Kampala – they are responsible for most service delivery functions (including primary education, primary health care, water/sanitation, rural roads and agricultural extension). In both cases, this (as shall be discussed below) "trickles down" to smaller LG jurisdictions.

Box 1: Communes in Mali

Of the almost 700 rural communes in Mali:

- 20% (nearly 150) have populations of 200 – 5,000;
- 35% (over 200) have populations of 5,000 – 10,000;
- 21% (almost 150) have populations of 10,000 – 15,000.

Just over three quarters of Malian communes, then, have populations of less than 15,000 people – some communes, indeed, are little more than large villages. The small size of Malian communes can be traced back to the original process of administrative reform, during which considerable emphasis was placed on social solidarity as a defining criterion, rather than on other criteria.

Malian and Senegalese frameworks, on the other hand, devolve far fewer direct service provision functions to territorial or local collectivities. None of the echelons of local government (not even Regions, the largest local jurisdictions in Mali and Senegal) have much direct control over public services such as education, health and agriculture. Such public services remain deconcentrated, with Line Ministries being responsible for both sectoral policy-making and a good deal of direct service delivery (salaries, capital expenditure, etc.).

Whilst there is, in all decentralised systems, a latent tension between central/sectoral agencies and local governments (noted above as a common constraint), it would be safe to posit that this tension is far more overt in Franco-African systems (such as Mali's), and more tacit in the case of other systems (such as Uganda's). A Malian commune's "competency" in the field of primary education is of a very different order to a Ugandan District's "responsibility" for the same sector – in the former case, the central government continues to exercise far more control (through recruitment, payment of salaries, sector policies, etc.) than it does in the latter.

For those familiar with all the case study countries, there is another, related, contrast. In Uganda, it would be automatically assumed that Districts would have their own "internal" technical departments (e.g. engineering, public works, planning, finance, etc.); in Mali, nobody would expect to find such technical units in Regions, let alone in communes – such functions are in the hands of institutionally distinct, deconcentrated, line departments, over which communes have little control. Again, some of this has to do with jurisdictional size – but more profoundly, it is closely correlated to distinct visions of local government and its scope.

All of this implies different challenges for local government ISD (and UNCDF programmes) in different countries. In Mali and Senegal, a lack of direct control over technical services implies the need for LGs (at whatever level) to procure them elsewhere – either from the deconcentrated line ministries[10] or from the private/NGO sector. This may be advantageous, particularly when there is a range of available options (as in urban or better developed areas); but it may also be an additional (and sometimes higher) cost, an added burden to already stretched budgets. In Uganda and Ethiopia, on the other hand, LGs can call upon their own technical departments, at often lower cost (and with more certainty of availability in the case of remote rural areas) – however, this may not always be of high quality (when compared, say, to private sector actors) and may result in an over-reliance on force contracts[11].

(c) Functional hierarchies and non-subordination

In all the case study countries, and as noted above (see ¶ 2.3.1.(2)) different echelons of local government enjoy some degree of autonomy from the others. However, and linked to the first two issues raised in this section of the paper, such "autonomy" is a continuum and not an absolute. In the Malian and Senegalese cases, communes and RCs are (within their field of competencies) almost entirely autonomous of Cercles and Regions – this is both a plus (with no "meddling" or transgression from "higher" levels) and a minus (with no possibility of automatically calling upon regional human or financial resources). In Uganda and Ethiopia, on the other hand, lower echelons of local government are less autonomous and the entire system is more "organic" – as a result, the pluses and minuses applicable to Malian communes and Senegalese RCs are reversed. This has practical, down-to-earth consequences – supporting sub-counties in Uganda or Kebeles in Ethiopia necessarily implies working with, respectively, Districts and Woredas; in Mali and Senegal, supporting communes or RCs can be a stand-alone activity, with no need to involve other LG echelons like Cercles or Regions.

There is another tangible outcome from these differences. In Uganda, for example, a District Development Plan positively *includes* sub-county plans, because sub-counties are seen as being a part of the District. In Mali, in striking contrast, a Region's development plan[12] would take into account commune plans, but would not include them – because "competencies" are seen as being discrete. As noted in the case study of Mali, this does raise issues about the extent to which LG plans at different levels are "integrated" (both with themselves and with sector plans).

(d) Support to and oversight of local government

A final major functional difference between the case study countries concerns the variable nature of central government support to and oversight of LGs. Once again, the contrast is most marked between the anglo-african and the Franco-African system. In the former, as in Uganda, the Ministry of Local Government directly provides support to Districts and other LG units, through training and backstopping. Districts, in turn, are expected to provide support and mentoring to lower tiers of local government.

In Franco-African systems, on the other hand, there is a much weaker tradition of institutionalised central level support for local governments. The National Directorate of Territorial Collectivities (NDCT) in Mali has few operational responsibilities vis-à-vis local governments – it has no regional offices, for example (although it is represented by the Regional High Commissioners, who represent the State in general). As a result, Mali has opted for a "hybrid" system of support for communes – CACs (Communal Advisory Centres[13]), based at the Cercle level and linked to the NDCT but operated by a variety of private or NGO sector agencies – and largely funded by external donors.

In addition, oversight modalities are different. In Uganda and (to a lesser extent) Ethiopia, LG decisions are largely made independently of any *ex ante* oversight. Indeed, the system of LG oversight in such countries appears to be relatively "lax" when compared to the francophone model. In Mali and Senegal central government exercises more direct oversight, particularly in the former case, where commune council decisions (including the annual budget) are subject to *ex ante* ratification or approval by State representatives at the Cercle level before they become legally binding. The Senegalese case is somewhat different in that LG decisions are subject to *ex post* control by central government.

(2) Fiscal and financial issues

(a) General

Although a weak fiscal base has already been identified as a common constraint to LGs in all four countries, this needs to be nuanced. In Mali and Senegal, the problem would appear to be somewhat less acute than in Ethiopia or Uganda – own-source revenues account for a larger proportion of total LG revenues in the first two countries than in the second pair. In Senegal, for example, local revenues accounted from between 45% to 71% of total RC revenues (during the period 1993-96). In contrast (and as mentioned earlier) Ugandan Districts and Ethiopian Regional States (like ANRS) only derive 10% and 20% (respectively) of their revenues from local sources.

However, these figures disguise the relative importance of total LG expenditure/revenues as a proportion of total national public expenditure/revenues – and thus the significance of fiscal transfers from central/federal governments (and the differing levels of expenditure assignment for LGs). In Uganda, for example, total LG revenues (including transfers) account for 4.5% of GDP; in Senegal, the corresponding figure is only 2%. That a higher proportion of total LG revenues in Senegal is derived from own-sources is partly a reflection of relatively small LG revenues in general.

Local governments in Uganda and Ethiopia tend to spend proportionately more than do their counterparts in Mali and Senegal – and, given the weaknesses in their tax bases, this is only possible because of the flow of grants from central/federal governments. This reflects the greater responsibilities of key LGs in Uganda and Ethiopia – which in turn might be seen as a consequence of the size of LG and differing national "visions" of what decentralization means. The general impression from the four case studies (and from other sources), then, is that fiscal transfers from central/federal to local governments are more important in Uganda and Ethiopia than in Mali or Senegal.

(b) Fiscal transfers

There are a number of features that are specific to the inter-governmental fiscal transfer systems of each country.

In Uganda, of the three types of grant (unconditional, conditional and equalization) made by central to local governments, sector-linked conditional grants are by far the most important, accounting for some 80% of total fiscal transfers. A large, but unspecified, proportion of sector conditional grants is derived from ODA sources. Equalization grants – intended to reduce the horizontal gaps between poorer and better off Districts – have been insignificant, accounting for less than 1% of total transfers. This pattern raises several issues:

- The limited extent to which LGs exercise discretion over the use of budgetary resources and are thus unable to fully exploit potential allocative efficiencies by responding to local (rather than nationally-determined) needs;

- There has been a proliferation of sector conditional grants in recent years – between 1996/97 and 2002/03 the number of such grants has gone from seven to thirty-one. Given that each grant has its specific conditions (both in terms of use and presumably for reporting) this has greatly added to the administrative and financial management burden borne by LGs;

- The limited degree to which the fiscal transfer system is equitable. Because of the insignificance of equalization grants, poorer Districts, with even weaker fiscal bases than better off Districts, may not be in a position to provide citizens with the same standard of basic services.

One particular feature of Uganda's fiscal transfer system that merits some note is that it may have partly contributed to an alarming decrease in LGs' own-source revenues. Between 1996/97 and 2002/03, the total value of fiscal transfers from central to local government in Uganda increased almost fivefold; over the same period, LG own-source revenues declined by a factor of three. It is quite likely that the effectiveness of Uganda's fiscal transfer system has reduced incentives for LGs to maintain or improve their fiscal effort – pointing to the importance of designing appropriate modalities for CG-LG fiscal transfers.

In Ethiopia, and particularly in ANRS, there would appear to be fewer problems over the discretionary powers that regional authorities exercise over federal fiscal transfers. In addition, horizontal gaps between Regions seem to be taken into consideration by the federal block grant system, which has a 20% weighting for the level of development of Regions and a 10% weighting for their fiscal capacity – there is clearly a concern to equalise allocations amongst Regions. Regions, in turn, have recently begun allocating block grants to Woredas (calculated using much the same weighting system as for federal transfers) – but it is unclear as to how far Woreda-level authorities enjoy any real discretion over their use. In addition, it appears that transfers as a whole (both federal-regional and regional-Woreda) are inadequate (even by LDC standards as a whole) – Woredas, for example, use almost all of their allocations and own resources to finance recurrent expenditure. There is also evidence that the fiscal transfer system in Ethiopia is relatively volatile (at all levels), with little predictability (from year to year) over the size of overall allocations – this must be a severe constraint to planning at any level.

In Mali, the State transfers financial resources to LGs in two ways. Firstly, an annual subsidy is provided to each commune to cover a minimum of recurrent expenditure needs. Secondly, the National Agency for Territorial Collectivity Investments (NATCI – or ANICT in French) provides all LGs with pre-determined annual drawing rights to finance capital expenditure. ANICT allocations are not unconditional (in the strict sense of the term) and are only made on the basis of specific proposals made by LGs (and subsequently approved by ANICT's regional committees). In many respects, ANICT functions as a form of Social Fund (or as a type of micro-project facility), but with LGs clearly being responsible for project management and financial disbursement and operating within the constraint of a hard budget ceiling. It is not (as a Ugandan LG official would understand it) an unconditional block grant system, with transfers made to LGs on a regular basis.

The Sengalese system of CG-LG transfers is similar in some respects to the Malian one. Annual allocations from the Decentralization Allocation Fund (DAF – or Fonds de Dotation de la Décentralization [FDD] in French) are made to all levels of LG in equal shares and as a function of their population size and area. DAF allocations are intended to subsidise recurrent expenditure costs. Alongside the DAF, Senegal also operates the Equipment Fund for Local Collectivities (EFLC – Fonds d'Equipement des Collectivités Locales [FECL] in French), intended to provide LGs with capital expenditure finance. FECL allocations are made on an annual basis by the Ministry of Finance and MoLG – however, these allocations appear to be variable and subject to negotiation between the centre and individual local governments.

(c) Financial procedures

There is an important difference in the way that public finance is managed in the Franco-African cases of Mali and Senegal and the anglo-african case of Uganda and the federal system of Ethiopia. The public financial systems of Mali and Senegal operate on the basis of the "unicité de caisse" principle, whereby *all* public sector finance (whether central or local) is handled by a single national Treasury. The mayors of Malian communes and the presidents of Senegalese RCs do not counter sign cheques, but merely authorize payment of contractors or service providers; actual payment is always made by the local Treasury office, which effectively manages collectivity sub-accounts as part of its overall public sector portfolio.

There are advantages and disadvantages in this (with mirrored pros and cons in the Ugandan and Ethiopian cases). Some constraints have been as follows:

- Transaction costs for contractors and service providers may often be higher. Not only do they have to obtain payment certificates from locally elected officials, but they must then negotiate payment with local Treasury branches (who are often based at a higher administrative, and sometimes geographically distant, level);
- In remote rural areas (such as large parts of northern Mali), with underdeveloped or non-existent banking services, Treasury branches have to operate on the basis of cash advances (made by higher level Treasury offices). This can lead to liquidity crunches, thus discouraging contractors;
- In the initial stages of any decentralization process, the francophone centralization of disbursement procedures may create capacity-related problems, such as the sudden overload of Treasury branches. In 1999, for example, the Regional Treasury of Timbuktu in northern Mali managed the accounts of just one territorial collectivity (Timbuktu municipality); in 2000, following the first ever local elections for rural communes, it was managing over 50 territorial collectivity accounts (mostly made up of the new rural communes), but had seen no increase in staffing or resources.

There are also advantages, for example:

- By making the national Treasury responsible for managing all LG disbursements (and revenues), the Malian and Senegalese systems reduce the need for LGs to develop specific financial management capacities. This thus reduces the need for capacity-building efforts at the local level – although it does not obviate the need to ensure that national Treasury offices are capable of handling LG finances;
- In theory, the francophone system reduces the costs of auditing, by limiting the number of accounting centres that need to be audited to National Treasury branches;
- In much the same way, the more centralized Franco-African system may be more “efficient” than the more decentralised anglo-african

approach to LG financial management. This may make for less costly capacity-building efforts.

(3) Representational issues

(a) Election methods

There are two key differences in the ways in which local representation is provided for in the case country studies.

Firstly, the Ugandan system of elections, with some exceptions, is based on representation of the constituent geographical units (wards, etc.) within a given jurisdiction (and the anglo-saxon "first past the post" model). This ensures that at all levels, LG councils are representative of all areas within the LG jurisdiction. In Mali and Senegal, elections at the commune and RC level are based on proportional representation and electoral lists (usually party-based[14]) – this does not ensure that all villages within a given commune are represented in commune/RC councils[15]. Both types of electoral system have their advantages – in francophone cases, the party list system provides for a degree of convergence between national and local politics; in Uganda (where there are, in practice, no political parties), LG councils are genuinely "local".

For higher level tiers of LG, electoral systems also differ. In Uganda, for example, District councils are elected on the basis of universal adult suffrage (UAS); in Mali, however, Cercle and Regional councils are made up of members elected at commune level, through a form of electoral college (with each commune/Cercle being represented at higher levels) – a person elected in communal elections, then, can become a Cercle or Regional councillor, without being directly elected to that position. This limitation of UAS to commune/RC level elections, to a certain extent, reflects the institutional primacy accorded to communes and RCs in the Malian and Senegalese systems.

(b) Representation of particular interests

In both Uganda and Ethiopia, special provisions apply to certain social categories. In ANRS, for example, Zones are usually administrative units and do not have elected councils – but in three (out of a total of ten) ANRS zones where the local population is made up of non-Amhara, minority, ethnic groups, there are elected councils. In Uganda, by law, a third of the members of all LG councils must be women; in addition, youth and disabled people must also be represented in councils. In both cases, then, there is a tendency to make special provision for the representation of more disadvantaged or marginalized groups

In contrast, neither Mali nor Senegal make special provisions aimed at ensuring women's representation in LG councils. As a result, women do tend to be under-represented – as the Malian case study points out, only 16% of LG councillors and less than 1% of all mayors are women. On the face of it, this tendency to avoid affirmative action is probably consistent with francophone "republican" values.

3 LDP Innovations

3.1. Challenges, Constraints and Opportunities

The preceding sections of this paper have tried to look at:

- Some of the challenges specific to rural (as contrasted to urban) local governments; *and*
- Some of the similarities and differences in the patterns of constraints to and opportunities for local government delivery of public goods and services that emerge from the four UNCDF case studies.

These challenges, constraints and opportunities have ramifications at a variety of stages in the process of local government service delivery – planning, financing, implementation, and so on. This section of the paper looks at some of the more innovative ways that UNCDF-supported Local Development Programmes in the four case study countries have tried to face the fundamental challenge of improving rural LG service delivery, deal with particular constraints, and profit from specific opportunities.

3.2. Areas of innovation

3.2.1. Financing innovations

(1) Fund allocation modalities

In all cases, UNCDF projects and programmes have piloted the use of pre-determined, formula-based allocations to local governments – invariably for capital (rather than recurrent) expenditure. In making block grants to local governments, LDPs have sought to:

- Provide LGs with hard budget ceilings (or indicative planning figures, IPFs) within which to undertake meaningful investment planning, thus reducing the likelihood of the annual local planning process resulting in "shopping" or "wish" lists. A corollary to this is that LDPs actually do disburse such capital budget funds to local governments – and, in some cases, for the first time (as in many Ugandan sub-counties and Senegalese RCs). LDP allocations, then, are predictable in the sense that they are disbursed as announced.

- Make the allocation process more transparent (through the use of simple, but appropriate, formulae) and thus less susceptible to political or other manipulation. In addition, the allocation formulae used in all four cases have tried to be as equitable as possible – by (i) taking into account the differing population sizes of LG units, and/or (ii) factoring in the relative poverty of LG units and/or (iii) equalizing grants as a function of differing input costs due to distances and area size (something that may be very specific to rural areas). General experience has been that the simpler the formulae are, the better – and that complex ones usually reduce the transparency of the process (especially in the eyes of local officials) and quite frequently require more reliable data than is generally available.

- Simulate sustainable or realistic levels of capital funding, which central governments and/or other donors would be able to provide. Accordingly, annual allocations rarely exceed US$ 3 per capita. It is an axiom of UNCDF practice that the investment funds it provides are not intended to (and cannot) meet all the ISD needs in what are, after all, very poor rural areas with sometimes enormous infrastructure shortages.

(2) Local discretion and limits

In all four cases, LDP block grants have been provided to local governments on a largely discretionary basis. Financial guidelines issued to LGs for the use of LDP block grants have usually provided local planners with broad indicative investment menus (covering a range of sectors, but generally limited to public or semi-public goods), as well as a listing of exclusions or proscribed items (generally limited to vehicles, religious buildings, recurrent items, credit etc.). Apart from such specific exclusions, eligible investment menus have tended to include all items for which LGs have statutory responsibilities (as defined by relevant laws and regulations). A particular feature of LDPs, in the case of multi-tier LG systems (such as Uganda's) has been the use of tier-specific investment menus (e.g. in Uganda, a separate one for Districts, a separate one for sub-counties) that have tried to ensure clarity in different expenditure assignments.

Allowing local discretion in the use of investment funds is motivated precisely by the assumption (underlying one of the major theoretical advantages of decentralization) that "locals know best", that needs vary from place to place. In some countries (such as Uganda, where most allocations to LGs are conditional) the introduction of such discretionary grants has gone against the grain, but has proven worthwhile.

(3) Capital budget support or micro-project facilities?

In one case, that of Mali, LDP grants have been even more "discretionary" than elsewhere. In most cases, investment funds allocated by LDPs have been expected to fund specific and discrete investments (e.g. primary school x or health centre y) – and accounted for accordingly. TCSP, however, has moved away from this micro-project modality, and instead has allocated funds as contributions to communal investment budgets in general, rather than for particular ISD items within those budgets. This has eased the financial reporting burden (as well as being consistent with the way that commune accounts are managed), allowed commune councils to use TCSP grants in combination with other revenue sources, and acted as leverage on overall commune budget allocations and commune performance. It also more closely approximates to what might eventually be a sensible way of managing fiscal transfers – and stands in marked contrast to the national fund for LG investments, which is both oriented towards funding specific micro-projects and strong on *ex-ante* controls.

(4) Performance-based funding and ex-post controls

In two countries (most prominently in Uganda, but also in Mali), allocations to local governments have been explicitly subject to performance[16]; this has proved to be highly innovative. Performance assessments in both countries have been conducted through two types of mechanisms:

- Minimum conditions (MCs), which must be complied with by any LG unit if it is to access its annual block grant – in the case of

LG units that are unable to demonstrate compliance, they do not access their block grants. For the most part, MCs have been based on statutory provisions, and thus provide concrete incentives for local governments to comply with what are, after all, national laws and regulations. Compliance also provides some assurance that LGs benefiting from allocations have the basic capacity to absorb and use them correctly;

- Performance measures (PMs), applied *a posteriori* to assess local government performance. LG performance has been measured using a range of criteria – the quality of planning, fiscal effort, compliance with procurement procedures, financial management, transparency, operations and maintenance arrangements, etc. Those LGs that demonstrate good performance (and also comply with MCs) are eligible for an increase in their block grant allocation; those whose performance is "average" receive only the same allocation as before; and those with poor performance can expect to be sanctioned by a reduction in their annual block grant. Table 4 provides an illustration of the kinds of measures used for assessing the performance of sub-counties in Uganda.

The combination of MCs and PMs has provided local governments with very real incentives for complying with statutory prescriptions and for improving their performance as providers of public goods and services – in short, for providing good local governance. As experience in Uganda has shown, the use of MCs and PMs has resulted in general improvements in LG management, largely as a result of citizens putting pressure on elected officials (to oversee performance) and elected officials exerting pressure on LG staff (to produce satisfactory results).

There is one innovative feature of MCs and PMs that needs underlining – their use explicitly precludes *ex ante* controls over LG decisions and activities. In the cases of Uganda and Mali, no agency external to LGs (other than those prescribed by law – as in "tutelle" arrangements in Mali) provides any *a priori* oversight over local government. LG activities are evaluated <u>after</u> they have been implemented – and this is in marked contrast both to some national funding mechanisms (such as ANICT in Mali) and to many donor-funded programmes.

Table 4: Performance Measures used for sub-counties in Uganda

Performance Measures	Indicators – an Illustrative Sample Listing
Quality of the Investment Plan	■ Quality of poverty & problem analyses ■ Quality of environmental analyses ■ Capture of investment & recurrent cost links ■ Identification of development partners
Staff Capacity and Performance	■ Integrated staff work planning ■ Staff reporting on investment performance ■ Evidence that staff supporting village schemes
Communication and Accountability Performance	■ Posting of IPFs, approved projects, etc, on LG boards and other public places ■ Evidence that LG has communicated budgets and workplans of current FY schemes to concerned areas ■ Evidence that LG has reported on use of community contributions in previous FY ■ Final accounts prepared/submitted to Chief Officer for previous FY less one ■ Dissemination of previous PM review results
Fund Allocation Performance	■ Consistency between LG decisions and actual allocations through FY ■ Share of LDG on agreed poverty priority areas (health, education, water & sanitation, agriculture, roads) ■ Full utilization of LDG
Procurement Performance	■ Compliance with procurement thresholds ■ Proper certification of payments in previous FY ■ Contracting-out of min share of LDG
Local Revenue Performance	■ % revenue collected vs planned ■ % increased revenue collected in last FY over FY-2
Gender Mainstreaming Performance	■ Inv Plan reflects sound gender analysis & strategies ■ Budget reflects allocations to match strategies ■ Gender training planned and undertaken in last FY
Council, Executive & Committee Performance	■ Regular, attended & minuted meetings of Council, Executive and Finance Committee

(5) Targeted funding

Although the LDPs in both Uganda and Mali provide incentives to LGs to invest in particular sectors (pro-poor sectors in Uganda) and in projects targeted at particular social groups (women in Mali), only RDSP in Senegal earmarks funds for particular types of investment – income-generating activities (largely women-focused) and natural resource management. In both cases of earmarking the rationale is that:

- Gender bias would probably lead to very few investments of direct benefit to women. Earmarking a certain proportion of overall allocations for income-generating schemes therefore provides some kind of affirmative action in favour of women.

- LG planning has a tendency to downplay investments (such as in natural resource management) that may have delayed benefits (because elected officials have relatively short mandates). Earmarking, then, has the effect of guiding LGs into making these kinds of investment.

(6) Matching contributions

In some cases, LDP funds are only made available to LGs on condition that they too make a contribution of some kind to the financing of ISD. To benefit from RDSP-funding in Senegal, for example, RCs are expected to contribute 10% (in "cash") of the value of micro-projects – and this is usually done by drawing on fiscal transfers from central government. In Mali, TCSP expects communes to provide matching contributions of between 5-10% (depending on the type of investment), but leaves them free to decide whether this takes a monetary form or is mobilized in kind by local communities.

(7) Support for improving local revenue collection

In order to assist local governments in increasing their degree of financial autonomy[17], some LDPs have provided appropriate support, both at the policy level (as in Uganda) and at the local level (as in Mali). At both levels, support has consisted of providing technical assistance to assess local fiscal issues/challenges and to suggest areas for improvement, conceptually as well as in terms of strengthening revenue collection efforts. In both cases, such technical assistance has led to pilot activities.

In addition, and as described above, performance measures (linked to funding) have included increases in fiscal effort by local governments, thus providing incentives for LGs to maximize own-source revenues.

3.2.2. Planning and budgeting

(1) Linking planning to budgeting

One of the more obvious innovations introduced in all the case study countries has been establishing a clear linkage between planning and budgeting – and thus making planning a more meaningful process (with tangible results) and better informing the budget process at local level. This innovation has taken different forms:

- In Uganda and Ethiopia, it has meant moving "down" the LG hierarchy to lower tier units (such as sub-counties and Woredas/Kebeles) and – through LDP funding instruments – providing local officials with the resources to finance projects. This has, in itself, made the planning process real and led to the need to improve it.

- In Senegal, RCs have been similarly assisted, using a planning process that yields direct outputs in terms of triennial and then annual plans, the latter being integrated into annual RC capital budgets.

(2) Inclusive and cost effective planning

Given the constraints to meaningful participation in the planning process of rural local governments, LDPs in all four countries have worked hard to develop and then introduce cost-effective, inclusive planning mechanisms. As far as possible, such mechanisms have been built on the foundations laid by existing institutional arrangements – although this has not precluded some institutional innovations (see box 2).

In all cases, an important preoccupation has been to ensure that the local planning is sustainable and cost effective. This has been a question of both:

- Encouraging local governments to use their existing human resources (rather than paying for additional, short-term "planners"). In Ethiopia, for example, Woreda Technical Teams (WTTs) have been formed (and trained) to facilitate the planning process

Box 2: New planning levels in Senegal and Mali

In both Senegal and Mali, for example, where the electoral system for local government does not automatically ensure representation for all the communities within RC and commune jurisdictions (see ¶ 2.3.2. (3) above), sub-communal planning committees have been established at village level in order to identify and then communicate development priorities to their LGs. In Mali, this has taken the form of "grassroots planning committees", made up of village chiefs/ leaders, women and the youth, responsible for analysing community needs and then submitting prioritised proposals to commune offices. In Senegal, this has led to the setting up of village development committees (with the same basic planning role and composition as their Malian counterparts) as well as inter-village committees (with the responsibility of examining village-level priorities and inter-village needs, before feeding them into the RC-level planning process). In both cases, the local planning process complements existing arrangements for representation in LG councils.

at Kebele level, complementing the in-depth knowledge of local people with technical and facilitation skills; in Mali, as another example, commune development commissions – made up of locally elected officials and technical service staff (extension agents, health workers, teachers) – have been created to conduct screening and appraisal of community proposals; *and*

- Keeping the use of participatory planning tools (such as PRA) to reasonable levels. In Uganda, in particular, it was recognized quite early on that while tools such as those used in PRA can be very helpful, their indiscriminate use is both costly and time-consuming – and that conducting PRA-type surveys in every village was, quite simply, beyond most LGs.

(3) Beyond needs assessments: technical aspects of planning

In the early phases of most of the LDPs, more attention was paid to the need for ensuring participatory inputs from local communities. Over time, in countries like Uganda and Mali, LDPs have realized that there is a follow-on series of more technical steps (screening, appraisal, prioritization, design, accurate costing, etc.) that are just as important. LDPs have thus introduced innovative ways for LGs to acquire or access the skills needed for these steps. In Uganda, for example, a small proportion of funding allocations can be channeled to technical agencies for design and costing; in northern Mali, a simple format was introduced for the appraisal of village-level proposals, allowing commune development commissions to quickly assess the feasibility and appropriateness of "raw" project ideas.

3.2.3. Implementation/production

(1) Procurement procedures and practices

Wherever possible, LDPs have tried to encourage the use of existing procurement procedures, rather than create new ones. However, in some cases LDPs have either introduced procedures or modified existing ones. In Mali, for example, TCSP's start-up coincided with the holding of Mali's first elections for rural communes, and before the Government had amended its procurement procedures to take into account the specific constraints faced at the local level. TCSP therefore established a set of procurement procedures for communes, lowering the ceiling beyond which some kind of competitive bidding became mandatory and providing for the involvement of beneficiary communities in the procurement process. In Senegal, RDSP has also found it necessary to improve upon existing procedures by lowering the ceiling for competitive bidding. Finally, WDF in Ethiopia modified existing procurement regulations so as to allow for lower tier LG units (such as Woredas and Kebeles) to be more actively involved in the process.

Linked to performance-based funding arrangements, in both Uganda and Mali compliance with procurement regulations has been one of the criteria used to evaluate LGs. This clearly provides incentives for LGs to respect rules and regulations.

(2) Procurement and production modalities

Some LDPs have also encouraged appropriate flexibility in procurement/production arrangements, thus recognizing that in many circumstances local governments are best-placed to decide upon the most suitable arrangements for implementation. In Ethiopia, for example, Woredas have tended to opt for:

- Competitive bidding arrangements and private sector contractor implementation for "strategic" projects (such as primary schools), considered to be more complex;

- Community implementation, supervised by Woreda technical departments, in the case of smaller, community-based projects such as hand-dug wells, spring capping and forestry nurseries.

The same flexibility in decisions about production arrangements was encouraged in Uganda – where a diversity of implementation options (private sector bidding, force accounts, community implementation, etc.) has been used for local government ISD.

Such flexibility recognizes the diversity of local situations and the reality of local constraints – contractors, for example, may be unwilling to bid on small-scale projects in remote areas or may only do so at very high cost. Conversely, community-based implementation, whilst appropriate for small-scale, low technology micro-projects in remote areas, may be inappropriate for larger projects.

In the Franco-African cases of Senegal and Mali, however, LDPs have not been as flexible – and have relied entirely on types of competitive bidding for the production of all infrastructure. Much of this can be attributed to the fact that their financial procedures are those of the State, with disbursements managed by local branches of the national Treasury.

(3) Supervision, monitoring and oversight

Although the four LDPs have encouraged local governments to use technically qualified supervisors (either from line/LG departments or, more often the case in the francophone countries, from the private sector) for the purpose of controlling the quality of works, most have also promoted the establishment of "project management committees" at appropriate LG or community levels, with day-to-day responsibility for monitoring and overseeing implementation by contractors. Such committees (especially at lower levels) have a special interest in ensuring that any work is of adequate quality and completed on schedule. This has generally proved to be a valuable complement to the more technical (and less regular) supervision provided by specialists.

(4) Upgrading contractors

In order to increase the number of contractors (whether consulting engineers or general contractors) capable of bidding for tenders, entering into contracts and/or providing technical services to LGs, LDPs have also provided them with training. In Uganda, for example, private sector contractors have been trained by LGs (using the DDP Capacity Building facility – see below) in contract management. Similarly, WDF in northern Gondar has provided local artisans/contractors with technical and other training. In Mali, local engineering companies were provided with training in procurement procedures (thus improving their ability to support communes in the preparation of tender documents and contracting). Whilst all this may seem (from an urban perspective) a relatively insignificant (or even unnecessary) innovation, in remote rural areas it can and has paid off by increasing the competition for tenders and by improving managerial skills amongst a limited number of private sector service producers.

(5) Operations and maintenance (O&M)

Without adequate O&M arrangements, new infrastructure either goes unused or deteriorates far faster than it should. Accordingly, all four LDPs included in this study have endeavoured to include O&M arrangements in the planning process (as part of appraisal, with responsibilities and modalities clearly stated, with recurrent and operational costs being factored in, etc.). In addition, where funding-linked measures have been used to assess LG performance, as in Uganda, the quality of O&M arrangements has been one evaluation criterion. In Mali, where TCSP has introduced commune self-assessments (in the form of "auto-evaluations"), one element has been an evaluation of the maintenance arrangements for existing infrastructure. As shall be seen, the success of these different efforts has been mixed.

3.2.4. Capacity building

(1) Training

As can be seen from all of the above, LDPs have been highly innovative – and have worked hard to establish systems and procedures that make the financing, planning and implementation of rural ISD by local governments more transparent, participatory and efficient. In addition to these institutional innovations, most of the LDPs (Senegal excepted) have operated in the context of relatively new institutional environments, within which decentralized governance has become a part of the redrafted "rules of the game". In Uganda, the DDP was formulated (in the mid-1990s) as the Government of Uganda began to decentralize governance and ISD; in Mali, TCSP started up (in 1999) at more or less the same time as the new commune councils were elected; and in Ethiopia, WDF began (in 1997) in the period immediately following the fall of the Derg and the promulgation of a federal constitution. Local (and national) stakeholders have thus been confronted by major institutional changes, brought about by overall policy re-orientations, as well as by the LDPs themselves.

This, in turn, has raised capacity-building issues – in the sense of local capacity to use new tools, adopt and apply new procedures, and take on new roles and responsibilities. To face this challenge, all four LDPs have provided capacity-building to a range of actors; and, in the cases of Uganda and (to a lesser extent) Mali, have provided concrete incentives for capacity-building through the use of minimum conditions and performance measures. In general, capacity-building has been instrumental in helping local governments and other actors to adapt to new institutional arrangements.

A number of innovatory approaches to LG capacity-building have been used by LDPs in the case study countries. The DDP's use of a Capacity Building Fund (CBF) in Uganda – a demand-driven facility for training – has probably been the most innovative (see inset below).

The DDP in Uganda has also been highly innovatory by complementing capacity-building with active efforts to encourage "mentoring" of lower tier local government officials and staff by higher tier local government personnel. This, in itself, has been a form of capacity-building.

(2) Learning by doing

However, perhaps the most fundamental innovation – adopted by LDPs in all four countries – has been to foster capacity-building by "doing", by on-the-job familiarization with tasks such as inclusive planning, budgeting, procurement and the like – which, with real investment funding made available, become meaningful rather than abstract. This has been particularly evident in Ethiopia, where (prior to the WDF) Woreda offi-

Box 3: Demand-driven capacity building in Uganda

The concept of demand-driven capacity building was piloted by the DDP through the use of the Capacity Building Fund, a resource which individual local governments could draw upon to finance their particular training needs, as identified by them. The basic hypothesis was that capacity-building needs varied from one LG to another – and that "across the board" training programmes, designed by Kampala and supply-driven, would therefore not be appropriate. LGs were therefore responsible for deciding what type of capacity building activities they would wish to finance based on their capacity gaps, identified through a guided self-assessment process. Training was largely provided by LG officials themselves. Training courses and topics were wide-ranging, from planning and financial management to communications skills; the range of people thus trained was also considerable – a total of over 70,000 people trained, ranging from elected councillors to school management board members. As will be seen below, the CBF was not without its problems – but the general principle of a demand-driven capacity-building facility has proved to be both useful and realistic.

The CBF was explicitly articulated with DDP's capital funding facility and its attendant minimum conditions – LGs that were unable to qualify for block grants (due to non-compliance with Minimum conditions [MCs]) were still able to access CBF resources, thus acquiring the skills that would enable them to upgrade their performance (and thus comply with MCs).

cials were simply not accustomed to providing ISD functions – the WDF provided them with the opportunity to practice these and thus to build up, on the basis of experience, the necessary skills.

3.2.5. Accountability and transparency

At the heart of the notion of accountability lies information – citizens, policy makers, elected officials, and managers cannot hold accountable those who are expected to be providing them with services or working for them unless they know what the latter are expected to do, how they are supposed to do it, and what they actually deliver. Information, as the case study on Uganda comments, is the key to accountability. In all cases, LDPs have tried to improve the quantity and quality of the flow of information – downwards (to citizens), horizontally (to elected officials) and upwards (to national policy and decision makers).

(1) Communications strategies for downward accountability

In Uganda and Mali, comprehensive communications strategies have been designed and implemented that use a variety of media and incentives to ensure that information about issues such as funding availability, MCs and PMs, budgets, procurement procedures and decisions, etc. is made available to those who should and need to know about them. In many respects, LDPs have therefore "simulated" the role that central government might play in improving the transparency of LG. Box 4 provides some examples of this.

(2) Monitoring and evaluation

A particular innovation has been in Mali, where communes have been supported in undertaking self-assessments or auto-evaluations. These are undertaken on an annual basis and cover a range of LG affairs – adminis-

Box 4: Making information available to the public

In Uganda, the DDP deliberately ensured that key items of information were made available to the public. Grants from DDP were published in advance through radio, newspapers, public announcements in churches and public notices boards. In addition, the DDP's performance measures (which determined the size of block grants), included an assessment of local government efforts to make information available to the public, thus providing incentives for LGs to become more transparent.

In Mali, the TCSP has also made LG communications one of the criteria for its performance-based assessments of communes. In addition, local FM radio stations in northern Mali were provided with training about decentralization (allowing them to report on commune affairs) and were encouraged to provide coverage of commune council budgetary sessions (public by law). Local radio stations also broadcast the results of performance assessments, thus allowing citizens to know which communes had been positively and negatively evaluated.

tration, commune personnel performance, budgeting and expenditure, ISD, revenue collection, operations and maintenance, etc. A wide range of stakeholders (elected officials, commune staff, sector staff, citizens, community leaders) participate in these self-assessments, providing an opportunity for greater downward and horizontal accountability. The results of a commune's self-assessment are fed into the following year's plans/budgets and inform the capacity-building plan submitted to the Communal Advisory Centre (CAC).

(3) Participatory planning and accountability

A general point that merits mention here concerns the way that innovative methods of participatory/inclusive planning have – in themselves – made for greater accountability. Both in Senegal and Ethiopia, where the LDPs have not implemented comprehensive communications strategies, the fact that planning at RC and Woreda/Kebele level has become considerably more participatory and transparent has increased the extent to which citizens expect their LGs to deliver public goods and services. In Ethiopia, for example, when projects are behind schedule community members complain to their Kebele officials who, in turn, may make enquiries at the Woreda level.

3.2.6. "Hidden" functions

There is a tendency for both LGs and those who provide them with support to emphasise the delivery of very "visible" and overtly "developmental" services – such as primary schools, water supply systems and the like. These are clearly important services and their provision by LGs is vital. However, it is often forgotten (though not by citizens and LG officials themselves) that local government is responsible for the delivery of other, less obvious services – such as conflict resolution, arbitration, public order, issuing of legal documents etc. These may often be some of the only interactions between citizens and local government.

In Uganda, the follow-on to DDP I has recognized this and thus included a component that seeks to strengthen the capacity of local judiciaries (as elements of LG service delivery). This clearly addresses an important issue for local citizens. In northern Mali, TCSP also provided support to a number of communes in the area of registry functions (issuing birth, marriage and death certificates), devolved to them as part of the overall decentralization process. In both cases, these have been innovatory in the sense that due recognition has been given to the delivery of more “politico-administrative” services by local government,

4 Pro-poor, Institutional and Policy Outcomes

The previous section of this paper has highlighted some of the innovations made by LDPs in the practice of rural LG service delivery in four countries. Do such innovations make a difference to the poor, in particular, and to the general public, in general? Have they had any discernible impact on the functioning of local governments? And do they become institutionalized, either by being assimilated into national policies or adopted by other (central government- and donor-supported) programmes that work with and through local governments? This section – drawing on UNCDF experience in all four countries – attempts to answer, however timidly, these important questions.

4.1. Pro-poor outcomes

4.1.1. Pro-poor policy intentions

In a number of ways, LDP innovations are explicitly designed to target the poor:

- Firstly, and perhaps most obviously, all four LDPs have concentrated uniquely upon supporting rural local governments. This is in overt recognition of the overwhelmingly rural dimension to poverty in sub-Saharan Africa. There are, of course, poor people in the towns and cities – but the largest numbers of the poor are to be found in rural, and not urban, areas. By operating in rural environments, the four LDPs have consciously sought ways of improving LG service delivery to where it is (and is likely to remain for the foreseeable future) most needed.

- Secondly, some of the LDPs (WDF in Ethiopia and DDP in Uganda) have allocated larger per capita grants to LG units that are poorer. In Ethiopia, for example, the level of development and relative accessibility of Woredas provided a 40% weighting for total Woreda allocations. This recognizes that the needs of poorer (and more remote) areas are likely to be greater than those that are slightly better off.

- Thirdly, some of the LDPs (DDP in Uganda and TCSP in Mali) have integrated pro-poor planning outcomes into their performance-based assessments. In Uganda, for example, where LGs demonstrate an investment portfolio that is consistent with the sectors prioritised by the national Poverty Eradication Action Plan (PEAP), they are likely to be rewarded through increases in their annual allocations. In Mali, those communes that show a greater commitment to invest in women-focused projects are also likely to see increases in their annual block grants.

- Fourthly, in the cases where LDPs have supported multi-tier LG systems (as in Ethiopia and Uganda), funding allocations have been deliberately channelled to lower tiers. In Uganda, 65% of District block grants were channelled to sub-counties and lower and in Ethiopia, two-thirds of Woreda allocations were targeted at community-level, rather than "strategic", investments. Such "cascading" finance is intended to impact as directly as possible upon village communities and is thus structurally more likely to be of pro-poor significance.

- Fifthly, and in the case of Senegal, a certain proportion of annual allocations is *a priori* earmarked for investment in women's projects, thus recognizing that women are a particularly disadvantaged group with limited "voice".

These orientations signal a general policy commitment to pro-poor outcomes – they are, however, intentions rather than outcomes *per se*; nonetheless, they merit attention if only because they show how it is possible to design pro-poor strategies that work through local government service delivery.

4.1.2. Planning outcomes

(1) Inclusive planning and increased opportunities for "voice"

All four case studies show that levels of participation in LG planning processes have been markedly improved. By taking planning "down" to rural communities – to Kebele and Got levels in Ethiopia, to village and inter-village levels in Senegal, and in similar ways in Uganda and Mali – LDP-sponsored innovations have widened the scope for overall participation, thus increasing the opportunities for the poor to express themselves.

Box 5: Opportunities for voice in northern Mali

The planning process undertaken by communes in northern Mali provided ample opportunities for local citizens to express themselves, voice their needs and thus contribute to the formulation of multi-year commune development plans. Through the consultative process introduced by TCSP:

- 440 of the 442 villages and nomadic communities in the 3 Cercles (of Timbuktu, Gourma-Rharous and Diré) were able to communicate their developmental priorities to their commune councils;
- A little over 50,000 people (20% of the total population of the communes in question) were involved in establishing community-level priorities. Of these, a third were women.

These attempts to make the ISD planning process more inclusive, then, make for a more level playing field, upon which the needs of the poor have a greater opportunity to be expressed – although there is, of course, no absolute or watertight guarantee that their needs will be voiced or that such “voice” will be listened to or acted upon.

(2) Sector investment portfolios as planning outcomes

In looking at the ISD investments made by local governments (with LDP funding) in the case studies, there is evidence that they have been largely dominated by sectors that are pro-poor. Table 4 provides a breakdown, by sector, of the investments made in Uganda, Ethiopia and Mali.

As can be seen from table 4 only in Mali (where many of the newly established communes felt it important to build commune offices) was significant investment expenditure incurred outside of the social and economic sectors. Generally, most investments were made in the education, health, transport, water and agriculture sectors – all of which are of importance to the rural poor.

Table 4: investments by sector (as % of total investments by value)

Sector	Country		
	Uganda/DDP	Ethiopia/WDF	Mali/TCSP
Education	44.0	22.9	16.5
Health	20.0	7.3	4.6
Transport	20.0	10.4	0.1
Agriculture & livestock	4.0	17.7	43.3
Trade	-	-	6.8
Water	10.0	37.4	10.3
Other	2.0	4.3	18.4
Total	100.0	100.0	100.0

Notes:

(i) Transport includes roads, bridges, culverts etc;

(ii) Agriculture & livestock includes pastoral wells, veterinary clinics, irrigation systems and equipment;

(iii) Trade includes market sheds;

(iv) Water includes domestic water supplies, sanitation, etc.;

(v) Other includes administration, infrastructure, environment, credit.

(3) Investments by locality

Although somewhat mitigated, there is evidence (from Mali) that poorer communities have been targeted by (or not excluded from) LG investments. A retrospective study of 14 of the communes supported by TCSP (in each of which the constituent villages and nomadic communities were ranked according to their relative well-being), has found that roughly one-third of all commune capital expenditure[18] per capita was incurred for infrastructure/equipment of direct benefit to the poorest communities, one-third for poor communities and one third for the least poor communities. This is clearly not an indicator of intensely pro-poor planning but does, at the least, indicate that the poorest and the poor are not being excluded in the course of the planning process – and that the least poor (or wealthiest, in relative terms) are not monopolizing the benefits of public goods and services.

4.1.3. Implementation/production outcomes

(1) Cost effectiveness

There is some evidence to suggest that the implementation arrangements introduced by LDPs and used by LGs have resulted in lower unit costs for ISD. In Uganda, for example, it is estimated that DDP-funded infrastructure was 20-50% less costly to produce than if it had been delivered through sector conditional grants – this considerable saving is explained by more efficient arrangements and, significantly, by larger community contributions (usually in the form of labour or labour-related inputs). The same tendency has been observed in Ethiopia, where increased bidding competition appears to have resulted in lower costs. However, in Senegal, investments financed through RDSP are said to be more costly than usual – although this is attributed to better quality.

Issues of quality and community contributions must qualify any statements about the cost effectiveness of local government ISD. In Ethiopia, for example, the preponderant criterion used in evaluating bids (in the early stages of WDF) was cost, with little attention being paid to the technical qualifications of bidders (and thus their ability to produce high quality infrastructure); this was later rectified. Where community contributions are said to have made ISD production more cost effective (as in Uganda), the question that needs to be asked is "cost effective for who?" – seen from the LG perspective (with less cash invested), it may be more effective; but from the overall point of view, total costs (if "free" community labour and other in-kind inputs – or even cash contributions – are factored in) may be as high (or higher) than under different arrangements[19]. That said, however, there is no evidence that production arrangements for LG infrastructure and service delivery lead to more costly outcomes than do other arrangements.

In the case of Senegal, there is some evidence that implementation arrangements and participatory planning have led to fewer delays in micro-project completion – in contrast to sector programmes (formulated in and piloted from Dakar), about which local citizens are poorly-informed and insufficiently involved.

(2) Access to and use of infrastructure and services

Given the generally low pre-existing infrastructure endowments of the rural areas covered by the case studies, it seems self-evident that local government investments (funded through LDP financial instruments) have made a substantial contribution to improving access to basic services (such as water supplies, education, health). Moreover, given the participatory nature of the planning process, the vast majority of these investments have been of direct community-level benefit. Significant investments in pastoral wells and irrigation systems in northern Mali are clearly a reflection of their importance in local rural livelihoods – and, as the TCSP case study notes, such new infrastructure is constantly used. Similarly, in Ethiopia, the general consensus is that WDF-funded investments have been appropriately sited and are accessible to a large number of potential users. The highly participatory nature in which such projects have been planned and the subsequent local oversight exercised and contribution mobilized during their implementation ensure that they are situated where they are of most use and value.

(3) Operations and maintenance

Operations and maintenance arrangements are crucial in determining the sustainability and durability of ISD by local governments and thus in ensuring a long term benefit stream for the poor. Although Ethiopia is somewhat exceptional, the four case studies all highlight similar issues here:

- Generally speaking, smaller scale items that require only (or largely) manual labour for maintenance (e.g. wells, community footpaths, dykes and canals for irrigation) are relatively easy to manage – beneficiary publics are well-defined and limited in size, communities can usually mobilize labour, etc. O&M, and the long term sustainability of such investments is rarely problematic.

- Where smaller items do require cash inputs for maintenance (e.g. irrigation or drinking water pumps, grinding mills, etc.) the record is mixed. In some cases, such as Uganda, user committees seem able to charge fees and manage finances; in other cases, such as Mali and Ethiopia, O&M arrangements for these kinds of infrastructure have sometimes been inadequate. This can be because of poor management or even, in some cases, because the items themselves are not economically viable (thus indicating a deficiency in the upstream planning process).

- In the case of very public goods and services (such as roads and, to a lesser extent, schools and health facilities), where cost recovery is either unlikely to cover operational expenditure (as in the case of teachers' salaries) or difficult to implement (as in the case of transport infrastructure), O&M arrangements have generally been problematic. In such cases, LGs (or central governments) must bear the O&M burden – and this is difficult when local own source revenues are both very limited and thinly stretched. Local governments in Mali, Senegal and Uganda, for example, rarely make provision for O&M related costs in their recurrent budgets – and even were they to do so, it is probable that revenues would be insufficient. This is a major challenge (and points to the importance of supporting local revenue collection processes).

4.2. Institutional outcomes

4.2.1. Capacity building

In all cases, as has been seen, capacity-building (seen as strengthening skills and knowledge levels) has been of considerable importance in improving local government ISD. The key issue here is one of sustainability – how is capacity-building to be sustained outside the context of well-funded programmes? In Uganda, there are grounds for optimism – the Ministry of Local Government is highly functional, technical and administrative services are largely subordinate to LGs (who can thus effectively rely upon a local civil service), and the Capacity Building Fund (despite some problems) provides an instrument through which future capacity-building can be provided for. In Mali and Senegal, however, where the equivalent of a Ministry of Local Government is much less operational than in Uganda, where technical and administrative services are largely autonomous of local authorities (placing an inordinate onus upon elected officials – with limited mandates – for ensuring ISD) and where no funding instrument for capacity-building is yet in place, the future is far less self-evident. There is much to be debated here – and the problem of LG capacity in rural areas of countries like Mali and Senegal is far more acute than it is in towns and cities.

4.2.2. Finance

(1) Local revenues

Although some of the case study LDPs have tried to tackle the issue of local own-source revenues, and often with a degree of success, it remains the case that outcomes have generally fallen short of what is needed. The incentives provided by funding-linked assessments of fiscal effort and performance (as in the cases of Senegal and Mali) do appear to have stimulated greater revenue collection efforts on the part of local governments (although it is difficult to establish any clear relationship of causality between improved fiscal effort and Performance Measures) – but they remain "entrapped" within an overall fiscal framework that has not changed a great deal (if at all), and which provides few opportunities for rural LGs to raise significant revenues themselves. This is again an area where LDPs appear to have had a limited impact.

(2) Financing modalities

In different ways, all four case studies demonstrate that innovative financing modalities can have useful outcomes. Although there is not enough room here to examine all of these, a number of outcomes deserve special mention:

- Formula-driven allocations have made LG financing more transparent and predictable, and free of the "bargaining" process so often associated with capital budgeting. This has allowed serious and meaningful planning to take place – which in turn has given a real purpose to relatively costly participatory planning processes. If local citizens know that consultations about needs and priorities may well lead to appropriate ISD, they are probably more likely to engage with local government than if no outcome at all is the norm.
- Discretionary (as opposed to conditional) block grants have provided additional meaning to the LG planning process, by allowing locally elected officials to respond to the diverse needs expressed by their constituents. This, in itself, places an added emphasis on downward accountability, in the sense that the use of such block grants is decided upon locally, and not by civil service mandarins

in far-off capitals – and local citizens can decide for themselves whether their representatives have (as they perhaps promised during elections) respected local preferences.

- Finally, linking funding to performance (through Minimum Conditions and Performance Measures, as in Uganda and Mali) not only provides incentives (and sanctions) for LGs to improve service delivery, it also provides a way of ensuring upward accountability by encouraging local governments to stick to nationally agreed policies and laws.

4.2.3. Accountability and transparency

At several points in earlier sections, this paper has pointed to ways in which LDP innovations have increased the extent to which rural local governments have become more accountable. Here, the emphasis is on the outcome of making information publicly available.

Providing information – about the "rules of the game", about budgets, about performance – is a vital complement to participation. In rural contexts, it is unimaginable that a significant proportion of local constituents would be able to "participate" in LG budgetary sessions – indeed, it might well be counter-productive. But providing large numbers of people with information about, say, budgets is more realistic and considerably less costly – and provides them with the opportunity to call their representatives to account. The following inset provides an anecdotal taste of how information and accountability are closely linked.

Box 6: Informing the public about LG performance assessments

Annual evaluations of commune performance in northern Mali have been transmitted live by local FM radio stations – providing citizens with information about LG performance and its consequences for capital budget support from the Timbuktu Commune Support Project (TCSP). Many local people have avidly listened to these radio transmissions. Following such radio broadcasts, the mayors of poorly performing communes (whose capital grants for the next year have consequently been reduced) are often said to "hide" from their citizens in an effort to avoid criticism and recriminations from their constituents.

4.3. Policy outcomes

4.3.1. Mitigated results

From a close reading of the four case studies, it becomes readily apparent that LDPs – as institutional experiments – have had very mixed results in terms of their policy outcomes. In one case, that of Uganda, it is clear that the LDP has had a major impact on national policy – indeed, DDP might be legitimately described as having been the single most important influence on decentralization policy in Uganda since the Local Governments Act (LGA) of 1997. DDP has influenced policy in a range of areas:

- **Finance:** the formula-driven model for allocations has become the national norm for calculating the size of discretionary block grants to local governments. In addition, performance assessments (and their linkage to funding) have become a part of the way that grants to LGs are adjusted on an annual basis. Finally, DDP's financing instruments have greatly informed the ongoing process of LG fiscal reform.

- **Planning:** DDP's piloting of sub-county level planning (and financing) has led to a general national orientation (embodied in sub-county planning manuals) that has integrated lower tier LGs into the planning system.

- **Capacity-building:** the demand-driven approach to capacity-building piloted by DDP has since become the basis for national policy on LG capacity development, learning from both the deficiencies and achievements of the CB Fund mechanism.

Elsewhere, LDPs have been far less successful in terms of their policy outcomes. In Ethiopia, Mali and Senegal, for example, there is little concrete evidence that LDP experience has been of any real significance in shaping national policies or even providing policy makers with food for thought.

4.3.2. Mitigating circumstances?

Why have three out of four LDPs apparently had so little policy impact? Or, put another way, why have policy outcomes in Uganda been so remarkable? Although there are no hard and fast answers here, there are a few hints about probable causes.

It might be supposed that the DDP in Uganda was especially innovative and thus provided a rich environment in which policy makers could usefully go cherry picking. Indeed, the DDP was highly innovative – but the TCSP in Mali has also piloted some very innovative practices (performance-based assessments, cost effective and participatory local planning, specially-tailored procurement procedures, information provision as a central pillar for accountability, capital budget as opposed to micro-project support, etc.) but has had far less of an impact on national policy. Innovation, then, is not the key to understanding the policy success of the DDP in Uganda.

Alternatively, it might be hypothesized that the "early bird catches the worm", that the DDP was implemented right at the start of Uganda's decentralization process. This again does not seem an adequate explanation – the WDF in Ethiopia was one of the first projects of its kind, as was TCSP in Mali; both began at roughly the same time as national decentralization policies started serious implementation. Getting in early, then, is no guarantee of positive policy outcomes.

The WDF and the TCSP, unlike DDP in Uganda, were purely regional in scope – neither included any significant input at national level. DDP, on the other hand, was piloted from the centre, through MoLG's Decentralization Secretariat and its Programme Management Unit, thus providing an immediate linkage between local practices and national policies. However, the RDSP in Senegal also has a national "presence", a coordination unit within the National Directorate for Local Collectivities – but has had little in the way of any major policy impact.

However, while the DDP in Uganda has no single feature that distinguishes it from all of the other LDPs, it did "combine" everything – innovation, in early, and well-connected. None of the other case study LDPs has combined all three. At the same time, Uganda's policy environment has not been serendipitous. Most observers would acknowledge that Uganda's Local Governments Act was and remains the most far-reaching and radical piece of decentralization legislation in Africa – and surely indicates an open-mindedness on the part of Uganda's central government with few parallels elsewhere and perhaps a greater willingness to go even further. Does that mean that Uganda is more "serious" about decentralization – or simply more willing to take risks and to be consistent with its overall commitment to decentralization as a way of both giving greater opportunities to political voice and to local service delivery?

5 Lessons Learned and Issues Raised

A wide range of lessons can be learned from the four case studies. Many of the lessons will have become apparent in earlier sections of this paper – but here, in the final section, it seems worth revisiting some of them, as well as making more explicit some of the less obvious ones.

5.1. Some general lessons: the big picture

It is worth starting by underlining that the delivery of appropriate ISD by *rural* local government – for all the reasons alluded to at the beginning of this paper – is no easy task. One is not saying that it is "easy" in an urban context – merely that the challenges in rural areas are probably greater. However, what the four case studies show, in different ways, is that **rural LGs can and do deliver the goods** – if they are given decent support, operate with the right mixture of institutional incentives and sanctions, and have the financial resources needed. LG provision of public goods and services in rural Africa is not perfect – but there is no evidence (on the basis of the four case studies) to suggest, all things being equal, that it is worse than other ways of doing so. Indeed, there are reasonable grounds to suppose that **rural LGs can do a better job than other institutions and that they can make a meaningful – and enduring – contribution to poverty reduction**. This is an important lesson.

Another general lesson that emerges from the case studies is that **local government can mean very different things in different countries**. Communes in Mali and Districts in Uganda are recognisably local governments – but they are very different animals when it comes to what they can or cannot do and in terms of what they can be expected to do (whatever the level of support). ANRS in Ethiopia is an LG of sorts – but actually considerably bigger than most sub-Saharan African states. And, perhaps most importantly, rural local government may be subject to very different institutional frameworks, again calling for flexibility and open-mindedness – but also some hard-headed understanding of what decentralization can genuinely deliver in different contexts.

Finally, and as so many rural Ethiopians, Malians, Senegalese and Ugandans appreciate, local government is about local *governance*, about the ways in which decisions about public affairs are made – and **for many rural people, decentralization (as manifested in local government) is their first, real, taste of political empowerment**, providing them with an opportunity to freely participate (however partially) in the making of decisions that can and do affect their livelihoods. This is an aspect of poverty that has often been sidelined in the past – but as more recent Participatory Poverty Assessments (in countries like Uganda and Nigeria) have shown, powerlessness (whether real or perceived) is seen by many of the poorest of the poor as a defining element of their predicament. The political dimension to decentralization (and the rural LGs which embody that process) may, of itself, be sufficient reason to support it – the challenge for local citizens, politicians, central governments, donors and others is to see how much further the process can be taken, by finding ways of translating political enrichment into appropriate, effective and efficient service delivery.

5.2. Sectoral lessons

Rather than draw lessons sector by sector, this paper will limit itself to drawing more synthetic lessons about the interface between LG and sector service delivery.

A first lesson relates to the specific nature of the public good being provided – and this is largely irrespective of the "sector" in question. **Where public goods serve a relatively small public or community of users, not only is local government well able to plan its delivery, but it is usually capable of ensuring adequate O&M arrangements**. In rural areas (but not necessarily in urban environments, where the public can be much larger and the externalities much greater), this condition is most obviously met in the water supply sector[20]. In northern Mali, it is no coincidence that the largest proportion of TCSP funds have been used by communes to finance wells (both for pastoral and for domestic purposes) and sluice gate structures for river-plain irrigation – there is high demand for such types of infrastructure and user groups or beneficiary communities are relatively small and well-defined. O&M for such infrastructure is rarely a problem, user groups being able to mobilize (at their level) the necessary resources. In contrast, important roads appear to be problematic – in Uganda, for example, their O&M is a serious issue, precisely because their upkeep requires considerable resources, cost recovery is intrinsically difficult, and because users are numerous and very different in the way in which they impact on roads (vehicles vs. ox-carts vs. bicycles vs. pedestrians).

Another, tentative lesson to be learned concerns **the intensity of the linkages between sector departments and local government**, particularly where the sector involves co-production arrangements of varying complexity (as in health and education). Where LGs appear to provide a real framework within which planning of sector service delivery can and does take place, the likelihood of appropriate outcomes becomes greater. Here, the contrast is between the more “integrated” systems in Uganda and Ethiopia (where line departments are “folded into” the LG system in one way or another) and the more “stand alone” nature of communes and sector departments in Mali. In the former, where LGs certainly appear (by design) to have a greater degree of control over line agencies, there is both a tendency for better synergies and, consequently, for LGs to devote more discretionary resources to such sectors as education and health – Ugandan and Ethiopian LGs have used, respectively, 64% and 31% of their LDP grants to finance investments in health and education; Malian communes, in contrast, have only invested a little over 20% of their grants in the same sectors. This is unlikely to be linked to higher health and education infrastructure endowments in Mali, but may well reflect the dominance of national sector-wide approaches in a country where sector departments operate autonomously of the LG system.

Even in the more “integrated” cases of Uganda and Ethiopia, there are still problems. In the former case, primary education is a decentralized function – but in reality, national policies exercise a preponderant influence on such aspects as curriculae, teacher training and so on, thus considerably reducing LG powers in the sector. And in Ethiopia, despite the relatively high degree of LG/sector integration in planning, things can “go wrong” – as illustrated by the Kossoye health centre, planned and built by Wogera Woreda with WDF financial support, but suffering from staff and equipment shortages. **Articulating sectoral and LG planning is, then, a persistent issue**.

5.3. Financing lessons

Several lessons can be drawn from the four case studies about the financing of ISD by local governments. These are summarised below:

- Pre-determined and pre-announced capital budget allocations make the planning process meaningful. Unless LGs know what financial resources they will receive and that these will indeed be forthcoming, their planning remains largely a process of "wishful thinking" and therefore almost pointless. Citizens can be consulted and can participate – but without something concrete at the end of it all, they have few incentives to do so in a meaningful way. Judging penniless rural LGs by their poor planning record is not fair.

- Local government discretion over the use of funds is not an invitation to disaster, provided that the right institutional and other arrangements are in place. Local discretion provides for flexibility and for ISD to vary from place to place (in response to differing priorities and needs). Although sector conditional grants are always (for good reasons) likely to remain a significant revenue item for LGs, their "insensitivity" to local situations should be tempered through the judicious use of discretionary grants, which are more likely to be used in location specific ways and almost certainly underline the need for greater local accountability and participation.

- Financing instruments can be designed so as to improve LG performance, as has been shown in Uganda and Mali. Where elected officials know that good performance leads to bigger capital expenditure allocations, they usually respond by doing their best to improve LG management. Where they know that access to capital grants is contingent upon compliance with statutory provisions about local government, they will also work hard to meet those standards, and thus improve local governance in general.

- In all four case studies, although to varying degrees, a key lesson has been that own-source revenues are vital to local governments. Such revenues provide LGs with truly discretionary funds that can be used to finance recurrent costs (salaries, O&M, administration, etc.). Injecting capital funds is, of course, important – but in so doing, it becomes quickly apparent that unless LGs enhance their ability to cover recurrent expenditure, many investments may prove unsustainable. LDPs such as those described in the case studies have yet to have a significant impact on this issue – and, indeed, may not be the ideal vehicles for influencing LG fiscal policy or performance. Given that rural contexts are not intrinsically favourable to big improvements in LG revenue collection, the challenge here is considerable.

5.4. Planning and budgeting lessons

What are the main lessons that can be drawn from the experience of rural LG planning in the four case studies?

- Firstly, planning goes beyond needs assessment and should be comprehensive if it is to lead to useful outcomes. There is little point in identifying the need, say, for a village grinding mill if the result is an investment that cannot (and never will) pay for itself or for a health centre when the result is a building that is under-used because of staff or equipment shortages. Planning, then, must go beyond needs assessment and look at issues like appraisal, cost-benefit analysis and O&M arrangements. Decisions made upstream have consequences downstream – and hence the importance of <u>comprehensive</u> LG planning.

- Secondly, where existing LG provisions do not ensure systematic representation (be it geographical or social) it may be useful to establish more inclusive mechanisms or compensatory arrangements. In both Mali and Senegal this has been done successfully through village and inter-village committees, greatly enhancing the legitimacy of the local planning process. In general, however, rural women remain marginalised – and gender mainstreaming is a clear priority for the immediate future.

- Thirdly, participatory planning is feasible and fruitful. Including local citizens in the planning process increases the chances of responding to real needs as well as the likelihood of getting them fully involved during implementation. However, care needs to be exercised to ensure that the costs of participation are sustainable and can be realistically shouldered by local governments with a minimum of external support.

- Fourthly, planning and budgeting are two sides of the same coin. Neither makes a great deal of sense without the other – and they must therefore be integrated. And, if the planning process is participatory (but only at periodic rather than annual intervals, for cost reasons), then ensuring some kind of institutional link between planning and budgeting is a way of "safeguarding" the interests of local citizens.

5.5. Implementation and production lessons

A few key lessons about implementation/production of ISD by rural local governments should be underlined:

- Flexibility in procurement methods is often called for in rural areas, where private sector contractors are few and far between or unwilling to work. Sometimes a hybrid of force account and community-managed implementation is necessary – as in parts of Ethiopia. The ability to be flexible, however, seems to vary with the overall institutional context, LGs in Franco-African systems having little choice but to use tendering processes.

- In general, rural LGs face the problem of under-developed private sectors. This may imply the need not only to provide LG officials with training in contract and procurement management, but to do the same for contractors.

- With adequate technical and other support, local government managed implementation can be less costly than in other cases and can result in more timely completion of works.

- Operations and maintenance remains problematic in many cases, despite evidence of local ownership. Much of this can be attributed to weak management skills, insufficient provision for recurrent costs and (in a few cases) to inadequate planning. For truly public goods and services, the fundamental problem lies with the inability of most rural LGs to collect sufficient revenues themselves. All of this points to the need to improve the connection between capital and recurrent expenditure budgets – something that, to date, none of the LDPs has done enough of.

5.6. Accountability

A few lessons about accountability can be drawn from the case studies:

- Whilst participatory planning goes some way towards increasing the extent to which LGs are accountable to rural citizens, it should be complemented with information provision – which, at often much lower cost, can contribute towards improved accountability and more informed citizen "voice". This applies to all phases of the planning cycle.

- The four LDPs (with the possible exception of the DDP in Uganda) have piloted improved mechanisms for downward accountability, but paid rather less attention to upward and horizontal (or lateral) accountability. These dimensions of accountability require more attention.

- "Corruption" is barely mentioned in any of the case studies – and yet it is surely present. Whilst information may provide citizens with clear evidence of malpractice on the part of elected officials, LG employees or sector department staff, there are few genuine mechanisms in place for sanctions to be applied, for accountability to include enforcement. Again, this is something that needs to be looked at in the future.

5.7. Capacity-building

As mentioned above, capacity-building has made an important contribution to local government ISD in all four cases – elected officials and staff of rural local governments are often faced with particularly acute capacity gaps, which are sometimes difficult to fill through recourse to the private or NGO sector. The ideal is to develop a demand-driven capacity-building system, as was done under the DDP in Uganda. However, in doing so several issues have emerged:

- It is by no means self-evident that local government units know what kinds of capacity-building they need. There must, then, be a supply-driven component, which provides LGs with a menu of essential CB activities, as well as optional (or locally specific) ones.

- Procuring high quality CB services is not always easy – and there therefore needs to be some kind of pre-qualified list of potential suppliers made available to LGs.

A general lesson given the importance of capacity building to LG ISD is that central governments have a responsibility to provide rural local governments with access to the CB services that they need – and that this needs to be done in a way that is sustainable and permanent, rather than ad hoc.

6 Conclusion

The four case studies show what can be done by rural local governments in terms of infrastructure and service delivery – by introducing appropriate financing, planning and implementation arrangements, by making them more accountable and transparent, and by providing them with capacity building support. The effort needed is often considerable – rural LGs, as we have seen, face a variety of constraints and helping them to deal with these is no easy task – but the results can be rewarding, especially for the rural poor.

Notes

[1] Senegal, however, is something of an exception – with its long history of fully-fledged, self-administering urban communes (dating back to the early stages of French colonial rule) and its relatively stable and democratic post-independence political history. Nonetheless, "regionalization" in Senegal cannot be divorced from the need to provide disparate regions (such as the Casamance) with the incentives to remain within the overall political fold.

[2] The urban agglomerations of Addis Ababa and Dire Dawa.

[3] Amhara National Regional State (ANRS), for example, has a population of about 17 million people – making it considerably larger than both Mali and Senegal.

[4] For the purposes of the English version of this paper, however, territorial collectivities will be referred to as "local governments".

[5] Projet d'Appui aux Communes Rurales – Tombouctou (PACR-T) in French. Although most project activities are targeted at communes, the project has provided capacity-building support to the Region of Timbuktu.

[6] Projet d'Appui à la Décentralisation en Milieu Rural (PADMIR) in French.

[7] Although such administrative services are rarely the main focus of UNCDF interventions, their importance should not be under-estimated. Indeed, in the eyes of many local citizens, such functions are often the cause of their most regular interaction with local government.

[8] Very common in France, where communes are even smaller than in Africa. Many French communes, for example, have entered into inter-communal arrangements for the purposes of primary education (personal communication, Jamie Thomson, ARD Inc.). This, it might be added, approximates to the North American model of "single-purpose governments" (such as school or soil & water conservation districts) that do not correspond exactly to "regular" local government units (such as counties in the USA or districts in Canada)

[9] Although it is debatable how far a politico-administrative unit such as Amhara National Regional State can be termed a "local" government.

[10] Malian regulations, for example, explicitly provide for the "mise à disposition" (making available) of deconcentrated technical services to local governments – this, however, is demand-driven, subject to administrative endorsement and not to be taken for granted.

[11] "Travaux en régie" in French.

[12] Although few of Mali's Regions actually have development plans.

[13] Centres de Conseils Communaux, (CCCs) in French.

[14] In Mali, independent (i.e. non-party) candidates for commune council membership must actually present a list for elections. An independent individual, then, cannot (on his or her own) stand for election to a commune council.

[15] This may be congruent with the small size of communes and RCs, which might be assumed to be geographically homogeneous.

[16] In Senegal, RDSP has used a less explicit and less complex system of incentives, such that RC improvements in fiscal effort in the previous year are automatically "rewarded" with increased IPF allocations in the following year.

[17] UNCDF clearly recognizes that full fiscal autonomy, based on LGs generating all their budget needs through own-source revenues, is entirely unrealistic. Few, if any, LGs currently enjoy such autonomy.

[18] Excluding investments of general benefit to all communities within each commune (e.g. commune offices, commune health centers, etc.).

[19] However, a case study of the Sirajganj Local Governance Development Project (SLGDP) in Bangladesh, funded and supported by UNDP/UNCDF, provides rather more conclusive evidence of the cost effectiveness of innovative LG production arrangements (see "Local Governance and Service Delivery to the Poor – Bangladesh Case Study", (draft) GHK, November 2003).

[20] However, this clearly does not hold when LGs start to become involved in the management of large water catchments – as demonstrated by the enormously complicated federal, state and local arrangements for watershed management in places like the western USA (see Ostrom 1990).