

Closing Statement

6TH ANNUAL MEETING OF THE DEVELOPMENT PARTNERS WORKING GROUP ON LOCAL GOVERNANCE AND DECENTRALISATION

LGD and the Road to Busan

Brussels, May 18-20, 2011

The development partners group met from May 18-20th to assess priorities and options for enhancing aid-effectiveness for Decentralisation & Local Governance (DLG). The proceedings included information exchange, technical presentations, and working groups, as well as a detailed update on the preparation of the HLF-4 on aid effectiveness taking place in Busan in November 2011, with critical submission due at the end of June, which represents a very tight time line.

The partners focused on three major themes:

- (i) the rationale and the benefits of continued DLG engagement
- (ii) the best strategies, modalities and instruments of engagement in this sector from an individual and collective development partner (DP) perspective, as well as through key partnerships
- (iii) ways to improve the measurement of progress of decentralisation reforms and the effectiveness of DP interventions

The partners noted the need to re-articulate the importance of DLG issues in the aid-effectiveness discourse, engagement with sectoral and thematic colleagues, awareness raising at management level and central “versus” local perspectives. Six themes emerged, some of which reinforce the continued or growing relevance of decentralisation and local governance while others suggest ways forward in development partner support:

- ***Performance expectations in the context of DLG need to be broadened to cover all relevant benefits of decentralisation, including not only service delivery but also to enhance democratisation, good governance, citizen responsiveness, domestic accountability and broad based local economic development.*** While there is a great need for improved tools for DLG interventions such as joint political economy analysis, more robust results and impact measurement and harmonised and aligned M&E systems. Such activities need to focus on appropriate measures that capture progress on the path to improved results along the mentioned multiple dimensions.
- ***Decentralisation is a political process that needs input and commitment across all levels of government.*** It is not only about the top down assignment of functions and resources to local governments. Decentralisation approaches need to be framed in the

context of a better dialogue around multi-level governance and subsidiarity. This contributes to a more inclusive ownership of development initiatives as expressed in the Accra Agenda for Action and strengthens at the same time the domestic accountability system.

- ***A number of new developments (“mega trends”) represent emerging challenges, rationales and opportunities for DLG.*** These include fast urbanisation, social pressures (social exclusion, “digital democracy”, social media), environmental issues (climate change, disaster prevention, renewable energies) local economic development (youth employment pressures, cities competitiveness). These trends underscore the important role for local governments while suggesting a need for a new thinking about how to appropriately empower them in the context of multi-level-governance systems.
- ***Asymmetric approaches to decentralisation (incl. deconcentration) in partner countries may provide a useful way of better managing performance expectations and “mega trends” and can have a driving effect.*** Some of the challenges of decentralisation performance have occurred because some local governments have received more resources and powers than they can manage effectively while many others have not been empowered sufficiently to meet their potential. Asymmetric approaches need to be aligned to the prevailing domestic political economy, ownership and national oversight capacity.
- ***Casting sector versus decentralisation, local versus central, suggests false dichotomies.*** Territorial and integrated perspectives are critical to broad-based and sustainable development success. Successful development partner support needs to recognise these territorial dimensions. This holds especially true for the design and implementation of sector support programmes, where donors should increase their coherence with DLG interventions and take decentralised stakeholders at all levels into account.
- ***Development partners need to improve their internal coherence and develop new innovative instruments to support DLG.*** These include efforts to bridge and coordinate different elements of public sector reform (Civil Service Reform, Public Finance Reform, Deconcentration), engaging on all levels of government, forging new partnerships, introducing new incentive systems such as performance based grants or joint funding of formula based transfer systems. Capacity development endeavours need to be owned by the partner countries, be better harmonised and demand driven.

Preparation for Busan

- The development partners group agreed to actively contribute to the preparation of the HLF-4 in Busan. It will in particular
 - offer an input for the “Progress since Paris” report;
 - identify options to contribute to 1-2 of the 7 main programme thematic sessions
 - look into the possibility of organising a side event with a DLG focus, e.g. sub-national results monitoring and evaluation].
- The DPs agreed to join forces with key partners such as UCLG, UNDP ART, AMCOD and train4dev to position DLG on the HLF-4 agenda, but underscored that they also provide their own particular perspective as providers of development assistance, interlocutors to governments, and generators of development knowledge.
- The DPs remain committed to implementing the Paris Declaration principles in the DLG area. However the group stressed the need for more evidence on the implementation and effectiveness of the principles on the ground. For example, the group highlighted the importance of such realism in the context of on-going DLG engagement in the Middle East and North Africa transitions.

Next Steps

- The Secretariat will coordinate the completion of a synthesis brief on the key findings of the Brussels meeting, supplemented by evidence inputs from on-going case studies that synthesis brief will serve as input document/position paper for HLF-4.
- The Secretariat together with DPs will seek feedback on the conclusions and recommendations of the country cases from field based staff in the 7 focus countries where preparatory work has been done over the past 12 months.
- Individual DPs highlight key pieces of relevant evidence that they are willing to provide to the Secretariat on a timely basis.
- Individual DPs will inform and follow up with their respective aid effectiveness departments and colleagues about the groups’ initiative on DLG in Busan.
- The Secretariat will further lobby for the inclusion of DLG in HLF-4 and the future aid effectiveness agenda.