

## **MINUTES OF MEETING**

of the planning workshop for the

### **Donor Working Group Series on Local Governance and Decentralisation**

Frankfurt, April 26, 2006

#### **Introduction and Background of the Working Group**

On April, 26 the first planning workshop for the Donor Working Group on Local Governance and Decentralisation took place at the KfW headquarters in Frankfurt. Thirteen donor organisations participated in the workshop (see Annex 1). The initiative for the workshop came from the European Commission (EC), AfDB and KfW.

Local Governance and decentralisation programmes have various political, institutional, administrative, and financial implications. They have an important impact on the political balance of power in a country. Decentralisation can be understood and handled as a sector in itself but is also a cross-cutting issue. This complexity is a challenge for the donor community and asks for coherent policy. However, donors supporting local governance and decentralisation are still far away from a consensus about the way forward and the approaches to be followed. One obstacle for achieving strategy coherence and harmonisation is often due to donor specific policies and procedures.

In order to address these challenges, it has been suggested to set up an informal Donor Working Group on Local Governance and Decentralisation. This idea was born at the International Conference on Local Development in Washington (June 2004) and further developed at the workshop on Local Governance and Poverty Reduction in Africa (Tunis, June 2005). A first discussion between EC and KfW (Brussels, October 2005) has shown that there is big interest to deepen the exchange of ideas and experiences.

#### **Objectives of the planning workshop**

The objectives of the planning workshop were to outline and plan the establishment of a donor working group on **Local Governance and Decentralisation**. This included the following steps:

1. to achieve a common understanding of the objectives and principles of the temporary Working Group and to achieve a consensus about basic thematic orientations and expected results,
2. to plan more in detail the first meeting:
  - to define the objectives and expected results,
  - to assign institutional responsibilities,
  - to define other participants for the next meetings.

Process of the Workshop: After a short welcome of Mr. Wollenzien (KfW) and Mme Dellicour (EC) and the presentation of the participants, two inputs on problems concerning decentralisation processes were presented by the EC (Mme Dellicour) and KfW (Mr. Hildebrand). An open panel for complementing and collecting issues of interest followed. After lunch the participants decided on which issues should have priority for the next Working Group meetings. The workshop ended with the clarification of the main principals of the Working Group series.

## **1. Clarification of the overall objective, scope of the Working Group series and basic thematic orientation**

### Which topics should be addressed by the Working Group Series?

The wide range of topics mentioned in this part of the planning workshop demonstrated once again the complexity of decentralisation approaches (see Annex 2). Comments were made in regard to the conceptual dimension (e.g. the conceptual understanding of decentralisation as cross-cutting issue and as a sector in itself), as well as to more operational questions (aid delivery methods, conflicts between local authorities and traditional leaders as well as difficulties in monitoring and the lack of appropriate indicators).

Out of the many different remarks and ideas the following thematic blocks could be distinguished:

- Overview of differences and similarities of donor strategies and instruments; implications and possibilities of a common approach (comprehensive map / stock-taking of strategies); exchange of experiences (what works, what does not work?)
- Challenges in measuring the impact of decentralisation / appropriate indicators, / monitoring.
- Operational implications of looking at decentralisation as part of a wider state reform / public sector reform.

### Which topics are considered priority for the Working Group?

The participants considered the following topics as most important for the following sessions of the Working Group:

- 1) Stock-taking of operations, strategies and approaches including a brief overview of the portfolios.
- 2) Decentralisation as comprehensive state reform process and the political dimension of the decentralisation process.
- 3) Monitoring decentralisation / appropriate indicators.
- 4) Aid delivery method / sector approach.

The discussion of the day showed clear consensus among the participants that the establishment of this working group would make a lot of sense and corresponds to a felt need due to a growing portfolio in this area.

## **2. Designing a Working Group series**

### What should be the topic of the first Working Group meeting?

The discussion showed that many donors have recently defined their strategies in this area or are in the process at the moment. Therefore, the first meeting will deal with operations, strategies and approaches of donors to strengthen local governance and decentralisation processes (stock-taking of commonalities and differences). A brief overview of the portfolios and the importance of the topic should also be presented.

To prepare a structured discussion it was suggested to conduct a survey on donor strategies before the next meeting. The following three questions should be discussed in the survey:

- 1) What is the rationale for donors to support decentralisation processes?
- 2) What are the strategies of the different donors in this area?
- 3) What did the donors learn from it?

DANIDA announced the possibility that they would bear the costs for the survey.

For the preparation of the survey (structure etc.) an internal team – consisting of DANIDA (takes over the lead), EC (Christophe Larose), KfW (Christoph Twerenbold), DEZA (Chantal Nicod), French Ministry of Foreign Affairs (Séverine Bellina) – will be established. This team will agree on the ToR for the survey and on the selection of a consultant.

Expected results of the first meeting: to distinguish differences and similarities of the strategies and develop ideas and ways forward to reach more consensus on strategic issues.

#### Organisational matters of the first meeting:

- **Organisation:** The representatives of EC agreed to organise the next meeting.
- **Date:** The first workshop will take place in Brussels within the week of November 27, 2006. Duration: 1,5 days.

#### Main Principals of the Working Group series:

- **Conference language** will be English.
  - **Minutes** will be provided after each meeting by the host.
  - **Participation:** In general, the Working Group will be open to all donors (multilateral organisations and bilateral donors involved in decentralisation). For the next meeting the participants agreed on an opening up to the following other donors: World Bank (PREM, Public Sector Administration), IMF, UNCDF, Inter-American Development Bank, Asian Development Bank, DfID, SIDA, Irish Aid, Agencia Española de Cooperación Internacional, Norwegian Agency for Development Cooperation.
- For practical reasons and to assure a feasible starting point, these new participants will not contribute to the survey, but may be covered later.
- **Open issue:** There was no deepened discussion on the final results/outcomes of the Working Group Series; the question “What should be the result of the Working Group series? (Policy paper, exchange, guidelines...)” remained open and should be discussed during the second meeting.

#### Follow up:

- to write the workshop minutes of meeting (Tina Pausch/Sophie Kraume),
- to clarify financing of the survey. After clarifying the financing DANIDA will submit draft ToR for the survey. (Kristian Edinger),
- to prepare the structure of the survey (internal working group),
- to organise the next meeting in Brussels. EC will submit a proposal for an exact date (EC).

Frankfurt, May 5, 2006

Sophie Kraume

Tina Pausch

## Annex 1

### Short Participation List

Participants			
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## **Annex 2**

### **List of topics mentioned during the discussion**

- to be able to monitor decentralisation (appropriate indicators)
- internal coordination within donor organisations (urban, CDD, public sector, rural)
- stock-taking of operations, strategies and papers of DP's
- producing policy papers together
- to help countries to develop their own local government system
- interaction of central regional and local level as well as actors (state, non-state)
- exchange of experience on local level (what works, what does not work)
- include multi-lateral partners
- decentralisation in post-conflict situations (ownership)
- decentralisation, deconcentration, devolution
- do not offer blue prints (importance of country-specific approaches)
- interaction of local authorities with traditional leaders
- recognition of risks of decentralisation (political issue, question of power), avoid mystification
- work at the different levels
- create channels between different levels (dialogues)
- to find a way to agree on concepts
- decentralisation as a state reform process (public sector reform); political dimension
- sectorial operations adjusting to the different levels of government
- involvement of partner countries in the Working Group
- accountability and transparency vs. citizens
- do we respect the laws of partner countries (entry points, institutions)
- service delivery vs. institutional approach
- two challenges: 1) entry points, preconditions for effective decentralisation 2) Paris Declaration, alignment, harmonisation
- aid delivery method
- flexible instruments and concepts
- capacity development: what kind of capacities? our own role in capacity development?
- to support political processes (indicators for political issues); time
- what kind of capacity development (role, actors)
- training (joint training), learning from each other
- how to integrate decentralisation into budget support