

LGA response to International Development Select Committee Inquiry ***Aid Under Pressure - Support for Development Assistance in an Economic Downturn***

1. This paper by the Local Government Association (LGA) responds to the core questions of the International Development Select Committee inquiry, in terms of the impact of the economic crisis on:

- developing countries
- donor support
- public support

2. Impact of the economic crisis on developing countries

- 2.1 *"It is clear that the slowdown is going to hit different places in different ways. Our response to the downturn must be tailored to local circumstance...Local councils are already showing they are best placed to respond to this economic crisis. They are at the centre of helping people, businesses and other groups through tough economic times ahead. When things go wrong, councils step in, both to help kick-start the economy when it hits rock bottom and to provide a safety net for people in need...It is councils that can keep people in their homes; that can get people back on their feet when they have lost their job; that can form partnerships with business; that can help keep the local economy going when the outlook is bleak."* Cllr Margaret Eaton, Chair of the LGA¹
- 2.2 **Targets off track** - The focus of the forthcoming DFID White Paper will clearly be impacted by the current economic climate and concerned with the consequences on the lives of the poorest in our world. It is also clear that current trends on achieving the MDGs are not looking good. If we look at the Slum target alone, five out of the ten global regions, assessed in the MDG 2008 report, are making 'insufficient progress' and will fail to reach the 2015 deadline, and one region in particular – Sub-Saharan Africa - has actually seen a 'deterioration' in slum conditions on the ground.
- 2.3 **Bucking the trend** - In the face of these challenges we must focus on how to retain and better utilise what aid there is to enhance the impact for the poorest on the ground in the short and long term. It will be necessary to ensure that aid is more targeted towards a long term investment in community wellbeing, infrastructure and systems of good governance. This will require strengthening Local Government (LG) and making decentralisation processes much better at promoting pro-poor development.
- 2.4 *"Devolving power and the provision of services to local units and layers of government has potential as an effective means of bringing politicians and policy makers closer to clients and making services more effective. However at the local level, institutions and participatory development mechanisms are often weak, resulting in poor service delivery"* UK Commission for Africa 2005.
- 2.5 **Building from the base** – Recognising that LG in many developing countries lack adequate capacity to respond to pre-existing challenges let alone the economic crisis, all donors including DFID need to target building LG capacity to meet local needs, promoting local ownership, and local response. DFID needs to shift its strategic focus to push for more locally-owned responses within developing countries – calling for local democratic dialogue to development. In countries such as Uganda, Kenya, Bolivia and Vietnam, where the Poverty Reduction Strategy (PRS) process has specifically sought to promote a bottom-up approach. Studies suggest this ensures more sustainable outcomes in the long term, when communities have been engaged in consultation and the practical response.
- 2.6 **Increase local budget support** – many of the infrastructure plans and social protection services which DFID is targeting, e.g. water supply and sanitation, health and education, will be delivered by local government. Currently DFID provides Direct Budget Support (DBS) to central governments, however there needs to be more targeted support for local government reform / strengthening e.g. via national Local Government Associations where they exist, to enable local

¹ LGA (2009) Global slow down, local solutions www.lga.gov.uk/lga/publications/publication-display.do?id=1191945

government to take a more strategic and practical role in: poverty reduction; local economic development; mitigating and adapting to climate change; preventing and recovering from conflict situations etc.

3. Impact of the economic crisis on donor support

3.1 Decentralised development cooperation - an emerging approach - Recognising that donors are facing tough financial pressures LG offers a new model for delivery development objectives in a cost effective and targeted way. *“Local governments, in collaboration with their national, regional and global associations, are playing a vital role in the development process by sharing their experience and approaches to assist others in finding appropriate ways to solve their own issues and problems. Through decentralized cooperation programs that are built on the foundation of partnerships, local governments in the north and the south are working together to reinforce the capacity to respond to a never ending series of development challenges including poverty and disease, environmental degradation, social decay, corruption and economic collapse. These programs commonly take the form of Municipal International Cooperation (MIC) or Association Capacity Building (ACB) to share experience, best practices and know how that will enhance the effectiveness of the associations and municipalities.”* United Cities and Local Government (UCLG) 2009².

3.2 International LG expertise and good practice – Our LG partners in developing countries often say they need support from actual practitioners rather than consultants. UK LG offers first rate practitioner knowledge that is directly relevant to the needs of development partners at local, regional and national levels. Our councils are at the forefront of good practice in public sector management, service delivery and performance improvement, including:

- Multi-cultural service delivery – local councils are at the front line of providing core services to all sectors of our communities;
- Locally strategic dialogue – English models, such as the Local Strategic Partnerships (LSPs) engaging core local partners and Multi Area Assessments (MAAs), ensure effective ownership on the ground and regional coordination of development processes;
- Enhancing performance – Led by the Improvement and Development Agency (IDeA) English LG provides a institutional model of how to strengthen local public sector internationally, including through tools such as the Beacons Council Scheme – which uses peer-to-peer learning and mentoring to enhance good practice;
- Regeneration and local economic development - The government has now recognised that it is local councils which play the central role in fostering economic prosperity across their areas – stimulating training and employment, supporting Small and Medium Enterprises etc;
- Climate mitigation and adaptation – councils are leading the way in terms of adopting a strategic approach to climate change across a municipality from promoting energy efficiency, fighting fuel poverty, sustainable local planning, emergency / risk management;
- Local data collection and analysis information – currently for many municipalities in the south there is poor collation of data relating to the MDGs required to assess needs at the local level and therefore ensure more locally relevant policy and action. UK LG could assist in developing the skills base for effective monitoring and adaptation.

3.3 Aid effectiveness - *There “is a growing consensus that the Paris Declaration³ has fallen short in its objective of enhancing aid effectiveness. Part of this failure can be attributed to the great emphasis placed by donors on the mechanics of aid delivery rather than the development impact generated by aid. Another key weakness that has been highlighted is the absence of key development stakeholders (i.e. civil society and local governments) in the policy discussions”* UCLG 2009. As such Local Government actors need to be included in the future discussion to enhance the impact of aid on the ground. See Table 1 below.

² UCLG (2009) UCLG Position Paper. Aid Effectiveness and Local Government: Understanding the link between governance and development. Draft, 5 Feb 2009.

³ Paris Declaration on Aid effectiveness. Agreed in Paris, February/March 2005 at the High Level Forum on Joint Progress Toward Enhance Progress on Aid Effectiveness. <http://tiny.cc/1ZucB>

Table 1. Local Government contribution to the five principles of ‘Aid effectiveness’

Principle	Local government contribution
Ownership	Where directly involved in development strategies, LG can strengthen democratic ownership at a local level. In particular to: promote social mobilisation; participatory planning, budgets and monitoring; produce national LG development strategies; contribute, via LGAs, to national consultations for plans and PRSPs.
Alignment	Development strategies must be aligned with decentralized fiscal frameworks and resource transfer mechanisms, including though: linking national Local Government development strategies with national development plans and PRSPs; intergovernmental fiscal mechanisms to flow funds which support the implementation of development strategies at the local level; reducing transaction costs, as decentralized cooperation relies on partner country systems for procurement;
Harmonisation	This must be embraced by all development actors, not just donors and partner countries. Through the UCLG Capacity and Institution Building (CIB) Working Group, member LGAs are working to enhance program coherence and coordination, promote collaboration on policy analysis, share practical knowledge and lessons learned from the collective experience of northern and southern LGAs, and reduce administrative burden on local partners;
Mutual Accountability	Strengthening transparency and accountability for improved development results: Northern and southern LGAs are working toward true co-management of decentralised cooperation programs, holding each other mutually accountable in planning and assessing progress in implementing country strategies and programs; Through the UCLG CIB working group, northern and southern LGAs have agreed to work toward a code of ethics reinforcing mutual accountability and transparency to each other as partners, to their constituents and to donors.
Managing for results	Keeping in mind donor requirements, northern LGAs are working with host country LGAs to develop, harmonized results-oriented reporting and monitoring frameworks, including indicator sets.

Adapted from UCLG 2009 (op cit)

4. Impact on public support

4.1 *“Local governments are characterized by a level of accountability and legitimacy that is not shared by other development actors. As democratic institutions comprised of elected officials that are accountable to both its citizens as well as to senior levels of government, local governments must maintain the trust and confidence of the electorate and operate with a high degree of transparency.” (UCLG 2009)*

4.2. **Local ownership** - Although not seen as a typical realm of local government competency, councils and national LG bodies have much to offer the UK in relation to raising awareness, enhancing public support and ensuring a broad contribution to international development, in terms of:

- Public promotion - Local government (LG) is ideally placed to raise awareness and engage communities in development dialogue across a range of sectors e.g. education, health, business, community groups, etc to increase public understanding and involvement locally;
- Cost effectiveness - LG involved in development cooperation often provide broad range services and technical support in-kind and at minimal cost. Such cooperation keeps the costs down without a profit motive;
- Utilising public servants – Involving LG in development cooperation results in domestic benefits in the public realm and builds up staff in the public sector. A review of international development cooperation by councils in 2006 revealed that such work invests directly in our public servants in terms of skills development, staff retention, job satisfaction, alternative approaches of working and more flexible problem solving.

5. Examples of UK LG international development cooperation

5.1 Warwick & Warwickshire with Bo & Mekeni, Sierra Leone – Waste, health and staff development. The project provided cost effective solid waste management services and health education programme in the two cities. The work has resulted in reduced incidence of malaria and waterborne diseases, improved hygiene practices and capacity in local councils to generate their own revenues. It is now looking to be expanded out to other councils in the region. Back in Warwickshire the project has also benefited the council's staff - "The Warwick District and Warwickshire local government officers with whom I travelled to Sierra Leone in 2007 and 2008 all found the experience very worthwhile for their service delivery in UK because they were forced to go back to basics in their professional expertise. This gave them new perspectives and ideas for work in the UK. They also felt that the challenges in Bo and Warwick were similar in many ways. So the experience was in fact very relevant for their day to day work at home" Cllr Jane Knight.

5.2 Lancashire County Council and Gulu, Uganda - Climate change compensation & resilience. This is a longstanding partnership between the two councils, facilitated by 2 local charities (one at each end). The latest phase of this is the development of a carbon compensation scheme, where funding from Lancashire helps the people of Gulu increase their resilience to climate change (and other challenges). The scheme includes a range of projects. www.lancashire.gov.uk/climatechange under "recent news".

5.3 Rotherham Metropolitan Borough Council – Fair trade locally and globally. Rotherham is one of many of the hundreds of local councils, cities and towns that have now achieved fair trade status as defined by the Fairtrade Foundation. Rotherham promotes understanding and retail of Fairtrade produce in community groups, schools and local business. At the same time it makes the link with the local need for fairer prices and wages for its own local producers and workers. They hosted the first ever UK Towns and cities Fairtrade Conference in 2007, a Fairtrade Fashion show in 2008 and a Fairtrade Rotherham logo design competition in 2009. www.rotherham.gov.uk/graphics/YourCouncil/Fair+Trade/fairtrade.htm

5.4 UK Local Government Alliance on International Development. The UK Local Government Alliance on International Development (the 'Alliance') was established as the single voice for local government in relation to international development and aims to promote UK Local Government awareness and involvement in international development. It has recently been awarded three year funding by DFID through their Development Awareness Fund. This funding although a positive step, as the name indicates is limited solely to the promotion of development awareness among local authorities in the UK. Many local councils are beyond simply wanted to be informed about international development. They want to assistance to work more effectively with their international partners. There is therefore a huge opportunity for DFID to move beyond its current relationship with local government as a funder of promotional activities, to work with local government as a true partner in poverty reduction on the ground. www.lg-alliance.org

6. QUESTION TO DFID:

In relation to the DFID White Paper and its future work, how will DFID further support the role of Local Government, domestically and internationally, to contribute to tackling the economic crisis and improving the impact of Aid for communities on the ground?

Contact:
Rosalie Callway
International Policy Officer, European and International Unit
Local Government Association
Email: rosalie.callway@lga.gov.uk
Tel: +44 207 664 3117