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Decentralized
COOPERATION

A NEW
EUROPEAN APPROACH
AT THE SERVICE
OF PARTICIPATORY
DEVELOPMENT

METHODOLOGICAL STUDY



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This document does not necessarily reflect the European Commission's views, but exclusively those of its authors.

TABLE OF CONTENTS

List of abbreviations/acronyms

Note	i
Content of the document	iii
Summary	I

I. DECENTRALIZED COOPERATION: DEFINITION AND PRINCIPLES	1
1.1. History and clarification of the concept	1
1.2. A change of attitude required in those who administer cooperation	2
1.3. Definition and general principles of the implementation of decentralized cooperation	4
II. DECENTRALIZED COOPERATION IN THE DEVELOPMENT POLICY OF THE EUROPEAN UNION	7
2.1. Origin and regulation	7
2.1.1. ACP countries	7
2.1.2. ALA countries	12
2.1.3. Mediterranean countries	14
2.2. The current state of DC implementation in the framework of EU cooperation	14
2.2.1. ACP countries	14
2.2.2. ALA countries	17
2.2.3. Mediterranean countries	19
2.3. Main Constraints on a Decentralized Cooperation Approach	20
2.3.1. The nature of the Lomé Convention	21
2.3.2. Lack of information about the Convention	21
2.3.3. Divergent interpretations of the DC concept	21
2.3.4. Lack of knowledge of the associative fabric	22
2.3.5. Lack of response capacity on the part of EU Delegations	22
2.3.6. Lack of frank commitment and political will within the European Commission	22
2.3.7. Absence of specific operational instruments	23
2.3.8. Existing mechanisms ill-suited to DC	23
2.3.9. Resistance from Southern States and administrations	24
2.3.10. Limited capacities of potential operators	25

III.	STRATEGIC ELEMENTS OF A DECENTRALIZED COOPERATION POLICY	27
3.1.	Capacity Development	27
3.1.1.	Conceptual guidelines	28
3.1.2.	Methodological example	30
3.2.	Participatory Development	35
3.2.1.	Definitions, evolution of the concept, different perceptions	35
3.2.2.	Advantages of participation	38
3.2.3.	Constraints and limits of participation	39
3.2.4.	The cost factor of participation	43
3.2.5.	Participation mechanisms	44
3.2.6.	General recommendations for improving participation	46
3.3.	Decentralization of powers and citizen participation	47
3.3.1.	Decentralization and popular participation: the issues at stake	48
3.3.2.	Three indissociable aspects of decentralization	49
3.3.3.	Limits, risks, obstacles	50
3.3.4.	Motivations for the implementation of decentralization policies	51
3.3.5.	A decentralization triggered by grassroots pressure and passed on by the local authorities	52
3.3.6.	Intervention strategies and methods	53
3.3.7.	Forging the tools required	55
3.3.8.	Decentralized cooperation without State decentralization?	56
3.3.9.	Principles and fields of application of a decentralization policy when supporting a decentralization process	57
IV.	PREPARING A DECENTRALIZED COOPERATION OPERATION	59
4.1.	Approaching potential partners	59
4.1.1.	Institution mapping/inventory study	60
4.1.2.	Eligibility, status of partners, preliminary contacts with the European Commission and EDF	63
4.1.3.	Absorption capacity	65
4.1.4.	Characteristics and potential roles of the main agents	65
4.1.5.	North/South or South/South Partnerships	69
4.2.	Structuring consultation a) between decentralized agents and b) with the State	71
4.2.1.	Sense, content and limits of consultation	72
4.2.2.	An integrated approach to the different levels of consultation	72
4.2.3.	Consultation guidelines	74
4.2.4.	Establishing consultation structures	75
4.2.5.	Consultation among Northern donors	79
4.3.	EDF Indicative Programming	81
4.3.1.	Consultation on national priorities	81
4.3.2.	Writing DC into National Indicative Programmes (NIPs)	82

V.	SETTING UP A DECENTRALIZED COOPERATION OPERATION	85
5.1.	Intervention areas and guidelines	85
5.2.	Specific decentralized cooperation operations	88
5.2.1.	Fundamental characteristics	88
5.2.2.	Typical cases	90
5.2.3.	Frequent applications	93
5.2.4.	Support modalities for decentralized partners	93
5.3.	Institutional and operational set-ups: the need for an interface	95
5.3.1.	Criteria for choosing the management/coordination interface of the programme	96
5.3.2.	Type of programme management/coordination interface	97
5.3.3.	Functions of the programme management/coordination interface	98
5.3.4.	The bodies that choose which actions to fund	100
5.3.5.	Towards permanent interface structures	101
5.3.6.	Optimal framework for a decentralized cooperation programme	103
5.4.	Project/programme guidance measures	104
5.5.	Decision-making mechanisms and sources of programme financing	107
5.5.1.	Choosing a decision-making mechanism	107
5.5.2.	Characteristics of the funding agreement	110
5.5.3.	Programme donors	110
VI.	IMPLEMENTATION OF A DECENTRALIZED COOPERATION OPERATION	113
6.1.	Preparation and appraisal of project funding requests	113
6.1.1.	Information on the programme	113
6.1.2.	Formulating projects	114
6.1.3.	Submitting funding requests	117
6.1.4.	Appraisal of requests	118
6.1.5.	Taking account of the post-project during appraisal	120
6.2.	Decision-making processes and contractual commitments	121
6.2.1.	Decision-making procedures	121
6.2.2.	Need for contracts between the parties	121
6.2.3.	Types of contractual agreements	122
6.3.	The financing of projects and technical support	124
6.3.1.	The contributions of the parties to the funding of projects	124
6.3.2.	Funding the operators	125
6.3.3.	Funding Management/Coordination Interfaces	126
6.4.	Execution	128
6.4.1.	Execution modalities: direct labour execution at PMCI level	129
6.4.2.	Specific modes of execution at operator level	131

6.5. Administrative and financial management	132
6.5.1. Management of impressed account systems	132
6.5.2. Management of the accounts of the project/programme and EDF disbursement procedures	133
6.6. Control, monitoring and evaluation	136
6.6.1. Accounts and financial control system	136
6.6.2. System of operational monitoring	137
6.6.3. Evaluation system	138
BY WAY OF CONCLUSION	141

ANNEXES

Annex 1 : Selective Thematic Bibliography	1
Annex 2 : Bibliography by Author and Cooperation Agency	5
Annex 3 : Case Studies based on Mission Reports	21
• Proshika, Consortium of donors, Bangladesh	21
• Rakai District Development Programme, DANIDA, Uganda	25
• Community Action Programme, SNV, Uganda	27
• Micro-project Programme, EDF, Zambia	29
• Mpongwe Smallholders Development Programme, EDF, Zambia	31
• Rural Development Programme, Upper Western Guinea, Maritime Guinea II, EDF, Guinea Conakry.	33
• Provision of drinking water in the Lima shanty towns, European Commission DG I, Peru.	37
• Fondo Nacional De Compensación Y Desarrollo Social (FONCODES), Peruvian Government - World Bank, Peru	41
• Programa Nacional De Solidaridad (PRONASOL), Mexican Government - World Bank, Mexico	45

LIST OF ABBREVIATIONS/ACRONYMS

\$US	: United States Dollar
ACP	: African-Caribbean-Pacific Countries
ADB	: Asian Development Bank
AFVP	: Association Française des Volontaires du Progrès
AGePIB	: Agence pour la Gestion et Promotion des Initiatives de Base
ALA	: Asia-Latin-America
BD	: Board of Directors (AGePIB)
BL	: Budget Line (EC)
CD	: Capacity Development
CF	: Counterpart Funds
CIDA	: Canadian International Development Agency
DANIDA	: Danish International Development Agency
DC	: Decentralized Cooperation
DCP	: Decentralized Cooperation Programme
DGI	: Directorate-General of EC Development (ALA/MED)
DGVIII	: Directorate-General of EC Development (ACP)
EAC	: European Association for Cooperation
EC	: European Commission
ECDPM	: European Centre for Development Policy Management
ECHO	: European Community Humanitarian Office
ECIP	: European Community Investment Partners
ECU	: European Currency Unit
EDF	: European Development Fund
EU	: European Union
FAO	: Food and Agriculture Organisation
FC	: Funding Convention
FP	: Funding Proposal
FTA	: Financial and Technical Assistance (ALA/MED)
GM	: General Meeting
GO	: Grassroots Organisation
GTZ	: Gesellschaft für Technische Zusammenarbeit (German Cooperation)
IDB	: Interamerican Development Bank
IMF	: International Monetary Fund

Lomé IV	: Fourth Lomé Convention
LPA	: Local Public Authorities
MCI	: Management/Coordination Interface
MECU	: Millions of ECUs
MED	: Mediterranean Countries
MPP	: Micro-project Programme (EDF)
MTC	: Mediterranean Third Countries
MTR	: Mid-Term Review of Lomé IV
NAO	: National Authorizing Officer
NGO	: Non-Governmental Organisation
NGO-EC LC	: NGO-EC Liaison Committee
NIP	: National Indicative Programme (EDF)
OECD	: Organisation for Economic Cooperation and Development
PC	: Project Committee
PCM	: Project Cycle Management
PCMD	: Palestinian Centre for Micro-projects Development
PD	: Participatory Development
PMCI	: Programme/Project Management-Coordination Interface
PTD	: Participatory Technical Development
RC	: Rural Community (Senegal)
RDP	: Rural Development Programme/Project (EDF)
SC	: Steering Committee
SPC	: Service Provision Contract
SNV	: Stichting Nederlands Vrijwilligers (Dutch Cooperation)
TA	: Technical Assistance
TMNA	: Transmediterranean Networks Agency (EC)
UNDP	: United Nations Development Project
UNFE	: United Nations Fund for Equipment
UNHCR	: United Nations High Commission for Refugees
UNICEF	: United Nations Children's Fund
VSO	: Voluntary Services Overseas (UK)
ZOPP	: Ziel Orientiertes Projekt Planung (GTZ, Planning)

NOTE

This document is one of the results of research work presented to the European Commission (Unit VIII/B/2) by COTA and which was funded via the budget line for the promotion of decentralized cooperation (BL 7/6430).

The object of the research was the creation of tools of awareness-enhancing and training in decentralized cooperation for potential agents in the perspective of cooperation programming with ACP, ALA and MED countries. Amongst other activities considered were, in chronological order:

1. A series of fact-finding missions to study cooperation agencies (Europe, Canada, World Bank, UNDP, UNFE) along with their and EU projects (individual reports were produced by these missions, which are reproduced as annexes to this work in abridged form);
2. Analysis of existing decentralized cooperation efforts and of the EU instruments for decentralized cooperation;
3. Drafting a document of methodological guidelines for decentralized cooperation;
4. Organisation of a round-table for the validation of this document by experts and practitioners of decentralized cooperation from inside and outside the European Commission;
5. The production of a teaching kit on decentralized cooperation for training in the field;
6. The creation of an experimental training programme.

This document brings together the methodological reflections and results of our research in their latest state. The input of the relevant Unit of the European Commission took the form of critical readings and constructive dialogues; this was followed by in-depth discussion at a round-table organised in June 1995 with many potential and expert decentralized agents from both North and South and meetings with officials of the European Commission's DG VIII. We nevertheless feel that the reader should note the following points before reading further.

First and foremost, this was a fascinating theme to research, but a much larger and more complex one than it at first appeared, as it comprised a whole series of basic methodological principles (secondary themes) such as the participation of society in the process of development, the relations between the State and the organisations of the society that it governs, the identification of key institutions, the enhancement of the capacities of agents in development, the structuring and coordination of these agents, the role of the State in this process, etc. These secondary themes themselves comprised a multitude of other questions.

The deadline for the production of this document then turned out to be too close for the result to meet our own professional standards. Given the extraordinary wealth of documentation collected and the experiences analysed, the document should therefore be considered a sort of synthesis, necessarily incomplete and by its very nature reductive. From our own perspective, the task that we were set has been only partially fulfilled.

For the fact is that this area is still relatively unexplored territory in the context of European cooperation, and it is therefore essential that reflection on decentralized development continues to benefit from the experience of the projects of today and the future. In the field, and in the light

of practical considerations, the remaining uncertainties should be possible to clear up, operational methodologies should be refined, and the pedagogic and training dimension for the various agents be developed. This document should not therefore be considered as a guide or as a step-by-step instruction book; we have basically sought to provide an avenue of approach towards answers to the questions that the various agents are asking themselves. Other answers could of course have been provided on the basis of different experiences in the field.

Moreover, it seems to us essential that this theme should be debated within the Commission. Implementation of decentralized cooperation implies major changes in management practice and therefore requires a consensual and favourable institutional attitude. We therefore believe that if the Commission genuinely wishes to develop its own concept and an innovative way of practising cooperation with development, it is important that it makes reflection on this topic its own¹.

Finally, since the basis of this study is strategic choices in favour of support for local initiatives, for the participation of the population in the process of development, for agent capacity reinforcement and for State consultation with civil society, two further remarks should be made concerning the basis of our study. In the first place, it is not our intention here to reinvent development cooperation. Our study confines itself to exploring avenues that are already well-known, but which have perhaps not been fully appreciated and whose value has not been fully acknowledged. The new developments that it records are those which individuals, organisations and institutions in the field have originated and will originate. On the other hand, we are neither naive nor blind. We are aware of the fact that strategic choices are no guarantee of success, but rather a difficult 'third way', a path full of surprises and perils: the resulting failures are all the more disappointing and painful.

¹ For example, we note that the concept of participatory development was initiated as a subject for reflection within the World Bank several years ago as a result of the initiative of a certain number of competent and well-motivated officials. It was then studied in depth in specific working groups. The many intermediate versions of the conceptual documents produced were then regularly submitted to the various discussion fora within the Bank, up to the Board of Directors, before the 'World Bank Practical Guide to Participation' was published.

CONTENT OF THE DOCUMENT

In **Chapter 1** of this document, we have attempted to define a certain number of basic principles of decentralized cooperation in terms both of the instruments used and the goals envisaged.

We have then sought to show throughout the document that, ambitious though the principles of decentralized cooperation may seem at first sight, they are within the reach of the European Union's instruments for supporting development. We have not, however, sought to hide the obstacles that may arise.

It was clearly necessary to present in synthetic form the basic EU texts concerning decentralized cooperation and to review the efforts made in this field in the context of the EU's development policy. The constraints on EU performance which would need to be lifted are also specified (**Chapter 2**).

Through its basic principles, decentralized cooperation conceals a considerable potential in terms of more effective and sustainable development action. It could determine the EU's essential development policy (**Chapter 3**). But in order to do this, it would have to rely on a carefully thought through development strategy, whose mainstays would be as follows:

- a central role attributed to the development of capacities (individual and institutional);
- social participation in each stage of the development action, but also, at different levels of consultation and decision-making, in more general political processes;
- support for the process of democratisation and administrative decentralization in Southern countries.

These three strategic principles have recently been specifically recommended to the EC by OECD Development Aid. They should be considered not only as a methodology for more effective cooperation but as ends in themselves.

To ensure that the approach to and collaboration with the partners is both more effective and more respectful of the interests and prerogatives of all involved, there are two basic prerequisites in the preparation of DC (**Chapter 4**):

- the identification of the institutions on which to rely in various respects during operations;
- the structuring of consultations between decentralized agents and the State.

Specific methodologies and guidelines are proposed for the realisation of these goals. Particular attention is paid to the potential roles of the main types of decentralized agents. The implications for Indicative programming at country level are also described.

In ACP countries, the individual characteristics of a DC operation will influence the choice of a simplified or normal decision-making mechanism (**Chapter 5**). There are two forms of programmes to match these two mechanisms:

- support programmes for small, local initiatives (which can thus be compared to micro-project programmes);
- more conventional programmes, which may consist in more ambitious and coherent operations related for example to a theme, a sector or a geographical zone.

In this Chapter we also stress the very general need for an interface capable of supporting the downstream operators (by its proximity) and reassuring the responsible officials upstream (by applying the rules of the system). This structure should, ideally, be a permanent one whose function would be the support of local initiatives via decentralized antennae/operators. It should gain the gratitude and trust of the operators by its neutrality and professional qualities. It is, moreover, in our view advisable to take significant support/follow up measures at both beneficiary and operator levels; this should consist in the enhancement of their capacities. These measures would take different forms according to the level and context in question.

In terms of internal procedures (**Chapter 6**), the interface will assume - among other roles - that of the management/coordination of one or more programmes. The operators would suggest the action to be undertaken. The funding of operations should be performed under the responsibility of the interface, on the basis of an impressed account system whose advances would be divided among the contracted operators. The interface would be responsible to the National Authorizing Officer (or to the Commission in Developing/ALA countries), consolidating the reports and accounts of the operators. The rigorous control required will have to be combined with flexibility in the application of procedures.

I. DECENTRALIZED COOPERATION : DEFINITION AND PRINCIPLES

- As conceived by the European Commission, the objective of decentralized cooperation is above all that of ensuring '**better**' **development** by taking greater account of the needs and priorities expressed by the population; it thus aims to enhance the role and the place of civil society in the development process.
- It will consist, on the one hand, of bringing together and **ensuring the collaboration** at different intervention levels of potential **economic and social agents** North and South; on the other, of **eliciting** the active and decisive **participation** of direct beneficiaries in decision-making and in the different stages of the actions which concern them.
- Decentralized cooperation is not therefore a new instrument or theme of action in development cooperation, but a different and innovative way of desiging and practising cooperation. Insofar as it claims to diverge from the beaten track of international aid and offer responses to the evolution and initiatives of the societies of Southern countries, it will inevitably take various forms, adapted to the contexts and requirements of partners; in other words, it will mostly involve 'made to measure' work. It must also be flexible and transparent. It implies a structural and gradual process of change away from the conventional ways of implementing development cooperation.
- It can thus be said that, by its participatory approach, decentralized cooperation requires a particular attitude and state of mind on the part of the various participants and in particular on the part of aid managers: a favourable and propitious environment in the head of the government of the country concerned and in the donors is required. Within the donor organisation, this attitude and state of mind can only be generalised if they are supported by an ad hoc institutional culture.
- Finally, **DC will rely** less on regulations, instructions, or specific procedures and more **on basic principles** favouring openness, dialogue, consultation, democratic modes of expression and operation, the participation of the agents, and, in the long term, the more equitable and sustainable development which constitutes its purpose.
- These principles refer to the objectives of DC and its instruments:
 1. **Objectives**
 - ◊ Mobilise **populations** and take greater account of their **needs and priorities**.
 - ◊ Enhance the role and place of civil society in development processes.
 - ◊ Foster **equitable and sustainable social and economic development** through participation.
 2. **Instruments**
 - ◊ Decentralized cooperation relies on:
 - a **varied and pluralistic range of competent agents** and/or representatives in order to promote joint efforts by different sectors of society, in particular by fostering exchanges of experiences and expertise between agents, and the valorisation of local and traditional knowledge.

- who **consult** among themselves in order to reach a consensus as to national/regional/local development priorities;
 - while remaining **autonomous** (e.g. as regards initiating and performing tasks): subject to rigorous control but free from interference in their management.
- ◇ Decentralized cooperation fosters **coherent** intervention by planning priorities through consultation and by the coordination of means. To this end it must find a balance between the **need for flexibility/speed** (which implies autonomy relative to the State) and the need for a **coherent overall vision** and for sectoral strategies (which implies coordination with the State).
 - ◇ Actions rely on the experience of the agents (whose **right to learn** and to error is acknowledged), and seek **sustainability** (a necessary condition of participation and capacity reinforcement) through **self-multiplying effects** which will, in time, lead to increased impact (gradual diffusion of efforts through space and consolidation in time).
 - ◇ To this end, the aid mechanism should seek to **enhance the capacities** of the organised agents (this is a necessary condition of sustainable participation by these agents and of their long-term autonomy), be receptive to **initiatives arising from civil society** and propose a form of administrative and financial management **flexible** in its different dimensions, so that it can be adapted to the level of qualification of the agents involved and their financial limits (e.g. cash flow).
- By introducing the concept of decentralized cooperation, the donors (and more especially the European Commission) seek to renew the operating modes of development cooperation and make cooperation more effective, coherent, appropriate, participatory, and closer to local societies, to the field and to the agents in civil society.

II. DECENTRALIZED COOPERATION IN THE DEVELOPMENT POLICY OF THE EUROPEAN UNION

- The various regulations governing European cooperation with Southern countries make the application of the concept of decentralized cooperation possible.
 - For the **ACP countries**, decentralized cooperation forms one of the provisions of the Lomé Convention, which emphasises the instrumental (Articles 290 and 251a-e) and political (ACP-EC common declaration) aspects of DC.
 - As regards **non-associated** countries (Asia, Latin-America), the 1992 regulation regarding Financial and Technical Assistance opens the field of aid-beneficiaries and cooperation partners to all decentralized agents (Article 3).
 - For the **Mediterranean countries**, various transversal programmes (Med-Urbs, Med-Campus, Med-Invest, Med-Media, Med-Techno) are also accessible to the different kinds of decentralized agent both North and South of the Ocean, with a view to the creation of partnerships and networks.

- The current record of implementation in decentralized cooperation is limited but promising.
 - In **ACP countries**, attempts to decentralize cooperation (of varying intensity) can be found in the conventional EDF (rural and urban) development programmes, in the Micro-project programmes and in certain more specific DC programmes (Benin, Ghana, Madagascar, Niger, Senegal).
 - As regards **non-associated** countries (Asia, Latin America), Financial and Technical Assistance (FTA) has generally taken very conventional forms. Celebrated advances in decentralized cooperation have been observed in certain countries or regions (Bangladesh, India, Central America, etc.) as a consequence of the creativeness, open-mindedness and innovative spirit of the Commission's representatives.
 - In the **Mediterranean countries**, the Med programmes have caused the creation of partnerships and networks aiming to encourage collaborations and transfers of competence between decentralized partners from both regions. These programmes do not, however, consider the funding of development actions vis-à-vis particular target-groups.
- **The main constraints on attempted decentralized cooperation perceived during this study would seem to be:**
 - the bilateral nature of the Lomé Convention;
 - lack of information about the Convention;
 - divergent interpretations of the concept of DC;
 - insufficient knowledge of the associative fabric of communities;
 - insufficient response capacity on the part of the EU Delegations;
 - the lack of political will and outright commitment within the Commission;
 - the lack of specific operational instruments;
 - existing mechanisms ill-suited to DC;
 - the resistance of Southern administrations and States;
 - the low capacity of potential operators.

III. STRATEGIC ELEMENTS OF A POLICY OF DECENTRALIZED COOPERATION

- If the implementation of decentralized cooperation is not to have effects directly contrary (aid-`sprinkling', lack of coherence and sustainability, decentralization without democracy, etc.) to those intended, it must be based on three key strategic principles:
 - ◊ the **development of** institutional and human **capacities** as a central element in all actions envisaged;
 - ◊ the **participation** of the population in the development processes that concern them;
 - ◊ **support for** political, administrative and financial **decentralization processes** in Southern States.
- These three principles are the basic elements on which the European Union development policy should be built. Decentralized cooperation would be one of the essential components of this policy.

- There is a perceptible risk of DC remaining simply one development tool among others: more flexible and more participatory, but just one tool of EU cooperation policy. This risk makes clear the importance of an approach to DC that is coherent with the National Indicative Programme as a whole (or its ALA/MED equivalent) and with other cooperation instruments, in particular the Structural Adjustment Facility. It remains to be seen whether a political will to perform these tasks exists within the EU and whether the internal organisation of the Commission allows of such an approach.

Capacity Development

- Capacity development (CD) is more than a simple means of attaining greater effectiveness in development action. It covers both technical realisation and management capacities and analytical, conceptual and organisational capacities. Behind CD lies the notion of learning to conceptualise problems, be flexible, negotiate, resolve conflicts and make compromises. To this extent, **it contributes to the strengthening and structuring of civil society**.
- It concerns not only individuals and the forms of representation with which they endow themselves but also 'external' private and public institutions. It relates to all agents: beneficiaries, intermediate support structures, and decision-makers.
- Results at beneficiary level can be envisaged only for the **long term**. Support structures will be necessary, as will their articulation by interconnection into networks allowing maximum use to be made of competences.
- One of the objectives of decentralized cooperation should be the enhancement of human resources and of the institutions of change, and it should therefore include as a significant component the **strengthening of the capacities of agents**, which would take the form of suitable follow-up measures (see 5.4).
- Moreover, this points highlights the fact that decentralized cooperation as designed in the Lomé Convention be integrated into the framework of a broad, overall strategy of participatory capacity development. Decentralized cooperation could become an instrument, a method which (amongst other things) plays a part in the CD of civil society.

Participatory development

- Participation must be considered an end in itself (implementing the democratisation of society) and not merely a means (of increasing the efficiency and viability of aid).
- The decentralization of cooperation and administration are necessary but not sufficient conditions for the sustainability of development action. The result of these processes can simply be the recentralisation of power at a local level, or again a reinforcing of the power of local elites at the expense of marginalized sectors of the population. **Popular participation and joint efforts** are equally indispensable in the attainment of concerted and sustainable development. And there can be no real participation without the simultaneous establishment of processes and mechanisms intended to restore a balance of power, at the different levels, that favours to civil society.

- Neither the involvement of private associations (NGOs, grassroots organisations, etc.) in processes and programmes of development nor popular participation in development in themselves constitute participatory development. The Commission should therefore pay particular attention to the basic questions of the democratic functioning, legitimacy, representativeness and motivation of these institutions, the participatory or non-participatory methodologies that they use and the real content of their work (see Chapter 4).
- In many cases, decentralized partners will not individually be of pluralistic character; they will represent groups, tendencies, regions, parties, religions, etc. Decentralized cooperation can, however, attain pluralism by establishing relations with a **plurality of partners**, for example in the context of overall programmes which permit a balanced sharing out of support (see 4.2).
- In comparison with rigid procedures and patterns such as can be implied by the Commission's Project Management Cycle or financial control, the use of a truly participatory approach will require **great flexibility** and a **'receptive attitude'** on the part of those managing the aid (see the box at point 6.1.2).
- Local dynamics will have to be the main point of reference and the powerhouse of the interventions envisaged (see 4.1). As in all kinds of operations, a **detailed knowledge of the frameworks and societies** in question is indispensable, both at identification and execution stages. The adage 'to teach Peter French, you need to know French and you need to know Peter' is equally applicable here.

Decentralization and popular participation

- Economic globalisation and growing aspirations to democracy imply **new forms of State intervention** suited to the evolution of the context and requiring a redefinition of the role of the State. The ongoing reforms can only be (fully) effective in a more decentralized State that is in touch with the population.
- The State can play various roles in the context of a process of popular participation: it can be the powerhouse, the catalyst or the brake. Decentralization of the State is obviously an important factor in the participation of the citizens in decision-making and the management of public affairs.
- Decentralization can be considered both a means (of enrooting democracy at local level) and an end (the restructuring of the state and relegitimization of public institutions).
- Decentralization is not only a de-concentration of public services; it must be accompanied by a **real transfer of powers** techno-administrative, political and financial. In the long term this can lead to a fundamental transformation of the face of a society.
- For donors, there can be no question of imposing decentralization; it is a matter of **supporting the ongoing processes** in different countries **with the appropriate measures**, paying the most stringent attention to the specificity of the local context. A gradual case-by-case approach must be adopted.
- In the approaches favoured by DC, it is the local officials who become the developers, inspirers and facilitators of local development; they also take on a function of town and

country planning. The link with macro and sectoral policies takes place at micro or meso level; **complementarities** naturally function at this level.

- A process of grassroots organisation and management bringing together the local politico-administrative structures can be the first stage, the underpinning of a bottom-up movement of dialogue and of the construction of a more democratic society, a society closer in its structure and modes of functioning to its citizens.
- Differing in different regions of the world, strategies will for example focus on support for States in the implementation of decentralization processes (via programmes of institutional strengthening and municipal development projects) or on support for the States' reforms (focusing efforts on governmental management, civil society, legislation and the judicial system).
- A close correlation might be expected between the level of civic participation, the impact of decentralized cooperation and the progress of local decentralization processes. DC intervention is nevertheless possible (and necessary) even where there is no clearly defined decentralization policy.

IV. PREPARING A DECENTRALIZED COOPERATION OPERATION

- This involves the definition of certain preconditions with a view to attaining a partnership approach and an efficient collaboration while at the same time respecting the interests and prerogatives of each agent. In this perspective, the constraints linked to the programming of Community aid are also tackled.

Identification of key institutions

- Identification of key institutions and the structuring of the agents in order to ensure dialogue between these and the State are two basic prerequisites in the implementation of decentralized cooperation programmes.
- The identification of institutions (institution mapping) is complex and requires **specific methodologies**. An example of a method of investigation of what constitutes 'local government' is offered. It takes place in two stages: approaching the general and the local contexts. **Criteria concerning the legitimacy, will and capacity of the agents** underpin a research grid that helps to solve the problem of joint management of development by different local agents. A significant constraint on this kind of study is time, and thus the resources required.
- **With a view to obtaining both coherence in intervention, the conjunction of efforts and concerted development planning**, none of the main potential agents of DC (local public authorities, grassroots organisations, NGOs) should be excluded from the ongoing processes nor should any have a monopoly in them. Thus, from an operational point of view, it is - exceptions apart - undesirable to entrust one of the decentralized agents with a central

coordination role relative to the other agents in the institutional set-up of DC operations (see 5.3.2).

- There are various ways of **initiating DC operations**: conducting an inventory of decentralized agents, orientation studies, missions to identify a DC context, etc. Budget line 7/6430 and the Delegation's '60,000 ECU facility' can be used for these purposes.
- **North-South partnerships** should be particularly encouraged in future DC operations. The notion of partnership can be extended to a wide range of applications and its materialisation can help remove some of the constraints on the participation of different kinds of agents respecting basic DC principles.

Structuring consultation

- The multiplicity of decentralized agents, the absence of any tradition of collaboration between non-state and governmental agents and the need for a structured dialogue on development policies and strategies at different levels are some of the reasons justifying the organisation of decentralized agents and the **structuring of inter-institutional consultation fora**.
- Consultation makes its own demands: it requires **quality information** on the part of the promoters about the decentralized cooperation offer made (identification of the channels, etc.) and the **identification of structures, fora or operational initiatives** allowing institutions and people to dialogue (with a view to building onto existing structures). This precondition arises naturally out of the terms of reference of overall identification of institutional frameworks and programmes of DC.
- Consultation requires that the different agents have a clear awareness of their interests and of what is at stake in any process of planning or programming. It also requires integration between different levels of decision-making and power, an overall approach, the association of a broad representation of agents, the establishment of permanent institutionalised fora, and the time and resources required to maintain these processes.
- It is essential that decentralized organisational structures should be constructed bottom-up, based on consultation among all the relevant agents. Democratic opening-up, the mode and the effective level of decentralization of a State all have a direct incidence on the type of structure that should be established or activated and on the level at which consultation can effectively function. Analysis of experience in ACP and ALA countries highlights the fact that each framework contains its own determining factors and dynamics relative to the institutional forms to be promoted; **there is no single model of consultation between agents** or indeed for DC in general.
- It is hazardous to base a DC implementation strategy on the successful process of structuring the decentralized agents and on the success of the dialogue to be established between these agents, the public authorities and the Commission. This process requires time: distrust has to be overcome. It may simply prove unsuccessful.
- The examples cited nevertheless demonstrate that broad and effective consultation is possible. The donors must make an effort to support these processes (and to inject new energy into them if they can and if they are invited to do so).

Indicative programming

- **The involvement of non-state decentralized agents** and the local authorities **in the phase of EU aid programming is essential** not only from the perspective of their taking part in actions, but above all as a means of ensuring that the aspirations of the population are central to the policies being worked out. The decentralized agents must often combine their efforts and exert pressure in order to make their expectations known to their governments.
- The decentralized cooperation approach must be **explicitly specified in future National Indicative Programmes**. This must refer to the whole set of policies and programmes constituting the priorities of the NIP, and not simply to one or more individual sectors.
- The decentralized cooperation approach must be given concrete form within the NIP, either in **specific programmes**, or by the participation of decentralized agents in the realisation of goals set in the NIP (**using DC as a method in programmes** existing or to be implemented, e.g. in the framework of conventional sectoral or integrated rural/urban programmes) or by **the allocation of a budget** to the funding of decentralized initiatives.

V. SETTING UP A DECENTRALIZED COOPERATION OPERATION

Selected intervention areas and guidelines

- The **intervention areas** selected by the Commission for DC are: **the democratisation of society, political and administrative decentralization** and **grassroots development**; these intervention areas may also constitute chronological stages in the implementation of a coherent DC policy.
- DC should not be limited to a new funding possibility for small, isolated material projects. DC has a potential enabling it to aim for a **more ambitious and coherent approach to development**. Where opportunities arise, it seems opportune to seek to **prioritize the concept of local development**, concentrating interventions in a particular territory and on the population and key institutions of this zone.

Specific programmes of decentralized cooperation

- The fundamental characteristics of DC programmes should be (i) **to take into account initiatives arising - as much as possible - from the population and the decentralized agents** and (ii) **the participation of the population concerned and the local agents in every stage of the process**. The programmes themselves can however be top-down initiatives.
- In practice, **two types of specific DC programmes** can be envisaged:
 - ◇ either a **programme of (co-)financing of various local initiatives**, which could make use of the simplified decision-making mechanism on global authorisation (Article 290 of Lomé)
 - ◇ or a **conventional development programme** (of support for decentralized partners, or in which the execution of development action is entrusted to them) following a decision-

making mechanism on the basis of a financing proposal (Articles 288 and 289 of Lomé) with predefined goals and means.

- **Geographically, sectorally or thematically structured programmes** will often be used, in order to ensure coherence and the required emphasis on local development.

Institutional and operational set-ups: the need for an 'interface'

- The need for interfaces is twofold: their proximity enables them to **support the operators downstream**, by freeing them of excessive administrative and financial burdens, while their application of the rules of the system **offers a guarantee to officials upstream**, by freeing them of the difficult task of dealing with a large number and variety of agents.
- Such **interfaces can be created in the form of ad hoc structures or through the use of existing structures**, especially where these have a representational legitimacy relative to the potential beneficiaries of the development action.
- The interfaces would take charge of the management/coordination of programmes but would also have a further **role, that of supporting the grassroots agents**. They will have major responsibilities in the preparation and selection of cases for funding and should to this end rely on a **pluralistic project selection committee**. A service contract covering the running costs of the interface should be signed between the interface and the donor.

Guidance for projects/programmes

- As emphasised at 3.1, the **development of local capacities must be given a central place** in DC programmes, which requires that suitable and varied guidance measures be taken, which can be funded within the programme/project framework or independently.

Programme funding procedures and sources

- The choice of a decision-making mechanism will depend on the type of programme to be supported, that is, on the choice between the first (funding local initiatives) and the second case (conventional programme) specified above. Two decision-making mechanisms are possible, depending on the type of programme:
 - ◇ **Normal decision-making mechanism (Articles 288 and 289)**: a funding proposal based on in-depth identification of the DCP in all its aspects (means, goals, operators, scheduling of activities, etc.): so-called 'closed programme';
 - ◇ **Simplified decision-making mechanism (on global authorisation, Article 290)**: a funding proposal based on identification of the DCP in broad outline (intervention sectors, programme operation mode): so-called 'open programme'.
- We must emphasise the **need for communication and transparency on the part of the Commission** vis-à-vis Southern agents on the subject of the different sources of funding for DC and the conditions of their use. The current budgetary possibilities are as follows:
 - ◇ the European Development Fund for ACP countries;
 - ◇ Financial and Technical Assistance for ALA/MED countries;

- ◇ Counterpart Funds (all countries);
- ◇ a large number of sectoral, thematic or geographic budget lines, accessible to non-governmental agents, among which the decentralized cooperation promotion line and the rehabilitation action line should be highlighted.

VI. IMPLEMENTATION OF A DECENTRALIZED COOPERATION OPERATION

Preparation and appraisal of project funding requests

- If the logical framework and **project cycle management** method is applied for DC projects, care should be taken to apply it **flexibly**. This method may prove incompatible with the long term approach, continuity and reactive adaptation which characterise participatory development. It is desirable that project promoters should receive methodological support in the preparation of their applications.
- Funding request dossiers must comprise a **description of the project and of the operator**. Field visits should be made to inspect the operator's work. Given DC's objective of promoting participation and encouraging democratic processes, this must be taken into account and form an integral part of the appraisal.
- The logic of the appraisal must one of evaluating operators in a **quest for better quality services**. The dossier must be analysed and partners already active at local level or whose motivation and competence are already proven should be sought out. The choice must necessarily fall on the operator which is most competent and which enjoys greatest legitimacy relative to a given framework and problem. **Neutrality and professionalism in appraisal** are fundamental to the implementation of DCPs.

Decision-making processes

- The use of an autonomous **Management/Coordination Interface (MCI)** is recommended, as various responsibilities can be delegated to it; its personnel should be contractual and if possible, local (if the interface has to be created, the appointment of its officials would be decided by the National Authorizing Officer (NAO) and the Delegation).
- In practice, the appraisal of projects would be performed by the MCI, but a **Project (or Steering) Committee** would make the final selection and propose the allocation of funds for individual operations to the authorities.

Contractual commitments, project funding and technical support

- Promoters should not ideally become providers of services direct to the EDF. They should instead sign **ad hoc contracts with the MCI** (according to the local legislation, e.g. Agreement Protocols) approved by the appropriate authorities (NAO, Delegation, Commission in Developing/ALA countries where there is no Delegation). The MCI will then be

in a position to play its true **role as interface between the EDF and the operators** (this is the system used in several MPPs).

- In terms of procedures, the MCI is thus fully justified: it is not simply a 'monitor' imposed on operators, but has a buffer role which enables it to support the downstream operators (through its proximity) and reassure the upstream officials (as contractually responsible vis-à-vis the rules of the system).
- Where there is no MCI, or for operations on a very large scale, the operators would normally become contractual service providers to the EDF or Commission, and would develop their activities on the basis of a Programme-Budget.
- Given that the EDF normally finances in full the programmes/ projects that it supports, the eligibility of a DC operation would not formally depend on a contribution made by the local partners. However, in the case of an open programme of support for small local initiatives, a contribution by the beneficiaries is a condition of access to funds under the provisions of Lomé IV (2) (Article 251d). At all events, **a beneficiary contribution should be encouraged** with a view to the partners taking responsibility for the intervention and making it their own (appropriating it); it should also be encouraged because sharing cost is, after all, the basis of participation.
- The operators' running costs are among the expenses to be envisaged in the framework of a strategy of strengthening agent capacities; these expenses need not necessarily be linked to beneficiary-related activities or to the proper functioning of these. They should be registered in the accounts as an investment in an organisation on which the implementation of the DCP relies.
- Traditional forms of technical assistance will often prove too expensive in a DCP framework, particularly as regards the programme budget of the partners. Creativeness will therefore be required and new forms will have to be explored on a case by case basis. In selecting technical assistance, **qualitative criteria** must also be adduced.

Execution, administrative and financial management

- Whichever programme-type is adopted (open or closed), its execution must take place on an **impressed account** basis **managed by the MCI or the operator** (or a specific accounting cell, covering several projects/programmes) and the kitty restocked on the basis of the justification of the previous stage and of cash-flow needs.
- The MCI will be subject to a **Programme-Budget** and possibly to a **Service Provision Contract** if there is expatriate personnel to be remunerated.

Control, monitoring and evaluation

- **Rigour is one of the conditions of the flexibility** desired. It is essential that an adequate system of accounts control be put in place, making proper use of a computer system usable by all involved; the system should be placed under the responsibility of an ad hoc cell of the MCI (or of a specific accounting cell, covering several projects/programmes).

- The constrictive nature of the system of accounting justification should have its counterpart in **the regular and rapid covering of the cash-flow needs** of the operators. A **financial auditing system** would complete the system.
- The **monitoring and evaluation mechanisms** adopted must possess a **participatory character** and combine the demands of the exercise with a pragmatic approach.

1.1 HISTORY AND CLARIFICATION OF THE CONCEPT

The term 'decentralized cooperation' emerged during the 1980s in the context of various national cooperation and development policies. The concept originated in a rethinking of the conventional development cooperation formulae of the late 1950s.

Immediately after the decolonisation of Africa and the inauguration of development cooperation policies, aid to Southern countries was channelled through the governments of these countries and put to work by their administrations in the framework of projects generally benefiting from expatriate technical assistance.

This way of working came to be questioned as a consequence of two observations:

- 1) The ineffectuality, especially over the long term, of the actions undertaken within the framework of the conventional cooperation programmes;
- 2) A general reduction, in the North and the South, of the role of the State in the management of development, and in particular of State domination of development cooperation programmes.

There then appeared a whole series of new potential partners and recipients of international aid: decentralized administrations (villages, municipalities, regions, local authorities), academic institutions, chambers of commerce, networks of associations, NGOs, unions, and professional organisations.

In fact, the germ or premise of the decentralization of development cooperation had been present for some time. Several African states had, for example, ever since independence, based their development strategies on popular participation and on making local agents responsible for development, before being forced to return to the reassuring mould of the conventional project. Moreover, the public funding of NGO projects, which illustrated the concept of solidarity and cooperation between peoples, began at the same time as or shortly before official development cooperation policies in the Northern countries.

At all events, the state of mind which prevailed at the more formal birth of the concept of decentralized cooperation flourished during the 1980s, when there was a spectacular increase in the channelling of development cooperation resources towards new, decentralized and non-governmental - in the sense of non-Central State - agents. Some examples of this were: an increase in resources earmarked for cofinancing NGO actions, the opening of many special budget lines independent of the bilateral framework, access for operators other than consultancies to the implementation of bilateral or multilateral projects, and the possibility for local authorities (in France, Spain and Germany in particular) to fund cooperation actions outside the strict bilateral framework.

At the same time, most Southern States were suffering the full effects of macro-economic constraints, and multilateral agencies such as the IMF or World Bank were imposing policies that involved structural adjustment, deregulation, privatisation, and so on. This situation notably weakened the Southern States, in particular in the fields of development decision-making and intervention.

Today this 'everything left to the private sector, everything left to the market' ideology is itself being questioned. Many have made the point that 'everything left to the State' doesn't work, though 'without the State, nothing is possible'. It is against this background of uncertainty about the role of the State and declining ideologies that our effort to clarify the concept of decentralized cooperation and the principles governing its implementation takes on its full significance.

Although the current tendency seems to be to channel an ever greater proportion of development aid through non-state agents, it seems very likely that in the next few years we shall see **a readjustment in cooperation policies; one that will allow States to assume a new role, and in particular to guarantee a favourable environment and framework for the joint efforts of civil society and State in the field of development**¹.

Decentralized cooperation is not, then, a new concept. Explicit reference to decentralized agents as the partners of EU cooperation (notably in the Lomé IV and IV.2 Conventions) has not however led to the creation of a specific new instrument, nor to the determination of sectors of intervention. DC is rather an approach: a different way of going about development cooperation. Insofar as it claims to diverge from the conventional methods of international aid and offer responses to the evolution and initiatives of the Southern countries, it will inevitably take various forms, each adapted to the frameworks and requirements of the partners in question. In other words, it will mostly be 'made to measure'. It must also demonstrate flexibility and transparency.

Decentralized cooperation must therefore be considered as a **structural, gradual process of changing the conventional way of implementing development cooperation**.

1.2 A CHANGE OF ATTITUDE REQUIRED IN THOSE WHO ADMINISTER COOPERATION

In general, the adoption of decentralized cooperation - with all the consequences that flow from working with non-governmental agents - requires **a favourable environment in the country concerned**:

- a State that continues to be active in e.g. the supply of public services and infrastructure maintenance;
- democratisation of the functioning of the State and the administration; creation of fora of dialogue with society;
- adoption of decentralization policies;
- open-mindedness in relation to representative structures arising in civil society.

1 Jacques Delors recently asked: 'What if the art of politics consisted of mobilizing people?'

The development of decentralized cooperation may therefore require a clarification and awareness enhancement campaign to promote acceptance of this kind of cooperation on the part of the national authorities, since the concerns they express may seem well-founded. Alarm is perceptible in certain countries where DC has already attained a level which, in the view of those States, has created a rival to official cooperation (e.g. Bangladesh). **It is therefore important to emphasise that DC is not a substitute for cooperation with States**, but should be seen as **complementary** thereto. Where cooperation missions are redefined, it is also important to explain precisely at what level the cooperation with States merges with actions mainly oriented towards certain categories of agent; this avoids confusion in agents involved in the process and States suspicious of approaches which seem to marginalise their role.

But it is merely realistic to acknowledge that the State is not a 'neutral' entity and that it is also the expression of different social groups defending their often contradictory interests. In DC, it is therefore vital **to understand the nature of each agent**, as negotiation and alliances form a large part of DC. The democratic systems under construction in the South are still very fragile and it is difficult to build new cooperation relations while relying exclusively on these systems, whose balance of power and individual interests one does not always know. It is therefore important to distinguish apparently democratic structures from real grassroots democracy.

The large scale takeover by the private sector (and by associations) of activities for which the State is normally responsible should not be promoted without due thought. State/private sector collaborations may be worth exploring in certain cases. In that case, the State would take the requirements of the private sector into account when programming its overall development policies, and there would be methodological collaboration, division of labour at various stages of intervention, etc. At all events, it is important to situate DC in the more general framework of cooperation and of the activities and policies of the State. In an EDF framework, for example, it is important for DC to be the subject of upstream dialogue between decentralized agents and the State, and that it then have a place in the indicative programme and project cycle management.

On the other hand, DC also requires **a favourable environment in the chief donor**. For this favourable environment to exist **will often require deep-seated changes of attitude (and perhaps of structure) on the part of the institutions** and therefore of the officials involved.

During preparation of this document, we observed that **institutionalised participatory culture was weak or simply lacking in the agencies that we visited and in the European Commission**. Agencies like the UNDP and the World Bank, for example, have nonetheless set up processes of internal review with a view to removing this obstacle (a summary of the results of these reviews is presented in the box at point 3.2.3). One of the publications that came out of this process² uses an imaginary case study to show how officials can set up management practices better adapted to participatory strategies.

This new way of working also requires specific competences and personnel who specialise in participation; field experience is essential in decentralized executives who diverge from the beaten track but is often lacking in the staff responsible for setting up operations and for following them up.

2 Donnelly: *Reinventing bureaucracy for sustainable development*, see UNDP bibliography.

Other constraining factors in cooperation agencies are, for example, the lack of any incentive to undertake a decentralized and participatory approach, the overload of administrative work suffered by most officials, and the weakness of these agencies' local representation.

Finally, donors' **lack of flexibility in the application of administrative and financial procedures** also inhibits the adoption of decentralized and participatory development methods.

To sum up, decentralized cooperation and participatory development require a particular attitude and state of mind on the part of the various participants in the process, and notably on the part of the aid managers. These are unlikely to become widespread in donors until they are supported by an **ad hoc institutional culture** that encourages innovation, creativeness risk-taking, transparency, openness toward other ways of thinking and towards less structured organisations, the adaptation of modes of communication and working, relaxation of administrative and financial constraints, flexibility in the appraisal of actions, suitable training for officials, and reinforcement of the agency's local representation. We should not lose sight of the fact that one of the goals of development cooperation, and of DC in particular, is help make the populations and institutions of the South more autonomous, whereas we often go about cooperation relying on our own philosophical, technical, accounting and administrative philosophies.

1.3 DEFINITION AND GENERAL PRINCIPLES OF THE IMPLEMENTATION OF DECENTRALIZED COOPERATION

An attempt at definition

As conceived by the European Commission, the objective of decentralized cooperation is, first and foremost, to **ensure 'better' development**, by taking greater account of the needs and priorities expressed by the population; it thus aims to **enhance the role and place of civil society** in the development process.

It consists on the one hand in **bringing together and ensuring the collaboration at different intervention levels of the potential economic and social actors** North and South. On the other, it consists in **eliciting the active and determining participation of direct beneficiaries in decision-making** and in the different stages of the actions that concern them.

Implementation principles

The substantive difference between DC and a conventional development cooperation framework lies in responding to decentralized initiatives, and thus designing and implementing development projects and/or programmes in partnership with organised agents arising from both Southern and Northern societies. The new partners and varied forms of action do not, however, constitute the sole difference for aid managers: **DC will be based not so much on specific regulations, instructions and procedures as on basic principles** that foster openness, dialogue, consultation, democratic means of expression and working, the participation of the agents, and, finally, **the more equitable and sustainable development which is its goal and justification**. Administrative management procedures will of course have

to be applied (and adapted if necessary), but they must be applied in the spirit of these principles.

These principles of decentralized cooperation implementation will guide our thinking throughout this work; some of them will be given more thorough expositions. For the sake of clarity, we have organised them on two levels: design and instruments. In this way, we distinguish principles linked to objectives from those linked to the implementation modalities (agents, methods, means, aid mechanisms).

Decentralized cooperation programmes/projects will not be required to fulfil all of these principles, which form a kind of evaluation matrix for project promotion and appraisal, facilitating the evaluation of proposals. Close attention should therefore be given to these principles in the design and appraisal of decentralized cooperation operations.

Objectives

1. Mobilise the **population** and take greater account of their **needs and priorities**.
2. Enhance the **role and place of civil society** in development processes.
3. Foster **equitable and sustainable social and economic development** through participation.

Instruments

4. Decentralized cooperation relies on:
 - a **varied and pluralistic range of competent agents** and/or representatives in order to promote joint efforts by different sectors of society, in particular by fostering exchanges of experience and expertise between agents, and the valorisation of local and traditional knowledge;
 - who **consult among themselves** in order to reach a consensus as to national/regional/local development priorities;
 - while remaining **autonomous** (e.g. in initiative and execution): subject to rigorous control but free from interference in their management.
5. Decentralized cooperation fosters **coherent** interventions by planning priorities through consultation and by the coordination of means. To this end, it must find a balance between the need for **flexibility/speed** (which implies autonomy from the State) and the need for a **coherent overall vision** and for sectoral strategies (which implies coordination with the State).
6. Actions rely on the experience of agents (whose **right to learn** and to error is acknowledged) and seek **sustainability** (a necessary condition of participation and capacity reinforcement) through **self-multiplying effects**, which will, in time lead to increased impact (gradual diffusion through space and consolidation in time);
7. To this end, the aid mechanism should seek to **enhance the capacities** of the organised agents (this is a necessary condition of sustainable participation by these agents and of their long-term autonomy), be receptive to **initiatives arising from civil society** and propose a form of administrative and financial management **flexible** in its different dimensions, so that it can be adapted to the level of qualification of the agents involved and their financial limits (e.g. cash flow).

Clearly, these principles, which remain very general, could be applied to any kind of cooperation and provide few operational guidelines to development practitioners. They should therefore be refined and specified to meet the local context: greater or lesser demands can be made according to the possibilities inherent in a particular situation.

In short, we may say that, by introducing the concept of decentralized cooperation, donors (and more particularly the European Commission) seek to renew the operating modalities of development cooperation and to make it more effective, coherent, suitable, participatory and closer to local society, the field and the agents of civil society.

DECENTRALIZED COOPERATION IN THE DEVELOPMENT POLICY OF THE EUROPEAN COMMISSION

2.1 ORIGIN AND REGULATION

This is not the place for an exhaustive account of the origin and general execution modalities of the Lomé Convention or of cooperation with the Developing/ALA or MED countries. Explanations and entire volumes on this subject abound, and, as regards the Lomé Convention, for example, the NGO-EC LC manual on decentralized cooperation (DC) presents a useful summary (see bibliography).

We therefore confine ourselves to retracing from its origins the introduction of the concept of DC in the Lomé Convention and in the regulations concerning Technical and Financial Cooperation with the Developing/ALA countries.

The **general objectives** pursued by the Commission in the context of decentralized cooperation are the following:

- **to mobilise all development agents and their resources by fostering close relations between the authorities (local or national) and private organisations, in order to ensure a greater effectiveness and coherence of aid;**
- **to enhance the role and place of civil society in development processes, thus contributing to a more participatory democracy and a redefinition of the role of the State;**
- **to ensure that social and economic development is more equitable, sustainable, and closer to the population, via legitimate and specific representatives of the populations, with their own means and ways of acting, and on the basis of their own initiatives.**

In the context of these objectives, **the Commission further explicitly encourages** (see 2.1.1, Article 251 b, '2 of the Lomé Convention IV.2) **North-South partnerships between counterparts in the ACP States and the European Union**, without this constituting a condition for projects to be considered as DC actions.

It should be noted that the Commission in 1992 opened a special credit line intended to promote a favourable environment and conditions for DC operational activities, in both ACP and Developing/ALA countries (BL 7/6430). Many projects have already been financed by this line.

2.1.1. ACP countries

The premises for the decentralization of EU cooperation first emerged in 1975: these were the appearance in the Lomé Convention of articles relating to Micro-projects, and subsequently the creation of a system of cofinancing with European NGOs. By the use of these two instruments

(the first dependent on ACP State decisions, the second not), the Community acquired the means to support initiatives arising from the populations of ACP States (and from other Developing Countries via NGO cofinancing) and their organised representatives. In this way, the Community 'bought into'¹ what was then still a rather embryonic new approach to development - even in NGOs: 'grassroots development'.

During the implementation of Lomé III, the Community experimented with a new orientation toward ACPs countries and European NGOs. The latter were to have the opportunity in a certain number of countries of executing certain sections of EDF programmes. These were however to be implemented overall in a centralised and strictly conventional manner. During Lomé III, geographical zones and concentration sectors were the criteria prevailing in relation to these programmes.

These attempts to include NGOs in EDF programmes had mixed results and their implementation sometimes caused major difficulties with local non-governmental agents (for example the Kivu Programme, Zaire or the PPDR in the Cameroon). But relative to the future of decentralized cooperation, the geographical concentration choices and the involvement of new agents were such as to make these experiments worthy of in-depth analysis and evaluation.

In the text of the Fourth Lomé Convention the formal concept of decentralized cooperation was first introduced in articles concerning the objectives and principles of cooperation, the objectives and orientations of the Convention in the main cooperation fields, the agents of cooperation and their eligibility for funding. These texts have been modified within Lomé IV (2), and the new regulations are as follows:

■ **First part, Chapter 1, objectives and principles of cooperation:**

Article 12 a

Recognizing the potential for positive contributions by the agents of decentralized cooperation to the development of the ACP States, the Contracting Parties agree to intensify their efforts to encourage the participation of ACP and Community agents in cooperation activities. To this end, the resources of the Convention may be used to support decentralized cooperation operations. These operations shall conform to the priorities, guidelines and development methods determined by the ACP States.

■ **Third Part, Title III, Chapter 2, Section 4a, Decentralized Cooperation:**

Article 251 a

1. With a view to strengthening and diversifying the basis for long-term development of the ACP States, and in order to encourage all agents from the ACP States and the Community which are in a position to contribute to the autonomous development of the ACP States to put forward and implement initiatives, ACP-EC cooperations shall support, within limits laid down by the ACP States concerned, such development operations within the framework of decentralized cooperation, in particular where they combine the efforts and resources of organizations from the ACP States and their counterparts from the Community. This form of cooperation shall, in particular, aim at making available for the development of the ACP States the capacities, innovative operating methods and resources of the agents of decentralized cooperation.

¹ As regards the Micro-projects, the financial outlay was fairly modest, as is clear if we note the amount set aside for this purpose (around 200 MECU from Lomé I to Lomé III) and the percentage that it represented (2.5%) of total aid in project/programme form. Between 1976 and 1993, 800 MECU was channelled into conventional cofinancing (excluding special budget lines) in support of NGO development action in the totality of the Southern countries.

2. The agents referred to in this Article are decentralized public authorities, rural and village groups, cooperatives, trade unions, teaching and research institutions, non-governmental organizations, other associations, groups and agents which are able and wish to contribute to the development of the ACP States on their own initiative, provided that the agents and/or the operations are non-profit-making.

Article 251 b

1. In the framework of ACP-EC cooperation, special efforts shall be made to encourage and support the initiatives of the agents from the ACP States and, in particular, to reinforce the capacities of these agents. In this framework the cooperation shall support the activities of the ACP agents either on their own or in association with similar agents from the Community which make their capacities, experience, technological and organizational capacities or financial resources available to the ACP counterparts.
2. Decentralized cooperation shall encourage agents from the ACP States and from the Community to provide supplementary financial and technical resources for the development effort including encouragement of partnerships between such agents. The cooperation may provide decentralized cooperation operations with financial and/or technical support drawn from the resources provided for this Convention under the conditions laid down in Articles 251c, 251d and 251e.
3. This form of cooperation shall be organized in accordance with this role and the prerogative of the public authorities of the ACP States.

Article 251 c

1. Decentralized cooperations may be supported out of the financial resources of the indicative programme or from counterpart funds. The extent of the support shall be that which is necessary for the successful implementation of the proposed operations provided that the viability of the proposed operations has been established in accordance with the provisions for development finance cooperation.
2. Projects or programmes under this form of cooperation may or may not be linked to programmes in the sectors of concentration of the indicative programmes, but may be a way of achieving the specific objectives of the indicative programme or the results of the initiatives by decentralized agents.

Article 251 d

1. Projects and programmes undertaken within the framework of decentralized cooperation shall be subject to the approval of the ACP States. These operations shall be financed with contributions from:
 - a) the Fund, in which case the contribution shall not normally exceed three-quarters of the total cost of each project, or programme, and may not exceed ECU 300 000. The amount representing the Fund's contribution shall be drawn from the grant allocation of the national or regional indicative programme:
 - b) the agents of decentralized cooperation, provided that the financial, technical, material and other resources brought in by such agents shall not normally be less than 25% of the estimated cost of the project/programme, and
 - c) exceptionally, by the ACP State concerned, either in the form of financial contribution or through the use of public equipment or the supply of services.
2. The procedures applicable to projects and programmes financed within the framework of decentralized cooperation shall be those laid down in Chapter 5 of this Title, in particular, those referred to in Article 290.

Article 251 e

In addition to the possibilities offered to the agents of decentralized cooperation in this section, in Articles 252 and 253 relating to micro-projects, Article 278 (2)(c) on technical cooperation schemes and Article 300 on emergency assistance, the ACP States may request or may agree to the participation of agents of decentralized cooperation in the implementation of other Fund projects and programmes, in particular, those performed by direct labour in conformity with Article 299 and other relevant provisions of this Convention.

Third Part, Title III, Chapter 5, Section 3, Financing Proposals and Decisions

Article 290

1. With a view to expediting procedures and in derogation of Articles 288 and 289, financing decisions may be taken on multi-annual programmes where financing concerns:
 - (a) training;
 - (b) decentralized operations;
 - (c) micro-projects;
 - (d) trade promotion and trade development;
 - (e) sets of operations of a limited scale in a specific sector;
 - (f) project/programme management support;
 - (g) technical cooperation.
2. In cases referred to in paragraph 1, the ACP State concerned may submit to the Head of the Delegation a multi-annual programme setting out its broad outlines, the types of actions envisaged and the financial commitment proposed:
 - a) The financing decision on each multi-annual programme shall be taken by the Chief Authorizing Officer. The letter from the Chief Authorizing Officer to the National Authorizing Officer notifying such decision shall constitute the financing agreement within the meaning of Article 291.
 - b) Within the framework of multi-annual programmes thus adopted, the National Authorizing Officer, or when the case arises, the agent of decentralized cooperation which has been delegated functions for this purpose, or, in appropriate cases, other eligible beneficiaries, the National Authorizing Officer and the Head of Delegation shall maintain financial responsibility and monitor the operations regularly with a view to enabling them, inter alia, to carry out their obligations under paragraph 3.
3. At the end of each year, the National Authorizing Officer in consultation with the Head of Delegation, shall forward a report to the Commission on the implementation of the multiannual programmes.

Annex LXXX : Joint Declaration on the consultation and information of agents of development

With a view to encouraging the participation of the agents of decentralized cooperation in Fund projects and programmes and to ensuring that their initiatives are taken into account in the formulation and in the implementation of indicative programmes, ACP States will endeavour to organize exchanges of views with such agents. The ACP States and the Commission will also endeavour to provide information necessary for their participation in the implementation of the programmes.

In the context of European policy, **DC is designed to foster the participation of varied agents from civil society in the discussion of priorities and the implementation of development actions, on the basis of initiatives emanating from these agents.**

Decentralized cooperation thus constitutes a **participatory mode of operation**, but above all takes on a much wider function as an **element in political dialogue** about cooperation.

Articles 12a, 251a and 251b in particular formulate an important element in the Convention, that of acknowledging the vital role played by the various agents (economic, social and cultural) which have arisen from the societies of ACP countries during the development and democratisation processes in those countries.

This acknowledgement and the desire to change the way in which things are done are illustrated by a declaration made by Dieter Frish, the Commission's former Director General of Development:
"Instead of imposing development from above, we want to support grassroots development - more than we have done in the past - through the participation of grassroots organisations in the ACP countries, and of the cooperatives, communities and NGOs of ACP countries, in cooperation with our partners here, in the European countries".

The financial resources available for the implementation of the Lomé Convention come from the European Development Fund (EDF), which is itself funded by the EU Member States. The main characteristic of the EDF, from the decentralized cooperation perspective, is that all financial resource allocation decisions are jointly taken by the ACP countries involved and the by the EU (via the Commission and the ad hoc committee of the Member States):

- Article 12a notes that 'these [DC] activities must conform to the priorities, guidelines and development methods determined by the ACP States'
- Article 251b specifies that 'this form of cooperation [DC] shall be organized in accordance with the role and prerogative of the public authorities of the ACP States'.
- Article 251d further stipulates that 'Projects and programmes undertaken within the framework of decentralized cooperation shall be subject to the approval of the ACP States'.
- Finally, Article 251e indicates that 'the ACP States may request or agree to the participation of the agents of decentralized cooperation in the implementation of other Fund projects or programmes'.

Without contesting the need for these provisions, it must be acknowledged that they arouse some concern relative to the liberty and autonomy of decentralized agents in certain countries, both on the general political level and as regards the implementation of actions.

It must be stated that these conditions carry within them the seeds of **two important risks for decentralized agents**:

- that of being instrumentalised for ends in contradiction with their own objectives;
- that of the creation of a parallel network of 'pseudo-emanations' from society, directly or indirectly manipulated by States, and which could request EDF funding (see Article 251e).

We shall consider the question of the representativeness of agents in Chapter 4 and we shall see how these different constraints and risks can be overcome.

Before attempting to evaluate the progress made by DC in European cooperation, it should be noted that, till now, this opening for DC in the Lomé Convention has not been translated into the provision of a specific instrument of financial and technical cooperation, a fact which may have disoriented not only those who might have promoted projects but also some of the

Commission's own managers. The lack of such an instrument has its own logic insofar as DC is more a different way of designing development aid than it is a particular kind of project/programme. As things stand, a decentralized approach to cooperation that respected the basic principles set out in point 1.3. could be applied in most types of intervention (see also point 1.1., last paragraph) **and DC should not therefore be considered merely an instrument or a procedure.**

This situation might nevertheless be modified under Lomé IV(2) to the extent that Article 251d insists on the instrumental aspect of DC by defining an approval procedure for grassroots initiative support programmes, in a way very similar to that for Micro-projects. ACP States could therefore be tempted to opt for this easy solution and reduce DC to an 'improved' form of Micro-project Programme (see 2.2.1.). However, Article 251e rightly stipulates that decentralized agents may take part in the implementation of other kinds of EDF programmes/projects. On the other hand, the more political dimension of DC is clearly emphasised in the ACP-EC Joint Declaration annexed to Lomé IV(2).

As to specific instructions, Unit VIII/B/2 has produced a document offering answers to 15 questions frequently asked about the practical implementation of DC, and an instruction note on the objectives and methods of DC. A report to the Council on the implementation of DC gives guidelines on the proposed overall policy of the Commission in regard to DC. Moreover, as regards Lomé IV (2), a note to an internal DG VIII file explicates the conditions in which the new DC provisions apply.

2.1.2. ALA countries

Cooperation with ALA countries is based on the mobilisation of a certain number of budget lines belonging to the general budget of the European Union (previously the budget of the European Communities).

Since the 1970s, a very large number of budget lines allowing intervention in ALA countries have been approved. Amongst them, the Financial and Technical Assistance Line (FTA) remains the most important in terms of volume. However, it probably accounts for only around 50% of the financial resources devoted to these countries, the rest coming from special thematic, sectoral or geographic lines. The NGO cofinancing instrument, which is 'housed' in DG VIII, is not therefore confined to ACP countries, with which that department is concerned, but is applicable to all developing countries.

The provision within the budget for budget lines allowing intervention in the so-called non-associated countries was not accompanied by the creation of legal bases to govern the specific ways in which they can be used. The Financial Regulation of the Communities Budget was applicable. The specific modalities of the use of the funds are fixed by finance agreements and by specific contracts signed with the cooperation partner. A very large number of these budget lines still have no legal basis.

In 1981, a first set of regulations applicable to FTA was adopted. It was replaced in February 1992 by a new regulation applicable to Financial and Technical Assistance and Economic Cooperation, a new concept, and a new budget line, intended to replace a certain number of lines of limited capacity and which had till then had their own budgets (Training, Integration, Business Promotion, etc.). Other budget lines have, on occasion, been granted a legal basis

(that is, regulation proposed by the Commission and approved by the Council), such as the ECIP instrument. By the end of 1995, the budget lines lacking a legal basis should have received one.

The lack of a legal basis allows great flexibility in the allocation of funds to specific actions. In particular, it offers great liberty in the choice of cooperation partner, which need not be a governmental institution; there is no legal obstacle to agreements being made directly with private partners. The 1981 Regulation applicable to FTA was extremely succinct; it did not specify and did not therefore limit funding eligibility. The text of the 1992 Regulation is more extensive and explicitly provides for decentralized agents as possible partners in cooperation. The Regulation provides that:

- Article 3

The recipients of aid and partners in cooperation may include not only States and regions but decentralized authorities, regional organizations, public agencies, local or traditional communities, private institutes and operators, including cooperatives and non-governmental organisations.

The choice of partners in cooperation and the forms that cooperation takes therefore depend heavily on those responsible for the implementation of cooperation: on the hierarchy (Division Chief and Directors) and the personality of the managers (Desks).

The major difference between cooperation with ACP countries and ALA countries is that, with the latter, cooperation is not governed by an overall convention such as Lomé. True, cooperation agreements have been concluded with countries and regions, but these are very general and merely define the broad outlines of the aid to be supplied. In particular, commitments are not stated in figures, nor is any detail about procedure included.

Cooperation with ALA countries does not therefore involve consultation with the governments of beneficiary countries in the same way as cooperation within the Lomé framework. Beneficiary countries have no say in the negotiation of the overall budget available, nor in fixing the financial envelope for a particular country or region. The fixing of overall budgets (ALA) is done when the general EU budget is drawn up and is subject to the normal adoption procedure for that budget (Commission proposal, decision by the Council after Parliament approval).

Decisions concerning allocation to specific actions are subject to variable internal decision procedures at levels of the hierarchy determined by the amounts concerned: decision by the Commission, after consulting the Developing Countries-ALA Committee consisting of Member States' representatives, decision by the responsible Commissioner, decision at the level of the General Director of DG I, or even, in the past, at Director level.

The modalities of the execution of the project are fixed, as we saw earlier, in the funding agreements relative to each action.

We further note the existence of horizontal instruments such as ALFA (universities) and ALINVEST (private enterprises). URBAL and ASIAURBS programmes are currently in preparation, and will be similar in inspiration to the MED-Urbs programme (see 2.1.3. and 2.2.3.).

2.1.3. Mediterranean countries

The framework to which cooperation with developing countries designated by the acronym MED belongs (Developing Countries of the South and East of the Mediterranean) or PTM (Mediterranean Third Countries) shares features with both the ACP and the ALA systems.

As is the case with the Lomé Convention, cooperation with these countries is on a largely² contractual basis: that of Financial Protocols signed with each of them. The Protocols provide for partners in cooperation which are not public authorities. However, all cooperation with a given country is subject to the approval of its government³, and the forms of decentralized cooperation that have developed in the ALA zone are consequently few and far between in the MED and PTM countries.

Moreover, as is the case with the ALA countries, the funding source for cooperation actions undertaken in MED countries is again the Commission's general budget. Each year, in the course of the budget process, the successive instalments corresponding to the commitments made in the Protocols are written into the budget.

In parallel with the bilateral Financial Protocols, various budget lines, which are fewer and smaller than those for the ALA countries, allow the financing of a certain number of programmes ex-protocol. Within the framework of its 'Revised Mediterranean Policy', the EU has vested a new importance in regional cooperation, and more particularly in an innovatory form of regional decentralized cooperation: it has created transmediterranean networks associating decentralized partners in the two regions. The modalities of this will be described in greater detail at 2.2.3. below, but we note for now that this form of cooperation essentially emphasises the creation or reinforcing of networks, not the funding of particular development actions.

2.2 THE CURRENT STATE OF DC IMPLEMENTATION IN THE FRAMEWORK OF EU COOPERATION

2.2.1. ACP countries

On the basis of the replies to a questionnaire prepared by Unit VIII/B/2 and sent to the desk officials of DG VIII and the Commission Delegations in 1994, it is possible to obtain some idea of how the concept of DC has been implemented during the first part of Lomé IV (source: Report to the Council on the Implementation of Decentralized Cooperation under Lomé IV, 1996).

The questionnaire obtained a near 60% response rate (41 countries covered). 29 countries report programmes inspired by the DC approach. 54 programmes were ongoing, representing a total commitment of 574 MECUs from the 6th and 7th EDFs (as an indication, 5% of the 7th EDF) were reported. Moreover, 26 programmes were being prepared, 13 of them having

² We note that various budget lines included in the Budget and not, therefore, forming part of the EDF, allow the financing of actions in ACP countries which stand outside the Lomé framework.

³ In the MED countries, as in the ACP countries, the role of the National Authorizing Officer is absolutely central.

estimated costs of 55 MECU. 12 countries reported no programmes related to DC, for a series of reasons which will be considered at 2.3.

These figures must be taken with a pinch of salt, given the differences in understanding and subjective interpretations of the DC concept. They do however allow us to detect a certain number of tendencies in this field under Lomé IV. An approach towards decentralized cooperation can be found - with variable intensities - in conventional EDF programmes (mainly rural development), in Micro-project programmes, and in the more specific DC programmes.

Conventional programmes

A certain number of conventional EDF programmes have been implemented with a DC perspective. Examples are the following sectoral or integrated programmes:

- rural development (Burkina Faso, Cameroon, Congo, Guinea, Mali, Niger, Uganda);
- urban development (Mali, Côte d'Ivoire, Guinea);
- support for the private sector (Dominican Republic, Guyana, Kenya).

Most of these programmes partly fulfil DC principles, but they are for the most part 'top-down' programmes, with limited and supervised participation. For example, they rely for execution on decentralized operators. **These operators are sometimes of ACP origin, but European NGOs are generally involved** (Guinea, Benin, Cameroon, Burkina Faso, Gambia). **North-South partnerships between decentralized agents are still very rare.**

Some of these programmes are more substantially guided by DC principles: grassroots groups are involved in running interventions (Niger), open and modulable programmes are used (Cameroon), the NGOs occupy an increased role (Cameroon, Gambia), there is institutional reinforcement and development of local human resources (Congo, Guinea, Gambia) and participatory planning occurs (Burkina, Gambia, Congo).

Some programmes constitute an exception to this rule, insofar as they have been designed to favour maximum participation by agents; this is true of the Dominican Republic (integrated programme of local development via a 'social forum' constituted by local agents, which has created its own technical bureau to which the execution of the EDF programme has been entrusted, see 4.2.4 and 5.2.1) and Cameroon (urban development actions via intermediary associations, supported by a European NGO to which the execution of the EDF programme has been entrusted, see 5.2.1).

Micro-project programmes

The replies to the Unit VIII/B/2 questionnaire show that the EDF Micro-project Programmes (MPPs) are often cited as examples of DC Programmes (DCP). Can one on that account conclude that they are indeed DC actions in the sense defined by the Lomé Convention and in Commission guideline documents?

The question can be considered by examining the extent to which MPPs are likely to match the **main ethical conditions expressed by the decentralized agents** in relation to their participation and involvement in the DCP. These conditions are: giving responsibility to the

decentralized agents, participation in the different levels of negotiation, autonomy in initiative and execution, recognition of different specific roles, the search for complementarity.

The data that we have acquired about **the MPPs** of many African countries leads us to believe that they **could satisfy the majority of these conditions** (if not all), but rarely do so in practice. Conformity with these conditions is **potential in the MPPs, but rarely realised at present**. Moreover, the institutional frameworks and practical procedures of the MPPs vary strongly from one country to another.

But then, will there be differences between DCPs and MPPs, and if so, what will they be? **The differences should be most noticeable at the level of the content of these programmes**. MPPs are often confined to an offer of certain kinds of intervention, for the realisation of which a contribution is requested from the local group; they are still too often conceived as infrastructure construction programmes (in reaction, it is true, to needs expressed at grassroots level, and meeting national priorities: schools, health centres, water supply systems, etc.); **but they do not generally lead to true participatory procedures, nor to the reinforcing of the capacities of the beneficiaries, nor to development dynamics at local level; they are more generally a relatively incoherent package of isolated implementations**. Further, the MPPs are generally managed in very centralised fashion, either directly by the local administration, or by a specific cell (often comprising an expatriate technical assistant) located within or directly dependent on the authorities.

However, these defects (in MPPs) are not inherent in Micro-project Programmes; they are consequences of the way in which this type of programme is applied. **Micro-project Programmes could be assimilated to DC insofar as they favour:**

- a **more programmatic approach** to support for grassroots initiatives;
- the **joint efforts of the various agents** (local authorities, grassroots groups, NGOs, unions, chambers of commerce, etc.) to establish a more coherent view of the needs in local development;
- a procedure which **depends more on participation than contribution**;
- a **more autonomous and decentralized management** of the programme;
- the development or **reinforcement of the capacities of the grassroots agents** by more integrated actions and by responses to more transversal priorities (training, follow-up, institutional support, communication, consultation between agents), thus remedying some of the defects found in most of the MPPs;
- the **taking into account of accumulated experience** and the reinforcement of the existing programmes of agents already in the field.

The amounts authorized for MPPs under Lomé IV had attained 105 MECU by late 1994. Of the 36 MPPs approved, around a third incorporate at variable levels one or more aspects of a decentralized orientation:

- greater **involvement of and transfer of responsibility to the beneficiary population** thanks to previous training or information actions (Senegal, Zambia, Uganda, Zimbabwe, Lesotho, Niger, Tanzania, Mozambique), to the bringing together of NGOs, local authorities and beneficiaries on the programme pilot committees (Mozambique, Sierra Leone, Swaziland) and to the establishment of local users' committees (Mozambique, Burundi);
- emphasis on the **reinforcement of the role of local authorities** which may be the explicit objective of the intervention (Burundi, Mozambique, Mali); local governments are also

- brought into the identification, implementation, monitoring and/or management of equipment (Zambia, Botswana, Zimbabwe);
- having **recourse to NGOs** for the identification, implementation and monitoring of projects (Togo, Mozambique, Angola, Botswana).

Decentralized Cooperation Programmes

Some programmes claimed to be using DC methods during the 7th EDF (Benin, Ghana, Madagascar, Niger, Senegal).

The Benin programme aims to reinforce the role and means of action and organisation of representative partners in civil society. It consists of supporting local initiatives via several interfaces (European NGOs, semi-public or private local entities). An overall funding agreement has been signed for the programme with the National Authorizing Officer. The various operators to whom the financial management, control and monitoring are delegated were chosen in advance. As to the actions to be taken, the NAO has delegated decision-making power to the decentralized operators. Local intermediaries (local authorities, local civic and/or professional associations) are given the task of monitoring the progress of the action and resolving any implementation difficulties. Each operator establishes an annual work schedule which he presents to the Commission Delegation. Finally, protocols for each individual action are established between operator/interface and beneficiaries.

Certain other interventions should also be considered as 'specific' DC actions, such as the programme of support for decentralization in Burkina and Mali, the programmes of support for municipal development in Côte d'Ivoire and Guinea, the programme reinforcing the local authorities in Benin, the 'Divisional Development' programme in Gambia, etc. Other examples are programmes being prepared in various countries (Burundi, Mauritius, Nigeria, Zimbabwe).

Some of these programmes will be based on existing MPPs and will attempt to broaden or convert them into DCPs. These are support programmes for various grassroots initiatives or for decentralized local development. The decentralized agents are brought together with the bodies concerned with decision-making and/or execution of actions, and their institutional reinforcement will be one of the explicit objectives of these programmes. They are interesting experiments, in which a new programme is built on existing foundations by capitalising on the achievements and practices of previous programmes

2.2.2. ALA countries

The census performed by DG VIII/B/2 did not include all the ALA countries, and our perception of decentralized cooperation events in those countries is necessarily fragmentary.

In general terms, it can be said that Financial and Technical Assistance (FTA) takes very traditional forms in ALA countries. The FTA budget line has de facto been allocated above all to the funding of governmental projects or those of multilateral organisations (World Bank, IDB, ADB, UNICEF, etc.) with a strong element of expatriate technical assistance provided by private consultancies. This was, however, mainly the result of a certain institutional culture and particular administrative constraints, rather than legal constraints.

There have been exceptions. Notable progress in decentralization has been observed in countries or regions where the Commission's services have shown particular creativeness, open-mindedness and innovation.

In Asia, considerable proportions of the budget have been allocated to private organisations under the heading FTA in projects directed against poverty: in 1994 in Bangladesh, for example, 90% of aid was channelled through NGOs (in particular BRAC and PROSHIKA). Comparable situations have occurred in India and Sri Lanka.

In Central America, a funding agreement was signed with a private foundation for an FTA project relating to the problems of indigenous peoples. The regional programme PROCOOPCA, whose goal was the development of the cooperative movement, involves decentralized agents in the definition of priorities, the running and execution of actions. The regional programme ALFA, which deals with universities, is intended to mobilise European decentralized agents in the context of North-South networks. In Peru, the drinking-water supply programme for the shanty towns of Lima largely depends on the participation of neighbourhood committees and NGOs.

The other kinds of budget lines for the ALA countries have been widely accessible to all kinds of agents. The Economic Cooperation line - and above all the lines that it has replaced - have been very widely used to fund the projects of decentralized partners (training institutes, peasant organisations, universities, unions, chambers of commerce, etc.).

In other cases again (for example, the budget line for the self-sufficiency of refugees, returnees and displaced persons), funding has been broadly spread between 'official' partners (governments and multilateral organisations, such as UNHCR, in the example cited) and private partners, mainly but not exclusively European NGOs. A further case is the budget line for the support of democratisation processes, which was allocated almost exclusively to the direct funding of (projects by) local partners: official organisations (electoral tribunals, human rights ombudsmen, etc.) but also, in very large measure, to private organisations (NGOs, associations, indigenous peoples' organisations, etc.). Finally, the cofinancing of NGOs is increasingly practised for Latin America, and to a lesser extent, Asia.

It can therefore be said that, **in ALA countries, it has been possible to practise decentralized cooperation**, in the strict sense - **based on the decentralized status of the partner** without major regulatory obstacles. **In some cases, it has also taken a direct form, with an agreement signed directly between the Commission and the local partner**, without any State intermediary, or even any form of previous consultation or approval request.

This does not necessarily mean that the cooperation met the basic conditions, particular objectives and methodological characteristics that should be considered specific to decentralized cooperation, that is: the objective of contributing to the democratisation of society and the use of participatory intervention methodologies. 'Decentralized' cooperation might in this sense include, for example, programmes of training, trade promotion, etc. for investors or entrepreneurs from privileged social classes. In the same way, the actions funded may have an assistance-oriented or vertical character, rather than that (decentralizing sensu stricto) of mobilising the capacities and initiatives of target-groups.

It should also be noted that the choices made by DG I in decentralized cooperation favour economic development (decentralized cooperation through enterprises) rather than social development.

2.2.3. Mediterranean countries

This is not the place for an exhaustive review of the different forms of decentralized cooperation practised in this region. As we saw above, the DG VIII/B/2 census confined itself to the ACP countries. It nevertheless seemed to us of interest briefly to touch on the new programmes of **partnership and network creation** bringing together decentralized partners in the two regions.

To date, four crossborder programmes of this type have been established: MED-Urbs, MED-Campus, MED-Invest, MED-Media; a MED-Techno programme to which NGOs have more direct access has also been introduced, and a MED-Associations programme is in preparation. These programmes are intended to encourage collaborations and transfers of competence between the individuals, groups, and organisations of the two regions, via the creation of decentralized networks constructed around certain cooperation themes such as urban planning and management, university teaching, media, etc. The networks bring together the municipalities, universities, business milieux or medias of the two regions. The partners thus comprise both official decentralized partners and private partners.

Each of the programmes established allows the funding of a certain number of sub-projects: research projects, training actions, seminars and meetings, the creation of services (in particular computer services), etc. Thus the programmes do not involve the funding of development actions vis-à-vis particular target-groups. These projects address European partners no less than third partners and the funding benefits the organisations of both regions.

The overall management of these various programmes has led to a rather sui generis institutional set-up, which is also based on partnership. It comprises the following organisations:

- the Transmediterranean Network Agency (TMNA), a non-profit-making association created for the purposes of the overall programmes, which is responsible for administrative and general management of the four specific programmes;
- a Selection Committee for sub-project selection, composed of Europeans and Mediterranean citizens, which controls the specific commitments and financial agreements of the various sub-projects;
- a Technical Assistance Bureau which helps with the execution of programmes and ensures monitoring.

For each of these programmes, a funding proposal is submitted to the decision-making committee (the Developing Countries-MED Committee, comprising representatives of the Member States), the EU contribution being paid from the budget line for the funding of regional cooperation with the Mediterranean region. On the basis of the modalities provided by the funding proposals, a funding agreement taking the form of a contract is signed with the TMNA. Four agreements of this kind exist to date, one for each of the four programmes cited.

The selection and funding of a particular sub-project must be subject to the previous approval of the Selection Committee. It is conditional on **the previous creation of a network associating partners in the two regions**. The allocation of contracts to a particular network is done by tender. The Sub-project Contract is signed by one of the members of the network, the 'Network Head', which can be either a European or non-EU organisation.

This modality of decentralized cooperation, based on intensive partnership, clearly relies on a set of specific characteristics, and more particularly on the proximity and close links between

two regions and between the countries and societies which compose them: the countries and peoples who live on the shores of the Mediterranean have a long shared history of cultural and trading links and reciprocal migratory movements.

To give some idea of scale, the financial commitment for the four programmes cited for the period 92-94 was 43 MECU, which represents the equivalent of 1% of the 4th Mediterranean Protocol 92-96. It should be noted that, subsequent to the Euro-Mediterranean Conference in Barcelona in November 1995, the different MED programmes were frozen and are subject to an evaluation of their relevance and implementation modes.

NGO-cofinancing has not been widely practised in the Mediterranean countries; it represents only 5% of the total allocated to NGOs on this budget line. The cofunded actions are concentrated in Lebanon and Palestine.

2.3 MAIN CONSTRAINTS ON A DECENTRALIZED COOPERATION APPROACH

As we noted in the preceding point, the concrete results of the implementation of DC in the context of the 7th EDF remain, for the time being, unspectacular.

Of course, it could not be expected that the introduction of a new concept within the Convention, involving a different way of implementing development cooperation, should produce a massive reversal of the trends in European cooperation. And it is also true that many specific DC programmes are in preparation or just beginning. Nevertheless, during the first part of Lomé IV, if we put aside the Micro-project Programmes (whose form of implementation has not basically changed to date) and some more conventional programmes in which some DC principles have been adopted, only a small number of specific DC programmes have been implemented in ACP countries (see 2.2.1.). We must emphasise, however, that this observation is not particularly revealing, to the extent that a DC approach should be possible in any kind of intervention.

In the ALA/MED countries, certain steps (essentially individual steps taken at the technical unit and desk official level) also favour decentralized cooperation. But these initiatives did not, until recently⁴, have the benefit of the guidance and connection with a specialist DG I service (as is the case with DG VIII, where the service is in constant interaction with the desk officials). Moreover, no explicit political will seems to have been shown relative to DC within this Directorate General.

This fact gives some idea of the incomprehension, doubts and difficulties experienced in relation to DC by aid managers and decentralized agents. It is therefore necessary to seek some explanation of these mediocre results, in order to find some clues as to a solution⁵.

4 An official has recently been made responsible for Decentralised Cooperation with Latin America within DG I (ALA and MED countries).

5 This passage is broadly inspired by Jean Bossuyt's paper 'Decentralised Cooperation and the African Public Sector: Several "Actors" [Agents] in Search of an Author'. Bossuyt, who works at the ECDPM, gives a very clear analysis of most of the factors that cast light on the situation.

2.3.1. The nature of the Lomé Convention

As explained at 2.1.1., the Convention confers on ACP States, via the National Authorizing Officer, a preponderant role in the identification, implementation, and management of EDF projects/programmes. However, the NAO can formally delegate these powers to decentralized agents. This possibility was added to the text of the Convention after the mid-term review (Articles 290.2b and 312).

Nevertheless, the programmes must also, at the end of the appraisal process, be approved by the EFD Committee, composed of representatives of Member-States) and by the Commission. These are onerous and often long drawn-out procedures, which may discourage decentralized agents and limit their autonomy; they are, overall, unfavourable to a bottom-up notion of development. The simplified decision-making mechanism allows these difficulties to be avoided to some extent. It requires less preparation time (programmes need be defined only in outline), approval is quicker (on the basis of a sum to be allocated to one or several countries), and it subsequently allows project proposals to be quickly processed when the projects have been identified.

2.3.2. Lack of information about the Convention

The content and practical provisions of the Lomé Convention are still very little known within the ACP countries' societies, and the latter therefore make very little use of the possibilities that it offers. Potential or actual beneficiaries of DC thus know still less about the introduction of DC into the Convention; it is a little-publicised novelty. This was amply proven during the Harare seminar on DC, organised by the NGO-EU LC, where it became clear that few of the African NGOs present had even a slight knowledge of the arcane detail of the Lomé Convention.

It is already clear that a well-designed, wide-ranging and effective strategy of communication will constitute one of the preconditions of the success of a decentralized cooperation policy. A positive step in this regard is the inclusion of a didactic 'chapter' on the Convention in the DC manual prepared by the NGO-EU LC for the ACP NGOs (see author bibliography).

2.3.3. Divergent interpretations of the DC concept

It was clear at the Harare seminar that not all the 'actors' (agents) in the DC 'play' were using the same script:

- the representatives of the ACP states put forward possibilities for decentralized agents to participate in the execution of EDF projects/programmes;
- the African and European NGOs present made clear their desire to take part in the definition of policies;
- the representatives of the Commission and neutral observers attempted to reconcile these points of view and imagine solutions that gave priority to consultation and dialogue.

The positive aspect of such meetings is that they themselves constitute opportunities for dialogue which have proved extremely fruitful, to the extent that they allow these divergent views to be heard, noted, and, if possible, accepted (the Harare seminar was, moreover, for most of these agents, their first opportunity to come into contact with one another). Several similar meetings have already been or will shortly be organised in the ACP countries, both at

national (Senegal, Zimbabwe, Zambia, Ghana) and regional level. This field of intervention is a particularly fertile one for BL 7/6430, which funded most of these meetings.

2.3.4. Lack of knowledge of the associative fabric

As a consequence of several other points already dealt with in this chapter, the associative fabric of the civil societies of the ACP countries is little known, badly identified, and lacks structure in the eyes of both ACP States and the Commission's representatives.

It is thus logical that several actions financed in African countries by the Commission's DC budget line should have been meetings/agents' workshops - with a view to structuring them in preparation for a dialogue with the Government - or studies intended to identify the key institutions of a country. Another encouraging step worth noting is the creation, at the initiative of several EU Delegations, of inventories of local institutions. Associative networks (e.g. DENIVA in Uganda) are, in turn, creating databases on local NGOs.

2.3.5. Lack of response capacity on the part of EU Delegations

It is clear that EU Delegations in ACP countries are poorly equipped to manage the multifarious relations implied in DC. They lack both human resources in general and staff who are experienced in dealing with institutions arising from civil society.

To the extent that the ACP country decentralized agents are, at best, in the throes of structuring it is difficult for Delegations to dialogue with the representative decision-making bodies of a society. Moreover, in many ALA/MED countries, the EU simply lacks any physical presence in the field (there are no Delegations).

Given this situation, the search for interfaces (whatever form they take) is a sine qua non of the design and implementation of DC actions. In this perspective, we go on to recommend recourse to permanent and autonomous interface structures, whose role-definition would include a series of prospection and 'public relations' tasks.

On the other hand, it is clear that, as it is a new approach, DC implies that Delegations must venture off the beaten track and take risks, which they are not all inclined to do. Some Delegations also need to raise their awareness of DC.

2.3.6. Lack of frank commitment and political will within the European Commission

For various reasons - lack of habituation, the complexity of the operations required, and the lack of appropriate instruments and 'institutional culture' in relation to participation and decentralization in EDF-funded actions - the Commission has shown no great enthusiasm for the application of the concepts and principles of DC. European cooperation shows a notably high degree of centralism in decision-making at the Commission in Brussels; this inhibits flexible implementation of DC. We must therefore again emphasise the need for the decentralization of certain decisions to Delegation level.

A clear will and commitment at the different decision-making levels of the Commission is basic to DC. It is also necessary for the various officials concerned to appropriate the theoretical work on DC and other connected themes. The creation of a working group on participatory development in rural areas, which occurred at the initiative of the Unit responsible for sectoral policies, is one step in the right direction. Moreover, the efforts to raise awareness of and promote DC undertaken by e.g. Unit VIII/B/2 should prove fruitful in the medium term.

2.3.7. Absence of specific operational instruments

We have already pointed out that no specific operational instrument was designed in the Lomé Convention IV in response to the concept of DC. As we noted, this was not altogether necessary, as DC is much more than an instrument; it is a different approach that should find its place in most major intervention types.

But the lack of such an instrument has disconcerted many officials who confess that 'they don't know how to set about it'. Lomé IV.2, in its new provisions (see 2.1.1.), offers a response to this legitimate concern. However, as we pointed out at the end of 2.1.1, this response is somewhat reductive in character (Article 251d). As for the preceding point, the work of Unit VIII/B/2 seems fundamental if consciousness about DC is to be raised within the Commission.

2.3.8. Existing mechanisms ill-suited to DC

With the exception of the simplified decision-making mechanism on global authorisation (Article 290, very frequently used for Micro-project), which allows an programme to be presented in broad outline for the approval of the EDF Committee and the Chief Authorizing Officer (Commissioner) and subsequent decisions on actions at country level to be taken by the National Authorizing Officer and the Delegations, the decisional and operational mechanisms of the EDF are ill-suited to decentralized cooperation and a participatory approach.

We might cite in evidence of this:

- the central and preponderant role played by the **National Authorizing Officer**;
- **the EDF project cycle**, which is ill-adapted to participatory methods and must be flexibly applied, so as to leave open the possibility of readjustment in the light of the results of the previous stages (see, for example, how the CIDA designs its management policy in the context of its strategy of capacity development, point 3.1.2.; see also box on point 6.1.2.);
- the **administrative and financial procedures** (signing of contracts, programme-estimates, disbursements, financial control mechanisms, etc.) which are often difficult to respect for organisations with limited financial and management capacities;
- the management of contracts with operators at EDF programme level, which often cause **liquidity crises**. Non-governmental agencies are unlikely to survive these;
- the **eligibility criteria for access to EDF contracts and tenders**, which exclude (where there is no derogation, see 6.2.2) non-profit-making associations from contracts and tenders for service provision (Article 295 of Lomé IV);
- the fact that the Commission seems increasingly reticent (reacting, apparently, to financial control pressures) when it comes to **entrusting the execution of an action to an operator which has identified the action and is its promoter**. This problem has already arisen at

DG I (in relation to Peru and Nicaragua), and given the more constrictive regulations of the EDF, seems likely to arise at DG VIII too; it is crucial in relation to DC, to the extent that it penalises decentralized local initiatives.

Many practical questions thus arise in relation to the procedures and mechanisms of the EDF, and the answers will no doubt lead to some modification or at least relaxing of them. Some modifications, such as Delegation of the NAO's powers, greater financial and administrative flexibility vis-à-vis decentralized agents, and access for DCPs to accelerated procedures, have already been incorporated into Lomé Convention IV.2.

It may however seem paradoxical to seek the participation of new agents in European cooperation, with the concomitant recommendation of a favourable attitude and a degree of flexibility in the application of procedures, when one observes at one and the same time an increase in budgetary rigidity and control, etc. It is therefore important to bear in mind that **procedures should only be considered as instruments in the service of a policy and should never constitute obstacles to the implementation of that policy**. Procedures all too often constitute an excuse for the rejection of innovations. They must be adapted to the strategies defined and to practices in the field. If they become an inhibiting factor, they must be modified.

2.3.9. Resistance from Southern States and administrations

The principles of DC often come into collision with two characteristics of international aid management:

- a) the Lomé Convention has always emphasised a centralising notion of EU cooperation with the ACP States;
- b) the ACP States themselves have always seen cooperation in terms of centralisation.

Certain ACP states have resolutely set about decentralizing their activities (this is mainly but not exclusively true of Anglophone states). But this policy has been exercised mainly in favour of regional and/or local administrations. There is considerable (and reciprocal) mistrust relative to non-governmental initiatives and agents. Governments fear delegating their responsibilities and thus losing a part of their share of the control of aid resources. Political considerations often take precedence in this area over the contribution of non-governmental agents to economic and social development. On this subject, the language of the Commission vis-à-vis governments must be clear, and in some cases Delegations will have to devote effort to imparting greater awareness and even to persuasion.

It should nonetheless be pointed out that in some countries (for example Zimbabwe, Senegal, and Niger), broad consultations on the subject of the implementation of decentralized cooperation actions are currently taking place between the States and civic society organisations, notably NGOs and grassroots organisations.

In implementing DC, it is important to retain a certain flexibility, to impart an experimental character to the programmes, and to be attentive to their pedagogic functions by bringing different levels of officialdom into close association with the structures created (such as project selection, programme steering and monitoring committees). Experience shows that things go much better when the agents of the State are involved than when they are excluded.

2.3.10. Limited capacities of potential operators

It is clear that the different types of decentralized agents, especially in the ACP countries, suffer from serious weaknesses in their financial and administrative and cashflow management capacities. These weaknesses make them unsuitable to become partners of ACP States or the EDF in the immediate future; they have insufficient absorption capacities.

A significant effort must be undertaken to remedy these deficiencies, which is why we recommend, on the one hand, a firm commitment on the part of the Commission to a policy of capacity reinforcement in the ACP countries, and on the other, specific actions to this end in the framework of projects/programmes implemented. This necessarily involves devoting more resources than before to programme support and partner guidance measures.

It is in this framework that North/South partnerships (and even South/South partnerships, via the creation of networks and synergies on the basis of regional programmes) take on their full meaning. These should not, however, be partnerships based exclusively on financial aspects alone; they should extend to transfers of competence, with the intention of consolidating the decentralized agents in the fields of management, organisation, methodology, techniques, etc.

The decentralized agents insist, on the other hand, on the 'made to measure' aspect of DC actions, and thus on the importance of sufficient resources being available for the often long and delicate programme-preparation phase.

STRATEGIC ELEMENTS OF A DECENTRALIZED COOPERATION POLICY

For too long the notion of development was reduced to an essentially economic and social concept (improvement of living conditions). But it has been enriched in recent years by these two concepts at least:

- the concept of '**democratisation**', that is, a primarily political concept, one of the dimensions of which concerns the role of civil society and the relations between the population and the authorities. Democratisation refers to notions such as representation, participation, and the reinforcement of the capacities of civil society. It is a process which can be promoted by decentralized cooperation.
- the concept of '**sustainability**'. To improve living conditions in an assistance-oriented fashion, or in a way that is not economically or ecologically sustainable, is not true development. 'Sustainability' is an environmental but also a financial and institutional concept (assuming financial responsibility and ensuring continuity after the end of a project, creating sustainable capacities, etc.). In this area too decentralized cooperation has much to contribute.

If the implementation of decentralized cooperation is not to result in effects contrary to those sought (i.e. in 'aid-sprinkling', lack of coherence and sustainability, decentralization without democracy, etc.), it must rely on three key strategic principles:

- **the development of institutional and human capacities as a central element of actions;**
- **the participation of the population in the development process which concerns them;**
- **support for the administrative and financial decentralization processes of the Southern States.**

These three principles should, in our view, constitute the foundation of the European Union's development policy. Decentralized cooperation would be one of the essential components of this policy.

3.1. CAPACITY DEVELOPMENT

One difficulty that faces many programmes which involve private associations is that the latter are often limited in their technical, professional and organisational capacities (see 2.3.10.). This concern was explicitly raised by many of the agencies that we visited during the preparation of this paper, and it is one shared by the Southern countries' governments and the Commission's Delegations.

It seems that these deficiencies do not merely constitute a problem in themselves but have distorted the targeting of actions. It is not easy to reach the most penurious in society, and there is a tendency to satisfy those who contrive (because they are capable of this) to make

themselves heard rather than those most in need. The World Bank has, for example, observed (in the context of a study on Social Funds) that the lack of institutional capacities in rural areas can distort programmes so that they favour urban milieux, or at least the main institutions and decentralized administrations that are based there¹.

The development and reinforcement of capacities should therefore occupy a central role in EU decentralized cooperation policy.

3.1.1. Conceptual guidelines

The notion of capacity development (CD) does not merely cover improvement of the technical capacities of the local agents. Its central and final objective is the eventual autonomy of those agents.

By technical capacities, we understand those that allow concrete actions to be designed and carried through in the context of processes of development or change. These include:

- ◇ aptitude for implementation of projects and competence in quality control, financial control and management, and promoting the emergence of high level operators;
- ◇ institutional reinforcement;
- ◇ capacity to mobilise persons and social groups;
- ◇ ability to discuss, with a vision of the available space for solutions, to offer diagnoses, to organise and order problems hierarchically, to choose intervention sectors, to define objectives, to establish priorities, to identify implementation levels;
- ◇ management of contacts and networks;
- ◇ effective use of resources.

With the autonomy of agents as the long-term objective, this first stage must necessarily be accompanied by a reinforcement of analytical capacity, and of the ability to reflect, to establish strategies, to negotiate, to inform and to enter into dialogue. This requires setting strategies for raising awareness and for empowerment at the community level, coupled with synergies between grassroots movements, local or regional governments and the international scene. The objective is to make use of intermediary structures to set up a process of profound reflection at grassroots level, so that society's projects can be influenced by the grassroots.

All the agents are involved

Capacity development addresses itself to agents at various levels and must therefore address the individuals no less than the organisations that support the development process: States, institutional donors, support structures (NGOs and all agents able to intervene in a particular programme) and grassroots groups.

The NGO Proshika in Bangladesh, which we visited during preparation of this document, develops what one might call 'training through organisation', that is, its principles of action with the poorest populations (its target-groups) consist in incorporating them into an organisational

¹ Another World Bank study, on the implementation of Pronasol in Mexico, showed that municipal capitals, through which funding was channelled, were often favoured over rural communities in terms of projects.

process with an emphasis on training and vocational education. The formation of groups is the first stage of Proshika's intervention: belonging to a group is a precondition of membership and access to the NGO's services. In turn, the group is the foundation on which most activities² are organised. A recent evaluation makes it clear that the effects of belonging to a group and the training action that accompany this had a real impact on the empowerment of the population, in terms of both personal attitudes (e.g. the increased power of women in the decision to send children to school) and group attitudes (representation of groups in village tribunals, taking part in committees, etc.).

On the other hand, this NGO itself suffered from lack of capacities. The CIDA, in addition to its share in funding Proshika, also performed continuous monitoring throughout the 89-94 implementation of the NGOs programme. This support at first took the form of a resident consultant, then of periodic visits by the consultant when it was considered that Proshika had developed sufficient capacities of its own in relation to monitoring and management.

Starting from what there is

Capacity development must be understood as a developing and evolving process, related to the multidimensional local context. It cannot, for example, be separated from the culture, the modes and means of communication and information, the living and working habits, and the reference and value systems of the society under consideration.

It thus implies that any and every population has its own know-how. Actions must be based on this know-how in the early stages of structuring and acquisition of new skills. It is essential to take the existing capacities as the point of departure. The question is how best technologies can (in the widest sense of the term) be put at the service of local knowledge and transfers of skills be organised so as give concrete responses to the problems posed.

CD requires that the local people be thoroughly informed whenever a development action is proposed, so that it can be accepted or refused in full awareness of what is meant. This briefing must be included in the concept of 'participatory diagnosis'. The priority is to foster communication and direct contacts between agents.

Role of the support structures

The emergence of grassroots initiatives, the design and setting-up of projects, etc., requires ad hoc capacities. Donors cannot hope that task will immediately be taken on by beneficiaries. Structures of a kind suited to the provision of support to grassroots groups or to civil authorities are necessary. This guidance must consist both in supervising and assisting grassroots groups and in verifying the capacities of the operators, providing technical assistance for the realisation of actions and raising the awareness of States about the need to take account of their civil societies. Support structures also have an important mediation role to play between grassroots groups and administrations/donors.

² *Currently, many organisations only propose activities to groups. It should not on that account be believed - on the basis of the positive results obtained by these methods - that they should be applied in the same way in all cases: populations can prove quite hostile to the forms of organisation imposed, unless motivated by a very strong incentive (e.g. financial). There can be no ready-made solutions and the minimum level of organisation of the population will not necessarily be the same in every context and every culture.*

The importance of integration into networks

It would be foolish to suppose that every grassroots group will be able to acquire all the competences required to solve the technical or organisational problems with which they are faced or accomplish the changes that they desire. Capacity development must be constructed with a view to insertion into networks already constituted or in course of establishment. Networks favour exchanges of experience and facilitate access to a wider range of technical assistance services, competences and a larger scale of funding. They are also fora for communication, creation and imagination.

Limits

Among the major problems that CD programmes may face is this: they are intended to bring about a change in attitudes, but such changes are extremely difficult to evaluate from the point of view of methods, criteria, or even visibility.

The culture of functionaries and their 'obligation' to obtain tangible results is also an impediment to long, costly programmes, whose results are often difficult to perceive.

Depending on perspectives, objectives, urgency or need, working out self-originated responses - even at the technical level - is demanding in terms of time, money and the consolidation of structures; specific competences are needed and a great familiarity with the context as a whole. The choices made at the outset of the project may have to be revised.

Conclusion

As will now be clear, CD is a complex overall strategy and not simply a sectoral programme. It is long-term, costly in time and resources, and its goal is wholesale appropriation by the South rather than just acceptance. In other words, one must be aware that it is not a path to quick, easy results. Costs must be considered as investments and be related to social and economic impact.

Thus, to attend to capacity development is:

- **a method for working more effectively** (CD of the intermediary organisations) **and for truly collaborating with the target population** (CD of grassroots organisations);
- **an end in itself insofar as it contributes to the reinforcement of civil society** (reinforcement of organisations at different levels) **and its structuring** (favouring the emergence of structured expressions of the grassroots working for its empowerment), and thus ultimately to the reduction of inequalities and the democratisation of society.

3.1.2. Methodological example

The methodologies applicable in capacity development programmes will vary with the situation, the know-how of the agents, the objectives envisaged, etc. The design of support programmes must take account of the many possible avenues of approach if they are to respond to different situations.

By way of example, we have noted down the approach proposed by CIDA (Canadian Cooperation), as this agency is outstanding for the in-depth reflection it has devoted to the question of capacity development and the systematisation of its approach.

For CIDA, capacity development constitutes the basis of sustainable development, which is the first priority of Canadian cooperation. But it is a difficult method insofar as it attempts to take full account of the complexity of the situations it encounters. Despite this complexity and its rather theoretical aspect, we thought it would be interesting to present the Canadian approach³, since it provides an interesting conceptual framework for one indispensable aspect of DC.

Definition

Capacity development (CD) is defined thus by CIDA⁴:

"A process by which individuals and systems, operating in a dynamic context, improve their abilities to develop and implement strategies in order to attain goals of sustainable improvement in their achievements".

For CIDA, CD is in fact a relatively new concept, the most recent conclusion of its reflection on development and institutions. Inspired by and including its predecessors 'Institutional Building', 'Development Management' or 'Institutional Development'⁵, CD is intended as a broader yet more precise notion than these. It differs from them mainly by its inclusiveness: it does not limit the implementation capacity of a development process to the improvement of the management capacities of an institution, nor to the greater or lesser reinforcement of any individual institution. Instead, CD insists on the fact that **the improvement of development performance is linked to a series of interconnected factors in society as a whole. Work on this environment is therefore just as important as work on the institution itself.**

Characteristics

The CIDA internal working group considered the bases of CD and identified a certain number of characteristics:

- more than any other institutional concept, CD concentrates attention on management of the interdependence and coordination between organisations;
- it is integrated into a **dynamic context**, which implies cooperation mechanisms which are also dynamic;
- CD, in this perspective, must **bring together all of the levels and spheres of the society** (national, regional, municipal, private sector, public sector, and civil society);
- CD is a **participatory process** in which agents are made responsible for their actions;

3 See *CIDA Support of Capacity Development: a Synthesis*, May 1993 (Report of CIDA working group on capacity development) and *Capacity Development: a conceptual overview* by J. Loubser, Director General of the Policy Unit of CIDA.

4 For a more complete definition, see the texts and diagrams of J. Loubser.

5 For a historical analysis of these ideas, see 'Capacity Building - an overview' prepared by Peter Morgan.

- it is conceived as a **long-term process**;
- given that it is multisectoral and based on interconnection, CD requires that progress be made on several fronts. This requires a **critical mass of interventions** and **coordination among the donors** (see 4.2.5.).

Framework for the promotion of capacity development

CIDA has established a conceptual framework for CD promotion. This is an analytic tool for the use of officials planning programmes. The objectives of the framework are to:

- develop a consensus on objectives among the donors;
- evaluate the milieu, the agents and the system of interrelations;
- identify the problems or 'capacity gaps';
- identify the appropriate activities by adapting strategies to the existing capacities;
- encourage synergies between activities;
- facilitate implementation by using flexible approaches which ensure appropriation by the beneficiaries;
- develop a feed-back system to feed information into activities which evolve in a dynamic context and thus favour adaptation.

The framework reflecting these objectives is presented on the following page. It comprises five preparatory stages. The system of retroactive loops indicates that though the succession of the stages follows a logical and chronological order, it **may nevertheless be appropriate - depending on circumstances and available information - to return to a previous stage**. Development needs are thus constantly redefined, adjusted and modified. By its very nature, this process influences the way in which the project cycle is managed. The five stages of the process are:

1. Define objectives

The first stage is to establish a consensus between the agents as to the objectives to be reached in CD in one sector or relative to a specific development theme. Thus it is a basic principle that the establishment of the policy framework is not the prerogative of the government alone. This process must take place at the various levels that enjoy CD support.

2. Analyse the social context

This means an analysis of the various sub-systems which interact within a society, notably the social, cultural, political, ecological and economic. This analysis must allow the factors of the context which favour or constrain CD to be identified.

If such an analysis were extended to society as a whole, it would, of course, be impossible. In fact, it is limited to cooperation themes and fields of activity determined by the political context and the experience of the agency in the region.

A PARTICIPATORY FRAMEWORK FOR CAPACITY DEVELOPMENT

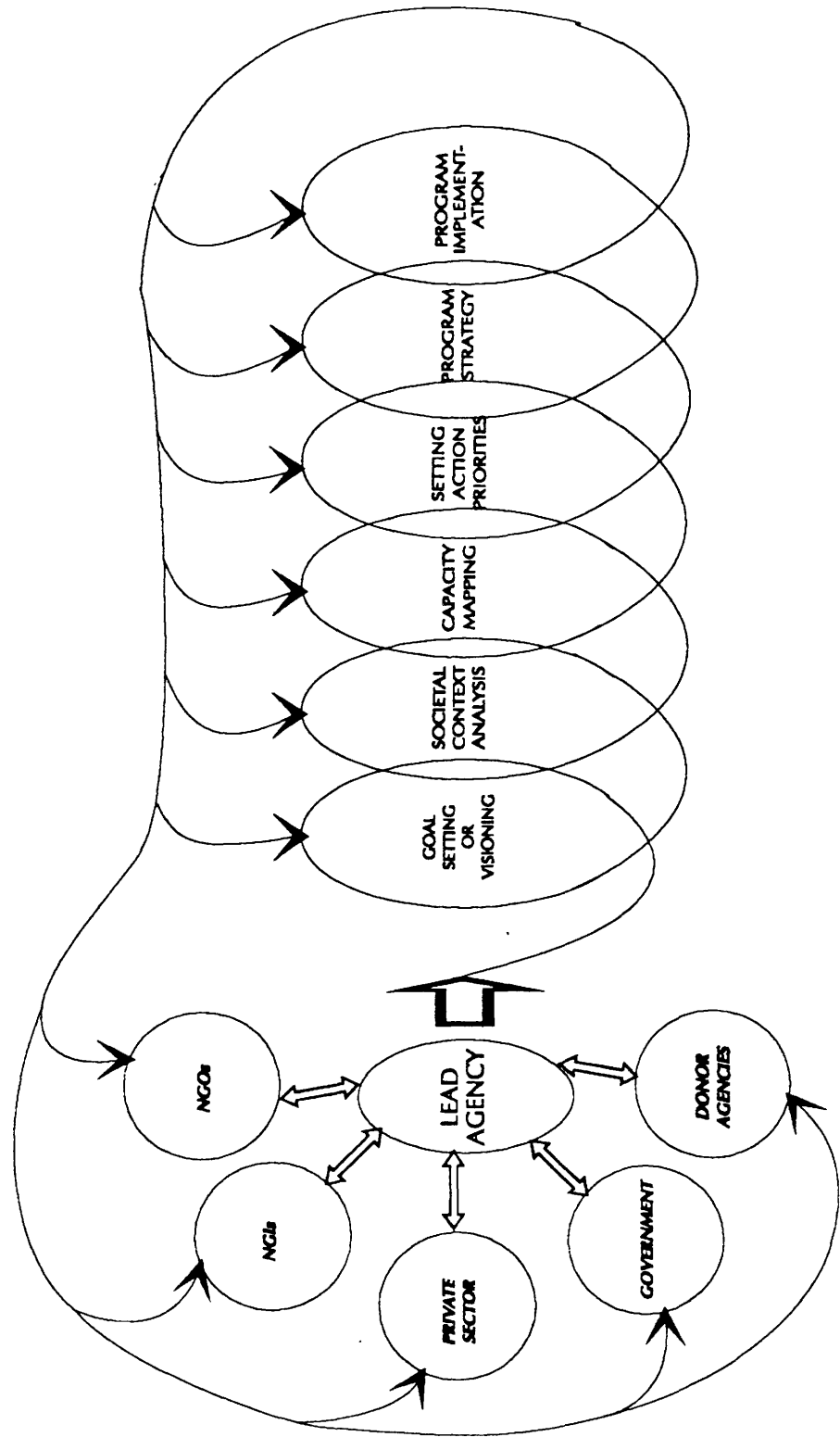


Diagram of Jan LOUBSER, in *Capacity Development - A conceptual overview* (see CIDA bibliography)

3. Identify capacities

Before designing a CD programme, it is vital to evaluate the existing capacities in relation to the objectives and themes of the programme. This is precisely the object of the identification stage, which must determine:

- what is available and what is necessary for these objectives to be attained?
- how are the existing capacities shared out among individuals, organisations and institutions?
- what are the capacity gaps that prevent society as a whole being reinforced?

The following questions help to mark out the identification process:

- what organisations are dominant, and why?
- who depends on who for what?
- what legitimacy do the institutions possess?
- who controls what resources? how?
- what are the conflict resolution and collaboration modes?
- where are leadership capacities found?
- who are the key persons?

4. Establish action priorities

Establishing priorities in a country is not a formal process based on a series of pre-established criteria. It is rather an iterative and interactive process. This does not prevent the agency from considering that a certain number of conditions must exist in the country if a CD process is to have any chance of success. Among these conditions, we may cite:

- a strong commitment to CD at all levels, in particular, support for CD in influential spheres and among the leaders, whether at local or national level;
- the existence i. of personal and institutional aptitudes to steer and foster the process and ii. of resources devoted to CD;
- acknowledgement of the long-term nature of the process.

It is also essential that at the end of this stage of the process, the local agents involved should continue to feel that they are making the priorities their own ('appropriating' them).

5. Establish programming strategies

The programming of activities brings with it a certain number of strategy choices. A set of six strategic choices should be discussed, viz.:

- Change the context in which the CD is performed.
Examples: adapt structural adjustment and regional integration policies, international trade agreements, etc.
- Create new capacities.
Examples: support the policy research and analysis capacity of the NGO sector, train forest agents in the rational exploitation of forest resources, etc.
- Eliminate capacity loss.
Example: simplify the laws to facilitate the process of permit applications for small enterprises.
- Eliminate obstacles to CD.
Example: simplify the laws for obtaining licences for small enterprises.

- Favour better use of existing capacities.
Example: support the improvement of institutional performance by better resource use.
- Reduce the demand on existing capacities.
Example: development of small decentralized public service units (health and others) which do not require major State funding.

In practice, CD support activities will take forms corresponding to the different elements constituting the capacity, as defined by Loubser in his conceptual document for Canadian cooperation:

- support for the definition of laws, rules and norms;
- development of leadership and management capacities;
- reinforcement of policy and strategic planning;
- development of human resources;
- mobilisation of resources;
- institutional and organisational development.

CIDA thus possesses a conceptual framework intended to orient the overall development policy of the agency, and to order entire projects/programmes. It seems unlikely that the same could be done within the EU, as this kind of reflection has not yet developed to nearly the same extent within the Commission. This framework ought nevertheless to be applicable to specific sectors or themes of CD, in the form of guidance measures for conventional/CD projects/programmes. Some examples of these are to be found at 5.4.

3.2. PARTICIPATORY DEVELOPMENT

3.2.1. Definitions, evolution of the concept, different perceptions

The concept of 'participation' is nothing new in the theory and practice of development. We saw in the first chapter that it was one of the preoccupations of many decolonised countries in the early 60s. But the concept has evolved and only in recent years has a 'consensus' as to principles appeared in the discourse of cooperation agencies on **the need for grassroots participation if development is to be sustainable**⁶.

This recognition has emerged from a questioning of traditional development approaches, in particular doubts as to their capacity of sow the seeds of sustainable development. However, the degree of participation envisaged, and the objectives pursued by the agencies who favour this path, vary from agency to agency.

6 The OECD has for some time organised a working group on this subject - under the impulse of CIDA in particular - which brings together the majority of donors.

Some definitions of participatory development (PD)

The **World Bank**, which has devoted considerable resources to theorising participation and its implementation, gives the following definition:

"A process through which the various agents influence and share control over the development initiatives, decisions and resources that affect them".

This definition has the advantage of simplicity, but it must be borne in mind that the main objective of the World Bank in its desire to promote participation is to improve the effectiveness and sustainability of the programmes that it funds. The objective is thus confined by being that of a banking institution anxious to improve the results of its long term investments.

For many other donors, private and public, **participation** is more than a means of increasing the effectiveness and ensuring the viability of its projects; it is **an end in itself**. Starting from the principle that the power to influence decisions by which one is affected is a fundamental human right, one of the objectives of cooperation must be to reinforce the capacities of persons and institutions so that they can determine and take responsibility for their own development priorities.

The **UNDP** defines grassroots participation as:

"A process whose objective is to make people capable of initiating an action for self-reliant development and of acquiring the capacity to influence and manage change in their society"⁷.

Promoting participation is, in this sense, nothing other than fostering the exercise of democracy in both political and economic fields. The result of a development action which considers participation as an objective will be less a result quantifiable in economic terms, more an **increase in people's capacity** to initiate actions by themselves, to carry them out, or again to influence the decisions of more powerful agents. This aspect of participation is essential to sustainability.

For **CIDA**:

"Participatory development refers to a process by which society is actively involved in all the phases of a development action. It must therefore lead to a greater equity in the distribution of political and economic power. It involves more democracy, an increased role for local organisations, respect for human rights, the full participation of women in all decisions, a greater freedom of initiative, and the creation of the conditions necessary to make this process sustainable"⁸.

This definition indicates that PD is a conception of development which deals with the democratic functioning of a given society in an overall perspective that transcends the limited framework of the development project or programme.

It is the CIDA definition which seems best to match the various objectives pursued by the European Commission in the context of putting into practice the concept of decentralized cooperation.

7 UNDP Governing Council, document DP/1992/7, cited by Donnelly-Roark *in Reinventing Bureaucracy*, p6 (see UNDP Bibliography).

8 Discussion paper of the CIDA Policy Branch (1991) cited by Beaulieu and Manoukian *in Participatory Development*, pp. 12-13 (see CIDA bibliography).

It should be emphasised at this stage that considering participation as an end in itself - with a view to the sustainability of actions - has major implications for the design of development projects and for their objectives.

In general, taking PD as an overall approach to development involves **setting up mechanisms to involve the population - from the start - with the different stages of the development process**. It will therefore be necessary to consider participation at all the different decision-making levels:

- the local level, the context for decisions on actions to be undertaken vis-à-vis the beneficiary population (projects, materials and capacity enhancement);
- the meso level, the context for decisions concerning programmes, but also of the institutions which apply the policy decisions taken at the macro level;
- the macro level, in which political decisions are taken. As regards the EDF, this will principally include indicative programming and the sectoral choices determined in that framework.

Work is necessary to ensure the articulation of the different levels. For example, the development of a local space (that of a grassroots group, or the zone of influence of a support organisation) cannot be designed without articulating it with national policies. Things must be done such that the population has the opportunity to express and formulate its potential and desires but also the capacity to influence the sectoral development choices made at the macro level (see 4.3.1.). Organisations arising from civil societies in the South have also - rightly - expressed the desire to be take part in the definition of national development priorities.

In the context of the Lomé Convention, the potential agents of many ACP countries have expressed the desire to participate at every stage, starting with indicative programming. Participation of this kind can however cause practical problems (lack of structures representing the decentralized agents and of formalised consultation fora) or political problems (the States are opposed to this), and could on occasion be difficult to realise given the deadlines for the drawing up of National Indicative Programmes (the programming exercises for Lomé IV (2) have, for example, already begun). Let us nevertheless recall that the Commission and the ACP States are committed (by the declaration annexed to Lomé IV.2, see 2.1.1.) to attempting to organise exchanges of view with the decentralized actors concerning the indicative programmes.

Finally, it seems obvious that the effects of a participatory conception of development can be appreciated only in the medium or even the long term. This implies the need for continuity in the commitment of the donors, and that they agree to value results other than short term implementations.

In terms of agents, the partners of governmental agencies for the implementation of development projects have traditionally been States. This approach was questioned by certain agencies in the context of their choice in favour of participatory development. This new perception of development leads them to give a central place to the main protagonists of this process: the beneficiary population and the organisations that arise out of it. **The donors, official as well as non-governmental, must therefore accept that they are agents external to the process taking place, and that their function is the support and guidance of the population rather than direct intervention.**

Support structures like NGOs and certain private sector organisations also have essential roles to play. The latter can be instrumental, in the sense that their basic task is to make it possible for the individuals that they represent (and/or for which they work) to participate in the development process⁹. However, these private organisations, through which it is hoped to realise the decentralization of cooperation, do not necessarily contribute to the democratisation of society. They are not necessarily representative of the sectors and causes to which they claim allegiance, nor do they necessarily act in their favour. It is not inherent in their nature that they should adopt participatory rather than dirigiste or assistance-oriented methodologies and pluralist rather than sectarian/authoritarian methods of functioning.

It will be the donor's business to undertake the analyses and evaluations that will allow it to choose the most suitable cooperation partners, to verify their methodologies and the real content given to concepts such as participation, a positive gender approach, democratic functioning, etc. To this end, at 4.1.1. we present a methodology for the identification and evaluation of the key institutions of a given society, and of the potential roles and characteristics and of the main decentralized agents at 4.1.4.

3.2.2. Advantages of participation

Today's participatory rhetoric has won over almost all donors, to such an extent that the advantages of participatory development are known to most cooperation programme managers. Among the main advantages, we may cite:

In general

- a better identification of the needs and priorities felt by the population;
- control of the relevance (especially for the poorest) and suitability of the development process ensured by the interventions of one and all;
- a greater effectiveness, a greater comprehension and a better designed programme, since the projects are based on the preoccupations and ideas of a greater quantity of agents;
- a better balance between human capacities and investments in physical capital;
- a greater transparency, everyone made to feel more responsible, and improved institutional performances;
- a greater fluidity in the exchange of information;
- greater equity thanks to the involvement in the process of development of the poorest and most marginalized;
- self-multiplying effects, the successes of some inciting others to form groups;
- more complete results at certain stages, such as that of evaluation, thanks to the multiplicity of points of view and greater impact, since the beneficiaries are involved in the process and can more easily appropriate the results.

9 The World Bank (Bhatnagar, see bibliography) presents various agents as 'instruments' of participation: local organisations, intermediary NGOs, Apex NGOs, agents of local development, central government agencies, and private sector mechanisms.

For the agents

- a greater commitment and better appropriation of the policies and projects, which can take the form of a desire to share costs and an interest in maintaining the benefits of the actions;
- reinforcement of their capacities as a consequence of their participation in the development initiatives; participation developing both their personal capacities, in leading them to give of their best, and their feeling of belonging to the community, which increases their sense of responsibility relative to what becomes a 'common good';
- a strengthening of the links between the members of a community who at the same time acquire a wider vision of their involvement.

It should be noted that the best results with the participatory approach are obtained when actions have a direct economic effect and tangible results for the population supported.

3.2.3. Constraints and limits of participation

Participation has gained a vast amount of ground in the discourse of donors, but, alas, little ground in fact. During the study-missions and research undertaken in the context of this work on the development activities of the World Bank, UNDP, UNFE, CIDA, and Dutch and Danish cooperation, which included several of their projects, we attempted to find out in interviews the reasons for this wide gap between practice and theory.

Contacts with these agencies brought to light **three categories of constraints and limitations:**

Constraints and limits inherent in the participation process

The main constraint in the participation process is that it requires a great deal of **time**: time for the identification of the key agents and the local leaders; time for dialogue with the agents in general and for the strategy revisions that this might imply; time for the processes of participatory evaluation, which take much longer than external evaluation; finally, and above all, time for capacity and institutional reinforcement which is the keystone of participatory development. This means that participatory development requires of its various external participants (including donors) **long term commitments**.

By way of example, we note a recent commitment of 16 years made by GTZ to partners in the context of a development programme in Senegal.

In Uganda, the overall commitment of DANIDA to the Rakai project (cited at 3.3.6.) is for a period of 15-20 years.

Setting up this process thus requires a much slower approach than conventional projects, without any visible results during the early stages. Some have gone so far as to suggest that the first step consists of 'doing nothing', i.e. to take the temperature, listen, look, meet, and understand in more or less informal fashion.

The desire to involve the poorest and most marginal populations in development support programmes often meets with **practical obstacles** such as distance, the lack of communication infrastructures, and language.

Participation also comprises **risks** in that it can cause or renew conflicts between agents who have different priorities and interests. The search for the consensus which underpins the participatory approach many in some cases lead to a lack of decisions and inertia. At the local level, that search may be prevented or even threatened by obstacles at other levels (political, economic, environmental, contradictory intervention methodologies of the aid agencies, etc.).

Another risk relates to the fact that the expectations generated by the implementation of a participatory process may prove impossible to satisfy for reasons, political, economic or social.

Finally, one of our interlocutors pointed out that the process of participation was difficult to implement because mentalities and behaviour are naturally 'centralist'. This psychological consideration is excessively general, but no doubt contains an element of truth. It draws our attention to the fact that participation is not simply a political or methodological challenge, but requires first and foremost **profound changes of attitude**.

Constraints and limitations related to national contexts

A favourable political environment is a necessary condition of the implementation of participatory projects, particularly for governmental or multilateral agencies which are under an obligation to work with States. In any development process, centralism, bureaucracy, the lack of participatory tradition, and sometimes even the repressive behaviour of certain local governments, can inhibit the participation of civil society in general and of the most impoverished in particular. Participation also requires setting up a political, legal and administrative framework that constitutes an enabling environment. Under this heading, we might cite the fact that various countries are implementing policies decentralizing their administrations (Anglophone countries in Africa, Senegal, Burkina Faso, Bolivia) or social policy (Mexico). See examples at 3.3 and 4.2.

Relative to the attitudes of governments vis-à-vis a participatory approach to development, we note that these are not generally monolithic and that various shades of opinion may appear in government. It can therefore be crucial (though, in the case of the EDF, the role of the National Authorizing Officer is fundamental) to identify a 'champion' of participation in the government (at political or high-tier administration level) who can facilitate the adoption by the government of a participatory approach such as the Commission recommends.

Another fundamental constraint is the difficulty of **finding local organisations which are genuinely representative and possess the structural and managerial capacities** and specific competences to put participatory methods into practice. They must have sufficient managerial capacity to prepare, negotiate and implement development projects and programmes. The limits of the organisations arising from local civil society often form an obstacle to the promotion of participatory development on a scale above that of micro-actions. There is also the **danger that elites may appropriate the participatory process** (this is similar to the idea of development 'brokers'¹⁰). One path to follow in the light of all this would be the creation of ad hoc structures, financed by the funding source, managed by contractual staff, independent of the State and neutral vis-à-vis the decentralized agents and potential operators. We present this kind of set-up at 5.3.5., on the basis of a GTZ example in Benin.

10 See J. P. Oliver de Sardan and Th. Bierschenk: *Les courtiers locaux du développement* [The Local Development Brokers], author bibliography.

Finally, an unfortunate consequence of participatory development in sectors normally supported by the State might be a loss of interest on the part of the State, which can neglect or withdraw from social or other services for which it is, in theory, responsible.

Constraints and limitations related to donors

The analyses of the various donors have all tended to suggest that many major obstacles to participation are internal to the development agencies themselves.

Several times we heard mention of the **lack of an `institutional culture' of participation**. In practise, this means a certain reserve or even distrust within agencies relative to both participatory processes and civil society organisations which possess different logic's or modes of functioning. Moreover, the officials of development agencies naturally seek interlocutors of the same level as themselves, that is, local civil-servants.

Civil servants often show a lack of clear understanding as to why agencies have adopted a participatory strategy in their projects. The fact that North/South relations have traditionally been paternalistic in character or based on the balance of power add to their incomprehension. There is then a danger that they perceive the participatory strategy as a fashionable rather than a responsible choice.

Often, those who wish to promote participatory development within a multilateral or governmental development agency are discouraged by the lack of support or incentive from their institution. The criteria used to evaluate the work of functionaries are more often based on rates of disbursement and respect for deadlines than on the quality or viability of the projects. This does of course form an obstacle to the implementation of participatory projects, which, as we have seen, require a lot of time. We might add frustrated expectation of visible results or changes within the deadlines imposed.

The lack of institutional culture favourable to participation is also indicated by the **lack of personnel specialised in this area and the complete absence of general training for functionaries in the demands of participatory development and its methods**. Functionaries in charge of projects do not necessarily have any field experience, and this makes it difficult to establish good relations with local organisations and limits their capacity correctly to analyse the results of monitoring operations¹¹.

The overwork borne by many functionaries and the weakness of the local representation of the agencies are also important limiting factors. Another is the rotation of executive personnel, since participatory projects require more preparation and execution time and above all more personal involvement.

We must also mention a further constraint that had been analysed in depth by certain donors and which could indeed, in certain cases, considerably hinder the implementation of decentralized cooperation. This is the **lack of flexibility of administrative and financial procedures** and above all in their application. These bureaucratic mechanisms cause delay and administrative difficulties which sit uneasily with the activities of grassroots communities.

¹¹ It should be noted that the agencies of the United Nations system that we visited regularly recruit their staff from the NGO milieu.

More particularly, traditional project cycle management, as generally applied by the agencies, is much criticised in the context of participatory development. It is often accused of being the reflection and the instrument of top-down conceptions of development and of reflecting the perspective of persons external to the development process. More precisely, it is criticised for its lack of flexibility.

Among other inhibiting factors, we should also note inadequate monitoring, the failure to document evaluations and thus to capitalise on experience, weak internal analytical capacities, and a constant lack of attention to questions of gender.

A series of observations about the obstacles internal to aid agencies and their ways of overcoming them is presented below. It is based on visits to the different agencies and on their publications¹².

Overcoming certain obstacles to Participatory Development internal to aid agencies

In terms of the ways in which aid agencies work, the lack of a stimulating culture and of adequate training or consciousness-raising can impede Participatory Development. The same is true of working habits, procedures (time and budgetary constraints are no incentive to Participatory Development), the contradiction between work evaluation criteria and Participatory Development, and the apparent incompatibility between individual career objectives and PD constraints.

It is important to identify the factors that impede work in Participatory Development and eliminate them. Several agencies have proposed paths around these internal obstacles.

For example, there may be tension between the continuity of personnel necessary for PD and the individual's career perspectives (e.g. where promotion is linked to the number of posts a person has occupied, staff are likely to be rotated). But this is not a good reason to 'marry' staff to projects since the consequence would probably be that no PD projects at all would be initiated. A better course would be to seek methods that allow contacts and experience acquired since the beginning of the project to be conserved (methods for conserving institutional memory).

Over and beyond these practical obstacles, the implementation of Participatory Development basically depends on attitudes to it: on its valorisation within aid agencies. It is vital that the whys and wherefores of PD and its methods be understood, and that the cultural and practical obstacles to it be eliminated.

It should not, however, be thought that a 'magical operation' can change the balance of forces within an institution. For example, creating a bureau specialising in the gender and development questions does not necessarily create respect for this kind of analysis and does not prevent some officials considering it a new fashion which is not really worth listening to; habits die hard, especially when they are rooted in our stocks of prejudice...

.../...

12 Cf Bhatnagar, Chs 2 and 8 (see World Bank bibliography); Schneider (see OECD bibliography) and Donnelly (see UNDP bibliography).

...

Among the factors that can favour DP, we note the need to have more personnel trained and experienced in the institutional and socio-cultural aspects of development (for example, to recruit more specialists in the human sciences, recruit local personnel rather than foreign consultants...). Multidisciplinary teams are another necessity.

Finally, it seems that in certain agencies, in particular the World Bank, the lack of practical experience in PD work is much regretted, and it has been pointed out that this is not necessarily characteristic of a particular training; some engineers have more experience than anthropologists who have never worked at grassroots level. The personal qualities of project managers can prove more important than their academic training.

Two actions can be taken to meet these perceived needs in aid agency personnel competence: **recruit** further staff where possible (obviously, such possibilities are limited); and **reorient** the institution's personnel in a way that encourages and motivates Participatory Development work in the institution.

Where administrative pressures cause attitudes in the staff that inhibit their working with PD, staff evaluation criteria should be modified to avoid this. B. Bhatnagar suggests four methods of doing this:

- **conduct training sessions** on reasons, methods, and case studies;
- **set up an incentive (stimulation) system**, which does not mean bestowing financial advantage on functionaries who take PD initiatives, but that the hierarchy should clearly acknowledge PD; or that initiatives and positive experiences of PD should be valorised and their visibility maximised (favour experimentation, encourage innovation).
- **use promotion** to favour experiments and recompense initiatives in PD; possibilities and criteria of promotion vary from one organisation to the next (and according to their hierarchical organisation) and such a proposal may require modifying these criteria;
- **undertake staff exchange programmes with NGOs**, that is, create posts in the operational departments of the aid agency which are occupied in rotation by local NGOs.

3.2.4. The cost factor of participation

All the agencies consulted agreed that the participatory approach meant increased project costs, mainly in the design and preparation phases but also for supervision. But this judgement should be qualified, since the increase is probably less obvious if the improved appropriation of results and greater viability of actions is taken into account.

Some donors report a 10-30% increase in wage costs relative to conventional projects, mainly in the design and preparation phases, in the form of weeks of man-hours and supervision missions. This increase in medium and long term costs is also related to technical appropriation and beneficiaries learning and taking responsibility, that is, to the very process of capacity development.

By contrast, some programmes (for example, ALA Drinking Water in the shanty towns of Lima and Micro-enterprises) consist in organising and reinforcing the capacities of local institutions which are the main agents and partners in the actions. The technical assistance costs allocated to these programmes are extremely low (16% in the case of the Drinking Water project) compared to the TA cost of conventional programmes, where they can reach up to 50%, and sometimes more, of the European contribution.

In any case, where a participatory approach is adopted, support measures for projects should no longer be considered as technical support in the strict sense, but rather as guidance, supervision, extension and facilitation. The costs of these measures must therefore amount to a high percentage of the overall programme (30% seems a reasonable limit) given the multiple tasks facing the interface structures responsible for the support programme (see 5.3.3).

Against these cost increases must be set the advantages, some of which are quantifiable, deriving from the participatory approach. It is therefore **necessary to consider costs in relation to the long term benefits** which result from the better appropriation of the instruments and objectives.

We note, in particular:

- decentralization and participation cause greater attention to expense, and in general a more rational use of resources by the beneficiaries. On the one hand, they feel more responsible as agents; on the other, when the resources are tax revenue (and thus their own taxes), they have a more acute awareness of the origin of the funds;
- improved staffing in certain fields such as health, where health assistants can prove more effective than doctors and nurses while costing less;
- the possibility of increased voluntary contributions, whether in terms of money, time or work;
- insofar as there is real appropriation of tools, the beneficiaries' mastery of the tools considerably reduces breakdowns and maintenance costs;
- greater recourse to local resources (consultants, grassroots organisations created to serve their members, NGOs, etc.) can limit cost increases.

Moreover, in traditional approaches, the local agents, who are rarely integrated into the process of projects, have the feeling that they are dependent on agencies or local government. They find that they have little or nothing to say about development. This can lead to indifference, accumulated resentment, and even to deliberate obstruction of projects imposed from without.

3.2.5. Participation mechanisms

Since the theme of participation should be at the heart of decentralized cooperation, this seems a good time to describe some of the mechanisms which allow its implementation. They are placed in order of the intensity of participation that they allow:

1) Information sharing mechanisms

Dissemination of oral and written information, if possible in the language of the various agents, information seminars, public presentation of information relating to programmes/projects.

2) Consultation mechanisms

Consultation meetings, interviews in the field at different stages of the programme.

3) Identification, monitoring and joint evaluation mechanisms

Use of participatory methodologies for identification, monitoring and joint evaluation activities.

4) **Decision sharing mechanisms**

Participatory programming and planning techniques, workshops and seminars to determine priorities and roles, diffusion and revision of 'draft' versions of documents by all the actors.

5) **Collaboration mechanisms**

Formation of committees with the representatives of the various agents, joint working groups, and making the agents feel responsible for their part in the execution of the action. Participation in costs might also be mentioned under this heading.

6) **Capacity reinforcement and empowerment mechanisms**

Reinforcing the capacities of individual agents and organisations representative of the various agents, delegation of powers and self-management, support for new initiatives proposed by the agents.

The three first mechanisms are preconditions of the participation of the agents, while the last three represent real opportunities to influence and share power over actions, decisions and resources.

Conversations with agency officials, mainly from UNFE, made it clear that each of **these different mechanisms of participation are appropriated to a greater or lesser extent, depending on the sector** involved in the programmes, the size of the programmes, and whether the agents have been made responsible for their long term financing. Some examples can be given:

In a water supply programme, it is important that users who are to take responsibility for the recurrent charges related to installations should have their decision-making and management capacities reinforced as soon as the design phase of the project begins.

In a programme of seed-credit for small enterprises, by contrast, it is not wise for the enterprises to have a say in decisions about credit allocations, as there are conflicts of interest. It seems particularly advantageous, in the case of seed-credit, to involve the beneficiaries in the control of operations. The system of common-interest groups, based on social pressure and the mutual control exercised by the beneficiaries, has proved effective in certain cases.

In a major communications infrastructure construction programme, the State should consult those who will be affected. It should not, on the other hand, delegate its decision-making power or entrust the management of the infrastructure to users.

It is of course very difficult to establish a typology of the mechanisms best suited to particular sectors; mechanisms must be adapted to the context. But it would be useful to have instruments that helped to clarify the situation; experience shows that various donors often tend to opt for a minimal element of participation. The elaboration of such instruments requires in-depth work which goes beyond the framework of this reflection on decentralized cooperation.

To sum up, participation mechanisms must vary with the agents and the maturity of the grassroots groups. Progressive introduction of participation is required.

The methodologies of intervention used in urban and rural milieux are similar if not identical, but the approach must be very different.

An example from Benin shows that the situation in rural milieux is often clearer: there are fewer agents and the relations between people are stronger, rural populations are often more strongly

organised and are still based on traditional structures. In urban milieux, the social diversity, the absence of collective memory, and political interference mean that the least activity requires in-depth analysis of the agents and their 'struggles', and the implementation times are often longer.

Another example, from Chili, suggests that things are completely different there: urban populations have a long associative tradition and are 'ripe' for participatory activity, whereas it is difficult to work with the rural population in this way, as rural organisations suffered severe repression during the dictatorship.

Finally, the emergence of well-structured urban associative movements in Mexico subsequent to the 1985 earthquake, when governmental incapacity was clear to see, show that external factors can make a participatory approach easier in urban milieux.

As to the form which participation should take at the different stages of a project, though there are 'participatory' methods, there are no 'off-the-peg' solutions. There are, of course, the participatory methods of the local population, which should be taken into account.

In Chapter 6, whose subject is the implementation of decentralized cooperation, we therefore present a certain number of guidelines relative to participation, which it seems to us vital to respect at the key stages of the project (identification and selection of actions, implementation, monitoring and evaluation).

3.2.6. General recommendations for improving participation

It is difficult to make general recommendations because the situation in the country in question will create or eliminate fundamental obstacles. But certain points, relating to certain agents or steps in the process, should be taken into account.

- **Support local governments in the steps they take to set up a suitable form of decentralization** at both local administration and local elected authority level. This should take the form of introducing the proper legal measures, by the participation of the maximum number of functionaries in the elaboration of policies and the maintenance of a political climate favourable to public debate.
- **Encourage governments to establish clear political choices** by sharing out public finances in a way which prioritizes investment in sustained training and education programmes, and programmes of human resource promotion and development.
- **Start from what there is and from what is most visible** by initiating actions which have the highest chance of success, mainly in communities which already have participatory practices, and, where possible, building on previous programmes governmental or otherwise.
- **Create pilot-projects.** Since the participatory approach is still at an experimental phase, pilot-projects should be designed to test participatory mechanisms, and the capacities and sense of responsibility of organisations before introducing larger scale programmes. These pilot-projects make allowance for the right to error, but at the same time help to develop rigorous monitoring and evaluation systems. Donors must make provision for organisations to adapt to the situations that they find; there must therefore be a desire to learn not only from one's own experiences but also to adapt to the realities of the situation. Control and evaluation activities are essential to this goal.

- **Organise meetings between groups which have different perspectives on the participatory approach**, that is, those which are favourable and those which are opposed to or critical of it. Not everyone and not every group in the community will have a positive view of participation. Such meetings are therefore an essential way of preventing conflicts. However, conflicts represent divergences of interests and it is not always appropriate to seek a consensus. The expression of the conflicts within a participatory procedure will have undeniable pedagogic effects. Care must be taken to provide similar means through which divergent interests can express themselves.
- **Identify and actively involve de facto leaders or progressive elements**, which are to be found in most communities. They can play a key role in the process through their influence on other members.
- **Set out co-responsibility frameworks**, by encouraging the signing of contractual agreements between the agents and the beneficiaries, allowing each to limit their responsibilities and contributions. To obtain sustainable results, all the agents and in particular the beneficiaries must understand as far as possible their institutional role and the implications of their participation.
There is a balance of forces between the target populations and the intervening forces. In participation, it is no solution to do everything that the target-groups desire. That would fail to take account of the co-responsibility of target-group and support organisation in the process. It is important that the support organisation should make its own ideas known and argue for them without imposing them and that people should be familiar with the organisation intervening. The beneficiaries must have the right to criticise the donor and possess the means for this. They must also be able to choose a structure to represent them. All this will contribute to their sense of responsibility.
- **Consult together** (donor and decentralized agents) **about new kinds of indicators, criteria and methodologies of monitoring and evaluation of participatory processes**. The institutional attitude of the donor is not necessarily very favourable to participatory methodologies, as the results are often slow to come, less visible and more difficult to quantify.
- **Facilitate exchanges of experience and meetings between communities** in order to obtain a greater impact at national or regional level and increase the self-multiplying effects. This is a particularly effective learning method, whose effects should besides allow communities to develop a more complete view of the process.

3.3 DECENTRALIZATION OF POWERS AND CITIZEN PARTICIPATION

The globalisation of the economy and the growing aspiration of the Southern populations call for **new forms of State intervention** that are adapted to the evolving context and require **redefinition of the role of the State**. Decentralization constitutes one of the major elements in the process of reform taking place in many Southern countries. These processes are often confused, and even conflictual, but there is a dynamic in favour of change which will no doubt prevail in time over traditional behaviour.

'The State should be able to elicit a national consensus, based on wide participation, which ensures that citizens are an integral part of the development process,' says one IDB expert in 'modernisation of the State'. 'It must also be able to provide the public services which are its responsibility, but also ensure economic competitiveness and promote equity, which markets are not in themselves able to do'.

The reforms planned for the coming years will be effective only in a more decentralized State which is in better contact with people. The State must be able and willing to change its relationship to society. In this perspective, it is clearly essential to reinforce the participation of citizens in order to develop solid democratic institutions which open up the possibility of effective and responsible government.

Processes decentralizing the power of the State and promoting popular participation are taking place in various countries. Certain African countries, such as Senegal and Côte d'Ivoire, are well advanced in their decentralization policies and have elected local representatives. In Latin America, for example, Bolivia has initiated a wide-ranging reform of its public sector and promulgated its famous Popular Participation Law (see 3.3.4.).

A decentralization policy. Example: Senegal

In Senegal, the national decentralization policy has been in course of realisation ever since independence via reforms and programmes whose stated objective was the involvement in and responsibility of the population for the management of its land.

The agents of this decentralization are: in rural areas, rural communities (RC), peasant organisations and professional organisations with their respective federations; in urban areas, the public authorities the groups and associations of civil society; and more generally, training and research organisations, elected officials and local authorities such as the national and international NGOs.

The objective is to establish a collective development project for the whole of society via an overall plan. Three major kinds of programme have been defined: local integrated development programmes, programmes of support for the emergence and reinforcement of professional organisations and thematic programmes. The current dynamic makes it possible to identify experiments and transitory phases, and to put forward suggestions intended to make the whole process more coherent. This decentralization policy of course offers a favourable context for decentralized cooperation.

3.3.1. Decentralization and popular participation: the issues at stake

Decentralization: a political or development issue?

Most governments seek sustainable economic and social development for their country. Decentralization generally seems a purely political question: an unavoidable element of a series of politico-administrative reforms desired or imposed from without.

When asked about this, Burkina Faso peasants wanted to see the concept of development prioritized and considered as the central element or powerhouse of the decentralization process taking place in their country. They hope that this will prevent decentralization becoming overly politicized.

The view adopted by the EU and that of this study is obviously a vision of development, but one which emphasises the political environment and implications in which decentralization actions take place.

The role of the State and the dynamic effects of a decentralization policy

The state can play different roles in a popular participation process: it can be the powerhouse (for example, Bolivia); it can be the catalyst; it can be an impediment.

In the words of President Museveni, in the decentralization policy being implemented in Uganda: 'The central government should simply be a facilitator, as sustainable development can only be assumed and managed locally. The role of the centre will be to set the scene but not to act out the whole play'.

The decentralization of the State can be considered an important factor in the citizens' participation in decision-making and the management of public affairs. This process cannot be studied in isolated fashion. It belongs in an overall national, regional and international framework, which determines its ripeness and provides the impulses necessary for change. These changes, which normally take the form of a series of abrupt breaks with the past, are caused above all by the evolution of society, with its aspiration to more genuine democracy (going beyond the mere label displayed by certain States) and by neo-liberal expansion strategies, which seek to transform the world into a huge market ruled by its own laws, in which the State would play a secondary role.

Decentralization in this perspective can be considered both a means (of increasing popular participation and contributing to the stability and effectiveness of the system) **and an end** (civil society is better represented, more involved in choices, and the State thus acquires renewed legitimacy).

3.3.2. Three indissociable aspects of decentralization

Decentralization is not of course reducible to the de-concentration and transfer of techno-administrative services to the level of provinces, regions, districts or municipalities. It must also be accompanied by a veritable transfer of power. On the other hand, the process can only succeed if decentralized entities possess sufficient financial, human and technological resources, and where there is a genuine desire for political change. A policy or strategy of decentralization must therefore include **political, techno-administrative and financial aspects**.

The movement toward a sharing of responsibilities with local authorities occurs at a time when most countries are committed to structural adjustment policies which restrict their capacity to combine transfer of power to the constituencies with a **concomitant transfer of resources**. There must therefore be a clear desire on the part of governments to bring about this process, giving it priority and continuing to accord it the resources required not only for its implementation but for the viability of the system.

It is interesting to consider the case of Bolivia and its Law of Popular Participation (see 3.3.4.), which defines this transfer of resources toward the decentralized entities in relatively equitable manner (in particular the per capita notion).

In Uganda, the government is currently involved in a general decentralization plan, intended to reinforce local government. To this end, it has adopted a strategy of phased implementation. A new legal status has been adopted for local government. The central government is also ready gradually to decentralize funding from the centre to the districts. In this context, the role of central government agencies is to ensure micro-macro coordination and sustainability (for example, in the funding of recurrent costs). Political representation is based on direct elections at village level, but on indirect ones at other levels, including that of the district.

In most West African countries, the commune (parish: village or local administration) has been designated the lowest level of decentralization in both rural and urban areas. Communes have a different role in each of three systems of government of different degrees of political decentralization. In the first category (examples: Benin, Ghana, Burkina Faso), the commune possesses legal and financial autonomy but has no elected representatives. In the second and larger category (examples: Guinea and Cameroon), the deliberative bodies are elected but guided by a mayor appointed by the central government; this produces a functional duality, as the mayor represents both the central and local authorities. In the third category (examples: Senegal and Côte d'Ivoire), all local representatives are elected.

In almost all these cases, decentralization, with the transfer of political powers, constitutes a historic process, bringing about important changes in the definition of the role of the State and of the behaviour of potential actors in this process. All this may eventually **bring about a thorough-going transformation of society.**

3.3.3. Limits, risks, obstacles

Prudence is required in any action involving decentralization. The latter constitutes an important aspect of the various measures comprising in-depth reform of a State. It is also a means of eliciting greater participation from decentralized agents. But it brings its own risks, and currently presents some limitations. **A decentralized approach is a necessary but not always sufficient condition for increasing participation.**

Fear of loss on the part of some actors

Governmental actors generally fear that they will lose part of their power by committing themselves to decentralization processes. The same is true for some non-governmental actors, such as the unions in Bolivia, which are very powerful and very centralised, and are opposed to the government's Law on Popular Participation. They fear that powers will be transferred to grassroots membership groups.

- ***Weakening of the State***

A badly prepared decentralization can have undesired effects and simply **lead to a weakening of the state**. We should not forget that certain current tendencies, based on neo-liberal extremism, include the wholesale suppression of national policies.

- ***Limitations of the decentralized agents***

One must be aware of the **limitations of the decentralized agents of civil society as agents of development**. These agents, including NGOs, lack strength and capacities, particularly in the area of organisation; doubts have been expressed about their ability to produce significant effects on policy reform¹³. Reinforcing the capacities of these agents thus becomes a priority.

- ***Relative 'inertia'***

Decentralization is a process that mobilises people and local institutions in contexts in which the notion of time is different from that of the Northern countries. Bringing people together, taking part in dialogue, initiating new forms of consultation and decision-making normally requires more time and longer deadlines than those provided for in the context of conventional development projects or programmes. Support actions must therefore take account of this duration.

3.3.4 Motivations for the implementation of decentralization policies

Decentralization policies may originate in a growing pressure from the grassroots who aspire to greater democracy, the incapacity of the central State to manage conflicts at the local level, an alignment with conditions imposed by certain donors, or the search, on the part of political leaders, for a new legitimacy acquired by bringing power closer to the citizens.

From the point of view of States, there are three **families** of motivations advanced to justify the implementation of decentralization policies¹⁴:

1. **It is a modality favouring the mobilisation of the population** and thus sustainable grassroots development (this is the priority of the countries that have long-standing decentralization policies, such as Senegal, Côte d'Ivoire, Kenya);
2. **It is a means of consolidating and enrooting democracy at the local level** (stated vision of countries that have initiated a democratic transition, such as Benin, Congo, Zambia);
3. **It is an attempt to restructure the country and re-legitimise public institutions** (countries like Madagascar and Guinea which have experienced regimes of Marxist inspiration, followed by military regimes, prior to democracy).

Decentralization constitutes in many cases a means of mobilising the population in the perspective of sustainable development. The participation it produces makes it possible to deepen and enroot of democracy at local level. This twofold motivation is consonant with the official priorities of the current Bolivian government.

¹³ A. Fowler, INTRAC, 1991 (see author bibliography).

¹⁴ *La Décentralisation en Afrique au Sud du Sahara* [Decentralisation in Sub-Saharan Africa] by Jean-Pierre Elong M'Bassi, the coordinator of the West African module of the Municipal Development Programme, which is supported in particular by the World Bank and the French Ministère de la Coopération (see author bibliography).

The Popular Participation Law (PPL) of the Bolivian government

The Popular Participation Law constitutes the endpoint and practical realisation of the decentralization of political power in the Bolivia State, a process in which the Private Social Development Institutions (PSDIs) and NGOs have played and continue to play a major role.

The key elements of the PPL are i. a legal definition of the transfer of resources and ii. the definition of the municipality as a responsible counterpart of government and site of a local concentration of power. It also responds to some elements of previous demands such as the recognition of the legal personality of local grassroots organisations (LGOs), ethnic and peasant organisations (which allows them to participate in local decision-making), the concept of traditional authority, the territorial notion and the alternative or common (custom) law.

The implementation of the process depends on the active, consultative and effective participation of the various public and private agents involved at the various levels of decision and intervention, on the basis of common objectives of popular participation. The success of the operation also depends on rapid and adequate responses from external donors, and the coordination of their efforts.

The results of the application of the PPL have been substantial, but many questions remain and must be resolved in the short term.

A priority intervention strategy might consist of support for the TGOs and Municipalities. A balance must be sought as regards the role played by the Development Corporations at regional level. And the manipulative efforts made by both the political parties and the private sector, which are in danger of perverting the process, must be countered. It is essential to pursue and intensify the process of reflection on the PPL, its context, limitations and perspectives, so that the population acquires a capacity for criticism and people can decide their own fates. Capacity reinforcement is, of course, the basis of any strategy in this area. At this level the PSDIs and NGOs have a responsibility and a vital role to play.

The strategy of the government in Bolivia is not without its own ulterior motives, just as the impetus coming from the donors is not without ideological motivation. The fact remains that the process for the first time offers the Bolivian people and the various decentralized agents the possibility of playing a role in the management of their destiny and country. The time seems to have come when some (notably the powerful Bolivian unions) must redefine their role in society and everyone take their place in this historic process.

3.3.5. A decentralization triggered by grassroots pressure and passed on by the local authorities

A decentralization inspired and triggered by the grassroots

In Latin America in particular, and in some African countries (Benin in particular) there has been a strong demand from the grassroots for civil responsibility. Civil society is becoming organised, though the form and extent of the organisation vary with the political context. People are demanding the right to express themselves, be heard, and to have their political demands incorporated into policies adapted to their choices. In some countries, this movement is congruent with government policies, which facilitates dialogue between the actors. But, if we put aside the extremes of repressive totalitarianism, neither a lack of decentralization policies nor the frequent position where policies are ill-defined and ambiguous seem to constitute an obstacle to organisation and participation. Where there is a reaction against the political system,

one frequently finds a greater aspiration and motivation to dialogue with the State and to create more democratic methods of managing the common weal.

A process of organisation at grassroots level and a management process bringing together local politico-administrative structures can be the first step in a bottom-up movement toward dialogue and the construction of a society both more democratic and closer in its structures and functioning to the citizen.

The importance of local authorities

Local authorities, though they have a political legitimacy different from that of the central power, are State agents. Their main characteristics are to be both 'local' and 'public authorities'; in this way, they can position themselves on both planes and play an important role as interface.

One of the main functions of local government is to ensure this link between the agents of civil society and the authorities, to help the interests of the different levels to converge, and to seek the funding means best suited to this goal.

Where local authorities are not directly involved in the development process, their approval and moral sanction should at least be systematically sought.

Thus one specific objective for DC might be to take into account the needs of both local government and national ministries, and to provide financial means enabling them to play their planning and coordination role to best of their abilities.

Macro-meso-micro articulation

Town and country planning is a necessity at all levels. It is the vocation of neither international NGOs nor sectoral federations (socio-professional or other) to design this kind of policy. In the approaches prioritized by DC, local officials become developers, organisers, and facilitators of local development; they also take on an urban and rural planning role. At this level, micro or meso, the connections must be made with macro or sectoral policies, and complementarities can come into play.

3.3.6. Intervention strategies and methods

Establish the link with national decentralization policies

DC does not simply come down to working with local associations or grassroots groups. It also requires linking up with the authorities, politicians and other potential actors. The interests of these actors should not be neglected; they are an integral part of the situation, and without them the fora and margins required for DC will be lacking. It is important to find a modus operandi and vivendi with these actors.

Interventions suited to the situation in the field

When supporting municipal associations, it is no use forcing the pace. There is a real danger of disjunction between the socio-political reality of the country and the work to be done at association level. To plunge headlong in to pro-association lobbying with the municipalities,

especially where the agents in the field are not responding, is a grave error. Difficulties of this kind have occurred in a number of countries. The strategies and the commitments of the donors must go hand in hand with the progress of the action.

Giving priority to 'front line' agents

'Front line' agents are those who take risks, who are really prepared to act in the field. These agents must constitute a point of reference and be given priority in the DC context.

Decentralization culture

It is important to construct a decentralization culture. This concept obviously has a different significance in each country and above all for the different agents. Generally, for grassroots agents, it has no significance at all. It is therefore not easy to firmly establish the theme of decentralization and this requires a set of specific actions (information, awareness-raising) to be conducted in the framework of a specific strategy.

Consolidation of the intermediate agents

The consolidation of the intermediate agents is a priority in several African countries today. In Latin America, the intermediate agents exist (local, professional and campaigning associations) and possess varying resources and degrees of organisation. It is therefore necessary to accord a priority to actions intended to structure the agents, while taking care to differentiate actions according to the differences of situation and framework between countries.

Consultation is indispensable

Decentralization brings with it major modifications of the functioning of the State and of decentralized entities. Functions and roles are reconsidered, and everyone must reposition themselves in the light of the new policy. The State must be able to initiate a dialogue within its own structures, with a view to restoring the equilibrium that allows the administration to function. Then there is consultation with all the entities, all the potential non-governmental agents.

A decentralization process must therefore be accompanied by the creation of new structures able to undertake the indispensable functions (indispensable to dialogue, see 4.2.) of consultation, programming, coordination and technical support, etc.

Decentralization must proceed from governments

Structural adjustment programmes are currently laying the monopoly of power hitherto enjoyed by States open to question. The State has till now been the main and almost exclusive recipient of international aid, and today its monopoly and prerogatives in the matter of funding allocation are crumbling away. Governments moreover find themselves subject to norms of good governance. A minimum of ethical integrity is obviously essential to the management of a State, and it is easy to understand why donors require guarantees concerning the management of the aid which they bestow. On the other hand, it is inappropriate and dangerous to become involved in the affairs of a government on the grounds that it is not conducting decentralization policies, or is not doing enough to that end, or not doing it quickly enough, and to suggest that it should

undertake reforms where political will is lacking or which it has no interest in undertaking. For a government to be committed to decentralization policy, it must have internalized the policy and consider it a dynamic reform factor. Decentralization should therefore proceed from governments and reflect not the will of the donor but an expectation on the part of civil society.

Supporting the process taking place with the appropriate measures

There can therefore be no question of forcing the pace, still less of imposing decentralization by using, as some donors have done, arguments and pressure. It is more a question of taking appropriate measures to support the process taking place in a particular country, and paying close attention to the reality and particularities of the local context.

A gradual, case-by-case approach

A case-by-case approach is required. It must also be gradual, so as to avoid any abrupt break with the past. The implementation of institutional reform requires a simultaneous change in mentalities and this needs time. As regards supporting decentralization, this must take place at two levels: a macro (State) level, affecting structures and policies, and a second level, which is that of the practical reality of the policies adopted, and which, depending on the politico-administrative system prevailing, refers to districts or communes.

In Uganda, for example, the development programme for the Rakai district, which is the product of an agreement between the Ugandan government and DANIDA, belongs within the country's decentralization policy. Its overall goals are: a.) to assist the government and the district administration to reinforce sustainable social and economic development in the district and b.) to stimulate and increase local production and trade with the goal of broadening the economic base and reinforcing the administrative, social and physical infra-structure of the district.

The programme might in some sense be described as supporting decentralization at local level (the district scale), though it is directly linked with decentralization policies at government level. This is highlighted by the support (institutional and budgetary) that DANIDA provides for the 'decentralization secretariat', an implementation unit based in the Ministry of Local Government. It nevertheless seems that the central government has a limited role in the creation of an environment favourable to decentralization.

In this project, DANIDA has chosen to give full support to the political process of decentralization of the Ugandan government. The advantage gained is to work with the existing structures, which are likely to remain (greater chances of sustainability). This can also be a disadvantage, in that DANIDA may become embroiled in local politics and excessive emphasis on official bodies may make true popular participation more difficult.

3.3.7. Forging the tools required

The different strategic elements which we have described above show that a perfect knowledge of both national contexts and the decentralization process under way is vital. This suggests the need to acquire the appropriate analytic tools and more particularly a typology of decentralization processes.

The use of a typology of decentralization processes

To define a typology of the decentralization processes under way would allow one to obtain an accurate picture of the existing situations and would avoid the application of standard models. Without such a tool, the donor is leaping in the dark. If one intervenes in a country, one must be able to orient oneself relative to the complexities of the decentralization process under way. Different cases were described at the June 1995 round-table (Kenya, Zimbabwe, Ghana); the characteristics that emerged allowed intervention strategies to be adapted in consequence. A typology allows a better understanding of the origins of the decentralization process, the perceptions of the different agents (politicians and managers) and grassroots expectations. It is a practical instrument which could usefully be added to an interpretative model.

Points of reference and best practices

Today we need success stories which can act as markers when it comes to proposing or developing DC working methods. It is important to analyse apparently successful experiments and to take to pieces the mechanisms and factors which contributed to that success. The notes that can be made on the basis of such analysis are interesting tools of reflection and analysis.

3.3.8. Decentralized cooperation without State decentralization?

Action remains possible in countries where the government has a tentative or ambiguous decentralization policy.

Appropriate strategy

Strategies must be adapted to an unfavourable environment. In this case, one possible format might be to identify and bring together favourable agents at the local level, and, on that basis, make approaches to desirable interlocutors at higher levels.

Encourage dialogue

One of the methods to be followed is to stimulate, encourage and support dialogue, trying to reach people, local communities and workers. One can attain significant results with little outlay. (This has been done with the project of the NGO Towns and Development in Mombassa, Kenya, where, amongst other activities, 30,000 women have been supported in this way using a very low budget.) The Northern partner must be able to help locate funding thanks to its contacts.

Favour the emergence of a democratic and organised civil society

In the case of Benin and Burkina Faso, the local context meant that DC and decentralization found themselves spontaneously part of the same debate, without the donors exerting any pressure. In other countries, it will be necessary to place a greater emphasis on actions promoting organisation and reinforcing civil society.

3.3.9. Principles and fields of application of a decentralization policy when supporting a decentralization process

In **Sub-Saharan Africa**¹⁵, a reinforcement of the national decentralization policies could take the form of support for States in the implementation of decentralization policies, through institutional support programmes and municipal development projects. Support for the establishment and formalization of a legal framework of distribution and exercise of power between the different levels of the administration is the most important element of cooperation programmes supported by the partners of African countries. As regards rural areas, it is important to bear in mind that decentralization is only credible when the decentralized constituency has a positive impact on the local economy.

Fields of application: a support policy oriented towards practical achievements must **distinguish four milieux**: metropolitan regions, middle-sized towns, small towns and the rural milieu. Policies must be specific to each:

- In **metropolitan regions**, support must be conceived in a macro-economic perspective, with a view to regional integration.
- In Sub-Saharan Africa, the problem of communications and local citizenship is essentially one of the **medium-sized towns** (50-500,000 inhabitants). At this level, investment programmes must be added to institutional support projects. If investment is not relaunched, private savings cannot be mobilised and local taxation is a non-starter.
- In **small towns**, the support should consist of taking into account the dynamic of trade with the rural milieu.
- In **rural areas**, the essential preoccupation must be the viability of the local authorities. Making available local investment funds will cause the rural population to organise in order to take charge of the financing of equipment and services, and to take a more critical attitude to the management provided by their representatives; they are therefore a good way of preparing the advent of local citizenship in rural milieux.

In **Latin America**, the Interamerican Development Bank is currently centring its efforts on reform of the State and has specified its priorities for support. Support will focus on:

- a. **governmental management**: objectives: reinforcing the regulatory functions of the State, promotion of a sense of responsibility in public service, aid to decentralization and rationalisation of government functions;
- b. **civil society**: objectives: support for education in citizenship and promotion of participation;
- c. **legislation**: objectives: the modernisation of parliamentary institutions, the establishment of new systems for informing the public and promoting civil participation in the legislative process;
- d. **the legal system**: principal objectives: better access to the law for citizens and promotion of alternative systems for the resolution of conflicts.

Of note that Peru, in the wake of Costa Rica, has launched a technical cooperation action for the creation of an information system for Congress. The system will supply the legislator and the public in general with information relative to legislative matters, helping to accelerate the processing of draft laws and increase the participation of citizens in this process. This is an

15 Cf J-P. Elong M'Bassi, *op. cit.*

interesting initiative, which takes account of the importance of appropriate and functional laws in the decentralization and popular participation process.

In **South Asia**, local powers are taking on a larger role and measures have been taken to facilitate the activities of NGOs. Institutional reforms are on the agenda everywhere, with the support of the major international donors. The intervention strategies of these donors must of course be oriented in the direction of the reforms undertaken by the governments in order to dynamise the processes under way.

Bangladesh has undertaken to reorganise its local authorities in order to increase popular participation in the design and execution of programmes intended to enhance the value of human resources and develop the infrastructure. District elections have taken place. Development coordination committees have been created at sub-district level. The restructuring of local authorities should be completed by mid-1994.

India has just adopted a reform measure intended to broaden the functions of the local authorities while ensuring equitable representation for marginalized populations (30% women, 30% lower castes).

These examples show the direction that could be taken by an EU policy of support for the decentralizations under way in Southern countries. They also serve to outline how different are the various situations and developments in these countries and therefore the need for interventions which are carefully designed to accommodate the reality of an individual situation.

To conclude, we surmise that there will be a direct and close relation between the impact of decentralized cooperation and progress made in local decentralization processes (above all in their effectiveness) and in the participation of the local population in them. Experience shows that it is both possible and necessary to act in politically unfavourable contexts. It is the responsibility of donors to correctly identify the problems, places and strategic levels of intervention, by sub-dividing the problems into questions to which a response can be found in the form of actions and concerted strategies.

In the preparation phase of a decentralized cooperation operation, the central issue is not the actions to be undertaken but the identity of the agents involved, their roles and their responsibilities.

This does not require drawing up a list of the various official agents involved in the implementation of the EC cooperation, or of the decentralized agents who are potential partners for the EDF or the Commission, as these are already specified in the Lomé Convention or in the ALA regulations, and their form and status vary with the different legislative and other frameworks; they can moreover take new forms. At 4.1.4. we shall study their typological characteristics as these relate to the roles envisaged for them.

It means, instead, **defining certain preconditions with a view to approaching partners and ensuring that collaboration is effective but also respectful of the interests and prerogatives of all involved.** These preconditions relate to the identification and selection of the key institutions of the country under consideration, and to the structuring of these agents, with a view to the creation of a dialogue between them and the State.

This preparatory phase will involve Delegations and desk officials of the Commission, probably in a manner concomitant with the **EDF programming** for the country under consideration. An overview of what adopting the policy and practice of decentralized cooperation involves in terms of Indicative Programming is therefore presented in the conclusion of this chapter.

4.1 APPROACHING POTENTIAL PARTNERS

Besides effective decentralization of decision-making bodies, it is clear that participation and capacity development constitute the two fundamental elements of DC. We saw in the preceding chapter that reinforcing civil society is impossible without that society taking part in the development process affecting the country, and there can be no sustainable participation in this process without enhancement of the capacities of the persons and institutions who constitute this civil society.

Now, participation and capacity development require above all an in-depth pre-identification phase. A start must be made with the process of **identifying the key institutions** ('institution-mapping') that can be associated with the programme. The goal of this exercise is twofold:

- to identify potential partners and interfaces and understand their strengths and weaknesses;
- to detect development opportunities, which can themselves suggest key fields and sectors for future interventions.

Institution mapping by country is a task of the utmost importance. In the implementation of cooperation programmes/projects, one seeks to rely on competent, legitimate institutions (which may or may not be representative of civil society), institutions which will be asked to collaborate in the quest for common development goals. It is vital to take account both of the relations between these institutions and of the institutional aspect of this work.

4.1.1. Institution mapping/inventory study

Setting up a decentralized cooperation operation in the form required by a specific programme will probably require a preparation/mapping study of the decentralized cooperation framework. This must include identification of potential agents. At very least, Delegations should undertake an inventory of the local agents. Where a support programme for small local initiatives has been approved on the basis of an overall budget (Article 290 of the Convention), the identification or inventory work may prove necessary at this stage.

An identification study in the DC context will aim to:

- **identify potential partners** and suggest **operator selection criteria**;
- propose **programme objectives and orientations and priority intervention themes**;
- propose **an institutional set-up (or at least a framework) for the programme**, and, in particular, put forward selection criteria for an interface which can take on overall management, and define its functions and responsibilities in relation both to the operators of individual projects and to the donors.

A certain number of basic questions must form the basis of the institution mapping (for examples of questions, see 3.1.2., identification being one stage in the elaboration of a capacity development strategy). This is a complex task which requires the use of specific methodologies. By way of example, we present the methodology of the IUED and the SEREC in the framework of the 28th Swiss National Research Programme¹.

Method of approaching local development agents

The IUED and SEREC suggest a method of studying what constitutes 'local government'. By this term, the two institutions mean:

"All those functions contributing to the production and management of public or general interest goods and services accomplished by public or private, modern or traditional institutions".

This method defines local government by examining the functions that it performs rather than the legal status of the institutions which accomplish these functions. It thus broadens the notion of local government to include agents who do not belong directly to the public service but who produce goods and services of general or public interest. This means that private agents can be included in the notion of local government and that there is therefore no division between public and private in this context:

- the traditional public agents are the decentralized politico-administrative agents to which the State has delegated its decision-making powers, and the decentralized ministerial services;
- private agents can be either 'membership' communities (people have the right to join the community simply because of their birth, or the group or ethnic group to which they belong) or 'joining' communities (individuals enter a collective of their own free will).

The role of local administration is fairly easy to understand in its role as institutional agent; the role of communities can be understood above all by their role in the management of goods (land, pasture, application of common law, etc.) and by their contribution to the

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1 J.-P. Jacob, F. Margot, P. Sauvain, P. Uvin, *Guide d'Approche des Institutions Locales (GAIL): méthode d'approche des acteurs locaux dans le monde rural* [Guide to Approaching Local Institutions: approach method for local agents in rural areas], série Itinéraires - Notes de travaux n° 40, SEREC, Vissoie and IUED, Geneva, March 1994.

...

constitution of common goods and services. They may, for example, take a share in equipping the village with infrastructure (roads, well-drilling), though this contribution may also serve to develop local production (better access to fields or to markets in the case of improved roads).

The method is divided into **three stages**:

- approaching the overall context: this means a certain number of themes: the local human and socio-cultural milieu, laws, lay-out, programmes and policies affecting the milieu considered, organisation of public services, planning and resource conservation strategies, local socio-economic structures, peasant organisations, social movements, aid programmes, etc.
- field study, whose goal is to supply complementary information for the analysis of 'local government'.
- approaching the local context and identification of the institutional actors. This phase begins with a description of the general characteristics of the region and continues with an identification of the actors present, which should be characterised according to their thematic and geographical fields of action, so as to identify overlaps and potential alliances. The suggested features for characterisation are:
 - the constituencies of the local administration
 - the identification of a membership community or communities
 - the identification of formalised and organised local organisations, at local level and beyond
 - the identification of relations between the local agents.

The method then suggests a study model based on **three analytic concepts** which make it possible to approach the problem of joint management of development by the different local agents:

- legitimacy: are the agents acknowledged by others?
- will: do they want to collaborate?
- capacity: are they capable of collaborating?

It also proposes **study techniques** (reading the available sources, direct observation, and structured, semi-structured or free interviews) and insists on the cross-referencing of information obtained, in order to clearly differentiate between theoretical norms and real facts.

In conclusion, the method presents a series of **tools and examples** to facilitate the collection and processing of information and the presentation of results: an approach to decision-levels via selected examples (matrix identifying [horizontal plane] the actors concerned and [vertical plane] functions relating to the constitution and management of the goods or service selected), a synoptic diagram of local institutions (making it possible to detect institutional weaknesses, and conflicts of powers or representation) and a check-list to aid diagnosis.

One major constraint on this kind of study is the time and the means that must be devoted to it. On the basis of experience in several countries, the authors suggest the following norms per country-study:

- general context approach: one week/3 persons.
- field study: three weeks/3 persons.
- identification of the institutional actors and diagnostic aid; one week/3 persons.
- analysis and report time.

In certain cases, complementary reports on the general context (administrative and associative context) were requested from research organisations or local consultants. The studies were generally conducted by two expatriate experts (socio-anthropologist and agro-economist, both having an interest and competence in institutional analysis) and an expert from that country (a university fellow in social sciences).

Other methodologies should be noted: they are methods for the study and analysis of a local context preliminary to planning a support intervention. They generally include an agent identification component to establish which agents have a key role in the local processes, and on which agents intervention should rely. Among those which concern Participatory Rural Appraisal (PRA) methods, we should cite those in IIED publications (Rapid Rural Appraisal Notes); the 'Guide Méthodologique de Planification du Développement Local' of CIEPAC [Methodological Guide to Planning Local Development], published by the French Ministère de la Coopération; or our own methodological work concerning the different phases of the study of a project 'Cheminevements d'une action de développement: de l'identification à l'évaluation', COTA (see bibliography).

For studies intended to **identify the key-agents**, then, the emphasis should be placed on **the three criteria of legitimacy, will and capacity**. The importance of these criteria will however vary according to the level of interaction at which the relation takes place (micro, meso, macro) and the kind of responsibility to be entrusted to each agent. In other words, if the issue is at macro level and if the responsibility of the agent will include taking part in a dialogue with the State on national development priorities, the legitimacy criteria will be the most important. If, on the other hand, we are dealing with a micro issue, and the agent's responsibility will be to implement and technically support an action, the capacity criteria will be conclusive.

A programme of participatory development promotion must, by its very nature, be worked out in the most participatory way possible. Generally entrusted to consultants (local and European), this task must thus be undertaken **in close collaboration with the partners** (in the case of ACP countries, the national authorities must of course form an integral part of the consultation). Any overall study intended to define a future DC programme should rely on the operators' knowledge of the field, and benefit from their participation in the choice of priorities, objectives, intervention strategies and activities to be implemented.

With this in view, the identification of partners precedes or accompanies the identification and formulation of the programme as a whole. The study must provide matter for Delegation, operators and authorities to reflect on. More formal consultations might for example take the form of seminars or workshops, which requires the budget for identification to provide for these activities (or the use of ad hoc budget lines) not simply for the funding of experts' reports.

To facilitate operations in certain countries, **inventories of decentralized agents** on a national scale have been undertaken at the initiative of several Commission Delegations. **BL 7/6430** has been used to fund these identification studies (in Mauritius and Nigeria), as has the **60,000 ECU facility** which Delegations have access to, and which was used to finance (on an EDF budget) inventory studies (for example in Zimbabwe, where the study was entrusted to a local NGO and in Senegal, where it was conducted by a European NGO). We should also note that, in the framework of BL 7/6430, Unit VIII/B/2 of the Commission formulated **indicative terms of reference** for identification missions. The main advantage of this is that it is suited to EDF rules and to defining a framework (indicative programming) or a more concrete DC programme.

Creation of a data-base on potential partners

It is important to be aware of the diversity and profusion of potential non-governmental agents. In the NGO field, the EU Delegations tend only to know the European NGOs and the main local NGOs in the country.

A close knowledge of the agents (in relation to their legitimacy, technical specialisations, specific skills, management capacities, etc.) will be one of the bases of effective and coherent decentralized cooperation. Moreover, this point must be considered alongside the fact that an ever greater proportion of the community budget is channelled in some form (conventional cofinancing, special budget lines, intervention in the EDF context, food aid, etc.) towards a very large number of NGOs and other kinds of decentralized agents.

These two elements make clear the need for a more manageable and optimal relation between the Commission and the decentralized agents. This would also be to the advantage of the agents, as many of them, whenever they approach a new EU funding-source, have to begin a long, laborious task of presentation and approach-work all over again; this also takes up a lot of functionary time within the EU.

It would therefore be advisable to establish a complete, coordinated data-base. It could be based at Unit VIII/B/2, which has a tradition of relations with NGOs and has acquired considerable knowledge about them. The data-base would then be in a position to offer a solution to the problem of the organisation of this unit by European country and of the lack of capitalisation on the local organisations in Southern countries that has resulted. The data-base could be constituted firstly from the inventories of decentralized local actors created in several countries (mainly on the initiative of the Delegations) and then by various Commission services which have to deal with decentralized actors: Unit VIII/B/2, desks, special line managers, Unit A/2 (Evaluation), Food Aid, ECHO and Delegations.

This data-base should be held in common with DG I, and would involve European organisations such as local organisations (ACP and ALA/MED). It should, of course, be open to telematic consultation by the Delegations. To manage this instrument, the responsible Unit within the Commission should be endowed with adequate human resources, on the occasion of the setting up of the system and permanently for the processing of information and its encoding. This would, in our view, prove an indispensable instrument, which would allow all parties to gain time, and whose implementation, despite the difficulties and internal resistance which it might elicit, seems both realistic and feasible.

4.1.2. Eligibility, status of partners, preliminary contacts with the Commission and EDF

Both the Lomé Convention and Developing Country/ALA regulations (see 2.1.1. and 2.1.2.) stipulate that **all economic, social and cultural agents of the countries involved must be supported in their effort to develop** (Lomé IV(2) imposes a condition: non-profit organisations, which excludes enterprises). For ACP countries, this support is conditional on the limitations fixed by the ACP States. As we saw at 2.1., here is one of the main differences between ACP and ALA countries. In Developing Countries/ALA, the approval or authorization of the government probably has to be sought, but is not an indispensable condition.

The eligibility of an operator for the implementation of DC actions will depend to a large extent on its **previous performances** in the field and the **relations** (if any) it has established **with the Commission** (and with the ACP State in the Lomé framework), but above all on its implementation **competences and capacities** (notably working methods and internal procedures). However, within the Lomé framework, in which all decentralization of cooperation in the EDF framework is subject to State authorisation, the political and/or social context of the country can also influence the eligibility of one organisation relative to another. For example, one country may be more willing than another to cooperate with a trade union.

As to the **status of organisations**, it is often an administrative requirement that the organisations benefiting from international cooperation funding enjoy a recognised legal status. Here **a distinction must be made between financial beneficiaries** (who may present actions for funding) and **operators** (see 5.3.) who manage projects/programmes (or parts thereof). The demands should in fact be the same for both kinds of agents: the operators, whose interventions will be subject to contract, will certainly have to meet the conditions concerning legal status, but the final beneficiaries should be able to escape this condition.

As soon as an organisation (or consortium of organisations) **has an idea or project, or expects to present a project** to the Commission or an ACP government - or merely wishes to prepare a relationship in the framework of cooperation between the EU and the country involved - **it should immediately make contact with the Commission Delegation, with the competent administrative service, or with the interface representing them.** For ALA countries, this first approach will depend on either i) the presence of a Commission Delegation or ii) the agent's ability to travel to the nearest Delegation or iii) contact the Commission headquarters through European partners or by travelling. These first contacts should be made with the goal of:

- making themselves known;
- discovering the conditions of cooperation particular to the country concerned;
- giving an account of their record in development actions or promotion;
- making possible evaluation of their record and current activities by the administration of the country, by the EU Delegation or by experts engaged by either of these bodies.

The need for these preliminary contacts will of course depend on the form that the DC project/programme will take. The contacts will be absolutely imperative when the organisation deals next with the administration or the Delegation. They are less absolutely necessary when a specific interface structure will be responsible for these relations (see 5.3). A prerequisite for these first contacts is that the Commission and/or the government should set up a **strategy of communication with potential partners and ensure the widest possible diffusion of information** about the DC possibilities in that country.

The contacts and relations maintained by decentralized bodies with their administrations and the Delegations should ideally take concrete form in official and formal recognition as a potential partner. In some countries, official status as a body taking part in development (generally as NGO, as in Senegal, but this has been extended to grassroots agents in Bolivia) has already been bestowed by government and could constitute a basis for establishing decentralized cooperation relations. This type of recognition could be extended to other types of potential partners in a DC framework². The Commission should, moreover, where necessary, exert

2 Such recognition on the part of the authorities could be very useful - even indispensable - in obtaining tax exemption for imports of equipment.

pressure to obtain the recognition of organisations which it wishes (after proper consideration) to support financially or with which it wishes to establish a partnership relation.

4.1.3. Absorption capacity

If the promotion of the role of civil society organisations is in itself a goal of decentralized cooperation, it should not be thought that **partnership should be limited to recognised organisations** (which guarantees a degree of efficiency); efforts should also be made to promote **nascent organisations and initiatives**. The partner organisations of a development operation will therefore be at varying levels of competence, experience, capacity and structuring. There can be no uniformity, then, in the kinds of intervention vis-à-vis such organisations, and it will be necessary to adapt a **progressive support procedure calculated to match the degree of development of the decentralized partner**. The absorption capacity of **young organisations** will of course be slender, and DC operations will have to:

- on the one hand, **take care not to inject such organisations with substantial financial input too quickly**;
- on the other, be aware of the fact that **the allocation of such resources will vary with the degree of development attained by the organisation** (a organisation that is just starting up will, for example, need less support for running costs).

During the preparation of this work, we witnessed a good example of progressive support with Proshika in Bangladesh: support by a Canadian NGO at first, then bilateral cooperation with Canada, then with a consortium of NGOs and official cooperation agencies (including the EU) for steadily increasing amounts that corresponded to the increasing capacities and improved performance of Proshika.

It would for example be sensible, with a young organisation, to offer a micro level role and **start intervention, at the same time as operational activities were begun, with a programme of capacity development**, while financing its activities of participation and empowerment vis-à-vis its target group; all of this should be subject to rigorous monitoring. When a reasonable level of empowerment had been reached by the beneficiaries and the organisation had attained a reasonable level of capacitation, the organisation could be supported in its grassroots development activities in the social and economic fields. The result of this strategy, and perhaps its goal too, would be to allow the organisation to become not only an effective partner for international cooperation, but increasingly autonomous.

4.1.4. Characteristics and potential roles of the main agents

The main potential agents of decentralized cooperation operations should be the local public authorities (LPA), the NGOs and the representative organisations (ROs) of developing countries. However, these three types of agents do not often find themselves working together in the field (with the exception of NGOs working with grassroots ROs) and they often find themselves at loggerheads as a result of divergent interests, the balance of power and their positioning strategies. Training should therefore be envisaged for each category with the goal of improving their mutual understanding.

Indeed, one of the keys of decentralized cooperation (and development in general) is **conjoining the efforts of different sectors of society with a view to attaining common development objectives**. It is therefore evident that none of the agents should be excluded from a process already under way or being planned. On the contrary, all the potential agents should be taken into account, experiments should be undertaken, no doors should be closed, fora should be created, while maintaining a priority criterion: the concrete effects perceived by the beneficiaries of the action. **There must be no monopolies** of one or another kind of agent in decentralized cooperation. This is in line with Commission's own concerns: it generally accords a greater importance to the competences or professional experience of the operators than to their other characteristics.

From an operational point of view, **it seems undesirable to give one of these categories of agents a central coordination role relative to the other agents in the institutional set-up of DC operations**. This is one of the reasons why we recommend that, when an operation brings together agents of different kinds, coordination be undertaken by ad hoc interface structures which should be independent and permanent in kind (with some exceptions, see 5.3.2.). In this framework, the different potential agents/partners would have the role of operators and would enjoy a wide-ranging autonomy in suggestion and executing actions. All these agents would, however, possess an identical status as regards consultation and the planning of the actions to be undertaken.

Local Public Authorities

We have seen (1.1.) that the concept of DC was launched (in particular in France, Spain, Italy and Germany) as a way in which local authorities could sign and implement cooperation agreements with similar entities in Southern countries (towns, regions). The major advantage of the local administrations of the South is that they are, by nature, permanent structures, which makes their integration into and participation in the DC structure essential. They are structures which will continue to exist when any one aid intervention has ceased, and which, when an administrative decentralization policy is implemented, will be invested with new financial powers and capacities. In the long term, they are therefore bound to play a decisive role in local interests and in the evolution of societies.

In the short term, however, it is important to examine their possible role in the implementation of DC programmes with a measure of caution:

- on the one hand, these entities traditionally have few or no financial resources, and do not generally have alternative sources of funding as NGOs, for example, generally do. There is therefore a risk that their commitment to the concept and implementation of DC programmes is circumstantial;
- on the other hand, these entities, although they are an integral part of 'Local Government' (as defined in the Swiss method presented at point 4.1.1.), often have no role in the organisation of local development, but rather one of providing public services and acting as a catalyst for aspects of regional planning;
- it must be remembered that one of the desired results of DC is the empowerment of the population: that the population should be in a better position to make itself heard, defend its rights and obtain the equitable provision of public and private services that is its right. It would then be paradoxical to give to local public authorities a central role in programmes

intended to make the population more critical and more demanding in relation to the services these authorities are supposed to supply;

- finally, such authorities often have a tradition of clientelistic management. The political will to take part in the democratisation of society and the political system, to adopt a participatory approach and be at the service of the population as a whole is often lacking; this partly depends on whether the authorities are elected or nominated.

The case of the Mexican 'war on poverty' (PRONASOL) is illuminating in this respect. The government initiated PRONASOL and chose to make the municipalities a kingpin of a very decentralized programme which made much of the aspect of popular participation. These choices gave excellent results (which may indeed be irreversible as regards participation) where the municipal authorities obeyed the rules in terms of transparency and democratic functioning. However, when local authorities preferred to block the campaign, choosing traditional caciquismo, preferential treatment and protection of privilege such as occurred in the state of Chiapas, the results were catastrophic and particularly discouraging for the population. Despite the official statistics, which indicated that Chiapas had been the main beneficiary of the programme in financial terms, PRONASOL failed there and could not attenuate the conflicts, which, as we know, eventually took the form of armed rebellion.

It is therefore necessary to be cautious, at first, in involving local authorities; they should not be systematically entrusted with a central coordination role in DC institutional set-ups at the expense of other agents (see 5.3.2.). They should be treated on the same basis as other agents. North/South and even South/South partnerships between local administrations, on the basis of the transfer of specific competences and know-how, can prove useful points of entrance and safeguards in this area (see 4.1.5.). Direct and sustainable relations between local administrations North and South, based on relations of trust between elected officials and populations, can help LPAs to fulfil their roles better within the framework of decentralized cooperation. LPAs are generally aware that they have a role to play, but do not always perceive what that role is and how they should perform it. It is therefore extremely useful to place North and South together so that they can share their experiences and create fora for North/South dialogue.

NGOs

Since there is a tendency to perceive all organisations called NGOs in the same way, it may help at this point to give a brief typology of NGOs:

1. Northern NGOs

These often confine themselves to funding actions and establishing partnership relations with counterpart NGOs in the South; others execute actions in the field themselves, or conduct support (technical, methodological, etc.) activities vis-à-vis their local partners;

2. Southern NGOs

These rarely take part in the funding of actions (except in the form of valorisation of buildings, material and staff) but obtain, channel and often manage the funding of international cooperation. In this framework they have a role as the organisers of an operation and support grassroots groups or organisations with which they have established collaborative relations.

NGOs generally enjoy favourable presumptions as regards their proximity with grassroots groups, their participatory methodologies, their knowledge of the mechanisms of cooperation, etc. They nevertheless have some limitations:

- their relations with civil society organisations are often deficient, as **NGOs have no social basis**;
- Northern and Southern NGOs are mostly **financially dependent** on donors (public and private), which still further weakens their position relative to the other local agents;
- **questions also arise** as to whether **their way of working is genuinely democratic, and in some cases as to their competence and capacities**;
- in most cases, they suffer from **a lack of legitimacy in the eyes of the population**; they are not qualified to represent the population in consultation processes;
- moreover, their **supervision** of grassroots associations is **often heavy-handed**.
- they are **structures which are theoretically less permanent than LPAs** (although the great majority of them are perpetuated by external funding), and can therefore be vulnerable.

It must be admitted that NGOs too often seem the exclusive representatives of civil society. By maintaining close, lasting relations with their donors, they can act as 'screens'. Their use is often an 'easy option' and can, moreover, reduce the legitimacy of the local agents. NGOs often substitute themselves for the local agents by monopolising resources and are alarmed if this monopoly is threatened. They should more often be placed in competition with other operators who may present a comparative advantage. The considerations evoked above about the role of LPAs in DC operations may therefore also apply, for different reasons, to NGOs. NGOs should not therefore have a predominant place in DC programmes relative to other agents. Their possible roles should be defined in relation to the strong points and advantages of the different types of NGO. The following criteria are not exhaustive:

- placing grassroots organisations or groups in contact with the institutional agents of international aid (States, administrations, local representations of donors);
- implementation of different kinds of capacity development actions (see 5.4.)
- setting up operations with different grassroots groups and presentation of them to donors;
- coordination of stages of operations vis-à-vis their target-groups;
- technical support for the implementation and follow-up of actions;
- design of and participation in a system of participatory monitoring.

Experienced NGOs working in networks can play a facilitating role in cases of conflict or incomprehension between grassroots agents and donors. Their task is to undertake measures to smooth out conflictual situations and promote the evolution of points of view. They thus have a pedagogic function.

To the extent that their strong points and advantages mean that they are considered rather as **service providers** to third parties, the problem of their lack of legitimacy or representativeness is less significant. The criteria for their selection for intervention in a DC operation should therefore be based on their professionalism, methods of intervention, and management, execution and monitoring capacity.

NGOs too have of course an important role to play, like that of other kinds of partners, in concerted planning at national or local level.

Representative Organisations

These organisations can be of various kinds (unions, peasant organisations, social movements, groups of artisans, professional organisations, etc.). Their basic characteristic is that of being organisations of members, which the public joins freely in function of particular interests (this is a notion close to that of 'membership' communities, see square at 4.1.1.).

To this extent, their **major advantage is their representativeness and their legitimacy**: they can not only represent their members, and thus sectors of society, in consultations, but they can also present a programme of action in the name of their members and subsequently implement it.

In relation to this characteristic, it is logical that an interface role should be entrusted to them in the context of a programme whose objective is the resolution of a problem specifically affecting their members (see 5.3.2.). In such a case, if it is the donor that took the initiative of this intervention, the organisation should nevertheless be active over the whole of the geographical zone considered (country or region).

It is, for example, quite conceivable to entrust the management/coordination of a savings/credit programme to a federation of peasant organisations of national ambit, or that of a programme of information and education in social/ security/ working conditions and hygiene legislation to a nation-wide union.

4.1.5. North/South or South/South Partnerships

Bringing together partners both European and Southern for the carrying out of an action or a programme is a practice already frequently encountered, in particular thanks to the support of EU and national NGO cofunding systems. These partnerships constitute a form of DC explicitly encouraged in the Lomé Convention (Article 20, see 2.1.1.). The Joint Assembly of ACP/EU parliamentary representatives of September 1995, too, in a resolution on decentralized cooperation, emphasises the importance of North/South partnerships, in particular between local authorities; this should, in the view of the assembly, constitute a priority direction for DC in the EU framework.

The notion of partnership between Northern and Southern counterparts obviously has a wider frame of reference than NGO partnerships and extends to activities such as:

- inter-university cooperation (for example, joint research projects);
- collaboration between enterprises (for example, exchanges of experiences between production cooperatives);
- inter-union cooperation (for example, common reflections and joint action over globalisation issues);
- original set-ups allowing different public, parastatal and private partners with interests various but complementary in their specificities, to come together to realise common actions and objectives;
- development actions at local level (for example, common methodological reflections by Northern and Southern organisations);
- cooperation between regions/municipalities/communes, going beyond twinings of cultural kind; there could for example be cooperation in specific technical areas - administrative, social or political (democracy, rights of man).

As regards the last of these, DC could indeed favour interaction between the civil societies of European and Southern countries, by playing the role of a bridge between local authorities. Cooperation relations between towns have evolved considerably during the last 20 years and are constantly increasing: at first intra-European and essentially cultural in tendency, twinnings have gradually widened to other continents, including Southern countries. A solidarity has grown up: specific cooperation structures have been created, which have an important consultancy role, for example, the association Cités Unies Développement (CUD), the Local Government Management Board (LGMB) and the International Union of Local Authorities (IULA)³. International municipal cooperation has thus grown considerably more professional in recent years. Nevertheless, according to a recent study⁴, it still suffers from a certain weakness at the level of financial and human resources at a time of general budgetary reductions.

The advantages of cooperation between local authorities are the diversity of the agents involved and the multiplicity of the themes and aspects it covers, which may thus lead to original forms of cooperation. It can rely on the intervention of elected officials, specialist functionaries, etc., but also associate the different agents of a constituency, such as unions, associations (economic, social, cultural, environmental, political...) or again economic agents, in an overall management procedure. According to those who practise it, the effectiveness of this kind of cooperation depends strongly on the personal commitment of individuals and increases when local authorities form networks in the North and the South. Thanks to its very concrete form, this form of cooperation plays an important role in educating Northern populations about development. One of the issues raised by this form of cooperation may also be the reconciliation of the civil societies of the Southern countries with their representatives (this has occurred in many Latin American countries and some African countries, such as Madagascar, Mali or Guinea).

The example of the Support Programme for Coastal Communities in Côte d'Ivoire (financed in the EDF framework), whose overall objectives were support for decentralization of government and reinforcement of the capacity for initiatives and management of local authorities, is worthy of mention. Among the specific objectives of this programme were increased financial, planning and management capacities within the communities' administrations so that they could properly carry out their functions. This stage has enjoyed support in the framework of a partnership between Côte d'Ivoire and European local authorities under the responsibility of CUD.

In Central America, the budget line 7/6430 made it possible to fund an ambitious programme of support for national associations of towns and reinforcement of the central American network of towns, with the organisations CUD, VNG (Holland), CUF (France) and Spanish local authorities.

Moreover, direct links can be established between the European Union, a European partner and a Southern partner. This form of triangular cooperation was developed between ALA countries in the framework of the ECIP programme (European Community Investment Partners), which aims to encourage the creation of joint-ventures bringing together European and Southern investors and entrepreneurs. The existence of a partnership is a condition of eligibility for certain of the programme's facilities.

3 Cités Unies Développement is the association of the French local authorities, which has a mission primarily political but also operational. The Local Government Management Board is a support structure for the management of local powers.

4 SCHEP Gerrit Jan, ANGENENT Frank, WISMANS Jeroen, HILLENUS Michiel, *Local Challenges to Global Change: a Global Perspective on Municipal International Cooperation*, published by IULA/SGBO/VNG/SDU, The Hague, 1995.

The partnership formula can be expanded to include not only the creation of collaboration between European and Southern partners, but also between partners from different Southern countries (South/South cooperation). But one cannot speak of partnership unless these are genuinely integrated regional programmes, not simply a list of individual projects; the creation of links and collaborations between sub-projects and operators is central to the programme.

A certain number of EU regional programmes have, in varying degrees, possessed this characteristic. This is more particularly true of its programme in Central America, where an important policy of support for regional integration has been developed, which matched local integration initiatives, including those emanating from civil society groups and organisations. Various decentralization projects have included support for the association of groups of producer organisations, local NGOs, popular movements, committees for the defence of human rights, etc. for the performance of common tasks. The cooperation relation was however generally established with a single partner whose activities were regional in character.

The notion of South-South partnership can take on a meaning both broader and more specific when it consists of supporting not a single 'regional' partner, but of bringing together in a single project/programme partners from different countries or indeed continents.

A very intensive form of partnership, which integrates these two dimensions - bringing together Europeans and others as well as partners from different non-European countries - was described at 2.2.3. in the context of decentralized cooperation with Mediterranean countries. The programmes MED-Urbs, MED-Campus, MED-Invest and MED-Media are true regional programmes which bring together European partners from different countries and local partners also from different countries, all of them associated in a single programme. The notion of partnership inspires both the institutional functioning and the programme's content. It should however be noted that the goal of such programmes seems to be a certain kind of regional integration, through the establishment of a network of similar bodies from the North and South of the Mediterranean, rather than specific regional development goals.

4.2. STRUCTURING CONSULTATION A) BETWEEN DECENTRALIZED AGENTS AND B) WITH THE STATE

If institution mapping and capacity development seem fundamental to a coherent DC strategy, **the structuring of decentralized agents and the creation of fora of dialogue** between them and the official agents of cooperation (administration, Commission) seem equally indispensable, for four main reasons:

- 1) **The number of NGOs, grassroots organisations and associations of all kinds in the Southern countries has risen astronomically** over the last ten years. The associative fabric is now extremely complex. It is therefore particularly difficult to know who's who and who can do what, and with what legitimacy. At all events, it is difficult to see how the administrations of the countries involved and the Delegations of the Commission could deal with hundreds of NGOs and other types of agent.
- 2) Non-governmental development agents generally have little or no tradition of working with the public authorities, whether at national or local level. There is often a **climate of mistrust** in relations between these parties. It is therefore useful to create consultative fora so that they can get to know and understand each other.

- 3) A true participation of society in the development process cannot really take place without **dialogue** about development strategies and policies at national level, priorities at the local level and the form of partnership operational between the agents (see the example from Ghana at 4.2.2.).
- 4) If one really wishes i. to obtain **joint efforts** from different partners in a particular geographical zone in favour of local development and ii. to attain coherence in the interventions, structured dialogue at this level is clearly indispensable.

These different elements indicate the need for a form of organisation of the decentralized agents that allows them to dialogue with the State in structured fashion, through coordinating structures and on the basis of common and representative platforms. Various experiments currently taking place (examples are presented below) show that broad and yet effective inter-institutional consultation is possible. There is a will in certain governments and civil societies to establish constructive dialogue and thus a genuinely participatory form of development. **Donors should take pains to support this process** (and to dynamise it if they can and are invited to).

4.2.1. Sense, content and limits of consultation

First and foremost, the objectives must be defined (general and specific) for the consultation between agents, and the themes of the discussion marked out in order to increase the chances of quickly arriving at concrete results. It is also important to specify the limits of consultation and clearly indicate the functions that must be assumed by a consultative body. These functions will be most notably those of dialogue, consultation, coordination, etc.

On the practical front, it is wise to **dissociate 'simple' consultation** (consultation, dialogue, coordination) **from other basic technical and decision-making functions** (identification, instruction, selection, execution, and monitoring) which belong to the consequences of consultation. These are **specific consultative functions on the one hand and executive ones on the other**, and each requires different fora and ways of working. However, it is the needs of the context that will ultimately determine the kind of structures needed.

It is important - obviously - to rationalise proceedings and only develop further fora when the functions that they are to fulfil are clear and essential to the operation. If precise functions are not allocated to them in a larger organisational perspective, they can be costly in both human and financial resources and largely irrelevant to decentralized cooperation.

4.2.2. An integrated approach to the different levels of consultation

According to a recent CIDA study, the sustainability of development actions requires articulation between three different levels: macro, meso, and micro.

- **The macro level corresponds to the political level** for which three basic components have been identified, that is, democracy, respect of human rights and good governance, which includes bringing various agents from civil society into the management of development. These three components are prerequisites for the establishment of sustainable participatory development at other levels. Actions at macro level thus have as their objective the creation of a favourable environment for actions at meso and micro levels.

- **The second level is the meso level, that of institutions** (decentralized administrations and service organisations) **and of capacity development.**
- **The third is the micro level** where the objective is **the empowerment of the population and its organisations, and of participatory projects** implemented with them.

The CIDA projects which have proved most sustainable have been those which have developed the participatory approach at micro level while maintaining their connections with other levels.

For example, in Ghana, a water-supply project worked simultaneously at the level of i) general water supply policy and norms, ii) capacity enhancement and strengthening the various institutions involved (in particular the national distribution company and its decentralized branches) and iii) communities and individual users. The project made it possible to create a forum for exchanges of opinion and consultation so that good contacts were established between the different levels.

It is important to avoid partitioning consultation between levels. Consultation must become established between the different levels in integrated fashion, and, according to the different modalities proper to each phase of the project cycle, constitute a sort of compromise between top-down approaches (which DC is intended to counter) and bottom-up approaches, which are better suited to participatory development.

On the other hand, at meso and micro levels, a form of horizontal consultation between the similar levels of region or of administrative sub-divisions can fulfil more specific functions, such as the coordination of sectoral or regional elements.

The type of structure to establish/activate and the level at which a consultative forum can effectively function will depend on the form and effective level of the decentralization of the State. Depending on the country and the degree of progress made in decentralization, the decentralized administrative entities will be at different levels: meso for the district (normal in Anglophone countries), micro for the municipality (normal in Latin American countries). Zambia presents an interesting example of the organisation of consultation between different levels of decision-making and power; there, BL 7/6430 funded information workshops for decentralized agents about the organisation of the decentralization of the State and the possible interactions with DC within the EDF framework.

District Development Coordination Committee in Zambia

Since 1991, decentralization has been a major objective of the strategy of the Zambian government. The district is the operational level of the implementation of this policy. The elaboration and the implementation of a local development programme is coordinated by a Council (composed of elected officials and senior administrative personnel), basing itself on the recommendations of a District Development Coordinating Council (DDCC).

The DDCC is formally a technical consultancy committee under the auspices of the Council, but, among other functions, it constitutes a forum for dialogue and coordination between local authorities, ministerial functionaries at district level, donors, NGOs and communities. DDCCs are currently being established and will gradually become operational. Some suggest a stronger DDCC with wider prerogatives, in particular that of examining and approving funding requests and undertaking the monitoring and evaluation of projects. In that case, it would be best if the DDCC's actions were supported by locally managed financial input.

A Central Direction Committee will include donors, representatives of NGOs and other organisations, including Local Councils through the Zambian Local Government Association, and the Government through the National Authorizing Officer. Its principal functions will be to define a framework for decentralized cooperation, develop clear policies and guidelines for DC, ensure the monitoring and evaluation of policies, and supply capacity development support to persons and institutions involved. This Central Direction Committee should also have overall responsibility for disbursements.

In Zambia, consultation at district level seems to underpin decentralized development. Some anxieties have been expressed as to the balance of effective representation within the DDCCs (insufficient representation, it seems, of NGOs and civil society). The structures proposed are interesting consultation fora at two levels (macro and meso taken together). The role of the DDCC goes beyond that of simple consultation; it is a mixed body ensuring consultation and possessing certain executive prerogatives. It will be of interest to base decentralized cooperation actions on such structures as soon as they become operational. In the interim, this decentralization process requires effective support and resources.

4.2.3. Consultation guidelines

Overall versus sectoral or thematic approaches

Consultation can be sectoral/thematic or inclusive in scope. At the national level, it is tempting to aim for an overall approach, which is better suited to integrating and coordinating the main principles and different sectors that must be taken into account while planning. In ACP countries, a broad consultation of decentralized agents as to the priorities for an indicative programme should anyway take concrete form as a result of the Joint Declaration that appears as an annex to Lomé IV.2.

However, an overall/national consultation runs the risk of getting bogged down in debates about ideas and political conflicts, and not producing concrete results. The most pragmatic way of working might be to organise sectoral/thematic groups divided along traditional EU cooperation thematics, relative to which the EU possesses a certain experience and 'comparative advantages'. This would not rule out temporarily expanding the remit of the sectoral/thematic groups to other questions, so as to avoid being confined to excessively limited visions and to maintain an integrated approach to the problems.

Considering the complexity of implementation of decentralized cooperation and the inherent constraints of the process (among which should be numbered the limited capacity of the non-state agents to prove themselves effective interlocutors, even in consultation), it is no doubt wise from a methodological point of view to experiment first with intermediate or regional levels (meso-micro). This makes it possible to test the capacities of the interlocutors from different interest groups (e.g. unions, NGOs, LPAs, etc.) to work together and arrange coordination (in the form of seminars, for example).

Nevertheless, a more general and inclusive form of consultation (or one at national level) - which should confine itself to questions about precisely how to work together within EU DC actions - is likely to prove necessary.

Consultation on the basis of themes rather sectoral priorities

The strict sectoral approach runs the risk of partitioning off other concerns and makes it more difficult to solve a given problem through an overall intervention. Efforts should therefore be concentrated on more general themes (e.g. rural development, the role of women, the management of natural resources, etc.) on which the necessary consultations and coordinations should centre. This reduces the risk of forcing all such concerns into the restrictive sectoral sausage-mould.

The DRU (Rural Development) Group in Bolivia

The DRU Group is a non-official consultation forum for rural development. It was created in 1990 at the initiative of the MACA (Ministerio de Asuntos Campesinos y de Agricultura [Ministry of Rural Affairs and Agriculture]) to remedy difficulties in organising and rationalising rural development proposals. Initially made up of representatives of governmental bodies, of cooperation agencies (including the FAO, Dutch Cooperation, Swiss Cooperation, etc.), the Group was expanded in 1991 at the request of the latter, to include the national coordinations of the different NGO networks.

The objective pursued via the DRU is to promote and facilitate at central and regional level the formation of inter-institutional bodies of technical character to support public sector agriculture in general and the MACA in particular in the management and orientation of problems connected with rural development. It is intended to explore new proposals which might lead to new and more suitable strategic conceptions, which would better serve the interests of the small producer: the Bolivian peasant. DRU is also responsible for setting up relations between the different areas of rural interest and the State entities responsible for these sectors. The Group works, for example, on the theme of credit with the Fondo de Desarrollo Campesino [Rural Development Fund], criticising government policies that deny the peasants access to credit. One of the weaknesses of the Group is the lack of direct representation of the social sector involved, whose interests are currently defended by NGO networks.

4.2.4. Establishing consultation structures

Building on existing structures

In each country there are formal and informal consultation fora, working at different levels and enabling people and institutions to enter into dialogue. Recourse to existing structures is generally recommended, unless historical factors make participation in them impossible for a particular kind of agent. Identifying initiatives and potential in the matter of consultative fora or structures is a natural first step in the overall identification of decentralized cooperation operations. It is therefore advisable to examine how the existing fora and structures function and to evaluate the extent to which they can play a role within the framework of decentralized cooperation. In some case a broadening of the participation base, a greater openness towards the decentralized agents may suffice to impart the needed dynamic to the existing structures.

Participatory planning in Mexico

PRONASOL, the programme of war against poverty set up by the preceding administration, was based on a process of decentralizing social policy and on participatory planning and

consultation structures at four levels:

- a) population : Committees
- b) population/municipalities : Coplademun
- c) population/State authorities : Coplade
- d) civil society/Federal Government : Consultative Council

The consultation and planning function is performed by the general assemblies of the Solidarity Committees at popular level, by the Coplademun (authorities and representatives of the committees) at municipal level, and by the Coplade at State level. The latter brings together various public institutions (State and Federal) and the representatives of municipalities and society (associations and private sector). These consultations have the power to analyse proposals and to classify them in order of the priorities applicable at the relevant level (committee, municipality or State). The State effectively has the power to decide which actions shall be realised, as the federal administrations only review the technical side of the proposal and add their seal of approval.

The fourth level of consultation, the Consultative Council (CC) is composed of persons nominated by the President of the Republic. The CC can summon those responsible for the Programme and issue recommendations to them, to the relevant Ministry, and to the President. It also chooses the themes and the points that it will deal with. It has no decision-making power, only a consultative role.

The problem with a system of this kind is that neither funding nor policy are planned in this way, only a small part of expenditure. Moreover, this set-up does not put the programme out of reach of arbitrariness and clientelism; the President exerts strong control over the CC.

Nature of consultative fora (in/formal, permanent/occasional)

A consultative forum can be official or not; it can have a permanent structure or be occasional (seminars, workshops, conferences). The type of structure required varies with the objectives and functions it must carry out. An informal structure has certain advantages in terms of running costs and a certain institutional flexibility, but its major disadvantage is that it is often occasional, and is therefore unfavourable to the continuity of inter-institutional dialogue. It can however be expected that the organisation of occasional consultative fora will lead to the establishment of a more permanent consultative structure, thus facilitating the necessary dialogue between decentralized agents.

Launching decentralized cooperation in Zimbabwe

Four workshops of information and awareness-raising about decentralized cooperation were organised during 1994 in 4 regions of the country, with the financial support of the EU (BL 7/6430 for the promotion of DC). Their objective was to promote dialogue between decentralized agents and establish methodologies and tools for working in common. Whereas the first three seminars were consultative and informative, and designed to cover the 10 administrative provinces of the country, the fourth was intended to attract participants on the basis of their national profile and their capacity to take decisions and make commitments. During these seminars, the National Authorizing Officer, the Commission's Delegate and the representatives of the decentralized agents examined in detail the ways in which DC could be implemented in Zimbabwe. The representatives of the international donor NGOs based in the country were also invited to consider this.

A provisional outline was proposed (it was not official). The system was organised at different levels horizontally and vertically. At grassroots level, organisations are grouped according to

their sectors of activity. Within each region, representatives of each of the sectors (NGOs, local authorities, private sector, informal sector, confessional organisations) were brought together in 4 Regional Committees. The Regional Committees are coordinated by a National Secretariat. Dialogue between the National Authorizing Officer, the Delegate and the decentralized agents takes place within a Steering Committee which should include two National Liaison Members elected by each Regional Committee. It is expected that a working group, created in the wake of the fourth seminar, will produce a definitive outline.

This type of process provides a (probably decisive) push towards the creation of a permanent consultative forum. It allows discussion to be begun and the process to be started. However, it did not directly attain the desired result. It seems that the difficulties involved in entrusting such a task to unprepared non-state agents, who did not have a good knowledge of the more arcane pieces of state procedure or of its official jargon (see 2.3.2. and 2.3.3.) were under-estimated. **This experience highlights the importance of specialised support groups** when establishing a consultation process - and, indeed, if the agents express the desire, for European technical assistance.

We further note that many similar such workshops on decentralized cooperation have been organised (especially on the basis of BL 7/6430 funding) in a number of non-ACP and ACP countries (ACP: Barbados, Burkina Faso, Haiti, Senegal, Gambia, Zambia, etc.).

Organising an institutional framework

To commit oneself to decentralized cooperation requires the administration of the country and the Delegate of the European Union to be able to deal with broad representation of decentralized agents and not work on the basis of individual contacts. It is therefore essential, in countries where this is not the case, that the decentralized agents should be able to set up frameworks of institutional representation and acquire legal recognition. This is all the more important in countries where there is a multitude of small organisations, which have little or no structure of their own, and which it is all but impossible to assemble around a table.

One condition governing the establishment of consultation with the State and the creation of a system of decentralized cooperation would thus seem to be the **existence of one or several structures within which the full range of decentralized agents could be represented**. In many countries and regions, NGO platforms ensuring the coordination and representation of their members already exist and could form the basis of such a consultation structure.

Local or regional public authorities and other institutional agents could also play a role in such bodies, but **will probably find that they need their own structures of representation**. At meso or micro level, consultations by this kind of agent should eventually lead to the creation of local or regional structures integrating the representations of the various agents: structures able to propose a programme of action and to which management/ coordination could be entrusted.

At the central level, the establishment of Directing Committees of the kind that are being prepared in Zambia, including the EU, the country's authorities and the representatives of the decentralized agents, could constitute a forum for dialogue about decentralized cooperation.

In terms of possible configurations, then, the **following set-up** is conceivable:

- **intermediate level consultation fora** (meso or micro) bringing together all the decentralized agents and the representatives of the grassroots, which would be occasional to begin with (conferences, as in Zimbabwe), but would lead to the establishment of permanent structures (as with the DDCC, Zambia);
- intermediate fora would be articulated with a **permanent consultative forum at the macro or central level** (Steering Committee, or Consultative Assembly style) dissociated from decision-making or executive structures; this would be a forum where the Government (the National Authorizing Officer and other representatives), the local powers, the Commission (Delegate, experts), the representatives of other bi- and multi-lateral cooperation bodies and the representatives of the associative sector could consult each other and ensure the coordination required.

One situation favourable to the implementation of DC operations might be to bestow specific resources on specialised consultative structures or bodies, whose function would be to ensure participatory planning at local level. This would provide a first and essential level of participation. In this system, the consultative body would find its natural completion in a decision-making body on the one hand and executive structures working on participatory modalities on the other. The DC operation would then consist in support for an existing and legitimate decentralized initiative which conformed to national priorities and possessed a recognised legal status, but which, should it lack means, would have its capacities reinforced.

The EDF Programme of provincial development in Puerto Plata in the Dominican Republic offers a good example of a consultative body that has converted itself into a structure for the execution of projects. This consultative body, the Foro Social (which brought together public and private sector institutions, commune organisations and provincial development bodies), created a Provincial Technical Office (PTO) initially intended to counsel the public and private sector in the definition, programming, execution and monitoring of plans and projects for socio-economic development in the province. To this PTO the execution of the EDF programme was naturally entrusted, under the supervision of a Board of Directors within which were represented local and regional bodies and institutions, local administrations and associations, the private sector, the National Planning Office (NPO), the EU Delegation and those directly responsible for the execution of the programme. The President of Foro Social presides over this Board.

The NPO decided to take the experience of Foro Social and of the PTO of Puerto Plata as a reference for the establishing of decentralized planning bodies in other provinces of the country.

Agents' capacities

One of the problems that generally arises when consultation procedures are being initiated is the limited capacity of the local government agents but more particularly of non-governmental agents to take effective part in this process. This returns us to the question (which we have already mentioned) of the reinforcement of the capacity of the agents to handle the content of a consultation, of the need for initial guidance and perhaps technical assistance.

After needs have been identified (see 3.1.) it will thus be necessary to offer information and support to officials of local authorities, professional organisations, NGOs and other associations (specific proposals are made to this end at 5.4.).

Mistrust among agents

This is a difficulty that the World Bank (WB), for example, found itself facing in many countries during the design and implementation of Social Funds, for which it considered NGOs the most suitable partners. To get over the reciprocal mistrust felt by the NGOs towards the government, but also towards the WB itself, the Bank suggests various actions. These actions should become part of future EU DC programmes involving decentralized agents:

- **Consultation:** associate the NGOs as early as possible with the design of the programme.
- **Non-interference** in internal affairs and financial management: the only thing that the management structure of the programme should concern itself with is that each organisation meets its commitments and displays the necessary technical competence.
- **Transparency:** the programme must operate in effective and transparent fashion.
- **Personnel:** it is important that some of the employees of the programme have already worked for or with NGOs.
- **Promotion:** a campaign of active promotion may be an important element for informing the NGOs about the programme and convincing them of its independence and integrity.

Deadlines

It is important that, in ACP countries, practical mechanisms are approved by government, Commission, and decentralized agents in time to be operational for the negotiations for the second National Indicative Programme of each country under Lomé IV, when it is expected that a significant part of the available budgets will be allocated to decentralized cooperation.

It is, however, dangerous to base a strategy of DC implementation on the success of this process of structuring the decentralized agents and of dialogue with the public authorities and the Commission. These processes may indeed take a lot of time and quite simply prove unsuccessful thanks to disagreements between different types of agent. It is clear that mistrust exists between different types of agent and that there is a form of competition between agents of the same kind. To this extent, positioning strategies will develop and are developing which will have an effect exactly contrary to those that we seek. For this reason, in Chapter 5 we suggest alternative forms for DC operations. On the other hand, it is important to pay close attention to the structuring and dialogue process taking place in various countries.

4.2.5. Consultation among Northern donors

In the context of the relations between donors active in the same region, in the same countries, or vis-à-vis the same partners, dialogue and consultation with a view to fine tuning the coordination of common or similar actions is no less essential than consultation between local development agents. The Maastricht Treaty on European Union insists on this aspect in its Article 130 X dealing with development cooperation:

- *The Community and the Member States shall contribute their policies on development cooperation and shall consult each other on their aid programmes.... They may undertake joint actions. The Member States shall contribute if necessary, to the implementation of community aid programmes.*
- *The Commission may take any useful initiative to promote [this] coordination.*

This provision was integrated into Article 9 of the regulation concerning technical cooperation with the ALA countries, which stipulates that cofinancing of projects/programmes by Member States or other donors must be sought through greater coordination, while maintaining the community aspect of the aid.

This consultation and coordination between donors is still further justified in the context of decentralized cooperation:

- the criteria and demands which must be defined in advance relative to the local context in planning DC operations will be easier to impose on the decentralized agents when they form part of a principled position adopted by several donors;
- obtaining EU funding should not be perceived as an opportunity to escape the tighter controls that might be imposed by other agencies, nor should the reverse be true;
- finally, coordination between donors seems necessary if a critical mass of interventions is to be reached, without which there is no significant impact at macro level.

It should however be recognised that, in the field, coordination between donors is often difficult to practise effectively⁵.

Among positive experiences, we note an interesting attempt to coordinate cooperation, initiated by the European Union between its Delegations and the Member State cooperation units. This initiative currently works with 6 countries with which the EU has developed closer cooperation links. Meetings are organised monthly, presided over by the country whose turn it is to occupy the EU presidency. In Peru, for example, 4 working groups have been constituted dealing with 4 cooperation areas which are considered priority ones and in which there is European involvement. In effect, only countries that have a project connected with the relevant sector take part in the working groups. Some countries find them of greater interest than others, as they are more directly involved relative to the sectoral definition. Others seem quite uninterested by this initiative, but in certain cases this can probably be put down to a communication problem (lack of information).

After years of informal relations, the donors of Proshika (Northern NGOs and Government Agencies) have decided to organise themselves into a consortium during the 4th five-year programme of this Bangladesh-based NGO. The donors and Proshika are members on equal terms. Since 1993, this consortium has had a permanent office. Its functions are those of coordination and interface (see 5.3). Monitoring of activities, planning of evaluation missions (and other technical missions when necessary) and financial control are conducted by the office in coordinated fashion for all the PROSHIKA programmes. The consortium office also assumes responsibility for communication between PROSHIKA and its donors.

This aspect of coordination is essential. A single report is produced for all the donors, evaluation missions are organised jointly, etc. This type of agreement between donors has the merit of eliminating duplication (along with the inevitable loss of time and money implied) and the contradictory demands (or recommendations) of the experts mandated by the different donors.

5 Examples of such dysfunctions: in the ALA programme 'Drinking Water in the Lima Shanty towns' (which was studied for this work) the European expert, for whom French cooperation had responsibility, was sent before the funding agreement of the programme had been signed. This is a good example of lack of consultation between Member States and Commission. Another example is the failure of the EC/French Cooperation Steering Committee, a forum for consultation and coordination whose creation was agreed by both parties within the framework of the same ALA programme.

4.3. EDF INDICATIVE PROGRAMMING

With the EDF framework, besides the two preconditions dealt with in this chapter, the first stage in the process of funding DC actions is the Indicative Programme for each ACP country.

At present, a new Lomé Convention has been agreed by the different partners, the financial envelope has been determined, and indicative programming operations are just beginning: the 8th EDF should thus begin soon.

Two questions arise at this stage of operations:

1. How can the priorities of society and its representative institutions be taken into account during indicative programming? This is a fundamental point, and one which will influence the perception that decentralized agents have of their future roles in DC (instrumentalisation)
2. How should the functionaries and Delegations involved set about writing their desires for decentralized cooperation into the indicative programming?

4.3.1. Consultation on national priorities

Within the framework of EDF programming in the ACP countries, when the National Authorizing Officer outlines the National Indicative Programme, consultations are organised with the different ministries and departments involved before submitting the project to the Commission. However, it seems that, for the most part, little scope is offered to the organised agents of civil society to intervene in this process. **The involvement of these agents in the programming phase would nevertheless be essential** in the perspective of their taking part in a DC programme (defining clear procedural rules for future collaboration), and still more important **as a way of ensuring that the aspirations of the population are placed at the centre of the policies being worked out**. The lack of consultation in both the preparation and execution phase can be considered an important factor in the dysfunctioning of cooperation programmes.

Senegal is a country in which, after the first Harare meeting between African NGOs, National Authorizing Officers and Commission Delegates, meetings were organised with a view to discussing the priorities of the 8th EDF, the transformation of MPPs into DCPs and the conditions for NGO participation in these programmes. Similar consultations also took place in Zimbabwe. For the moment, these consultations shows that this type of dialogue, which is highly politicised, cannot be improvised, and must be constructed little by little over time.

Decentralized agents will often have to **exert pressure** to make themselves heard by the authorities, and should be supported in this by the Commission representatives in the country and by donors. They should combine their efforts in order to make their expectations known to the government, more particularly during the programming phases. The National Authorizing Officer is the key person in this process, but it may also be useful to **solicit the support of other government departments** working in the relevant sectors (e.g. ministries working with NGOs in the health and education sectors). At the same time, **local or regional representatives** (parliamentarians, community representatives) who are in regular contact with the authorities **should also be requested** to support the initiatives in favour of decentralized programmes. All this obviously supposes a set of circumstances in which the legitimacy, will, and real capacities of the decentralized agents have a central role.

In this respect, it is important to emphasise that the **Joint ACP/EC Declaration** which appears as an annex to the new Lomé Convention IV (2) (see 2.1.1.) states that the ACP countries will make every effort to:

- organise exchanges of view between the authorities and the decentralized agents in order that the agents should be able to express their opinion on national priorities and on initiatives of their own for which they wish to obtain support;
- supply, jointly with the Commission, information on the results of the programming and on the implementation modes of the National Indicative Programme.

It should be noted that the Joint Assembly of ACP/EU parliamentary representatives has just declared its support for the implementation of the ACP/EU Joint Declaration in its Resolution of 28 September 1995 requesting association of the non-governmental sector in the planning of the use of programmable aid within the framework of the Lomé Convention.

4.3.2. Writing DC into National Indicative Programmes (NIPs)

We have already mentioned the fact that the basic principles of decentralized cooperation can be applied without distinction to:

- urban or rural areas
- all sectors of conventional aid intervention in the economic or social fields;
- the more or less standardised aid instruments (MPPs, RDPs, etc.).

We also pointed out in Chapter 2 that there are various forms allowing the introduction of a DC approach in EDF-funded interventions. In particular, decentralized cooperation can:

- come under specific programmes (identified as such);
- be used as a method in existing or future programmes, by drawing the decentralized agents into participation in the realisation of objectives written into the indicative programmes (e.g. in the context of conventional sectoral or integrated rural or urban projects);
- be allocated a financial envelope within the indicative programme reserved for the funding of decentralized initiatives.

From the 7th EDF on, it seems that all NIPs referred to the need to support initiatives from persons or groups in the framework of DC. A third of these programmes repeated this guideline in the framework of an outside focal sector or priority sectoral approach. In terms of indicative programming for the 8th EDF, it will therefore be necessary for this procedure to be reiterated, so that the DC preoccupation be clearly present in future NIPs.

Again, given that it is a different approach to development cooperation, **this presumption in favour of decentralized cooperation should refer to all the policies and programmes making up the NIP priorities, and not just one or more individual sectors.**

Writing DC into NIPs has strong implications for the content of the actions that will be funded. Although the basic choice is, via the DC approach, to support local initiatives, these help to realise the overall objectives defined in the NIPs. These initiatives can be complementary to the NIP priorities, or even slightly outside them, as long as they are coherent with the national policies in this area. In this respect, Article 281.2.f is particularly important, as it explicitly requires ACP States to specify in the NIPs: *"resources reserved for projects and programmes*

outside the focal sector or sectors, the broad outlines of the multi-annual programmes referred to in Article 290, as well as an indication of the resources to be deployed for each of these elements".

In practice, this should take the form in the NIP of an **indicative financial envelope** reserved for decentralized cooperation. The use of this envelope will thus result in ad hoc programmes within more conventional programmes or stages thereof.

However, the existence of such envelopes sometimes runs counter to Member States' requests that the NIP be rapidly initiated; the more specific a package (relative to a theme or sector), the more difficult it is to give it concrete form. Besides, if problems appear and the project/programme cannot be executed, the sums reserved for it cannot be used. These envelopes therefore have a 'political' usefulness, in that they allow dialogue with the National Authorizing Officer to be initiated, but they should not be a main focus. It would be better to use objectives and percentages as the basis of discussion with political officials.

We should point out that an internal instruction note prepared by Unit VIII/B/2 offers 'Guidelines for the introduction of decentralized cooperation into NIPs'. The question of how this approach involving DC specified in the NIP should be implemented in programmes/projects will be dealt with in Chapter 5, in the form of either specific programmes or as a method in more conventional projects/programmes.

Here we consider a series of transversal aspects which should constitute the scaffolding of future DC operations, whether in ACP countries or in Developing/ALA countries. We shall talk about the priority themes for intervention, the forms of projects/ programmes, the institutional and operational set-ups, programme follow-up measures and programme financing proposals. Aspects particular to Developing/ALA countries will separately considered (funding proposals for example).

Various areas of intervention, various kinds of approach, institutional set-up and intervention coordination were observed during the study missions in the field and surveys realised for this work. In Annex 3, brief descriptions of the projects/programmes that we visited, which characterise them in terms of certain basic aspects of the decentralized approach to development (origin and development of the idea of the project, support measures, intensity of participation, instruments, etc.) are presented in the form of case studies.

5.1. INTERVENTION AREAS AND GUIDELINES

The European Commission has decreed **three major themes** for which decentralized cooperation actions can be undertaken:

- **democratisation of society;**
- **political and administrative decentralization;**
- **grassroots development.**

These three themes are sufficiently broad for the majority of the initiatives emanating from the States (on condition that they favour democratisation and decentralization) or societies of Southern countries to be accommodated in future DC operations. The themes suggest that DC operations might involve the following areas:

- ***Support for an environment favourable to the reinforcement of civil society (democratisation) and administrative decentralization:***

Political dialogue with the institutions of civil society; support for the improvement or creation of a legal and administrative framework; support for municipalisation; support for consultative planning at local level, etc.

- ***Institutional support for key agents***

Selection of the agents with determinant role relative to a priority theme, and programmatic and overall support in the medium and long term, with the goal of reinforcing their management and political participation capacities, and improvement of their effectiveness.

- ***Programmes of social and/or economic development***

Programmes implemented in some degree of collaboration with the local public authorities, depending on the context, and ideally, strongly oriented toward beneficiary demand. It is important that this kind of programme should not be limited to investment (macro or micro), but should also comprise a **element of guidance, training and institutional support** in the longer term.

These programmes could be centred around **rural or urban areas, geographical zones or specific technical sectors** (water, education infrastructures, preventative health, etc.) by adopting a **participatory approach**, that is by involving the various agents at micro, meso, and macro levels (see example at 4.2.2) and in relying on **institutions or organisations of civil society**.

More generally, they will combine several of these characteristics. Thus an urban development educational and support programme will, for example, comprise:

- **actions of public utility** of the 'support for local development' kind, intended for the advantage of the population as a whole, or at least accessible to everyone (public works), not necessarily profitable in the short term but justified by their social utility and their capacity to facilitate activity creation;
- **actions generating revenue and employment** of the 'support for entrepreneurs' kind which pursue more marked objectives of economic profitability.

It should be noted that these **areas of intervention can also constitute chronological stages** of the implementation of a coherent policy of decentralized cooperation: in this framework, it seems sensible to begin actions at overall level, while favouring democratisation and decentralization, and subsequently to reinforce a certain number of key institutions on which one can later rely for the implementation of actions of social and economic development favouring the population. However, in practice, it will probably be inevitable, if one is not to disappoint the expectations of the population and in order to ensure the visibility of the DC approach, to begin directly with tangible development actions.

However, as we have seen, decentralized cooperation thus runs the risk of being limited in its objectives and being confined to the status of a new form of funding for small, isolated actions; of becoming a sort of funding-counter for small initiatives. In short, there would be the temptation of confining DC to the Micro-projects pattern (non-coordinated initiatives, assistance-oriented approach to aid and contributive approach to beneficiaries). Whereas it is clear that, as defined in its basic principles (see 1.3), **DC possesses the potential to aim for a much more ambitious and coherent approach to development, on the basis of a participatory procedure that imparts responsibility**.

In this perspective, if opportunities arise (as in the Dominican Republic, see 4.2.4.), it seems worth attempting to give priority to the notion of **local development**, by concentrating interventions in a single territory, the populations of that zone, and the key institutions of that population.

Local development: some guidelines and definitions

The many dimensions of a normative model of local development might be¹:

- 1) To seek greater autonomy for a territory relative to external centres of decision and external constraints:
 - => valorisation of local physical and human resources;
 - => reference to an endogenous development model;
 - => delimitation of the relevant territory (economic zone);
- 2) Improved connection of the economic, social and cultural:
 - => overall or integrated development project;
 - => better distribution of the fruits of growth (human development);
 - => principle of equity and human justice;
- 3) Improved integration of the economy into the ecosystem:
 - => sustainable development model.
- 4) Improved participation of the populace in the local development project and its realisation:
 - => democratic model;
 - => decentralization principle;
 - => relevant territory of everyday democracy.
- 5) A cooperative strategy emphasising solidarity, thus differing from a strictly individualist and competitive model.

Another approach could be envisaged relative to the practices of agents:

- 1) Provisional definitions of the empirical model.
 - ◇ All local agent mobilisation processes on a territorial basis.
 - ◇ Implementation of an overall project, normally in the framework of inter-commune cooperation, bringing together the economic, social and cultural aspect of development.
- 2) Elements constitutive of a dynamic of local development.
 - ◇ A territory or 'spirit of place'.
 - ◇ Agents and agents of development
 - => Mobilisation of agents in the framework of a policy of local development.
 - => The role of the local authority.
 - ◇ Creation of synergies between functional and relational networks.
 - ◇ Intersection of territorial (horizontal) and sectoral (vertical) logics.

The concept of local development should not be taken to refer exclusively to micro level: this approach may concern a homogeneous region or a large administrative subdivision (province, **département**, states within a federal State, etc.). Moreover, as we saw at 4.2.2, the intervention

1 Following writings of Professor M. Parodi, in CCFD & TOUIZA, "Méditerranée deux rives solidaires", CCFD - TOUIZA, Paris, 1996, pp. 121-135 (see author bibliography).

envisaged must be articulated with actions at other levels (meso and macro). Several points suggest that this latter approach should be favoured, for example:

- joint efforts by various agents;
- coherent interventions on the basis of plans made by consulting agents;
- critical mass of interventions allowing a significant impact;
- improved monitoring and control of interventions;
- diminished logistical costs of follow-up.

5.2. SPECIFIC DECENTRALIZED COOPERATION OPERATIONS

5.2.1. Fundamental characteristics

In practice, DC programmes must be able to respond to local initiatives of various degrees of scale and coherence (according to the level of development and structuring of civil society and the results of consultation at local level) and involve maximum participation by the decentralized agents in the different stages of the actions.

Decentralized initiatives

These are **projects/programmes whose initiative comes as far as possible from the population and decentralized agents**. It is therefore important for **the main donor to adopt a reactive rather than proactive attitude**. In community cooperation, three types of intervention can be distinguished from this point of view, according to the level at which bottom-up development initiatives encounter aid supply.

- ***Conventional programmes*** (Rural or Urban Development Programmes, Micro-project Programmes), with central initiative, a conventional project cycle and contracted project managers, but applying certain basic DC principles. In this case, the aid programme undertakes a procedure intended to discover initiatives emanating from the grassroots (micro level);

In Guinea-Conakry, the Rural Development Programmes of Upper West Guinea and Maritime Guinea were designed as fairly conventional EDF programmes. Nevertheless, the implementation was entrusted to European and local NGOs, who are supposed to respond to demands from the target-groups in the intervention areas considered by the programme. Moreover, non-allocated budgetary envelopes have been reserved for Micro-projects peripheral to the programme but nonetheless necessary.

It should be noted that the transformation of conventional programmes often proves difficult, because the combination of the need to guarantee results and the centralised traditions generally defeat the will to innovate. These interventions work more on the logic of a 'contribution' by the beneficiaries to the actions in which they take part; they are in danger of becoming confined to an 'aid-counter' at which non-coordinated grassroots initiative applications are made.

The Smallholders Development Project at Mpongwe in North Zambia, was a conventional rural development programme in 26 villages (small communications infrastructure - bridges and tracks - and improvement of agricultural productivity). From 1991, participatory research

undertaken with the peasants was introduced, and in late 1993, the entire project was reoriented towards community development. The project's efforts are now centred on the training of village organisers emphasising the non-directive approach that the latter should apply in their discussions with the villagers. The village assembly is in the process of becoming the community's forum of reflection in which decisions concerning the village's future are made. With the aid of educators, the villagers are encouraged to explore the totality of their resources and take initiatives aimed at turning them to use. If necessary, they can receive support from the project itself, or from the Micro-project Programme, which is very active in Zambia. At the same time, savings and credit clubs (based on the Grameen Bank system) have been created in most villages in the project. Many women have used this to begin small businesses and activities of transformation of agricultural produce (for example, buying sorghum seed, grinding it and selling it as flour).

- **Convergent DC programmes**, with a central initiative and conventional project cycle, the programme taking into consideration at some point an organised initiative of society (meso level);

In the Dominican Republic, the EDF had intended to carry out a development project in the Puerto Plata. At the same time there occurred in the province a broad-based consultation between local agents. This consultation was equipped with a technical advice bureau for the various agents public and private. In this case, the EDF initiative encountered a structured initiative of that society (this example was described in greater depth at 4.2.4).

- **Bottom-up DC programmes**, with the promoter/interface proposing its programme to the donor (macro level). In this case, the aid programme would not have existed without the external proposition.

In Cameroon, a French NGO undertook the task of dynamising local support NGOs active in urban areas, so that they were in a position to provide services to the population. It then designed, in collaboration with the NGOs, a support programme for small economic initiatives in 5 towns and presented it to the EDF. Favourable circumstances (money remaining over from Lomé IV, agreements with the ministries involved, the agreement of the NAO and the Delegation) meant that the EDF agreed to finance the programme with the French NGO as operator.

In the first two cases (convergent and conventional programmes), the programme initiative came from the Commission or the State; in the third, the initiative for the programme came from one or more of the decentralized agents.

Participation of decentralized agents

These are programmes which, whatever their origin (State or decentralized agents) **highlight the participation of the populace concerned and the local agents at all stages of the process**. This intensity of participation will constitute a fundamental characteristic of the practice of the decentralized cooperation process.

It is important to note that even in the two cases that we have just cited, in which the initiative for the programme comes top-down (convergent and conventional), and in spite of the constraints described, it was possible to adopt and apply (with varying degrees of intensity), the basic principles of DC at the level of operators and beneficiaries (as regards the actions to be undertaken, for example). This would mean a strategy of responding to local initiatives,

reinforcing the capacities of a range of agents, reinforcing civil society, support for democratisation, a participatory approach, autonomy for the operator, flexible procedures, etc.

The origin of the initiative of the programme should not therefore be considered as a factor predetermining **the intensity of participation** in the action. The participatory aspect of an operation will depend as much on the working methods of the structures responsible for identifying actions and implementing them than on the origin of the initiative. This again highlights the importance of the phase of identification or inventory of potential partners, mainly according to criteria of capacity, competence, democratic working etc.

5.2.2. Typical cases

The census carried out by Unit VIII/B/2 and the study missions performed for this work show that **there is no single form of operation with decentralized cooperation**. We have already highlighted on various occasions the fact that decentralized cooperation is a different way of practising development cooperation rather than a specific instrument of cooperation with a well-defined matching project/programme of intervention. **DC is a concept that can be applied within most forms of intervention practised by European cooperation.**

DC operations can take very various forms, depending on the nature and degree of decentralization of the State, the institutional attitude of the local public authorities, the will to impart a participatory aspect to these programmes and the donor/EDF or Commission instruments being used.

We saw at 4.3.2 that the decentralized cooperation approach can either be the object of **specific programmes**, or be used as a **method** in existing or forthcoming programmes, or again make use of an **envelope/allocation** reserved, within the indicative programme, for decentralized agents.

In practice, two typical cases of specific CD programmes are likely to be:

- a **programme of (co-)funding of various local initiatives**, which can benefit from the simplified decision-making mechanism on global authorisation (Lomé Article 290);
- a **conventional development programme** (of support for decentralized partners, or in which the execution of actions is entrusted to these partners) following the normal decision-making mechanism on the basis of a financial proposal (Articles 288 and 289 of the Lomé Convention), with objectives and means defined in advance.

Programme of (co-)funding of various local initiatives

This would be a 'development counter' programme for local initiatives, defined in outline (objectives, intervention sector, eligibility criteria for projects and partners, methodological requirements, conditions of funding, etc.) **without (definitive) previous identification of projects and partners**. The structuring of the budget would be done by broad headings of activity or objective. In the case of ACP countries, a programme of this type would be approved as such by the Commission on the basis of Article 290 of the Convention. The programme would then finance, in accordance with predefined criteria, structured initiatives arising from society, or, if so specified, from the local administration.

These programmes will be either classified as Micro-project Programmes (MPPs, Articles 252 and 253 of Lomé) or as 'Ad hoc' decentralized cooperation programmes. The initiatives proposed are in general of small scale, but could reach a certain size, the financial ceiling for any one action being placed at 300,000 ECU (Article 251D).

The MPPs are well known to most of the ACP States and Commission managers, and can constitute an adequate 'way in', especially in ACP countries that have never been able to or never wished to benefit from them. They will however have to be adapted as a result, as the projects should, for example, no longer be limited to one year.

In both cases (adapted MPP or ad hoc DCP), the decentralized cooperation approach will mean imparting the maximum sense of responsibility to the decentralized agents, contractual relations with the donor, a participatory approach, coherence in the interventions, local consultation and planning, autonomy in project management, etc. They should also comprise **a major component of beneficiary capacity development** (empowerment, reinforcing organisational capacity, reinforcing the organisations that they create) so that the beneficiaries are well able to claim from the public authorities (national or local) the services to which they have a right in the framework of the action (e.g. construction of a school/ demanding a teacher).

The interface is akin to technical assistance, but with a different profile and different roles. It would, for example, have determining responsibilities for the appraisal of intervention requests. Unless the programme is thematically or sectorally structured (see 5.2.3.), the interface responsible for the management/coordination of the programme should be general in kind, so that the intervention requests are not confined to a limited range of 'possible' technical choices (for example, hydro-agricultural choices because the technical assistance or operator is competent only in this field). There can be one or more interfaces.

Conventional development programme

Relative to the preceding case, this is a more carefully constructed programme, set up according to standard Commission format, whose aim is a larger scale of action, which should, if possible **be designed and prepared by decentralized agents** of the required scale (peasant federations, unions, local authorities, professional organisations, etc.). It may be made up of subprojects, with pre-identification of the subprojects that constitute the overall programme. It will follow a normal decision-making mechanism: subprojects, partners and the budgets allocated to each will have been determined by the time of the funding convention. The overall budget will be structured into subprojects, with a predefined budget for each of the sub-projects/operators. On the other hand, the precise identification of the actions to be implemented in participatory fashion vis-à-vis the beneficiaries can be done while the programme is being executed.

Agreements (in the form of protocols) must be signed between the Delegations, interfaces and the National Authorizing Officer in the ACPs. These can be 'cascade' agreements: agreement between the EC/government, followed by more or less formalised agreement(s) between the government and one or more of the decentralized partners. The EC thus enters into agreement with a government, not with the decentralized partners. The agreements can also be 'tripartite', bringing together EC, government and the decentralized partner or partners.

Such direct 'tripartite' formulae have been attempted, in a limited number of cases, in the Developing/ALA country context, in which funding agreements were agreed between the

Commission on the one hand and a ministry and private organisations on the other (this was done in Nicaragua with a governmental land legalisation programme, implemented via three private operators). They remain exceptional, despite the fact that they can confer on the decentralized partners a direct and integral participation in the programme. In the ACP countries, the Commission is an integral part of the agreement with the EDF. There can be one or more interfaces corresponding to one or more programmes.

The case may arise of a **top-down programme initiative** (see 5.2.1): this is a governmental or donor initiative which would present the characteristics and respect the objectives and the principles of decentralized cooperation². The initiative would bring together various key agents in the execution of components of activity vis-à-vis various target groups; it is vital that the decentralized agents should be associated as closely as possible with the preparation of the programme. The non-governmental partners who implement the actions (a) should themselves have a DC approach and (b) should be given the opportunity to work in a way consistent with their own objectives and methodologies. Such a programme might, for example, be intended to develop the capacities of decentralized administrative entities in the framework of an operation working on small grassroots infrastructural implementations for the population.

During the missions accomplished for this work, a programme of this kind, PRONASOL, in Mexico, was studied. The World Bank decided to support this national programme by choosing its zones and sectors of intervention; for example, it decided to intervene financially in support of the programme in 6 Mexican states, exclusively in rural areas, vis-à-vis the poorest inhabitants and only within the 'Social Funds' sub-programme (which includes support for municipalities and the setting up of socio-economic infrastructures). The components supported by the World Bank are subject to an extremely close and rigorous monitoring by its technical services concerning respect for criteria of eligibility and principles defined in common with the government.

The conventional EDF/ALA programmes (of the rural or integrated development type) might enter this category insofar as their implementation is entrusted to decentralized agents. These would be chosen according to their competence, capacities and motivation, with consideration also given to the sectors chosen and the interventions envisaged. Moreover, **open budgets** that the decentralized operators could use according to requests and opportunities, might be **reserved within the overall budget** of the project/programme.

It is this type of programme which involves the greatest **danger** of the **instrumentalisation** of the decentralized agents, as they may find themselves entrusted with tasks that distance them from their own objectives. By contrast, if, within the confines of the kinds of actions envisaged in the programme, these agents are allowed to realise the kind of intervention that they traditionally practise, and with their own methods, the danger of instrumentalisation is reduced. It would then be essential for the authorities (Delegations, NAO in the ACP countries) to check that these kinds of intervention do indeed constitute relevant responses to the needs identified at grassroots level³, and that the working methods of these agents do indeed meet a certain number of predefined criteria (approach, methods, capacities, etc.).

2 Examples of how not to proceed are provided by certain of the 'Social Funds' set up in many countries to offset the negative effects of structural adjustment. While they brought in private actors, some of these programmes have shown characteristics ill-suited to local needs (works being done that did not match real priorities) and were largely lacking in participatory methods (imposing certain kinds of implementation whose norms were defined in authoritarian and centralised fashion).

3 This precaution is of course equally applicable to the other forms of programmes.

There may also be **bottom-up programme initiatives** (see 5.1.2.); this would be an initiative proposed by one or more of the decentralized partners identified as key institutions. They would then play the role of interface between the grassroots groups (beneficiaries) and the Commission and the State (ACP countries). The decentralized partners can be supported overall or relative to a specific component of their activities (see 5.2.4.).

5.2.3. Frequent applications

To ensure coherence, and depending on the importance accorded to local development, **the overall programme** (including support programmes for local initiatives) should ideally be **geographically, sectorally or thematically structured** (geographical specialisation is obviously impossible where a programme is nationwide). The chosen sectors need not necessarily match the NIP focal sectors, as article 281.2.f indicates (see 4.3.2.).

Regional programme

This would be a programme in which a **choice would be made in favour of geographical concentration**. The intermediaries would be of various kinds (local administrations, Chambers of Commerce, associations, NGOs, unions, etc.). Interventions would tend to be integrated in character. The overall configuration of the programme would be defined during identification. The specific content of the programme (projects to be implemented) would be defined on the basis of the results of consultative planning and the establishment of priorities at local/regional level; the various operators chosen would be involved in the construction of the programme.

Sectoral/thematic programme

Here a **specific technical sector** (e.g. water supply, health, specific production area, etc.) **or theme** (women, natural resources, etc.) would be chosen. In this case, coherence would be not with the problems of a geographical zone but with a specific priority. The choice of a sectoral or thematic option would thus depend on the context of the country, the development opportunities, the national priorities or the EU cooperation programme in that country (NIP or ALAMED protocol), and local dynamics, etc.

5.2.4. Support modalities for decentralized partners

Two formulas of support for one or more decentralized partners can be envisaged, according to the objective pursued:

a. Overall budgetary support

The funding includes both the internal working of the organisation and its activities vis-à-vis its target-groups. The EC can only be one donor within a consortium of donors. The partner is broadly autonomous in the overall implementation of activities, but is strongly dependent for its existence on funding. It is therefore important, in this framework, to allow the organisation supported to 'capitalise' itself.

Through its funding, the Commission (and State, if ACP) would agree not to impose its views as to activities undertaken, services performed, choice of beneficiary, internal structural organisation, and development options. Consultations would normally take place

nevertheless on this subject with the Commission (and ACP State), perhaps at consortium level. The structure would agree to respect a certain number of priorities defined in consultation, as well as the administrative and financial procedures inherent in the funding arrangement.

The example of Proshika in Bangladesh, often cited in this document, illustrates this kind of support. The most recent 5-year programme of Proshika was financed according to a particular form of pooling of the resources of different kinds of donors: the sources meet as a consortium and pool their funds to support the overall activities of this NGO and the institution itself. This type of support has the considerable merit of avoiding the division of the programme (which would imply extra costs for the beneficiary association) but is not always welcomed by the donors, who are used to providing individualised funding or funds matching a certain part of the programme (which was what the EU did for Proshika at first).

Another similar case is that of the local NGO BRAC, also in Bangladesh.

b. *Support for a component of the activities of an organisation*

The funding is provided for a particular project, geographically or thematically circumscribed, which is only a part of the activities of the decentralized partner. This formula requires that the structure supported has its own or alternative resources for funding its own running costs. The funding is intended to allow the organisation to develop certain specific activities (and not just to 'exist'), for example, to extend projects already under way to new sectors, new target groups or new geographical zones.

The definition of the project to be financed should be in large measure the work of the partner, with more or less active participation on the part of the donor. This type of programme can, then, run the risk of instrumentalising the partner; everything depends on the form in which the partner was chosen, the partner's working methods, and the way in which the programme was defined. There is also a danger of the overall programme of the supported organisation being divided up and of this imposing extra costs in terms of resources and time. Finally, it is very difficult for an organisation to attain capitalisation in this funding framework⁴.

The demands and guarantees of the first formula are also applicable here, with this difference: that closer control and targeted technical support are less likely to be seen as interference with the working of the organisation.

Individualised financing of a single decentralized partner is justifiable only if the partner offers minimal guarantees and has the appropriate characteristics: the necessary management and execution capacities (or the possibility of rapid improvement), a participatory approach in the spirit of decentralized cooperation, and an intervention capacity covering a given geographic zone, thus allowing the channelling of the minimal financial volume justifying an individual agreement. Such private organisations (NGOs or grassroots organisations) only exist in certain countries (rarely in Africa, for example).

Where the situation or the organisation's qualities do not justify individualised funding, it would be better to include support for this body in a broader programme comprising several decentralized operators rather than to sign a separate agreement. In most cases it is possible to

⁴ For more detail on these aspects, see *Evaluation des cofinancements CEE-ONG en matière d'appui institutionnel aux organisations de bases dans les PVD*, [Assessment of EEC-NGO cofinancing in the area of institutional support for grassroots organisations in developing countries], summary report, COTA, 1993.

bring together in a single operation **several agents or key-institutions**. The programme will consist of a series of subprojects executed by different agents/ organisations vis-à-vis different target groups; this would also be a demand-driven programme in which the support organisations would have a role as intermediaries between grassroots initiatives and donors. This formula can produce various configurations and can include, for each partner, both of the kinds of support considered (overall support, or support for a particular component of its activity). It would be chosen where a series of low-volume individual funding agreements create an excessive administrative burden or the cost of technical support (if any) would be too great.

The justification for such a formula cannot, however, be limited to administrative considerations. There may be more fundamental objectives and motivations. It may, for example, make possible a critical mass or geographical distribution effect, the diversification of the agents and a consequently increased democratic pluralism, or the establishment of relations of exchange and collaboration between partners. The partners included in one and the same programme can be very diverse. They can be partners of the same kind (a number of NGOs, municipalities, cooperatives, etc.). Or different partners (public and private, e.g.) can be brought together in a single programme and complementarities and collaborations can be organised between them.

5.3. INSTITUTIONAL AND OPERATIONAL SET-UPS: THE NEED FOR AN INTERFACE

The choice of institutional and operational set-up is fundamental if decentralized cooperation operations are to respect the expectations and prerogatives of the parties involved. This question can be approached by examining the main preoccupations and expectations regarding the ethics of DC as expressed by the NGOs brought together at the Harare seminar⁵:

- mutual **recognition** of the different roles, identities and the operational independence of the agents;
- reinforcing the sense of responsibility of all the agents involved and of the participation of these agents at the different levels of negotiation in a framework of constructive dialogue;
- respect for the autonomy of the NGOs regarding their capacity for initiative and execution within the framework of contractually defined missions;
- the search for **role complementarity** in the agents and activities involved.

Clearly, questions arise about the conditions under which DC can be practised. For example, respect for the autonomy of agents in respect of their capacity for initiation and execution will depend strongly on the choice of institutional and operational set-up. Has the appraisal of projects been performed by an interface/ decentralized agent or a professional cell contractually committed and autonomous relative to the administration? Has the selection of actions to be submitted for decision been made impartially in an ad hoc, pluralistic committee? Do the contracts allow for execution to take place under the supervision of the operator itself, without the usual protagonists of cooperation programmes (consultants, enterprises or departments of the administration) being imposed?

5 The seminar on DC held at Harare in January 1994 in the presence of several National Authorizing Officers, EU delegates and Commission functionaries, allowed the NGOs from both South and North to express their reservations and desires concerning their insertion in and collaboration with ACP/EU DCPs.

Vis-à-vis the Commission, the EU Delegation must guarantee the participatory approach and the proper implementation of the DC operation: one of its basic functions is to move the process along by installing suitable persons and structures and keeping the process on the rails thereafter. It must find a balance between the activities that it can take on personally and the activities which must be entrusted to others. Given the workload attached to remote management, we cannot too strongly **recommend that the process be supervised by the Delegation, while allowing the appropriate structures to act as intermediaries between the EDF authorities and the beneficiaries of the intervention or the operators responsible for implementing it.**

5.3.1. Criteria for choosing the management/coordination interface of the programme

The choice of set-up will depend primarily on the institutional, legislative and political context of the country: only what is possible within the current state of the laws, juridical status and democratic progress in the country can be done.

The criteria will also depend on **the form of programme selected.** However the classification adopted at 5.2.2. (local initiative funding programme, conventional development programme) is not the most relevant in relation to the different possible institutional set-ups. It is the number of operators or small initiatives, and thus the complexity of the operation, which must be the determining choice in the management and coordination of the intervention.

- A.** Where the **programme has to deal with many operators or small initiatives**, there would seem to be a need for a programme management/coordination interface structure⁶ between operators/initiatives and the donor (and the authorities in ACP countries). This is the case with programmes funding local initiatives, but also with some conventional programmes.
- B.** Where **the programme deals with a single operator only** (decentralized or governmental agent), there is probably no need for a specific structure, insofar as the sole operator will itself constitute the interface with the donor for the management and coordination of the programme.

Finally, the **criteria of choice** might be **different** according to whether the programme is **in an ACP or ALA country**, given the different regulations and role of the State in community cooperation.

In ACP countries, the need for a programme coordinating structure will no doubt make itself felt more urgently for two main reasons:

- the lack of capacity, scale, structuring and coordination of the decentralized agents in these countries;
- the complexity and onerousness of the administrative and financial procedures of the EDF.

⁶ This conclusion is drawn from, on the one hand, the set-ups adopted by many EDF MPPs and other EDF programmes, and from studies of the programmes of several other funding sources, with visits to their agencies, during the preparation of this work.

However, even in ALA countries and even where a single operator is the programme beneficiary, an interface structure with the donors may be chosen.

This is the case with the Commission's support programme for the NGO Proshika in Bangladesh. The consortium bureau acts as an interface, having a monitoring, control and communication role with and between the donors. The head of the bureau is a TA funded by the EU and whose nomination is subject to the approval of the members of the consortium as a whole (this set up seems an excellent one from the point of view of donor coordination, see 4.2.5.)

5.3.2. Type of programme management/coordination interface

In general, such a structure must:

- enjoy **wide-ranging political and administrative autonomy** in order to resist pressures up and downstream (in particular pressures operating against the selection of operators or projects on the basis of democratic and transparent mechanisms and criteria)⁷;
- **manage the funds for the programme** (payment by instalment) and decide on their allocation (e.g. on the advice of a project committee);
- if it has to be created, **employ local contractual staff** (and perhaps TA staff) rather than functionaries on secondment from the administration.

These characteristics of the management/coordination structure mean that it should have a status appropriate to the functions to be delegated to it.

In the case of a **programme dealing with many operators or small initiatives (case A at 5.3.1)**, a **specific programme management/cooperation structure will be needed**, but two different cases may arise.

- **Programme of (co-)funding of local initiatives**; in that case, the best option is a **structure specifically created** to manage and coordinate the programme, whose staff are under contract. This structure would normally take the form of **an ad hoc cell or a programme coordination bureau** (this is what happens, e.g., with most MPPs).
- **Conventional development programme (of support for several decentralized agents)**: because of the numerous different initiatives coming from different sectors of society that DC is likely to elicit, **the neutrality of the management and coordination structure will be a most important parameter**. For this reason, it is not a good idea to entrust this role to an organisation likely to become an operator in the programme, since its choices might be biased and its neutrality questioned by other partners of the programme or by other agents representing civil society (see 4.1.4.). It is therefore best to opt for an ad hoc structure, similar to that in the preceding case.

⁷ However, one person whom we met during study missions noted that, for reasons relating to the culture and social system of many Southern countries, and more especially of Africa, it is often difficult for the local personnel to resist certain pressures. In practice, a formal role for expatriate personnel (or representatives of the funding source) in decision-making, or a motivating salary level for local staff, are often sufficient to enable them to offer greater resistance to such pressures.

However, **exceptions** might be considered:

- (a) a programme intervening in one or more specific sectors, implemented by a local grassroots organisation covering the zone in question (see 4.1.4 on grassroots organisations);
- (b) if the programme is intended to support the activities of a network (of bodies working in a particular theme or sector), the coordination bureau of the network could then act as interface between its members and the donor;
- (c) a programme whose management and coordination was entrusted to a structure born out of consultation between local agents.

In these situations, the problem of legitimacy does not arise, and the situation as regards set-up is not the same as for a programme with a single operator.

To sum up case A, the interface should generally be an ad hoc contractual structure, but could in certain cases be an umbrella grassroots organisation, a professional structure, or again be formed by a coalition of agents.

If the **programme deals with a single operator or very few operators** (**case B** at 5.3.1), the operators could be placed in direct contact with the funding structure and themselves play the role of interface and programme management/coordination. Where a governmental programme is being supported, a management/coordination structure with maximum independence of the administration seems necessary; an expatriate TA is often seconded to the management/coordination structure or the administration and fulfils several interface functions with the donor. This is also justifiable where the support is for the programme of a decentralized agent (for example, Proshika, in Bangladesh, presented at 3.1., 4.2.5., 5.2.2., and 5.3.1., or Foro Social in the Dominican Republic, presented at 4.2.4. - organisation of an institutional framework - at the beginning of 5.2.).

5.3.3. Functions of the programme management/coordination interface

In general, the structure of the programme management/coordination plays the role of a filter both upstream (in order to avoid the administration and the Delegation having the difficult task of dealing with many different agents) **and downstream** (to avoid the operators having to deal with administrative and financial constraints). However, the specific roles of this structure will vary according to whether it is in an 'open' or 'closed' programme, in particular as regards the identification of the operators and the actions to be supported.

- In an 'open' programme, that is, defined only in broad outline (simplified decision-making mechanism, case A at 5.2.2., funding local initiatives), it will have **fundamental responsibilities in the selection and appraisal of intervention demands**. It can play a more or less active role in generating and supporting the formulation of projects, in particular for partners who are inexperienced at this kind of thing; to that extent, it can undertake a general structuring of local initiatives. It would perform the task of ensuring the greater or lesser overall coherence of the programme, in order to avoid 'aid-sprinkling'.
- In a 'closed' programme, that is, defined in detail before the funding agreement is drawn up (normal decision-making mechanism, case B at 5.2.2., conventional development programme), **this component of the structure's role will normally be lacking**, unless the structure is set up (or existed) before the decision on the programme, in order to identify its

content and take part in the choice of operators. This might in itself be recommendable, in that it is best if the management/coordination structure takes part in the whole of the identification process (content of the programme, intervention areas, choice of operators): where this is not the case, it has to commit itself to coordinating and control operators in whose selection it has not taken part.

In more general terms, **the functions of the programme management and coordination structure** may be various (some of them will be lacking where the operator is itself the programme management/coordination structure:

- communication in general and circulation of information upstream (NAO, administration and Delegation) and downstream (target groups or institutions);
- continuous institution mapping and identification of potential partners (in the evolving context);
- coordination between operators (in particular, definition of roles and functions);
- examining operators' action plans;
- checking the project identifications carried out by operators;
- formal financing decision on the basis of proposals made by a project selection committee;
- fund management and channelling of funds to operators;
- supplying consultancy and support services to grassroots operators and agents;
- design and monitoring of the guidance measures carried out (see 5.4.);
- monitoring of operators and their activities;
- checking that the broad outlines and specific criteria of DC are applied by operators and donors;
- financial and administrative control of operators;
- ensuring that procedures are respected up and downstream;
- accounts consolidation;
- capitalisation of experience.

Another criterion for the desirability of an independent and autonomous management and coordination structure is the degree of formal responsibility for decision-making that will be delegated to it. In this configuration, the question of the legitimacy/representativeness of the interface structure is less immediately urgent; it will be required above all to demonstrate **professional competence** and must earn the recognition and trust of the operators by its **neutrality** and the **quality of its work**.

The function of **financial control and consolidation of the accounts of the various operators** requires the structure to possess the necessary human resources.

On a practical level, the experiment made in Guinea for the RDP possesses several merits: a central accounting cell is made responsible for the financial supervision of the operators and consolidates their accounts in order to present them to the NAO and Delegation in a form that satisfies the EDF financial audit. To this end, the cell developed an appropriate accounting programme, which it distributed to all the operators. This procedure allowed uniform monitoring and budgetary control procedures. The cell can in addition offer expertise in the use of accounting and management software in general (publishing working documents). It is also able to produce statistics useful to the optimal overall management of the programmes.

The structure will also be able to set up **consultation between the agents**, such that the individual projects fit in with an overall regional or sectoral plan created in consultative and participatory fashion.

One remark about the structure's role of capitalising on experience: DC will often be justified only by the **potential it offers of self-multiplying effects in relation to the actions and organisations supported**; the danger is otherwise that it will result in nothing more than 'sprinkling'. This requires that measures be taken to ensure that such effects actually occur; capitalisation and systematisation of experience, encouraging the diffusion of such information, support for connecting similar local initiatives into networks so that learning experiences can be mutual, awareness-raising exercises, etc. What must be designed is thus a veritable **strategy of capitalisation and diffusion of experience**, and resources must be provided so that the management/coordination structure can be implemented.

5.3.4. The bodies that choose which actions to fund

In an 'open' programme using the simplified decision-making mechanism, decisions about funding projects within the programme must be taken during its execution (as with Micro-projects). This may also be the case in a programme which is 'closed' as regards the operators but 'open' as regards the actions to be implemented. It would be inadvisable in this case to entrust the entire responsibility for decision-making concerning operators, beneficiaries and projects to the contractual programme management structure if any. This body must not be allowed to concentrate too many powers and thus to centralise the selection of projects. It is therefore important to **design an appropriate decision-making procedure**. A formula often found in MPPs is that of the **Steering Committee (SC)**⁸.

In DC operations, a **pluralistic composition** of these SCs could be as follows (the inclusion of the NAO is specific to ACPs):

- a representative of the NAO;
- a representative of the EC Delegation;
- a representative of the programme management/coordination interface;
- a representative of the local administration of the region considered, or a representative of the elected officials of the region;
- one or more representatives of the operators, or one representative per type of operator;
- possibly local notables, representatives of different sectors of civil society, but without formal institutional attachments. These could be invited in ad hoc fashion, according to their particular technical competences.

The composition of this committee must be susceptible of variation according to context, the form of programme chosen, and the results of the process of consultation between the decentralized agents and the State. Its main function must be to **propose the allocation of the funds managed by the management and coordination interface** according to criteria and priorities established in advance (the formal decision-making - signature of contracts with

⁸ This kind of structure is similar in composition and functions to the regional planning authorities of the Mexican Pronasol (see 4.2.4).

operators/beneficiaries - would be taken by the management/coordination interface). **Other SC functions might be**⁹:

- formulate **basic outlines of the programme**;
- **plan budgetary allocations** and ensure coherence between its stages/sub-programmes/operators;
- approve proposed **budgetary reallocations**;
- **supervise the management, administration and personnel** of the management/coordination structure¹⁰;
- **supervise the evaluation process**, internal and external.

5.3.5. Towards permanent interface structures

The major defect of the management/coordination structure as proposed for programmes dealing with several operators/ initiatives is that it generally has a provisional status, as it is structured around a particular programme or project. Its useful life is thus inherently limited, whereas a longer term structure would be preferable for a strategy of development generally based on decentralized cooperation, the participation of society and on capacity development. This temporary character is a disadvantage and should be changed in the light of: (a) a long term policy by the Commission which would involve continuous recourse to DC over the years to come; (b) the efficiency and effectiveness of services performed.

It would therefore be advisable to **envisage a more permanent kind of set-up**, which could build balanced and stable relations between the population and the State, and make it possible for a donor to implement a long term policy and a matching strategy. To this end, it is obviously desirable that the structure set up should in the medium term acquire real autonomy relative to the State and that the services proposed to the operators should have no local equivalent.

Two examples of institutional set-ups are worthy of mention in this perspective, as they constitute a response to these concerns: the first is the proposal to create an Agency for the Management and Promotion of Grassroots Initiatives in Benin by the GTZ, and the second is the Palestinian Centre for Micro-project Development now being set up with the support of the EU.

AGePIB: Agency for the Management and Promotion of Grassroots Initiatives, GTZ, Benin

In the framework of a support programme for grassroots initiatives in Benin, the GTZ has proposed creating a permanent structure for the management and promotion of such actions.

The GTZ sees two reasons to support the creation of such a structure:

- *the agency would fulfil functions which normally fall to local authorities in the area of social infrastructures and to the private sector where productive projects are concerned. Neither the local authorities nor the private sector can be expected to perform these tasks in the near future;*

⁹ Where certain of these functions are entrusted to it, this committee would be like the Steering Committee of the programme, such as exists in Guinea for the RDPs (see Annex 3, case 6). Note that this steering function seems necessary in any case, but that it can be accomplished by a smaller committee (composed of at least representatives of the NAO and of the delegation).

¹⁰ The SC's having this responsibility can enhance the independence of the management and coordination structure relative to the NAO.

- the agency would implement a strategy of war on poverty which would go beyond the circumstantial dimension of groups which have been badly hit by structural adjustment; it would comprehend more general causes.

The purpose of the agency would be to support economic and social projects. It would make use of intermediary structures for contacts with target-groups (national NGOs, projects, foreign development services, local credit banks, private operators). Regional antennae could be set up in zones where local development agents are weak or lacking.

The agency would have the legal status of an association. It will have wide-ranging autonomy. Its decision-making bodies would be:

- the General Management and the technical staff;
- the General Assembly.

The Members of the Association would be:

- the State;
- two donors;
- two federations of NGOs.

The General Assembly would fulfil the conditions required to take on, in addition to its conventional statutory powers, the functions of an orientation and supervision body, and of a Micro-project approval committee. The administration department with responsibility for the agency would have the job of deciding eligibility criteria for projects and selection criteria for intermediaries, and would fix funding priorities. An association, which currently serves as an embryonic forum for dialogue between State and civil society, could be included as a member of the General Assembly.

The running costs of a structure of this kind are estimated at 135,000 ECU of initial investment and 140,000 ECU/year in recurrent expenses. The agency would undergo an independent annual audit. The personnel would be recruited in the private sector, on the basis of a competitive exam. After the setting-up phase, it is suggested that the agency fund its costs by a commission calculated on the value of the projects supported. This option does, however, open the organisation up to an undesired side-effect, as it might be tempted to fund 'expensive' projects, or multiply the number of projects supported without regard to quality. It also openly poses the question of the privatisation of the management of cooperation.

Palestinian Centre for Micro-project Development (PCMD)

Till now the EC has financed small projects in the Occupied Territories via many NGOs, which caused problems in the evaluation of requests, appraisal, monitoring and control. The PCMD was therefore created to be the steering structure of the Micro-project Programme, while maintaining full NGO status.

The legal set-up is as follows:

- a Board of Administration (BA), the legal representative of the PCMD, responsible (in particular) for the formal approval of individual projects;
- a Projects Committee, responsible (in particular) for selecting projects and proposing them to the BA; this body is composed of the BA, the director of the PCMD and his technical staff, and independent specialists coopted by the BA;
- a contractual technical team.

The BA nomination process, and the composition of the BA, were obvious extremely specific to the Palestinian situation and should not therefore serve as an example.

In fact, the two set-ups are very similar: each is autonomous and has a legal status. The supplementary organ of the PCMD, the Projects Committee (PC) could be included in the AGePIB set-up, so as to free the General Assembly (GA) of the task of examining proposals. This function would then fall to the PC which would propose projects for the decision of the GA. In both set-ups, it is the structure itself that would manage funding for projects, on the basis of advances from the donors.

Depending on the variety of proposed actions, it might be useful to **divide the interface along the lines of the intervention themes** that were most often proposed; this could also be organised via ad hoc commissions within the project committee. Similarly, depending on the configuration chosen for the programmes (see 5.2), it may sometimes be necessary to **move the management/coordination structure out of the locality** (as is planned for AGePIB in Benin), particularly in the case of programmes of national scale and/or those in which a large number of operators dispersed throughout the country intervene. This decentralization could take the form of regional antennae, or rely on ad hoc operators (this is already done in several MPPs, as in Mali, Senegal and Zambia).

A well-designed interface appropriate to the context should be able to perform its functions for several programmes of similar approach, for example MPPs, urban and rural DCPs, etc.) or even for several donors, and thus **make scale economies and reduce running costs**.

5.3.6. Optimal framework for a decentralized cooperation programme

An **optimal framework**, which we recommend, in a perhaps idealised vision of decentralized cooperation would be as follows:

- a **geographically coordinated programme** for a given region or administrative division;
- a programme in the execution of which **a wide range of decentralized operators would intervene**: public (local administrations) and private (associations, NGOs, unions, organisations of urban or rural producers, chambers of commerce, professional organisations, etc.);
- a programme **managed by an interface** between the operators and the EDF/Commission, comprising local staff (perhaps TA staff) or entrusted to an existing organisation (union, peasant federation, etc.) with various roles and responsibilities (management and coordination of the programme, proposals as to strategy, identification of the agents, analysis and appraisal of proposals, coordination and monitoring of operators, support for grassroots agents, financial decision-making, accounting consolidation);
- a programme which would be based on the mapping and selection of key agents;
- a programme proposed by one of the decentralized operators or for which the overall planning of interventions would be the object of **consultative planning among the different structured operators and agents** in that society, at the level of the region considered;
- a programme in which **decisions on individual actions to be funded would be taken by the management/coordination interface** (in the EDF framework, as delegate NAO), **on the basis of proposals from a Project Committee**.

Of course, **other configurations or frameworks are possible**, according to local context, the level of coherence desired for the programme relative to local development, the form adopted by the programme, etc. For example, a national programme of support for administrative decentralization, by its nature and geographical scale, could not include all the elements of this optimal configuration. One could, moreover, envisage one or more management cells, organised by sectors, regions or themes.

We do however believe that this framework offers many **advantages**, as it has the following characteristics:

- **coherent interventions** as a result of **consultative planning** between the local development agents;
- **geographic coordination**, and thus the possibility of **significant impact** at this level, as well as greater visibility;
- **effective decentralization** and an **overall grasp of the problems of local development**;
- **delegation of responsibilities** and **responsibility imparted to the local agents**;
- **respect for the autonomy of the local agents**, avoiding instrumentalisation and the danger of becoming bogged down in a similar process of consultation at national level;
- a structure of **management/coordination** playing a. the role of **interface**, given that for the EDF (or Commission) officials, it is impossible to deal with a multiplicity of different operators, and b. the role of **guarantor of the rules of the system** relative to the constraints and demands of administrative and financial procedures.

However, several of these positive characteristics are also found in other configurations and forms of programmes.

5.4. PROJECT/PROGRAMME GUIDANCE MEASURES

We emphasised (see 3.1) the importance of implementing a strategy of agent capacity development (CD) in a DC operation, with the goal of sustained improvement in their performance. The general object pursued would be that of creating an environment more favourable to development. The implementation of a strategy of this kind implies a redefinition of the relations between donors and beneficiary countries, **with the objective of giving local capacity a central place in cooperation programmes.**

This strategy of capacity development should, in our view, take the form of a **series of guidance measures specific to DC operations.** The objective would to **reinforce the management and intervention capacities of the decentralized agents** (this is vital if the constraints mentioned at 2.3.10. are to be avoided). These activities can also be considered preparatory to a DC programme (funding of a meeting of decentralized agents, for example). In practice, they could be funded in different ways:

- within the framework of the project/programme considered;
- by constituting the object of an entire programme/ project, aiming to satisfy the needs of operators of different projects/programmes of intervention;
- via a Commission budget line;

- by becoming the object at country level of an institutional reinforcement and support fund for decentralized local agents.

Such measures are distinct from the other support modalities planned in that the activities and projects of the decentralized bodies would not in themselves be financed, but services for which they had identified potential suppliers. Given the need for this DC strategy to adapt to each situation and context, this strategy would involve sets of various actions. These would in general be: programmes of training, technical assistance and methodological support, or seminars, meetings, exchanges of experience, etc. oriented toward particular organisations. These activities could be organised and managed by the coordination and management structure of a DC programme, or by the operator himself.

We can cite by way of example different forms of intervention through which this strategy could be implemented. These forms of intervention may sometimes concern only one target-group out of several potential agents worthy of support (grassroots groups, intermediary grassroots organisations, NGOs, local public authorities, local administration, etc.). Certain of these forms of intervention, intended to produce greater comprehension of the way in which potential DC partners work, should also be directed towards the officials responsible for the operation of programmes (management/coordination interfaces) and even towards the Delegation staff.

1) *Overall funding of agents/key institutions*

This is institutional support for a partner organisation/ operator of a DC operation, which would allow it to take appropriate and freely chosen measures to reinforce its technical capacities and management, organisational and mobilising capacities (this case was presented at 5.2.2. case B, Bottom-up initiative programme). The basis of such funding must be a contract between the EDF/Commission, with the objective of improving the performance of the organisation in terms of services performed and administrative and financial management.

In ALA countries, direct support projects for a decentralized partner would normally require the signature of a funding agreement or direct contract with it, with or without prior consultation with the authorities.

2) *Programmes for developing the organisational capacities of the citizens*

Support for the development of organisational capacities must not be considered exclusively in the light of the effective functioning of decentralized agents or projects. A project/programme should be a framework for learning as regards the awakening and development of the organisational capacities of the beneficiaries.

In Mexico, for example, the officials responsible for PRONASOL are astonished and at times frightened by the snowball effect produced in some cases¹¹ by the effective participation of the beneficiaries in practical development actions; this takes the form of increased and dynamic socio-political commitment which goes well beyond the project's limits.

¹¹ Essentially when the public actors at all levels of this gigantic government programme have 'played according to the rules', respecting the participatory methodology theoretically imposed at federal level, and have thus permitted the free and democratic expression of the population. The example concerning the Local Public Authorities presented at 4.1.4. shows that this has not always been the case.

Given the importance of organisational capacities in the participation of individuals at different levels of civil society, and in the promotion of democracy, it is worth supporting or reinforcing processes intended to enhance organisational development. The notion is of the organisation teaching others to develop capacities in the wide sense (organisational and other). Such actions can produce behaviour and initiatives on the social, economic and political levels which go well beyond the effect expected or indeed predictable (see the examples of Proshika at 3.1., of PRONASOL cited above, but also of 'solidarity groups' offering credit in urban areas, recreating links in socially destructured contexts.

3) *Management training programmes*

These should be designed to include financial planning, accountancy, administration, human resources and strategic planning. They can take the form of formal or informal courses, exchange visits between organisations, information exchanges, and programmes of correspondence courses. It is important that these training courses are a response to real needs and that they be based on the solution of practical problems.

4) *Programmes of exchanges of experience and study trips*

These could take into consideration visits to the country, other developing or European countries by similar organisations, or meetings bringing together similar organisations or different types of organisations within the country.

South-South partnerships could be envisaged in the form of intercontinental exchanges of experience. Indeed, our missions showed that the strengths and weaknesses of organisations varied according to their geographical position. For example, the participatory methodology and organisation of the big NGOs of Bangladesh (Proshika, Brak, Grameen Bank) and India (Aware, Assefa) could inspire agents in other continents and join a global programme of capacity development.

5) *Study programmes*

Such a programme could for example envisage a study intended to develop a common strategy of institutional development adapted to the associative private sector of a country, a study on the advantages and constraints of a local development dynamic, or again a study intended to identify, in a given country, the supply of organisational reinforcement services.

6) *Organisational audit programmes*

To supply the means to perform organisational and/or financial audits on a certain number of key partners in future operations. The choice of consultants should be left to the audited institutions, whether these were European or local.

7) *Technical assistance programmes*

On the basis of demand from partner organisations, support personnel with very specific competences could be placed at their disposition. Again, the personnel could be European (voluntary organisations: VSO (UK), SNV (the Netherlands), AFVP (France), specialised associations or 'senior consultants', for example) or local.

8) *Network development programmes*

To support the placing in contact with one another of organisations of the same kind or of different kinds of agents through workshops or seminars, consultation and coordination

structures, telematic means, or again to support development networks, in particular those whose institutional approach went beyond the local or national context.

9) ***Programmes of support for local service structures***

These institutions could be training, consultancy, research or technical support centres in the wider sense. They could be supported by funding and/or providing for the partners in a DC operation to request the services that they provide.

10) ***Mediatiation programme***

To mediatise the work of decentralized agents involved in a DC operation by mass communication media (TV, radio, etc.) with the goal of valorising their work in the eyes of the public, making their work more transparent, and thus raising public awareness and strengthening the position of these agents relative to other local institutional systems.

11) ***Communication training programme***

The use of means of communication (word, image, sound, artistic expression, theatre, etc.) in the participatory approach and particularly in the reinforcement of capacities would attain several objectives. Mastery of these tools might reinforce agents in their capacity to negotiate, understand what was at stake, express their will and insist on it, raise awareness or inform other social groups, exchange experiences, etc.

For example, in Jakarta, the scavengers who go through rubbish constituted one of the most excluded social groups and were looked down on by the rest of the population; they lacked social recognition and had not mastered the rubbish industry. A German cooperation project essentially based on structuring the scavengers' self-expression and on teaching different communication techniques notably improved their situation. By performing theatre plays in public places which recounted their lives, they were able to change their image in the eyes of the local population and thus obtain: legal recognition of their status in the town and of their economic usefulness, a greater involvement in rubbish channels up and downstream, which helped to increase their income and to integrate them within the economic fabric as a whole as they became complementary to other professions.

5.5. DECISION-MAKING MECHANISMS AND SOURCES OF PROGRAMME FINANCING

5.5.1. Choosing a decision-making mechanism

In ACP countries, the choice of a decision-making mechanism will depend on the type of programme to be supported, that is, on the choice between local initiative and conventional programme funding presented at 5.2.2. Two decision-making mechanisms are possible, depending on the type of programme. One can:

- work out a funding proposal on the basis of a DCP identified in its broad outlines (intervention sectors, programme operation mode), and thus benefit from the use of **the simplified decision-making mechanism (on global authorisation Article 290)**; this is the 'open' programme option;

- or work out the funding proposal on the base of an in-depth identification of the DCP in all its aspects (means, objectives, operators, stages of activities), and choose a **normal decision-making mechanism (Articles 288 and 289)**; this is the 'closed' programme option.

To facilitate this choice, we set out the advantages and disadvantages of each of the two procedures:

The normal decision-making mechanism for financing a programme involves submitting a detailed funding proposal (FP) to the Commission, translated into the various EU languages, its approval by the EDF Committee, and finally drawing up a funding agreement whose signature gives access to a primary financial commitment. To the **length** of this procedure must be added the delays caused by the examination, selection and negotiation of individual DC operations, the formulation of the programme and its transmission.

With a view to avoiding discouragement in operators and beneficiaries, it may be better to choose an 'open' programme whose primary commitment is obtained by following the **simplified decision-making mechanism** of appraisal and decision on global authorisation (Article 290). This procedure allows the submission of a funding proposal which indicates only (a) broad outlines, the types of action planned, and the primary commitment proposed, and (b) the rules of the game: project selection procedures, sectors involved, institutional set-up planned, and perhaps the size and ceiling of financial commitment per project.

As one Head of Delegation said, when consulted during preparation of this work, '...once the primary commitment has been made, dialogue with the agents can go ahead on a realistic basis. The usefulness of this dialogue is now much more credible for both sides, because a funding possibility can arise quickly from its resolution, and because immediate action may follow, on the decision of the NAO and the Head of Delegation'.

In the framework of this mechanism, the **Commission's decision is made by the EDF Chief Authorizing Officer**, that is, the Commissioner or Director General, depending on whether the amount set aside for the programme is below or above 2 MECU. Given this financial ceiling, other options should be borne in mind: (a) successive recourses to Article 290 for several programmes or programme components; (b) incorporation of the DC into sectoral or geographic programmes, approved under normal procedure (DC budgetary package within the programme, DC operators designated as project managers). With (b), it is possible to concentrate identification more on the operators and their traditional activities than on the activities that they will perform within the framework of the programme. This would reduce the risk of rigidity during execution as regards places of intervention, objectives quantified or results expected.

A risk effectively common to both procedures is that it is inherent in the programmes that selection will be made on the basis of what it is possible to finance and what funding has been authorised. **It is therefore vital that, in either case, an indicative envelope for DC actions should be systematically written into the NIP.** This should subsequently make possible a certain flexibility relative to the restrictions imposed by the priority zones or sectors written into the NIP.

Summary of advantages and disadvantages of the two decision-making mechanisms

1. Normal mechanism	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Guarantee of a programme that is well integrated in the indicative programme. • Facilitates monitoring and evaluation tasks. 	<ul style="list-style-type: none"> • A slow and costly preparatory process. • Inflexibility in the implementation process as a result of predefined options. • Internal division of the programme into sectors and a reduced range of eligible interventions. • Supposes the existence of a dialogue between State authorities and decentralized agents.
2. Simplified mechanism	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Ease and minimal cost in the identification and appraisal stages of the programme. • Relative rapidity of the decision-making mechanism. • Flexibility in the management of implementation with possibilities for the programme to be adapted. • Better adapted to the support for small grassroots initiatives. • Decentralized delegation of decision-making on individual actions. 	<ul style="list-style-type: none"> • Danger that the programme may be reduced to a 'pay counter' for financing local initiatives thus losing coherence and opportunities for collective planning. • Risks supporting fringe activities as opposed to focal sectors defined in indicative programmes. • Risks clientelism. • Requires monitoring, control and evaluation means that are more difficult to implement.

As regards **ALA/Developing Countries**, the decision level within the Commission varies with the amount requested in the funding proposal (see 2.1.2): if the budget exceeds 1 MECU and for certain budget lines only (in particular, FTA), the project is subject to the approval of the Member States; this causes severe delays (the documents must be translated into the various Union languages, submission to the Developing Countries/ALA Committee, etc.). If the amount is below 1 MECU, the procedure is internal to the Commission. Depending on the budget line, the decision will be made at different levels of the hierarchy (College of Commissioners, Commissioner in Charge, Director General), involve more or less complex approval chains, the consultation of the Interservices Committee, etc. **For Developing/ALA countries, it is thus the cost factor that will determine the procedure to be adopted and consequently the length of the procedure.**

5.5.2. Characteristics of the funding agreement

Whatever the form of the DC operation, the Funding Agreement (FA) of a DC programme will comprise certain specific characteristics:

- First of all, as it is a participatory cooperation operation, it will generally be desirable to **specify that the budget presented will be essentially indicative** (at the level of description of budgetary items).

It will be important to introduce into the funding agreement **sufficient flexibility** for the project to be adapted to demand. Without this, there would be a danger of giving priority to certain quantified objectives at the expense of participatory character and suitability to needs. An activity written into the FA must be modified or even eliminated at the operator's request, if this is justified by the population's response. In addition to the open programmes, concerning which it is self-evident, this observation should also be applied within closed programmes as regards actions vis-à-vis beneficiaries. It will on the other hand be more difficult to obtain budgetary flexibility at the level of overall allocation per operator (in conventional programmes, however, a rider to the funding agreement can normally be requested from the NAO for up to 15% of the initial budget, without going through the EDF Committee). Flexibility of this kind also requires an attitude on the part of the Commission services which encourages operators themselves to take account of 'people', of their opinions and reactions, and of the evolution of the situation.

For such flexibility to be put into practise, **its modalities must be explicitly planned**, and duly specified in the contractual funding agreements with the operators. It is important to plan flexible modalities, which are quick and easy to implement (for example, exchange of fax and even e-mail where possible).

In the case of **Developing/ALA Countries**, a certain degree of decentralization of decisions should be planned in: for example, bestowing on Delegations the right to authorize budgetary adjustments above certain amounts or percentage variations in initial budget.

- If the project or programme is to continue over several years, it may be useful to **plan its unfolding in several phases, with evaluation** of the previous phase before the next one is begun.
- Moreover, it will be necessary to include a remark about the formulation of quantified objectives and measurement indicators: of course, elements such as participation or capacity development will be evaluated on the basis of qualitative criteria, which can also be treated in very rigorous fashion. On the other hand, there are social indicators which can be measured quantitatively like financial or economic indicators. With a view to reassuring technocratic tendencies, if any, within the Commission, it may be necessary to specify that **flexibility does not mean lack of rigour**.

5.5.3. Programme donors

We saw in Chapter 2 that, for the funding of DC actions, the EDF or FTA (Developing/ALA countries) and various budget lines depending on the Commission budget could be asked for resources. The budget lines belong to different services, or even to different Directorate Generals. In some cases, the same project might be eligible for funding from various budget lines. This situation creates a problem, and goes hand in hand with a twofold risk: i. that the promoter may knock at the wrong door and find its project rejected merely for that reason; ii.

that the promoter may knock at several doors at once - a procedure that, useful as it is, will generally be an object of reproach - and be accorded different treatment at different 'counters'¹².

This point makes clear the problems resulting from making the distribution of responsibilities relative to a particular country depend on the budget lines that can be used. It is particularly true where these lines are managed by different Units, Directorates or General Directorates whose fields of action overlap, albeit only partially. A first reorganisation of services, some years ago, took the form of a greater concentration of responsibilities within geographical departments. But this concentration was only partial, and many budget lines continued to be managed in autonomous fashion, with little, late or no participation (or even information) from the Geographic Unit and Desk.

It seems that greater coordination can only be attained at Desk and Delegation level. The development of decentralized cooperation, and its implementation through the potential mobilisation of different budget lines, makes clear the need for a **reinforcing of the coordination and supervision of the Geographical Units, with a view to greater coherence of intervention at local level.**

Counterpart Funds (CFs) generated by the EU programmes constitute a **complementary source of funding** for decentralized cooperation programmes.

The advantage of the use of CFs is that the funds are already in situ in the country and the procedures for mobilising and allocating them are therefore more flexible. Their disadvantage is inherent in their nature and in the will of governments to allocate them to the projects for which they were intended. Not only do governments assimilate them generally to their own funds, but a Central Bank lacking liquidity may tend to freeze them. However, with certain precautions, their use is not incompatible with DC funding.

Among the principles to be respected, it is essential that operators and the programme management and coordination structure do not undergo any interruption of funding because of a defect in/failure on the part of their donor. The safest way of ensuring this is to sign no agreement with the operator or management/ coordination structure before the donor can guarantee funding. In the case of CF, generally deposited in an account in the Central Bank of the beneficiary country, this guarantee would take the form of the previous transfer of the CFs allocated to a DCP to the DCP Bank Account in a retail bank; thereafter it is generally impossible for the Government to change the allocation or freeze the account. If this did occur, the DCP would probably have to have recourse to EU funds sent to replace the missing CFs at the end of the year.

In theory, **it is possible to envisage the CFs being used to fund the local running costs of a management/coordination interface¹³, or even of an entire DCP.** In this case, in addition

12 In addition to the fact that a single project may be accepted or not depending on where the promoter submits it - and it should not be the promoter's business to know the mysterious ways in which the Commission works - it is observable that different services adopt different positions, for example as regards the costs that can be covered by EU funding or unit costs, particularly salaries. It is of course strange that, depending on the service to which one applies, promoters can have different salary levels validated. This is just one of the aspects that clearly shows the need for coordination.

13 This formula is used for example by the World Bank for certain of its Social Funds, and by Canadian cooperation for local bilateral funds (Peru).

to the principles and precautions specified above, it would be desirable for the CFs to be reserved exclusively for a DCP whose sector of activity is acknowledged to be a priority (health, etc.) by the Government or whose value for the population can be amply demonstrated. This is particularly important when several successive demands for CFs will have to be made for a multi-year DCP. It is important too to reduce the number of requests to a minimum, in order to avoid repeating the complex allocation procedures for CFs. This means choosing to introduce a demand for CFs corresponding to the annual work of the whole DCP, rather than a series of individual demands for CFs to be allocated to each DCP operator.

CFs are normally managed by a Joint Committee composed of Government and donor representatives. Their allocation depends on the priorities of both parties. Beside the monetary policy of a central bank, the policy of the donor (WB, IMF) also affects the availability of the CFs. To convince the Committee that funds should be made available sometimes requires considerable persuasion. In certain cases, a government will be more flexible at the end of the year because it will have to show its capacity to absorb the CFs. All these elements (and many others, especially when very large sums are involved) must be taken into consideration where CFs fund DC.

To conclude, one fundamental point is **the need for communication and transparency on the part of the Commission** vis-à-vis Southern agents as to the different sources of funding for DC and their conditions of use. It is also necessary for the Commission to seek to harmonize conditions of access and eligibility criteria for all donors, at least non-EDF sources, intended for NGOs and other kinds of decentralized agents. Let us briefly recall the fact that the current budgetary possibilities for funding DC are these:

- the European Development Fund for ACP countries;
- Financial and Technical Assistance for ALA/MED countries;
- Counterpart Funds (all countries).
- a large number of sectoral, thematic, or geographic budget lines, accessible to non-governmental agents. These lines are listed with comments in a document available from the General Directorate VIII of the Commission, Unit B/2 (most recent update, April 1995) and were also the subject of a recent publication by the Liaison Committee of European NGOs (NGO Handbook 1996). Among these lines, the line for the promotion of decentralized cooperation (BL 7/6430, all countries) and the line for rehabilitation actions should be highlighted.

VI. IMPLEMENTATION OF A DECENTRALIZED COOPERATION OPERATION

In this Chapter, we assume that a project/programme proposal has been appraised by the competent services of the Commission, and that the funding proposal has been approved by the appropriate authorities, in the form of a project/programme funding agreement (see 5.5); either DC will be used as a method in the programme, or the programmes will be specifically DC programmes.

As regards specific DC programmes, in order to distinguish the two cases presented at 5.2.2. operationally, hereafter in this chapter we shall refer to 'closed' programmes for conventional development programmes and 'open' for programmes funding various local initiatives. It should be remembered that these adjectives refer only to the level of detail required for the appraisal, depending on the adopted decision-making mechanism: the simplified mechanism for open and the normal one for closed programmes.

Here we describe the different stages of programme implementation. This sequence begins with the preparation phase and the appraisal of funding requests for the individual operations (if they have not already been approved during the framework mapping process of a 'closed' programme). It continues through decision-making and contractual procedures, both for individual operations and technical support for the programmes (programme management/coordination interface, guidance measures). We then go on to the different funding modalities of the operators and the programme management/coordination interface (PMCI), and of the execution of the actions. We end with aspects of financial control, monitoring and evaluation.

Over the course of the chapter we give particular emphasis to certain aspects. If we give the impression that we are repeating certain arguments, it is because these are particularly complex subjects and for the most part unknown to decentralized agents; they can thus appear abstract and hermetic at first sight.

6.1. PREPARATION AND APPRAISAL OF PROJECT FUNDING REQUESTS

6.1.1. Information on the programme

As we have already suggested elsewhere (see 3.2.2) effective publicity for the programme brings in a high level of requests. It would be a mistake not to give any indication of the restrictions as to the kind of project eligible. In reality, local restrictions, even if they are only financial, always exist. It is important not to build up false hopes in the promoters of projects who are liable to invest time and money in the constitution of a request document. It is

important, too, to avoid overloading the NAO, the Delegation, or the services of the Commission.

Therefore a balance has to be maintained between random publicity and a complete absence of promotion. This balance can be attained by **making sufficiently clear and accessible information available to those who request it** (prospectuses, explanatory leaflets, perhaps radio publicity as in certain countries for MPPs). The information to be supplied should concern the Lomé Convention itself as well as the practice of decentralized cooperation. Seminars/workshops at national or regional level (such as have already been organised in Zimbabwe, Senegal and Zambia) are a good opportunity to combine publicity and the participatory definition of priorities of the programme/s.

Moreover, to the extent that the institution mapping discussed at 4.1.1 has already been completed, the donor, for its part, will already have a knowledge of the potential operators and beneficiaries and on the way in which their activities fit into the national, regional and local context.

6.1.2. Formulating projects

In practice, we may take it that the promoters of a project will be either the beneficiaries themselves (or organisations representing them) or eligible operators¹. They will formulate a project request on the basis of a pattern either designed by the Commission services or in ad hoc fashion by the Delegations or spontaneously.

In the rest of this chapter, we will use the term promoter/ operator to designate an organisation/institution etc. making a request for funding and proposing to execute the project under its own responsibility.

With the exception of certain major European NGOs, the majority of the potential operators of DC in both North and South do not know the Commission's **Project Cycle Management** and are not familiar with the documents that its services require. It is a method that can prove very useful, particularly for organisations which do not yet plan their activities at short and medium terms, as it **forces promoters to produce a rational and logical presentation of their idea of the project**. To facilitate later processing of requests, it is desirable that the PMCI should be able to offer them technical support for the constitution of the dossier, which could go from supplying reference documentation to the realisation of a project preparation mission (for projects whose scale justifies this). This support would be available to dossiers of manifest interest relative to criteria and guidelines established in advance. At all events, experience shows that the formulation of a grassroots development project generally unfolds over several stages under the influence of critical discussion between the operator and the donor (or a local structure representing the latter).

¹ Article 285 of Lomé IV (2) provides that 'The identification and preparation of projects and programmes shall be the responsibility of the ACP State concerned or any other eligible beneficiary'. Article 286 adds that 'project or programme dossiers prepared and submitted for financing must contain all information necessary for the appraisal of the projects or programmes, or, where such projects and programmes have not been completely defined, provide the broad outlines necessary for their appraisal'.

Project cycle management and participatory development

For the donor, it is the process rather than a project that must be supported. To this extent, participatory development often finds it hard to accommodate 'draconian', rigid project cycle management. Writing flexibility into the cycle management means allowing readjustments during the different stages of the cycle; these will be required as a result of the modifications which prove necessary during the course of the project (see on this subject the CIDA pattern at 3.1.2, which shows how a later stage of the strategy can feed back into an earlier one). This approach means delegating a share of responsibility, so as not to overload other levels with the decisions that must be taken during execution.

Such flexibility makes it possible for the people involved genuinely to influence the decisions that affect them; it allows modifications resulting from consultation and information-sharing to be integrated. For this to happen, those responsible at different levels (who are in charge of the long term) must know, understand and appropriate cycle management procedures. The question is not therefore one of training these people in the use of the habitual instruments, but of finding a system that is suitable for all parties and for the circumstances.

With this in mind, it is desirable that the relevant functionaries apply the EDF project cycle in flexible fashion. This method should be considered as a tool at the service of a policy or strategy of decentralized cooperation and of objectives to be attained above all in terms of participation and democratisation: it must not be turned into a dogma.

At all events, the **dossier to be submitted must comprise two parts:**

- a **description of the operator**: history, target population or members, activities conducted, methodological orientations, funding methods. It is important to include accurate information about the financial support available to the partner, both to demonstrate its absorption capacity and to avoid problems of excess or duplicated funding;
- a **description of the project/programme**: general and specific objectives, activities envisaged, target-population, budget needed, form of intervention planned, intervention timetable. This presentation of the project must be made according to the basic elements of the logical framework.

In general, the **project preparation phase**, especially where it is participatory, **is often long drawn out and delicate**. It involves considerable costs and requires flexible methodology if well structured projects are to emerge. For example, the formulation of a project is sometimes accompanied by the carrying out of a study on one aspect of it; there may also be participatory diagnoses in which the local agents are encouraged to express their desires and integrate them into a larger framework. The promoter will generally have conducted these activities at its own expense. Subsequently, the Commission may apply the non-retroactive condition in funding for the implementation of a project. The costs of a study conducted by a decentralized agent can however be included in accounts at a later stage in the form of a personal financial contribution to the action by the operator. Nevertheless, in the perspective of a large scale implementation of DC, a structural solution should be devised by the Commission for reimbursing promoters for expenses incurred in the preparation of an operation.

Participatory dimension in the identification and selection of actions

In some procedures for small scale projects (e.g. Micro-projects), populations are deemed to have 'participated' when they have contributed to the execution of an action (cost, work, etc.). However, their choices are very often limited to a narrow range of interventions. True participation means taking into account the demands of the persons concerned as the starting point of an action and fully involving them during the first stages of the process.

The involvement of the population concerned from the identification stage on is fundamental on the one hand because incomprehension or rejection of the premises of an action (analysis of a problem, conclusions of a study) can affect its sustainability, on the other because the population must take responsibility for its choices and finally because this participation has an educational dimension which is essential.

During this phase, the agents get to know each other on the basis of information exchange (identification methods and participatory planning). This knowledge is on the one hand a prerequisite for the establishment of clear and balanced contractual relations, and on the other, it underpins a relation of real partnership, which is necessary if cooperation is to be sustainable. Consequently, it is vital that participation should be considered from the start as a form of collective learning. This consultation of the population continues throughout the process; it is the basis of execution, monitoring and evaluation.

The process by which agents participate in identification may be a long one, but with sustainability as the aim, it is important not to think that it can be accelerated by bringing in a solution from outside; this could inhibit real participation.

The information sought must not only be of technical kind, there should be a degree of flexibility and the milieu should be studied as a whole (see 3.1 and 4.1.1).

To identify an action in participatory fashion, the quest for information and dialogue with the population can take the form of interviews (individual or group) in the field and/or in meetings, with the further aim of organising and setting up dynamics². The information must be exchanged: relevant information must be collected and analysed, but also returned to the population. This return is vital, since it is the basis of effective participation in the analysis and makes criticism and revision possible. It is therefore necessary that it be conducted in the best possible conditions, in a language and a conceptual form comprehensible to everyone; the time and place too must be right.

In terms of involving the agents, it is essential, at the local level, to consult those who will benefit from the project (directly or not), and those who will be excluded³. Obviously, they do not all need to be consulted at once; indeed, this might prevent exchange, since a more powerful agent might inhibit others. It is also important to use adequate methodological support and an organiser experienced in this discipline (not authoritarian).

.../...

2 In this respect, the participatory enquiry method can be an interesting consultation tool for the population, since it also aims to motivate people to analyse their situation, to exchange information in order to make a decision, etc. and a learning process is made possible by it.

3 See *Cheminevements d'une action de développement, de l'identification à l'évaluation*, Harmattan/COTA, 1992, pp 40-41, author bibliography.

...

Though it is important to consult the population to discover their preoccupations, it is also possible to involve them much more, particularly in the search for solutions and the planning of actions. This type of participation in decision-making requires specific techniques⁴. It also requires that the representatives of the grassroots agents are capable of negotiation. Because of their limited organisation and their weaknesses, it is fairly exceptional to find grassroots agents able to play a central role in negotiation. Support organisations are more often consulted (or certain representatives of grassroots agents). The participation of grassroots agents should however be a long term goal.

Negotiations on the selection of actions should take place between the responsible officials at various levels (funding, support and population). It is therefore important that the criteria are clear and can be mastered by all those taking part, that the negotiation should be complete and should take place in suitable places at suitable times (perhaps by stages). It is important to consult the peripheral agents about the decisions.

6.1.3. Submitting funding requests

For ACP countries, the procedure for submitting funding requests is explicitly described in the Lomé Convention. After the principles and the local framework for DC have been made public, the **eligible operators can submit their requests directly to the Delegation, or any structure set up for that purpose**. In fact, the Commission's services in the field are not normally equipped to receive such requests (see 2.3.5), which justifies recourse to, or the establishment of, an interface.

Hereafter we shall refer to the interface between the operators and the donor as 'the programme management/coordination interface' (PMCI). The role of management/coordination interface can be assumed by an ad hoc structure - created for the needs of one or more programmes - or by an existing specialised promoter/ operator (see 5.3.1 and 5.3.2).

Moreover, the **agreement of the State will have to be sought**⁵. This means that decentralized agents not wishing to give an account of themselves to the State (in practice, to the National Authorizing Officer), or whose activities do not meet with the formal assent of the State, will have to seek another source of funding. Exceptions will be limited to the mobilisation of ad hoc budget lines, which come directly from the Commission budget and do not require the approval of the ACP State.

4 The ZOPP is one such technique, but it should be subjected to rigorous analysis, more particularly in cases where its use is repetitive.

5 Article 286 of Lomé IV (2) specifies that project and programme dossiers must be officially transmitted to the Head of Delegation 'by the ACP States or the other beneficiaries...In the case of beneficiaries other than ACP States, the express agreement of the State concerned shall be required'.

In **Developing/ALA countries**, a funding demand from a decentralized partner can be submitted directly to the Commission, without intervention by governmental authorities. It can be addressed directly to the services at the Commission headquarters, or to the Delegation responsible for the country concerned. This facility clearly makes a very autonomous decentralized cooperation policy possible, one which is not subject to state control, and this is a particularly interesting modality where there is a democratic deficit⁶.

The submission of a proposal should be acknowledged by a receipt indicating the details of the functionary responsible for the dossier. We recommend that requests that have been refused should be filed so that later requests for information can be met (also for statistical use). The funding requests could be reoriented towards other budget lines or towards the programmes of other donors.

On reception of such requests, attention should be paid to the **role of intermediaries** if any (motivation, priorities, degree of intervention, reformulation of the project, etc.) and information gathered as to the process which led to the submission. The box that follows illustrates this concern by referring to the risks run in certain situations. A detailed knowledge of local contexts, such as might result from the studies presented at 4.1.1, is necessary for this.

In certain countries, the local politician seems to be an interlocutor representative of a wide zone of intervention. Nevertheless, s/he may well give priority to his/her own constituency or attempt to pressurize people in order to obtain funding. It is important that this phase of formulation of the project should be accompanied by previous interviews with the population and with other involved interlocutors so as to reach the source of the demand.

When the requests go through the administrative authorities in the service of the constituency, local functionaries are not necessarily familiar with EU participatory development. They are sometimes 'better qualified to tell people what to do than to listen to them and seek a common solution'.

Moreover, the local authorities are sometimes invested by the government with decentralized responsibilities, but do not have the budgetary resources to fulfil them ('if you haven't got the money, try the EEC!'). Constituencies (districts, prefectures, etc.) may substitute projects matching their own priorities for the initial requests from the population. Or they may constitute a filter in which priorities are reversed, by receiving the wishes expressed at grassroots level but letting through those which respond to the central State's development imperatives. These may be useful projects. It is up to the DC officials in charge to evaluate the justification and representativeness of the demand.

6.1.4. Appraisal of requests

The regulations indicate that the appraisal of projects/programmes must be realised by the services of the Commission (non-ACP countries) or jointly by the Commission and the ACP State⁷. In practice, **the PMCI should receive a mandate to appraise the project requests.**

6 In this way it has been possible in Central America to fund human rights defence bodies that accuse members of the armed forces, support popular organisations that act against dominant positions, etc.

7 Article 287 of the Lomé Convention IV (2) is a reminder that 'the appraisal of projects and programmes shall be jointly undertaken by the ACP State or States and the Community. In order to expedite the procedure, the Commission shall give its necessary powers to its Head of Delegation to undertake this joint appraisal'.

Supervision by the Delegation or the services of the Commission will nonetheless be necessary. Insufficient involvement on their part in the selection of projects can prove prejudicial at a later stage in the process. Another difficulty that should be avoided is the personalisation of the DC operation by the selection of small number of types of projects according to the personal sensibility of one official or his/her primary area of technical competence (which frequently happens with MPPs).

The appraisal of the request will consider, as with any project, the overall validity of the proposal and the adequacy of the means to the goals proposed. The criteria and documents traditionally used by the Commission for an appraisal can serve as a basis for this exercise. However, as we are talking about decentralized cooperation, **a further objective** will normally be added regional, sectoral and thematic objectives, that is **the promotion of participation and the encouragement of democratic processes**. It will therefore be necessary to evaluate the means and the activities planned to meet this objective, and to ask questions such as:

- does the operator use participatory methodologies? Does it work in democratic ways?
- what is the relation between the operator and the interface and is the latter recognised and trusted by the operators as a whole?
- is the choice of operators in this programme the result of democratic selection?

The selection criteria for an operator and its project should be transparent. Among them, the relation between the operator and population is a factor essential to the success of the project. It is a difficult criterion to quantify and rather subjective. An institutional presentation and previous experience of the operator are not equivalent to an evaluation of its behaviour vis-à-vis the target-groups. The appraisal should not therefore be limited to an analysis of dossiers, but should be completed by **a field visit, with the aim of evaluating the reality of the work performed**.

Whatever the general framework fixed for the selection of projects, it is vital... to demand to be able to judge on the spot and not just on the basis of documents or declarations of intention. A potential agent which has nothing to present as the beginning of the carrying out of its project, which has not 'managed' to begin any thing in the area in which it wishes to work, lacks credibility. There is a need to evaluate on the spot what it has managed to do, what contacts it has managed to make with the population and with the local authorities, the way in which it is perceived by either of these. It is also the only way to judge its technical and perhaps its management capacities. A preliminary sorting of candidates based on the examination of what has already been performed makes it possible to eliminate many circumstantial and 'quickly knocked together' projects.

This approach attempts to evaluate the operators by **seeking the best quality of services offered** (it is an investor's logic). The investor is prepared to invest in an operator (running costs if any, operations that it has spontaneously initiated) by procuring further resources for it. It analyses the dossiers, or seeks, on its own initiative, partners already active locally, or who have demonstrated their motivation and know-how relative to a specific field of intervention, in the context of self- or otherwise financed activities (MPPs, EC-NGO cofinancing budget lines, aid from other donors, etc.).

In a 'closed' programme, **the problem of the time-lapse** between the beginning of the consultations for the establishing of the programme and the receipt of the first funding should not be eluded: this is generally at least two or three years. This poses a problem of credibility between promoters and beneficiaries relative to institutions and the EU. Such time-lapses create management problems for decentralized agents and increase the risk that Delegations, uncertain how to proceed, will ultimately opt for solutions that are simpler to implement (an MPP, for example). Another possible consequence is that the agents who designed the project are no longer present when implementation occurs, either being involved in another action, or having disappeared. Finally, the context may have changed and the proposed intervention may no longer be relevant, or may at least need profound modification. One solution might be to favour 'open' programmes (with the limitations that this implies, see 5.5.1) that benefit from the simplified decision-making mechanism and thus having the ability to react more quickly for the funding of individual projects. The Commission should however seek to shorten the appraisal deadlines relative to the normal decision-making mechanism. Decentralized agents, in the North as in the South, should pressurize the Commission to this end, but should also improve their technical and managerial capacities, which could have an impact on the will of the Commission and Delegation to shorten these deadlines.

6.1.5. Taking account of the post-project during appraisal

At grassroots level, development processes make their way slowly and must be sustainable; grassroots or support organisations must be continuously supported. This implies that, in the DC context, the post-project should be considered differently than in conventional projects, for which a limited life is acceptable.

The management/coordination structures of conventional interventions rarely survive the end of funding. This situation is to be avoided, which is why it is important to **choose interface structures that are not connected to a particular intervention**, but have a permanent support function for local initiatives where these occur (for example, like AGePIB in Benin, see 5.3.5).

This does not however stand in the way of **considering questions relating to the financial closure of a particular project from appraisal onwards**. It is therefore necessary to think about the services that the beneficiary will receive and the activities that the operator will later undertake in its favour. This reflection should include:

- the viability of the activities undertaken;
- the future of the investments made in the framework of DC projects (in particular in relation to administrations);
- the passage from project to permanent status (institution, company, non-profit-making association);
- the implications relative to the clauses of the contracts: property in movable and immovable assets (beneficiary, operator or State); accounting implications and procedures;
- the payment of recurrent costs, if necessary by a formal agreement (with the beneficiary group, operator or State).

6.2. DECISION-MAKING PROCESSES AND CONTRACTUAL COMMITMENTS

6.2.1. Decision-making procedures

At this stage, we find ourselves facing two different situations, depending whether we have chosen an 'open' or 'closed' programme (or framework):

- **In a 'closed' programme**, decisions concerning the operators have been taken before the funding proposal is drawn up; this has led to a programme funding agreement and an initial commitment of funds. We therefore move directly to the phase of concluding contractual agreements with the programme management/coordination interface (PMCI) with the operators (see 6.2.2 and 6.2.3). As regards the actions to be funded, either they have been decided in the framework of the funding proposal, or, if they have not, the situation is that of the 'open' programme described next (with or without a Steering Committee, according to the configuration chose).
- **In an 'open' programme**, the programme has been approved, but the decisions about the operators and the actions to be funded have still to be taken. These decisions are subject to an appraisal and selection process undertaken by the PMCI. In the preceding chapter (5.3.4) we suggested a suitable decision-making framework in the form of a Project or Steering Committee, one of whose functions would be to propose the allocation of funding to the actions to be undertaken by the operators. The selection process for actions to be funded could also take place without the intervention of a Project Committee; finally, the decisions to enter into formal commitments with operators could be taken by the PMCI; they would be approved by the NAO and the Delegation in ACP countries.

6.2.2. Need for contracts between the parties

It is essential that the dialogue between donor and operator established during the preparation of a project should also concern future contractual arrangements. It is important that the operator should be able to acquaint itself as early as possible with the modalities and procedures of the Commission, even if the project has not yet been approved. At all events, **it is essential to formalise the mutual obligations of the parties by the signing of contracts** precisely specifying the rights and responsibilities of each.

In ACP countries, the fact that 'non-profit making associations' (Article 294 of Lomé IV) are not, in theory, eligible for invitations to tender or contract-award constitutes an obstacle to the contractualisation of relations between decentralized agents and the EDF. This constitutes a major difficulty for DC in the context of EDF funding (as does the fact that an agent which has identified an action is increasingly often excluded from the tender for its execution). This is a problem that the Commission seems to have treated rather ambivalently, on a case by case basis, or according to the managing functionary's taste. Exceptions are clearly possible for the NGOs (at least as regards deals made by mutual agreement), but it is difficult to obtain a clear and non-personalised answer from Commission officials on this point. For example, in order to get around this rule, NGOs are in some cases made to compete with each other for a particular contract, so as at least to respect the spirit of the Convention. In other situations, recourse is made to Article 300 of the Convention, which allows the execution of 'Emergency aid' actions to be entrusted to 'Specialised organisations' and thus to derogate from Article 294 cited above. It should however be noted that Article 278, §2, Paragraph C, contradicts Article 294, stating that

recourse to decentralized agents should be envisaged for technical assistance in EDF projects/programmes.

As indicated above, cooperation with **Developing/ALA countries** is not subject to the agreement of the official authorities. Direct cooperation with the private sector (associations or others) are among the possible modes of cooperation. In the framework of decentralized cooperation, funding agreements can thus be signed:

- between the Commission and a private organisation. There are no restrictions as to the legal status of this organisation (NGO, association, foundation, group of producers, etc.). It would normally be a body already in existence. However, in a limited number of cases, a management body has been created for the purpose of administering the project (this has also been the case with the creation of TMNAs in the framework of Mediterranean regional programmes);
- between the Commission and several organisations, which includes the possibility of mixed tripartite agreements, associating local partners private and public.

6.2.3. Types of contractual agreements

For the implementation of a DC operation in ACP countries, we recommend the **impressed account** method which, in theory, makes it possible to **respond 'in real time' to needs expressed or thrown up by the context**. The new Article 251e states more explicitly that the participation of decentralized agents in EDF projects/programmes should be conducted on the basis of direct labour contracts, in accordance with Article 299 of the Convention.

In 'decentralized' projects that have adopted this method, operators generally sign two contractual agreements directly with the EDF:

- a) **A Service Provision Contract** (SPC) in an international currency for technical assistance and the remuneration of foreign personnel⁸; the SPC is managed by the Delegation.
- b) **A Programme-Estimate** in local currency to meet the project and local expenditure costs of the operators.

For this reason, where there is a PMCI, it is **best if the contractual agreements with the operators are prepared by and concluded with the PMCI**, on the basis of a mandate from the EDF (or from the Commission in Developing/ALA countries). These contractual agreements should be drawn up on **an ad hoc basis** (protocol, convention, etc.) **according to the legislation of the country**.

By becoming direct operators for the Commission (Developing/ALA countries), the promoters/decentralized agents would be subject to the obligations of a service provider in the context of a contract with the donor, which can be very constrictive from an administrative point of view and is therefore not desirable. Their situation is greatly facilitated if their contractual agreements are concluded with the PMCI, **which would thus be able to play in full its role of 'buffer' between the donor and the operators**. It would then be formally responsible for ensuring respect of EDF or Commission rules. Decentralized agents would then remain the indirect operators of the EDF or Commission. They would thus retain their entire freedom of initiative and autonomy of execution.

The memoranda of agreement with the operators signed by the PMCI (which would thus be the responsible for them) **would simply be approved by the National Authorizing Officer and the Delegation**. The latter would, let us remember, form part of the Project Committee

8 This separate SPC is particularly useful when the local currency is not convertible.

(PC) via their representatives on this body. For this purpose, the PMCI would have to have received the necessary powers; this is provided for in the new formulation of Article 290. In this way, **a formal control** is exercised by the relevant authorities, but one which **would not bear on the choice of actions**; this would be the responsibility of the PC, the PMCI or the operator.

The PMCI, in its turn, would sign a service provision contract with the EDF (this would be directly managed by the Delegation) **for its equipment and running costs and for the remuneration of its expatriate personnel (if any), and a Programme-Estimate for the activities of the operators.**

If local conditions made this suggestion inappropriate, it could at least be envisaged for the operators only to sign Programme-Estimates. If any part of the budget required international currency, this could be directly managed by the PMCI in the framework of its SPC. This would however imply that riders would be added to the SPC of the PMCI according to the necessities that arose in the course of execution.

On the other hand, **where there is no PMCI, or for very large-scale operations, operators would normally be subject to direct Programme-Estimates** (and perhaps SPCs) **with the EDF**. It is important to note that this choice requires that the management of the Programme-Estimate should be of a kind suitable to DC (see 6.4. and 6.5.). Given the burden of work involved in impressed account methods, the PMCI should ensure the financial and technical monitoring of the DC Programme-Estimates.

To sum up, there can be contractual documents at three different levels:

- between the EU and governments with interfaces for the management and implementation of the programmes;
- between the interfaces and the operators, who assume responsibility for certain tasks on behalf of the beneficiaries by acting as service providers or intermediaries, or take complete responsibility vis-à-vis the interface for the execution of the project;
- between the operators or interfaces and the beneficiaries, who sign simple agreements at individual level and thus, in the latter case, take responsibility for financial control and the submission of reports for their projects.

In the case of **Developing/ALA countries**, and in the absence of very precise or restrictive legal requirements, there are many different possibilities and it is possible to generalise only in the knowledge that there are many possible exceptions and half-way houses.

In general, it can be said that various forms of agreement are provided for: 'Funding Agreements', 'Contracts', 'Letters of Appointment', and there are no strict rules concerning their fields of application. The 'Funding Agreement' modality is used above all for agreements made with governments or with official multilateral bodies; the sums are generally larger, the projects are often funded via the FTA or cooperation budget lines, and the agreement is relatively detailed. The other contractual forms are generally reserved for agreements made with private partners; the sums are often smaller, they generally make use of 'minor' budget lines, and the agreements are less restrictive.

Contractual agreements vary widely; the degree of involvement of the Commission in the execution of the projects and the funding mode are two main determinants. Several different cases can be identified:

the Commission takes an active part in the execution of the projects. The project is managed by an execution structure directed by two co-directors, of whom one, the European co-director, is appointed and recruited by the Commission and is co-manager of the funds made available to the project. The Commission approves the annual operation plans and manages the technical assistance staff, which undertakes management functions and releases the funds according to

the approved schedule and progress in the execution of the project. This is generally for 'big' projects;

- The Commission supplies intermittent technical assistance (short-term missions) to a private or public body responsible for the execution of the project. It takes no direct part in the management of activities except through its technical assistants (the TA has no powers). It nevertheless ensures a close monitoring and releases funds by instalments. This formula is used for middle-sized projects and projects of long duration;
- The Commission provides financial support to an existing body, private or public, without intervening at all in its activities. It provides a third party with the means required for its activity, and these means are managed under that entity's responsibility. The funding is sometimes released all at once, or almost (a last instalment, representing a limited percentage of the total, is released after checking the expenditures against the commitments contracted for), especially when it is being used for specific actions or to supply overall budgetary support. This modality has been applied in a certain number of cases of DC.

6.3. THE FINANCING OF PROJECTS AND TECHNICAL SUPPORT

6.3.1. The contributions of the parties to the funding of projects

The implementation of a project or programme requires funding by the Commission of a certain number of budgetary items: the preliminary studies, the technical assistance if any, the follow-up measures or the execution as such.

Within the EDF framework, the different sections of Title III of Lomé IV concerning development funding suggest that with the exception of the specific cofinancing actions or certain instruments such as Micro-projects, **the Commission generally finances a project entirely** (though there is a restriction on what project expenses can be assumed, which we will look at in 6.3.2. below).

Within the framework of **Lomé IV.2**, it is nevertheless explicitly provided (see Articles 251D) that certain types of DCP (such as those belonging to the first case presented at 5.2.2., funding various local initiatives) should be financed in the same way as the MPPs, that is, via the simplified decision-making mechanism (Article 290), but with a ceiling per action of 300,000 ECU and a limit on Community funding relative to the total cost of the action (75%)⁹. At the same time, Article 251E stipulates that decentralized agents can also take part in the implementation of other kinds of EDF projects/programmes, at the request or with the approval of ACP States.

In **Developing/ALA countries**, even in conventional financial and technical cooperation, there are no precise rules concerning the contribution of the parties to the funding of projects which are supported by European Union funds. The Community contribution can thus cover headings such as the running costs of the executing organisation, the fees of the local staff, the acquisition of equipment, etc. Each case is thus examined on an individual basis during the appraisal of the project, without reference to either legal restrictions or recommended operational norms. A standardisation of rules and norms is however planned, in the form of a manual for use by managers (but not statutory regulation).

⁹ It should be noted that there is an ambiguity in this article. It states that the EDF contribution shall not exceed 'three quarters of the total cost of the project, or programme, and shall not be greater than 300,000 ECU'. A literal reading of this article would suggest that the maximum contribution from the EDF to a DC programme cannot exceed this ceiling.

It thus appears that the eligibility of a DC operation does not necessarily depend on a **financial contribution from the local partners**. Nevertheless, this aspect should be borne in mind from the design stage onward, since it is likely to influence the relations of donor, operator and beneficiaries.

A distinction must be made between support institutions (promoters/operators) **and the beneficiaries themselves**. For the former, 100% funding is most logical. For the latter, it must be borne in mind that cost sharing is, after all, the basis of participation¹⁰, even though the notion of a 'significant contribution' from the beneficiaries (as proposed in the guidelines for Micro-projects in Lomé IV) seems most relevant in this respect.

In order to maintain their independence, the operators often insist on their personal contributions. Their own funding can be written into the operator's memorandum of agreement. It might be possible to orient the operators towards one or other source of DC funding (DC programme, Micro-projects, etc.) according to the type of relationship envisaged and the existence or absence of their own funding. In the framework of North/South partnerships, financial contributions by the European partners are also recommended, as they constitute a tangible proof of commitment to the Southern operator.

As to the beneficiaries, they should be expected to contribute to projects in various ways: in kind, in cash, or by providing their own labour. One can also envisage the post-project management, maintenance and upkeep being counted as part of their contribution. On the other hand, the principle of requiring a 25% contribution often excludes working with the poorest people, and thus runs the risk of reinforcing their sense of exclusion. Finally, each operator is likely to work with the beneficiaries using a different approach; the contribution of the beneficiaries is thus likely to depend on the project, its evolution and context. It is therefore essential **to adopt flexible rules for contribution**; DC programmes **should not have too restrictive a policy concerning contribution**, except in the matter of the **participatory (and not just 'contributive') character** of activities, while maintaining awareness of the contribution everyone brings to partnership. A coordinated policy on the part of the donors in the matter of contribution, a policy defined in terms of objectives and target-groups, would be a considerable step forward.

In Zambia, where the local contribution requested by the World Bank is lower than the 25% requested by Lomé and EDF Micro-projects, constituencies generally approach the World Bank first.

6.3.2. Funding the operators

It is advisable, when collaboration with a decentralized agent is beginning, to **limit the first contractual agreements in amount and duration**, (a) by limiting oneself to equipment that can be written off within a year and (b) by providing contractual clauses concerning the recovery of capital goods (e.g. vehicles) at the end of the contract. The contracts can **be gradually increased in amount** (75,000, 150,000 ECU, etc.) thus allowing the operator's absorption capacity and competence to be verified. Moreover, guarantees can be given to the operators

10 We have given considerable emphasis throughout this document to arguments showing that participation should not be confined to a contribution to costs.

that, 'if everything goes well', funds will be set aside for the action to be pursued and perhaps for the renewal of the action¹¹.

There is a restriction on assuming certain costs related to the implementation of a project in the EDF framework. It is defined by Article 299 of Lomé IV, and relates to direct labour contracts made by agencies or the public services of an ACP country. In such cases, when the EDF contributes to the expenses of the administrative services in question, the financial contribution is limited to the complementary means and temporary execution expenses of the action considered. By extension, where the PMCI is under direct labour contracts (or the operators where there is no PMCI), the EDF could decide to support the operators of the DC programme or project only up to the amount required for the proper implementation of the activities of the programme/project. In other words, this means that the funding cannot be used for the remuneration of the local personnel, or, for example, for the capacity reinforcement of the operators. This interpretation of Lomé IV would introduce a disparity between EDF project operators and ALA/MED project operators.

In its collaboration with Proshika in Bangladesh, the European Commission support takes the form of overall, programmatic support via a consortium of donors. The latter have agreed to help Proshika to lay the foundations for its own financial autonomy. Over the years, Proshika has accumulated credits, some of which are capable of generating income or offsetting Proshika's expenses, so that its own resources and its self-funding capacity have increased over time.

For this reason, in the context of a broader interpretation of the Commission's rules, **the running costs of operators** should not be considered as such by the Commission. **They form part of the expenditure that must be envisaged in the context of a capacity reinforcement policy relative to the agents, without their being necessarily connected to the agent's activities vis-à-vis the beneficiaries** or even to the competent performance of these activities. Moreover, these local operator expenses should not be accounted for under a technical support heading, but rather as an investment in an organisation on which the Commission relies for the implementation of DC actions.

When support for the operator as such constitutes one of the objectives of the project/programmes, we remind the reader that this should be formalised by **contractual agreement** setting out **the objectives of this support in terms of improvement in the performance of the organisation**. Where institutional support is supplied, the **responsibilities of the operator** relative to the target-groups should also **precisely defined**, along with an outline of the actions and sub-projects that the operator is expected to perform.

6.3.3. Funding Management/Coordination Interfaces

In funding the PMCI, it will be necessary to show **creativity as the the conventional forms of technical assistance will often prove too costly**, especially as regards the programme partners' budgets. Among the forms to be explored on a case-by-case basis, we might cite: forms of local technical assistance, South/South cooperation, horizontal cooperation and the

¹¹ We cannot avoid observing on this point that the discourse of donors conceals their preoccupations. Most look for Western NGOs which can act as intermediaries and guarantors for national NGOs (this can, incidentally, mean initiating North/South partnerships). Co-management proposals (signature of both partners for disbursement, real sharing of responsibility) are also motivated by the fear of loss of financial control (see also Note 6 at 5.3.2).

promotion of exchange networks, joint support programmes for groupings of partner organisations, and recourse to voluntary or 'senior consultant' organisations.

This problem does not arise in the same way, obviously, if the programme management/coordination is entrusted to a local promoter/operator, that is, an existing organisation. In this case, obviously, technical assistance is optional.

Where a specific management/coordination interface is created, **its staff should be of local origin, or from another country of the region, and expatriate only as a last recourse.**

When PMCI staff is recruited locally in an ACP country, it is normally contracted directly to the EDF (NAO). With a view to ensuring maximum administrative autonomy, it would be best if the personnel could be chosen and employed directly by the PMCI (with the obvious exception of responsible posts within the PCMI, appointed by the NAO and the Delegation); this requires the PCMI to have the appropriate legal status (such as that of AGePIB frequently cited in this study, see 5.3.5).

If the personnel is expatriate and individually recruited, it can be contracted directly or via EAC contracts, after selection on the basis of a restricted tender invitation or recruitment by mutual agreement. Finally, if technical assistance is to be entrusted to a company (research organisation, cooperative, enterprise, etc.), the company will sign a service provision contract after selection on the basis of an open or restricted tender invitation or mutual agreement contract.

It is all but self-evident that the success of decentralized cooperation will greatly depend on the individuals who implement it. Particular attention should be devoted to the **selection criteria for technical assistants**. For this kind of project, in addition to the criteria habitually used in the EDF context (cost, years of experience, etc.) it is important to apply to the selection of technical assistance staff **other, more qualitative criteria**: type of post occupied, experience acquired, knowledge of the problems facing NGOs or associations and about grassroots development, etc. As regards the choice of experts and technical assistance, decentralized agents often find it hard to put up with government prerogatives. On the other hand, state employees often look askance at attempts to bypass government authority. The delegation of powers by the NAO to decentralized agents can sometimes provide a solution to this problem.

It should, moreover, be clearly understood by all concerned that the role of DC technical assistance should be guidance, supporting, reinforcing and putting oneself at the service of the operators and beneficiaries, and not pressurizing and exhorting them to go faster than they wish. The AT should also take care that the commitments of each agent (including those of the Commission) are respected (in particular as regards deadlines).

As regards costs, a permanent structure composed of local contractual staff (such as that proposed for AGePIB in Benin) represents, for example, for the whole structure (including two regional antennae), a cost not exceeding that of a single expatriate technical assistant on a conventional EDF programme. As regards the RDP in Guinea, it seems that the cost of the coordination interface and accounting cell is not very different from that of a more conventional RDP.

In **Developing/ALA countries**, as in other fields, there are no formal rules governing the ways in which technical assistance is made available and in particular aspects such as eligibility, recruitment procedures, and contractual conditions.

The norm for major Financial and Technical Assistance projects consists of requesting external technical assistance via a European consultancy¹². In this kind of project, the AT has co-management functions in the framework of a project-structure normally possessing a high degree of autonomy. The consultancy will normally be selected after a restricted consultation procedure with technical and financial tenders. The consultation can however be extended to other types of bodies than consultancies (for example, NGOs, universities, associations, semi-public bodies, etc.) and there are other kinds of recruitment, in particular recruitment by mutual agreement, or open tendering.

However, where small projects are concerned, involving limited technical assistance, no generalisation is possible (short missions, making available technical assistance for the duration of execution, etc.). Direct contracts with individuals are one possibility. These individuals can be non-Europeans from developing countries, though this is rare.

6.4. EXECUTION

The differences that we have highlighted between open and closed programmes arise essentially at the level of programme and project appraisal (decision-making mechanism leading to a funding agreement). In one case, the appraisal of projects is performed before the funding agreement is concluded (closed programmes), in the other, it can be performed after the funding agreement. But, **after the execution phase, the situation is identical in terms of procedures** for both open and closed programmes.

The success of the execution phase will depend essentially on **three factors** :

1. **methodologies** following which the operators will implement **participatory actions centring on capacity development**;
2. **continuity in support and funding** from the donor;
3. the **flexibility of the administrative and financial procedures** of the donor.

Participatory dimension in the execution of actions

The remarks made concerning the need, if the action is to be viable, for the beneficiaries to participate from the identification stage onward, are no less valid in relation to implementation.

It is, for example, important to make the participation of the beneficiaries tangible in the form of distribution of responsibilities and tasks (execution of actions, management of activities at their level, and in particular sub-contracting where possible). This requires competence (technical and managerial), preferably imparted by peers (use of local persons and resources) and anyway as close as possible to the field. Supervision, the quality and level of training will depend on the degree and complexity of tasks and functions undertaken.

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12 Even if the consultancy is necessarily European, it can still propose non-European staff. In practice, only staff from one of the EU nationalities, or, more rarely, from a non-member country, generally a country from the same region, or a country benefiting from European cooperation (Latin Americans for Latin America, Indians for Asian countries, for example) will be accepted.

...

It is evidently important to envisage a collaboration with the beneficiaries in relation to the distribution of costs, in monetary or other form, direct or indirect. The sharing of costs is not enough to ensure participation ('obligatory' work), but beneficiary contribution to the funding of the actions is nevertheless fundamental.

As regards the implementation phase, it is important to pay attention to the specific components of the executions, for example to the appropriateness of the technologies used. In this area too, the participatory approach is increasingly taken into account, as the appearance of the concept of 'participatory technological development' (PTD) implies. The starting point for this concept is the very limited dissemination of development technologies by appropriate technologies bodies over many years.

Via this concept, TA organisations have attempted to reevaluate their role in relation to manufacturers and users of technology on a small and medium scale. A change of technology involves both those who pose the technical problem and those who will benefit from its solution, those who can offer concrete responses (manufacturers) and others, such as facilitators, communicators and information networks, teachers, researchers, etc. Each of these groups represents different interests and is internally heterogeneous (culturally, politically, socially, economically, interests, gender). The starting point for the PTD process is thus to favour interaction between different groups. The objective is to put the end-users in a position to identify the nature of the changes and help them to face new situations or crises. This implies reinforcing their analytic, diagnostic, experimental and innovatory capacities and their ability to define goals and orientations throughout the process of learning particular techniques.

A DTP process follows sequences of interactive stages which stimulate change. Further to identifying motivations (profit, growth, long or short term, market guarantees, production methods, etc.), it is marked by a series of decisive moments in which the key question is: who participates and who controls the final decision? The external agents must both understand and learn from the system of local knowledge and share the technical information so that they are connected into existing know-how. In short, it is a question of using what people know to explain what they don't know.

6.4.1. Execution modalities: direct labour execution at PMCI level

As we have stated, the **impressed account system seems the mode of execution best suited to decentralized agents and to the PMCI** (see 6.2.3). Micro-project and conventional EDF rural and urban development programmes regularly use this very practical mode of execution. For its use in and adaptation to DC actions, it should be possible to learn from the experience of these programmes, and particularly from MPPs such as that implemented in Mali.

In the Mali experiment, the MPP Cell acts as a programming, programme execution and evaluation body. In this role it can entrust all or part of the studies needed (for both appraisal and evaluation) for the direction and execution of projects to administrative services, international bodies, NGOs, private enterprises, jobbers, freelancers, etc. It should be noted that for this purpose the MPP Cell establishes contractual working relations with its partners. It is not limited in its field of intervention except in its 'capacity to control the executing body' - the operator in DC operations.

The MPP Cell responsible for the technical and financial management of the whole programme receives a cash advance in the framework of an estimate relating to 'the estimated partial programme of micro-projects'. The estimate relates to operations likely to be executed which seem already to have been identified. It is managed by the Cell's director.

This cell receives an estimate covering its running costs whose estimated detail has been established in collaboration with the Ministry responsible for it and the European Delegation. The estimate authorises it to set up, under its own responsibility, support cells in order to extend the geographical range of its interventions, as well as of its decentralized antennae. The contracts signed between the support cells and the MPP Cell, are of a local nature: they are memoranda of agreement and not service provision contracts of the EDF. It should be noted that the support cells are managed by a European NGO, and that the antennae are also NGOs.

One of the first tasks of the PMCI will be to draw up a work schedule (overall, periodic, annual, etc.). This will be submitted to the European Delegation, and to the authorities mentioned in the funding agreement.

In the case of an open support programme for various local initiatives, the work schedule will precisely describe the working of the structure (PMCI) but will be indicative concerning the actions to be funded. Where an individual DC project is being funded in the absence of a programme, it will be a work schedule drawn up directly by the operator (with or without the collaboration of an interface).

In the case of a closed programme (and whatever the system adopted by the operators: estimate, advance management agreements, memoranda of agreement, agreements, etc.) the work schedule could be a **consolidated version of the respective work plans of the various operators** identified in the programme funding agreement. **This would bring together in a single contractual document the amounts allocated to the different operators in a single programme**; the DCP's authorization to incur expenditure, managed by the PMCI, would form the **object of a unique secondary engagement** with the services of the Commission on the basis of the funding agreement of the DCP. The periodic advance-schedule would fix the total of the impressed accounts in the national currency made available to the DCP to cover local expenses (equipment purchase, running costs, realisation of actions). It would define the actions to be undertaken by all the operators and the budget allocated for the period concerned. Concluded between the NAO and the PMCI - which would ensure the monitoring of the operators under its technical and financial responsibility - it would be approved and stamped by the Chief of Delegation.

The **estimated nature of the work schedule and the budget connected to it** are often assimilated to a '**devis prévisionnel** du programme'. Some Commission services prefer the terminology of 'devis-programme' (DG VIII), others that of 'plan d'opération' (DG I); in English the expressions are 'work plan', 'plan of operation' or 'provisional budget'. It should be remembered that work plans and budgets are contractual documents, signed by the contracting parties (PMCI or operator) in the same way as a letter of intent or a service provision contract.

Twice a year, that is, during the preparation of the budget of the direct labour programme and midway through its execution, the Project Committee (or Steering Committee) on which sit the authorities, the PMCI and the operators, should receive the operators' reports on their activities.

6.4.2. Specific modes of execution at operator level

For operators, as we saw at 6.2.3., **more flexible modalities can be envisaged**. It is important to note the local character of the agreements that can be made with third parties working for EDF programmes in the context of a direct labour system entrusted to a PMCI - which is the case with most MPP cells and even most conventional programmes. **In the last analysis, everything depends on the autonomy left to the PMCI and to the operators**, and more particularly on the way in which the latter can conduct their interventions according to their own methodologies, but within the limits laid down by the terms of reference (or specifications) and by the funds which have been entrusted to them for the execution of their projects.

The situation will therefore differ in different countries **and practices should and must evolve over time within any one programme** as a result of experience acquired.

Where decentralized operators are working **directly** with the EDF, they will have to respect a certain number of EDF execution modalities, whose content will form part of their programme budget. For example:

- a. The choice of sub-contractors contracted by the operators is subject to the approval of the EDF authorities or the interface structure which ensures the agreement of the NAO and Head of Delegation before authorising the choice.
- b. Works, supply and service provision contracts are in theory signed only after an open invitation to tender. Given the small size and other characteristics of the actions to be executed, the operator is generally authorised, by previous agreement with the NAO and the Head of Delegation, to conclude agreements after restricted tenders, restricted consultations or by mutual agreement. As regards investments in equipment, the operator is invited to present a minimum of two or three pro-forma invoices per article of equipment to the interface before the purchase, with a technical note justifying its choice.
- c. The supplies and equipment must come from either an EU or ACP country, unless the NAO and the Head of Delegation have previously approved a derogation from this rule.
- d. Some Programme-budgets (effectively dealing with the operators' projects/programmes) provide a budgetary item for unexpected expenses, whose use is subject to the previous agreement of the NAO and the Head of Delegation.
- e. The operator must meet a certain number of procedural requirements relative to financial and accounting management of the impressed account, including the provision of receipts, etc. It is important to note that the support of an accounting cell considerably lightens the managerial burden for the operator.

If there is a PMCI, these clauses (or certain of them) can be reproduced in the **ad hoc** contractual documents signed by the operators and the PMCI.

The actions undertaken by the EDF operators (PMCI or decentralized agents) come under the exoneration arrangements of Section 6 of Lomé IV relative to the fiscal and customs régime applicable in ACP States to contracts funded by the Community. The non-respect by customs of these arrangements is frequent, and administrative support for the operator by the donor is welcome in this field.

6.5. ADMINISTRATIVE AND FINANCIAL MANAGEMENT

6.5.1. Management of impressed account systems

In practice, the periodic programme-budget (corresponding to the work plan) goes hand in hand with the **management of an advance-fund constituted by funds from the financing agreement** of the DC programme.

A bank account must be opened, in order to domicile the advance-fund of the programme. An initial endowment in national currency is planned in the programme-budget managed by the PMCI to cover the start-up expenses of the programme (studies, etc.). Once the preparation and appraisal have been completed, no disbursement can take place for operations unless they have been clearly defined in advance in the periodic budget submitted by the operator and approved by the Head of Delegation and the national authorities under whose responsibility the PMCI officially comes (see 6.2.3).

It should be noted that the periodic budget of an open PMCI would receive further injections of capital reflecting not only previous operations which have been documented but also the identification and approbation of new actions.

It is important to note that, in countries where the EDF direct labour system is applied as such, not only to a PMCI but to decentralized operators too, it is much criticized by operators, who find it unsuitable. NGO/operators complain in particular about delays in payments and in the restocking of advances after submission of documentary proof, receipts, etc. This can lead to the NGO/operator having to raise substantial amounts over long periods to offset these delays. In other cases, the impressed account is not passed on to the local operators by the PMCI, which causes similar liquidity problems. These problems have also been encountered in the FTA framework in ALA countries. In that case, the conventional NGO cofunding system is reversed, and disbursement precedes expenditure and its justifications. The difference between the two systems also resides in the number of signatures necessary for the authorization of expenses. One NGO involved in an EDF programme noted that it estimated the administrative work at 5-10% of its time in cofunding, and 30-50% in an EDF framework. In the two cases cited, it is often funds from European partners, or even from NGO co-funding by the Commission itself, which allows the local operators to ensure continuity of funding and thus of action. Finally, PMCI or accounting cells, instead of playing a support and follow-up role in relation to the operators in their administrative tasks, sometimes see themselves as a further level of control and justification of expenses.

However, **a system of impressed account that guaranteed a rapid reimbursement of advances paid out and that covered the liquidity needs of the operator without exhausting the operator's kitty would be better adapted to the needs of the Commission representatives and DC operators.**

The system was adapted in Guinea, where the impressed account is locally managed by a coordination cell assisted by an accounting cell. Vis-à-vis the operator, the advances allow disbursement procedures to be accelerated. Monitoring by the coordination cell ensures that the operator's real liquidity needs are met and that its kitty is not emptied. One of the characteristics of the system is a posteriori verification of accounting documents. This verification is combined with an offsetting of advances proportional to the accounting documentation received, while

bearing in mind the liquidity available (kitty and bank) to each operator and its provisional expenses for the next two or three months. The accounting documents are encoded, verified, validated and filed by the accounting cell (see also 6.6.1., systems of accounting and financial supervision). The annual system is closed only after the following year's system has come on tap.

One kitty restocking system is to make available to the operator e.g. 40% of the funds initially, 40% on presentation of receipts for X% of the initial advance, and 20% thereafter. Another would be to hand over e.g. 25% in advance, and then reimburse only 75% of all receipts presented. The idea is that the operator then possesses a working capital fund proportional (in this case, at 25%) to the sums remaining to be spent. There would then be no empty kitty, and the advance paid out would be gradually recovered by the donor. Any remainder would be returned at the end of the year.

If the donor is sure that the advances paid out are being correctly used, it is more likely to accord the operators their autonomy in implementing actions. It receives feed-back from management structures. The DG VIII headquarters can supervise the results at annual direct labour programme level (consolidated version of all the advances of a DC programme), while leaving to the Delegation the duty of making any administrative investment at the level of the individual contractual agreements with each operator, either directly or via the structures created for this purpose (PCMI). The effectiveness of the mechanism derives from the coordination between the activities delegated to the programme management/ coordination interface and to the accounting cell, and from a satisfactory methodology.

6.5.2. Management of the accounts of the project/programme and EDF disbursement procedures

For the PCMI to manage the accounts associated with the direct labour system, the implementation modalities of the system must be borne in mind as defined in the DG VIII appraisal manual. These modalities derive from the application of the financial regulations to which the EDF is subject.

The principle of **direct labour** rests on the separation of responsibilities between the manager-authorizer and the accountant:

- a. The Manager (in our case the Director of the PCMI) appointed by the NAO in agreement with the Commission, is responsible for drawing up the budget and for all the financial operations involving funds committed and for authorization vis-à-vis the operators.
- b. A managerial accountant, who answers to the NAO, is responsible for making payments and recovering any debts. To this end, he ensures the accounting of operations (funds committed and paid out, keeping the books and cash and bank books).

In this system, transfers from the bank account associated with the programme budget are performed under the double signature of the manager-authorizer and the accountant. The DG VIII Appraisal Manual warns against the tendency to confuse the two functions (authorizer and accountant) by restating the fact that this constitutes an irregularity in the eyes of the EDF. But it is willing to allow the system to be adapted as long as financial security and the principles mentioned above are respected.

In ACP countries, the accounts associated with the management of the direct labour system in the case of DC operations would be the following:

a. *Management of the source-account of the direct labour programme*

The advances agreed in the direct labour programme are domiciled in a single bank account, the source-account¹³. This is **managed under the responsibility of the PMCI, perhaps aided by an accounting cell able to cover various projects/programmes.**

Expenditure from the kitty is made under the joint signatures of the Director of the PMCI (authorizer) and its accountant.

Its periodic restocking is subject to repayment orders co-signed by the NAO and the Head of Delegation, on presentation of a budgetary statement, documentary justification and activity reports. Given the management role of the PMCI, this function of the NAO cannot be delegated to the PMCI; it can only be delegated to a Ministry responsible, which is not always a satisfactory solution.

The account is opened in a retail bank, and enjoys the advantages generally accorded to Community funded project accounts, such as exoneration from: bank charges, account commission, and overdraft charges.

b. *Management of bank accounts relating to operator programmes*

For each operator programme there should be a bank account. These are **stocked from the source-account** under the personal responsibility of the PMCI officials, **in application of the programme budget** (or any other form of periodic activity planning by the operator) **and according to the operator's liquidity needs.**

The operators receive advances that can be renewed on presentation of the corresponding documentary proof up to the amount set in the annual programme budget.

A very unstable rate of exchange or non-convertibility of the local currency can cause situations unfavourable to operators. In some countries, the solution is to avoid converting the budget of the programme into the local currency; this is combined with management of the programme from Brussels. In this case, DG VIII headquarters may directly make the payments connected with the purchase of majority of the equipment necessary for the projects on the European and ACP markets. However, this has negative repercussions on the autonomy of the operator and shortcircuits the PMCI. It also reduces the volume of local purchases, and thus deprives local enterprises of custom. It is recommended that the budget be converted into the local currency for all purchases that can be locally invoiced, and letters of appointment in hard currency used only for the purchase of major equipment items. **The existence of two contractual documents, one in hard currency managed by the Delegation, the other in local currency managed by the PMCI, here assumes its full significance.**

13 A DC programme could have a second source-account if it had another source of funding (co-funding from another donor for example).

Bank guarantees in the context of service provision contracts with operators

The EDF general conditions of contract which serve as a reference for service provision contracts with operators was drawn up for consultants. For example, Article 34 concerning the deposit of a bank guarantee for advances granted is reproduced in the special prescriptions for all operators, even if these are non-profit-making. Though attempts have been made to adjust this requirement locally, no solution has been found that completely satisfies decentralized operators. Consideration should be given to this problem within the Commission's services, with three options available: either adapt the system, or waive certain contractual clauses where non-profit-making partners are involved, or maintain the status quo. It is indeed logical that an operator bound by a contractual commitment concerning the provision of services should have to respect the same rules as the conventional EDF operators, even if the operator in question is a non-profit-making association. The same does not, of course, apply in relation to investments of all kinds made vis-à-vis the beneficiaries. Where a bank guarantee is required, its cost could however be assumed by the EDF/Commission if the operator is non-profit-making.

However, it should be pointed out that, in several countries, the exoneration of the bank guarantee was the subject of a complaint from Commission headquarters after the contract with the decentralized operator had been signed. Putting aside the administrative reasons which motivated this attitude, when the modalities that have been negotiated are retrospectively invalidated, the value of a contract is undermined in the perception of the donor as is its consideration for its partner. This attitude damages the image of the institution. This is a pity as the terms of reference and the contractual documents of the operators have often been the subject of long negotiations with the Commission, with all parties attempting to identify possible complications and propose compromises. This convivial climate should be continued throughout the operations, without retrospective questioning of commitments.

Administrative and financial management in Developing/ALA countries

There are no restrictive rules in the matter of cooperation with Developing/ALA countries.

It is however generally required of the cooperation partner that it opens one or more accounts specifically to receive the Community contribution. Once again, no rules have been provided in this area. Project accounts can be in ECU, \$US or the national currency. They can be opened locally and/or in Europe, or even in a third country. In general, EC financial control of the EC will be reluctant to sanction the opening of accounts elsewhere than Europe or the country where the partner organisations has its headquarters. If justification is forthcoming, however, other formulas are acceptable and have been practised in a number of cases (accounts in Miami for Latin America and the Caribbean, for example).

In the case of Developing/ALA countries, the stocking of the account can be done on the basis of the payment of an advance that either covers a certain number of months of activities (from 3 to 12) or that meets a certain percentage of the project's overall budget (10 to 90%).

Renewing this advance and the payment of two successive instalments (of the last instalment, when payment in two parts is specified) is subject to presentation of a statement of expenses paid and to the verification of their conformity with the operation/programme plans approved.

As we saw above, there two kinds of management of projects in Developing/ALA countries:

- in the case of co-management (project managed by a mixed Execution Unit created for the needs of the project and composed of local personnel and expatriate technical assistants,

- including a European co-Director), disbursements from the project account/s are made by the double signature procedure, with the national and expatriate co-Directors both signing;
- where management is by the cooperation partner, the partner applies its own procedures, the Commission confining itself to verifying the conformity of expenses made with the approved programmes.
- In both cases, disbursements are made at the initiative of the project, and Commission control (like that of other possible verification bodies: Court of Auditors, the external audit bureau) is essentially ex-post.

6.6. CONTROL, MONITORING AND EVALUATION

6.6.1. Accounts and financial control system

Rigour is the condition of flexibility. It is vital to ensure adequate control of the use of funds and set out in detail the control plan implemented for the examination of original accounting documents (periodicity, extent, level of errors that triggers an exhaustive audit) and for the certification of the monthly statements. **Decentralized use of funds** (in particular impressed accounts) **can only be ensured if the operators and authorizers know that effective checks will take place and that they are very restrictive.** This is also protects the operator who can refer to this system when dealing with sub-contractors. This rigour begins with the **establishment of an adequate accounting system.**

Ideally, while remaining rigorous, a decentralized accounting system should free the services of the Delegation and the National Authorizing Officer of the burden of work connected with the supervision of the activities of a large number of operators. Moreover, the accounting system in itself should not be felt as a constraint vis-à-vis operators.

With this in mind, it is perhaps recommendable, in some cases, for the accounting cell (or the ad hoc PMCI service) responsible for verifying the authenticity of the documentary proofs presented by the operator to undertake the keyboarding of the account entries in the operator's place, for example, for everything that concerns the funding of the operations. Local operators rarely possess the competences or the personnel required for genuine account management, still less for accounts adapted to the requirements of the EDF.

Operators should be reminded that the rapidity of the financial movements in this system will depend heavily on their submission every two months (or even every month) of their documentary proof. In order to avoid penalising DC operators if some of their documents should prove unacceptable, **the refusal of a single document should not mean the rejection of the rest of the operator's dossier.** The modalities of acceptance of a documentary proof should also take account of the technical view of the PMCI on the subject of the justification of expenses relative to the activities and objectives of the operator.

The general approach would be to **accelerate the account restocking procedure and avoid operator liquidity crises.** The accounting procedure would thus meet the concerns of the EDF and Member States, of **funds committed 'matching real expenditure'**. The same principle could be applied to the renewal of funds in the programme source-account by the National Authorizing Officer and the Commission Delegation.

On the methodological level, the accounting verification should be implemented by applying uniform procedures locally for all the operators of one or several DCPs. It is moreover recommendable **to have recourse to a computerized tool appropriate** to the operations funded via direct labour or to any other modalities chosen.

It is also recommended that a **regular system of financial audits** should be developed. Among the existing formulas, it is desirable to have recourse to a two-level financial audit system:

- a. an audit of the operators and the PMCI;
- b. a periodic audit of the working of the services responsible for the accounting, not only relative to their handling of the accounts, but also of their accounting technique, the procedures applied, and the mechanisms set up vis-à-vis the operators.

Where an external audit is performed, care should be taken that the auditors understand the mechanisms in place and are able to advise on adaptations that would aid the operators.

6.6.2. System of operational monitoring

The monitoring procedures of DG I and VIII of the European Commission are based on the **methodology of the Logical Framework and Project Management Cycle (PMC)**, which makes use of principles recognised by many development agencies (though new guidelines are being drawn up on this subject, c.f. the new project cycle of the World Bank, see WB Bibliography). The broad outlines of this methodology are set out in a manual published by DG VIII (Project Cycle Management, integrated approach and logical framework, see EC bibliography); it allows the local officials some latitude in adapting the information to the specific needs of a programme and its managers. The overall procedure consists in supplying the officials with more or less detailed information according to the decision level (operators, PMCI, authorities involved - NAO, Ministry responsible -, Commission, etc.) while maintaining general coherence in the presentation of the information and its content vis-à-vis the donor.

The data gathered by the operator constitutes an indispensable contribution to the monitoring system. However, it is unlikely that all DC operators have the capacities (competence, logistical resources, and time) to apply the donor's system as such. There **decentralized training will no doubt be welcomed** (similar to that which has already been provided by DG VIII at Delegation level). It should be accessible not only to PMCI staff, but also to the operators' representatives. Given the contribution that training of this kind makes to operator capacity development, it is advisable to **assume the cost of it** by providing for the resources required while setting-up a DC programme.

The possibility also exists of there being several donors each making different demands on the operator. The operator no doubt has its own internal reporting system, or one that takes account of its other donors. In the best cases, the operator has already mastered a participatory monitoring approach vis-à-vis the beneficiary population and brings it to bear on critical examination of the action/project realised.

For this reason, it is advisable to accompany the setting-up of a DCP with some reflection on the kinds of reports required at each level, their frequency, the time required for their drafting, their logistical costs, the participatory aspect of the exercise and the possible constraints incurred by operators in the matter of data-collection. This should lead to the development of a

suitable system. **Decentralized agents are generally in favour of a single type of report on their activities, acceptable by all parties concerned** (Commission, other donors, etc.); this idea could be applied to their annual report too.

One of the tasks of the PMCI would thus be to consult with the operators, in particular about the most satisfactory effectiveness, efficiency, impact and viability indicators, and the practical modalities of collecting these. It is essential that **there should be a balance between the monitoring demands and the pragmatism of the approach**. It should be remembered that **monitoring is useful only if the information circulates and is analysed**. It is effective only if all involved, the beneficiaries and the operators, are clear about the purpose of the activities being asked of them, and can appropriate the results of the monitoring in order to improve the management of the project and reorient the actions for which they are responsible in the light of them. In this perspective, a certain flexibility will be required in implementing the monitoring/evaluation of participatory kind that is recommended in the box at 6.6.3.

6.6.3. Evaluation system

As in conventional programmes, independent evaluations will be planned as early in the process as the DCP funding agreement, and the terms of reference of such studies will be based on the PCM methodology of the Commission services.

Without forgetting the criteria associated with this method, it is desirable that the **evaluation procedure should acquire a participatory aspect** and that technical support should be provided for the Evaluation Unit of DG VIII for the elaboration of a methodology and specific terms of reference. The experience of other development agencies (GTZ, UNDP) and the literature published by think tanks, etc., in this field is fairly recent.

Not only should the approach and effectiveness of current participatory evaluations be scrutinised, along with the possible kinds of participation (operators, beneficiaries) and their form (workshops, surveys, etc.), but the duration and the cost to the donor should also be considered. In the field, mixed teams, bringing together experts who know the Commission's PCM method well, with specialised evaluators of participatory methods are an obvious solution. Besides the modalities of this process, the Evaluation Unit will have to specify the object of a DCP evaluation and the areas to be considered in depth. According to a UNDP analysis, there are very few monitoring and evaluation mechanisms that take account of the participatory process itself.

Participatory Dimension in Monitoring and Evaluation

In the management of development actions, monitoring and evaluation are essential functions. They must be shared among all the agents. To this end, it is necessary to recognise that, independent of their level of education, people are capable of giving their opinion and evaluating the results of an activity in which they are involved.

At local level, monitoring aims not merely to give an account of the action (as a verification method); it can also prompt reflection and make it possible to gain a better understanding of local constraints. It is again necessary to involve the beneficiaries as much as possible in the definition of the indicators and criteria, and in the monitoring methods and their application. This of course requires competence in organisation and group dynamics.

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Evaluation has two functions, internal support and verification (with its guillotine aspect); the second should not be given greater priority than the first. It is particularly important not to be content with external evaluation, which may have neither the means nor the time to evaluate participation as such. External missions too often focus on results, and have little space for qualitative elements in estimating the impact, methods, and the evolution of the processes, for example.

Participatory evaluation and self-evaluation comprise the same logical steps as conventional evaluation, but follow different rules insofar as they are designed as a learning process for everyone involved. The criteria and indicators are fixed in consultation with the persons concerned, in the course of an open process; it is not thus solely an instrument for checking on and improving a project, but also for promoting the capacity of the participants to critically examine their own practices.

The advantages of participatory evaluation are fuller results (as they are based on different interpretations of the information collected) and an impact of the evaluation which goes beyond the project team and can thus set off swift and broad-based reactions to improve the actions in question. It also has disadvantages. It involves the criteria involved being defined by or with the beneficiaries; it is therefore longer; analysis is collective and debate frequent. When outside support is used, consultation should, logically, take place with the different agents on the choice of this support or of the external evaluator. It nevertheless looks difficult to systematise this mechanism with the Commission, given that practices of this kind are generally not intensively - or not at all - planned.

It is therefore recommended that the decentralized agents' own internal evaluation procedures should be encouraged and that the external evaluations of the Commission should little by little be inserted into them.

BY WAY OF CONCLUSION

Over the course of this document, it clearly appears that decentralized cooperation is not so much an instrument particular to development cooperation, as **a new and different way** of practising cooperation. It should be based on principles rather than regulations, instructions or particular procedures. This implies that when decentralized cooperation actions are being implemented, an essential part should be left to the creativeness of the agents as a whole, whether institutional or decentralized.

If **creativity** of this kind is to be expressed by Southern societies, it is essential that **fora for constructive dialogue** between the agents should be created too. It is also essential that the donors, both official and non-governmental, agree that they are, as agents, external to the processes taking place or to be established. Their role will be one of support and follow-up rather than direct intervention. They must be willing to **take risks and recognise others' right to make mistakes**.

However, given the very forms that decentralized cooperation can take, it is clear that it might remain simply one instrument amongst others, isolated within the EU's cooperation actions.

But decentralized cooperation is a concept that can be applied within most of the forms of intervention practised by European cooperation. It has within it **the potential for an ambitious and coherent approach to development support**, which might make it possible to reach a critical mass of intervention, a significant impact and greater visibility.

It is therefore important that this approach should be integrated into a true European Union policy of sustainable development, based on **strategic principles** such as the reinforcement of agent capacities, agent participation and responsibility, and support for the decentralization process. This of course requires a **clear political will** on the part of both political and managerial officials, and their active participation in the promotion of this different conception of development cooperation.

To do this will require that habitual, tested and reliable practices be exchanged for **new methods of doing things**; this is never easy. The changes in outlook and attitude that decentralized cooperation implies for functionaries will have to be supported by an appropriate 'institutional culture', which will encourage **innovation and flexibility**; this process of change will have to be structural and above all gradual. Such changes of attitude are required no less of decentralized agents themselves, who must make efforts to adapt their behaviour and structures to this new approach. That means **greater openness toward other agents**, a spirit of dialogue and consultation, and a redefinition of their roles.

It may all seem a considerable gamble. But faced with the challenges of democratisation, the growing aspirations of populations to participate in the management of their future, and the cruel reality of the exclusion of the absolute majority, **this approach is simply essential**.

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ANNEXES

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PROSHIKA, Bangladesh

1. Origin and background to the programme idea

Proshika, one of the three biggest NGOs in Bangladesh¹ (with the Grameen Bank and BRAC) was born of the initiative of an individual who, after working as field developer with a Canadian NGO (CUSO), set up his own NGO in 1976 with the financial help of CUSO. CIDA soon replaced CUSO as a funding source, and was joined by other donors, at first mainly European NGOs, then official agencies: Sweden, the Netherlands, Great Britain. The EU recently decided to take part in the funding of Phase V (94-99) of Proshika's programme. For Proshika, 'take part in the funding of a programme' means something quite specific: it means funding the institution and not a particular project. Till now, the main objective of Proshika's donors has been to provide the means for Proshika's action. They have not limited their support to the funding of activities but have agreed to fund the organisation itself, allowing it to lay the foundations of its own financial autonomy. Moreover, the funding sources have formed a consortium which has settled on a pooling of resources.

The object of Phase V of the Proshika programme corresponds to the overall choices made by Proshika: combating poverty by concentrating directly on the poorest. It places its faith in human development, and its objective is to promote real empowerment of the population through an overall, multi-sector approach. Proshika also interacts with the State, either collaborating with certain ministries, or pressuring the authorities, for example, in 1987, to allot deforested State land to landless peasants. Its methods of action are bottom-up, and accord a central role to participation, the promotion of organisation, training, a sense of responsibility in beneficiaries, promotion of beneficiary self-sufficiency and so on. Proshika also programmes its activities in bottom-up fashion; its starts in the field and works toward the centre. Requests are made by the population (previously organised into groups), projects are then submitted to Village Committees and discussed so that an overall plan for the village can be worked out... This process is followed at all levels.

The relationship between the EU and Proshika is based on a Proshika initiative, which designed its programme and then contacted the donor (via the Delegation and its Executive Director visiting Brussels), asking for the funding of the next five years to be completed. This is therefore a typical example of a bottom-up programme for the donor, as the idea came from the decentralized partner.

The Commission headquarters was, at first, reluctant to agree to non-individualised funding (individualised funding would have meant a specific EU project or allocation of EU funds to certain specific elements of the Proshika programme). It should be noted that Brussels's objections were based less on regulatory obstacles than on the practical difficulties of financial

1 In 1994, Proshika had 1459 staff for 662,000 beneficiaries.

control and of a 'culture' no doubt unwilling to accept innovations. Both Proshika and its other donors were against this chopping up of its activities.

In the last analysis, certain elements were essential in the decision to fund Proshika: the personal contact made by its Executive Director, the lack of other proposals in Bangladesh, the previous funding of a project by another major Bangladeshi NGO (BRAC) through the budgetary resources of Technical and Financial Assistance, the consortium organised by the donors (among which were members of the EU), the Delegation's support for the project, and the project's absorption capacity.

2. Support measures

The management of Phase V is performed entirely by Proshika with its own staff (management and other). The coordination of the different aspects of the programme is done within Proshika, which works in participatory and decentralized fashion. The actions are proposed by the beneficiaries and subject to consultation at every level. The personnel is local and close connections are sought between its staff and the field (15% at headquarters, 85% in the field). Moreover, a large share of management responsibility rests on its members. A greater transfer of responsibilities to members is sought for the future.

Internally, Proshika's guidance policy (very close to the grassroots) is a clear result of its capacity development strategy, at both individual and organisational levels.

No permanent technical assistance is planned for this phase, any more than for previous ones. Donors do not, strictly speaking, participate in the project, e.g. through Technical Assistance. The staff contribution of the donors has consisted in funding a local consortium representation office in Dhaka and a permanent consultant (funded by the EU) and in the funding of short missions of support on specific themes: evaluation, audit, etc. The external TA functions are thus essentially monitoring and support on request and the cost is proportionally low (2% of the donors' and 6% of the EU's contributions).

3. Intensity of participation

For Proshika, participation is more than a means, it is an end in itself, not only within its activities (where management is based on collective decision-making) but at local level (promoting organisation and training as the keys to personal empowerment) and at a wider level of democratisation (organise in order to make oneself heard not only in the context of Proshika activities but in other social fora).

For Proshika, the participation of the beneficiary population is an integral part of the process, from the programming of activities to their execution, monitoring and evaluation. Thus, in the field, activities are programmed and budget management autonomy is achieved when programmes are approved; groups' projects are funded from a credit fund. As regards monitoring and evaluation, there are, on the one hand, internal procedures (including regular self-evaluation workshops) and on the other procedures effected by external agents acting for the consortium.

4. Instruments

The set-up is peculiar relative to the habitual funding practices of the EU (agreement directly with an NGO; contribution mixed with that of other donors, without there being, as such, an EU project or programme... see Point 1).

Proshika and its various donors have formed a consortium of which each is an equal member; the consortium has a permanent office, funded by the donors. It is the interface and coordination body of the donors. The Office Chief is a consultant whose selection is subject to the approval of the consortium members as a whole and whose task is that of TA-consultant. He ensures monitoring of activities, formulates recommendations when necessary, coordinates evaluation missions (or any other technical missions), ensures financial control (making use of a local auditor when necessary), ensures communication between Proshika and its donors, prepares an annual report on Proshika, etc.

Rakai District Development Programme, Uganda

1. Origin and background to the programme idea

The Rakai District Development Programme (RDDP) is a pilot project, aimed at supporting the political process of decentralization, initiated by the Ugandan government, by providing financial and institutional support to Rakai district. The main focus is on strengthening the capacity of district structures to plan and support the implementation of development initiatives.

RDDP was born out of a meeting of minds of the Uganda government and DANIDA. The Government had embarked upon a national policy of decentralization. It acknowledged that in the absence of devolution of decision-making power (including financial authority) and institutional support to district structures, the process of decentralization would not succeed. Rakai district was selected for pilot implementation of this policy. DANIDA's aid priorities had evolved along the same line. It emphasized poverty alleviation, democratisation, participatory development, capacity-building and sustainability. DANIDA had also decentralized its own organisational structure and procedures. Its commitment to RDDP was reflected in an agreement to support the programme over 15 to 20 years.

One could argue that a top-down approach was adopted in developing the basic idea and underlying principles of RDDP, including a relatively dominant role for external consultants (in drafting the programme document) and for centralised agencies, including Danish Embassy (in managing the programme). Initially, this was seen as a necessity, taking into account the lack of a clear national decentralization policy and poor starting conditions in Rakai district. However, the process approach adopted by RDDP, gradually created opportunities for local participation and bottom-up approaches. Outside influences on the management of RDDP decreased as capacities of local institutions and actors increased.

2. Supportive measures

The originality of RDDP resides primarily in the linkage between supporting a wide variety of socio-economic development initiatives at local level and strengthening local political and administrative district structures. Capacity development of district authorities is seen as both an end in itself and a means to achieve RDDP's broader socio-economic objectives. The district is given a prominent role as a nexus between central government, donors and a wide variety of local actors. Danida has taken the option to fully support the political decentralization process of the Ugandan government. It provides financial and institutional support to a district and is prepared to subordinate RDDP (including its own accountability requirements) to the logic of the decentralization process. This explicit choice for working through existing structures -however weak they may be- is based on the premise that district structures are there to stay (contrary to donor supported Project Implementation Units or foreign NGO). Supporting the emergence of a capable local framework for participatory planning and implementation of development activities, is seen as a means to ensure greater accountability and sustainability of development initiatives.

RDDP gradually developed a flexible and comprehensive strategy for institutional support, including finance (e.g. recurrent budget support), training and technical cooperation (albeit

reduced to a single resident advisor and adhoc consultancies). RDDP also benefits from a supportive national policy and institutional backup. These supportive measures were largely conceived outside Rakai district. But as the programme developed and the different actors became aware of their new roles and responsibilities, the demand-driven nature of the whole process increased.

3. Intensity of participation

RDDP is a multi-faceted programme, with 25 components including socio-economic activities, infrastructure and rehabilitation projects and capacity-building efforts. Experience has shown that levels of participation vary according to the type of activity supported. The planning process -a core element of RDDP- is generally perceived to have been based on extensive consultation and democratic decision-making at different levels. Major efforts have been made to ensure that the necessary structures, procedures, instruments and capacities of the different actors are developed to ensure this participation. It is, however, acknowledged that the focus has been primarily on key actors at district level. Additional efforts in capacity building will be required to ensure bottom-up inputs from lower levels of administration and local people.

4. Instruments

Formally existing district structures rather than project-related adhoc institutional arrangements are the main instrument of RDDP. A wide set of actors at the local level (local authorities, NGO, CBOs, private sector agents, etc.) are expected to implement the different components of RDDP and to ensure day-to-day management. There is no overall coordinating unit nor is it the intention to have a oversized district administration. Recruitment of project staff, financed outside the district budget, is kept to a minimum. Management of RDDP is increasingly decentralized, with central government and donor agency adopting a controlled 'letgo' attitude. An indication of this, is DANIDA preparedness to integrate the programme's budget into the district budget and to use the existing auditing system under the Local Government Statute to ensure accountability.

Community Action Programme, Uganda

1. Origin and background to the programme idea

The overall objective of the Community Action Programme (CAP) is the promotion of sustainable socio-economic development in three districts. Target groups are local communities and groups. CAP aims at strengthening their capacity to identify and execute development initiatives (primarily microprojects). Existing CAP documents dwell at length on the inextricable link between the objectives of capacity development and the implementation of micro-projects.

Three contextual elements are at the origin of the programme: a government initiated reconstruction plan for the region, (including a social fund), the national policy of decentralization and positive responses from major donors.

The process of programme design was rather top-down, including a wide variety of actors such as the Office of the Prime Minister (OPM), the World Bank (as the driving conceptual force), the Dutch government and several short-term external consultants. All of these actors had different perceptions as to the desirable nature and institutional set-up of CAP. The net result is a very general Programme Document (with vague objectives, criteria, procedures and working methods) and a rather heavy and schizophrenic institutional set-up (combining several coordinating units at national level and a very decentralized management approach in the field). A Dutch NGO (SNV) was charged with the execution of CAP, under a 'co-implementing' arrangement with OPM. This framework was 'implanted' from above in three districts. From this moment on, there was scope for involvement of local communities in design, decision-making, execution and financial management of micro-projects.

2. Supportive measures

From the outset, CAP aimed at putting in place a community-based, people centred and demand driven approach. This had to be achieved through the 'facilitation' of community and group initiatives to assess their own needs and priorities and through financial and technical support, with CAP structures in a coordinating and advisory role. CAP staff made major efforts to ensure effective capacity building of local groups (through participation all along the project cycle). To this end, it developed a comprehensive (albeit rather abstract) capacity development strategy (using local Community Facilitators, Participatory Rural Appraisals, providing training, etc.). It is difficult to say that local actors fully agree with all this attention being given to capacity building. It would appear that local groups often do not see the relevance of lengthy consultation processes in the context of a survival economy. They may prefer quick material improvements through micro-projects. They also fear that too much programme funds are 'eaten up' by overheads (which are indeed relatively high). It is also relevant to note that CAP -as currently designed- has no special support measures to strengthen district structures. Their cooperation is sought if needed for the implementation of CAP projects. This, of course, does hardly provide an incentive for district staff to participate. If anything, they resent the financial and logistic possibilities of CAP, which they tend to perceive as 'unfair competition'.

3. Intensity of Participation

CAP has made it possible to adopt a truly decentralized approach to project design and implementation. There is no major political interference from the top or from local politics. Communities and groups are facilitated in a decentralized manner (through locally recruited and trained staff) to take the lead in managing development initiatives. The budget can be used in a very flexible and demand-driven way. The CAP units do not (directly) interfere in the approval process. Technical assistance, especially short-term consultancies, are carefully managed. The main tension on this system, is CAP's coordinating 'superstructures' at national level. They do not necessarily share the 'decentralized mind' of SNV and CAP staff at district levels. The bureaucratic and accountability requirements emanating from the centre, may end up reducing the scope for a flexible and efficient approach in the field.

4. Instruments

CAP's organisational structure has been tailored to the needs of both participatory management of micro-projects and the coimplementation principle between OPM and SNV. To meet the first objective, the institutional framework is based on a devolution of decision-making authority to local communities and groups. At this level, representative interface structures (steering committees) have been created to assume these responsibilities. To meet the second objective, there is shared responsibility between OPM and SNV at each layer of CAP's complicated structure. Coordination and accountability requirements are discharged at the level of the three CAP District Units (jointly by a local Unit Head and an SNV Advisor). The National CAP Unit (based in Kampala) is responsible for overall management coordination (e.g. elaboration of common procedures) and consolidation of accountability requirements. While decision-making on microprojects seems strongly embedded in local dynamics, the overall management of CAP is trapped in a much too complicated and costly institutional set-up. Another problem is the absence of a longterm vision of CAP. The programme hangs in an 'institutional vacuum'. CAP is not likely to become a local NGO, nor is it planning to integrate its activities within locally existing structures. This may jeopardise the long-term sustainability of its activities.

Micro-projects Programme, Zambia

1. Origin and background of the programme idea

The Zambia Micro-project Programme (MPP) is a typical EDF Micro-project programme and is essentially given over to small social infrastructures, schools, and health centres. It is a response to a notable lack of such facilities. The government has no budget devoted to the construction of such infrastructure and thus depends on external aid in these areas. An important characteristic of this programme is that it is funded and managed jointly by the EDF and the World Bank.

The Zambia MPP follows the basic rules of Micro-project programmes, that is, a minimum contribution of 25% from the beneficiaries and technologically simple interventions whose execution should take no longer than a year.

The MPP is mixed top-down and bottom-up. It offers support for a type of action determined by the MPP: beneficiary groups must organise and form a Project Committee, promise participation in the action envisaged, and, if possible, prove this participation if they are to have access to an MPP. However, the Zambia MPP is one of very few that leaves the management of funds to the Project Committee. In other Micro-project programmes, the funds intended for projects are managed by the programme's central cell.

The beneficiaries' point of view is taken into account little if at all. They must match the conditions set by the MPP in order to have access to aid.

2. Support Measures

The programme possesses a large support unit, the Micro-projects Unit (MPU), which employs some fifteen people in the capital and is represented in each of the nine provinces.

The support measures developed have been essentially oriented towards control (of the contribution), and support and monitoring of the work performed. Currently, support is increasingly oriented towards the training of Project Committees for their role in the entire process of the action envisaged (training seminars before the project begins).

One of the aims of support is thus capacity development, but this is limited to a very specific area of the carrying out of the project.

3. Intensity of participation

There is no real participation in the development process; it would be more accurate to speak of contributions to the carrying out of an action. However, the support system is currently intended to train the beneficiary community in practices of delegation of powers within the village and control of the use made of these powers by the officials to whom such power is delegated. At this level, some degree of participation is beginning to be practised.

4. Instruments

The coordination cell (MPU) manages the programme and is responsible to the EU Delegation in Zambia, the World Bank official in charge of the programme in Washington, and the National Authorizing Officer. It comprises two expatriates (one EAC and one contractual WB official) and several high level Zambian executives.

The MPU at Lusaka includes a financial control service which receives documentary proof and checks the expenses of the projects as a whole.

In each province, a Zambian regional official is in charge of the identification and monitoring of projects, in collaboration with a certain number of district functionaries (Building Officer, Education Officer, Health Officer, etc.). The regional officials send project proposals, which have already been selected, to the central MPU office, which studies them and submits its own selection to the Project Committee, on which the three authorities sit (NAO, EU, WB). This Committee makes the final decision on funding. The Zambia MPP is a rare example of a Micro-project financed by two donors: the EDF and WB.

Mpongwe Smallholders Development Programme, Zambia

1. Origin and background of the project idea

The object of the project is currently community development in 26 villages of the Ndola region. The origin of the project was at first the agricultural development of these villages, centring on increased productivity and communications infrastructure development (roads, bridges, etc.).

The idea of transforming a conventional agricultural project into a community development project came from the project's Technical Assistance. To begin with, the Technical Assistance organised applied research with the peasants to determine techniques for improved farming with their aid.

After this first and successful experience of participatory measures, the TA asked the help of British consultants in transforming the project as a whole into one of community development. In this, they relied on a small number of administration officials of the Districts (in which there were 26 villages), whom they trained in participatory methodology. Then each village chose two extension workers (a woman and a man) to receive the same techniques.

The project initiative is typically top-down. The AT proposed the idea to the District functionaries and to the villagers, and the villagers quickly became interested in the approach proposed. The approach is typically bottom-up; the intention of training extension workers in participatory methods was to enable the villagers to think constructively about the problems that they face and to seek solutions.

2. Support measures

The support by the TA was concentrated at first on the extension workers' capacity development, then on the villagers. These support measures have become the main function of the project.

3. Intensity of participation

The participation of the beneficiaries is the main objective of the project. It is the result expected from the development of the capacity of the educators and villagers. Thanks to the development of their capacities, the villagers can analyse their problems, identify their causes and propose solutions.

When external support for an action envisaged is necessary, this can come either from the project itself (for example from group savings schemes, whose capital is doubled by the project) or from another project or donor (for example, a health centre constructed by EDF Micro-projects).

4. Instruments

The structure of the conventional agricultural development project has remained. It comprises three expatriate TAs and several local officials. The project is often criticised in terms of the high cost of its TA.

The interest of the project lies in the fact that the TAs had the idea and the energy to start the process of transforming the conventional project into a project matching the norms of Decentralized Cooperation; in this they were supported by the Delegation. When the new method is functioning smoothly, the TA will be replaced by local personnel at lower cost, and TA will be reserved for occasional support.

Rural Development Programme Upper Western Guinea, Maritime Guinea II, Guinea Conakry

1. Origin and background of the project idea

The DC in the RDPs of Upper Western Guinea and Maritime Guinea concerns around 47% of the former and 37% of the funds of the latter. The set-up does not exclude the possibility of other parallel forms of implementation of more conventional EDF RDP kind. The DC approach results from a series of observations about the working methods of Lomé III: projects of human resource valorisation, in which the 'evolution of the target population in the direction desired constitutes the main criterion of success'², require a specific approach, taking account of the peasants and their reactions and evolution.

There is a clear will to introduce some flexibility into the formulation of RDPs (sustainability, activities, etc.) and to seek decentralized operators who are familiar with decentralized cooperation (local and foreign NGOs, Guinean associations, consultancies, individuals, research centres, etc.) willing to support the beneficiary group both before and after the EDF funding. The Guinean authorities have approved this initiative. However, the Post-Project and title in productive investments (equipment, infrastructure, etc.) funded by the RDP are among the financial stakes to which DC gives rise, and this arouses some resistance.

The project idea is the result of a mixed approach: (a) top-down in the formulation of the initial objectives³ of the RDP and in the choice of operators on the basis of investment in actions and agents recognised locally, (b) bottom-up in the proposal by operators to the RDP of activities and structures meriting support. This takes the form of the operators cooperating in the formulation of an RDP and their freedom to propose adjustments during execution. The operators are the kingpin of the process: the testing of the opinion of villagers and other grassroots groups is done through the operators, who are responsible for the quality of their own participatory procedures.

2. Support measures

Support is primarily through the operators, from the operator to the villagers and other beneficiaries.

The institutional set-up of the RDP is oriented towards support for the operators from (a) the coordination cell of each RDP and (b) a central accounting cell attached to the NAO. This support mainly relates to the administrative procedures of the EDF RDPs and the accountancy

2 This is the case with the agricultural components of the Guinean RDPs, which are conducted on a participatory basis in which attempts are made to interest villagers in the improvement of their agricultural techniques, to organise their supply of inputs in sustainable fashion, to favour the marketing of their production, or to organise track maintenance with the aid of the population.

3 In supporting the rural development policy of the Guinean government, these programmes have among their priorities the training and consolidation of local groups, which orients activities in that direction.

of the projects (account-data capture in place of the operators who request this, sometimes consultancy in social management and tax affairs). The technical coordinations and the Delegation are also fora for reflection between operators: common reflection intended to make collaboration more effective.

3. Intensity of Participation

In the specific objectives and activities written into the RDP Funding Proposals, beneficiary participation is considered as an operational objective in itself.

This participation occurs at project level, between operator and beneficiary; the type of contribution and the responsibilities of the peasants are the result of internal dialogue. Among the tendencies encouraged by the RDPs are:

- leaving the operators to identify their initial activities (which constitute the operator's, and indirectly the EDF's, permission to enter the village). This allows collaboration to be initiated concerning needs very close to the concerns of a particular group. If everything goes well, the nature and scale of the activities can evolve.
- leaving the peasants to organise themselves, helping them but not doing things in their stead. 'People always decide for themselves' whether they want to work with the operator. Activities are decided by common agreement; experience has taught officials that a project should never go 'faster' than the beneficiaries.

The participatory methodologies are individual to each operator. After verifying the operator's participatory approach in the field, the Delegation and Structures never intervene directly in the operator/beneficiary relationship. The validity of each approach will, however, be highlighted by the monitoring mechanisms⁴, and discussed and commented on during exchanges with the programmes officials (TA/Delegation).

4. Instrumentation

The Administration is present upstream in the form of the National Authorizing Officer and a Ministry with responsibility for RDPs. The Delegation is the guarantor of the participatory approach. One of its main functions is to dynamise the DC process, by arranging the appropriate structures, appointing the right personnel, and ensuring that the process is not derailed. The National Coordination Cells (NCCs) responsible for the execution of each RDP and the Central Accounting Cell (CAC), common to the six major EDF projects, work as the authorities' technical and accounting filters and as the operators' official interlocutors. The operators ensure the execution of the projects and on-hand guidance for the beneficiaries (support, training, monitoring, etc.).

Each NCC is directed by two persons: a senior executive from the Ministry with responsibility appointed by Ministerial decree, and a Technical Assistant (TA under EDF service contract or ECA expert) who co-manages the RDP, recruited after tripartite agreement between the NAO/Ministry responsible/Delegation. To this model can be added a European technical consultant (Maritime Guinea) or Delocalized Coordination (European consultancy and local

4 The operators are requested to verify the interest of the villagers in the operation proposed, by testing with them simple actions and methods; by checking, for example, whether or not the beneficiaries individually reproduce the activities which are proposed.

functionaries, in Upper Guinea) and local contractual staff. In its tasks of controlling operator budgets, it is supported by the CAC, which checks the accounting validity of documentary proofs, produces statistics and updated liquidity statements, budgetary estimates for the operators, budgetary consolidation with each RDP, etc. The NCC performs the secretarial functions of a RDP Steering Committee which meets twice a year as a forum for exchanges, decision-making and adjustments for the authorities, the RDP officials and the operators. The RDPs use a system of annual Programme Budgets for each operator and for the running costs of the Cells.

Provision of drinking water in the Lima shanty towns, Peru

1. Origin and background of the programme idea

The object of the programme is to contribute to the provision of drinking water to the outlying areas where this is most lacking and which were worst hit by the cholera epidemic which struck Peru and particularly Lima in 1991.

The cholera epidemic led the Peruvian government to request international aid in order to deal with the problems considered to be the cause or contributory factors of the propagation of the illness. It was therefore a top-down initiative, identified as a priority action by the government in relation to the emergency but also constituting a response to the structural problem of the water supply of the impoverished inhabitants of the shanty towns.

Funding was not a difficulty given that the EU wanted to act in relation to this problem. It adopted the methodology of the technical proposal identified by the CEPIS cell of the Panamerican Health Organisation. The programme did not require adjusting to meet available funding, but the cooperation instrument used (technical and financial cooperation programme) should probably have been adapted to meet the urgency of the situation and intervention (operations only began in mid-93 for an identification made in 1991).

Although the beneficiaries' point of view was not taken into account, the objectives of the government and programme seem to meet their needs and expectations.

2. Support measures

The originality of the Drinking Water Programme lies mainly in its objective of organising and reinforcing the capacities of local institutions which are the main agents and partners in the actions. On the one hand, the work of promotion, preparation (training) and preliminary organisation of the beneficiary urban districts or groups was performed by NGOs selected on the basis of their experience of working in the very specific context of the shanty towns and for their technical and pedagogic capacities. On the other, the technical option was designed with a view to its later integration into the SEDEPAL network (SEDEPAL is the company responsible for water supply and sewage disposal in Lima). The technical solution was thus inherent in the permanent institutional and technical structures of Lima.

These strategic choices were not requested by the beneficiaries, who were not directly associated with the identification of the action. A deliberate strategy of individual and institutional capacity development nevertheless constituted the logic of the support operations. The Programme Management Unit exploits the complementarity of the various agents approached; by allocating specialised functions to them and endowing them with the required technical and financial resources, it enables them to assume their statutory technical and social functions and thus contributes to their reinforcement. A training and participation promotion component was immediately made part of the objectives of the programme and entrusted to specialist NGOs. The method used (training of educators) produces a self-multiplying effect,

which is, in view of the task in hand, indispensable. The use of communicators who are from the shanty town world contributes to the effectiveness and impact of the training work.

3. Intensity of participation

The participation of the beneficiaries was initially identified as essential to the carrying out of the micro-projects, their viability and sustainability. It is considered as a means allowing a series of technical objectives to be attained and as an end in itself. Expressions of solidarity cannot be taken for granted; they must often be elicited, whence the major participation promotion work entrusted to the NGOs.

Beneficiary participation is only effective in the implementation and execution stages of the water distribution micro-projects. One of the main objectives of the programme is the creation of micro-enterprises, controlled by the beneficiaries, to continue to manage the infrastructures built through the Programme and ensure the communities' water-supply. The final idea is to confer on the groups a greater autonomy through the creation of water-transport micro-enterprises for filling the tanks. The main consequence of this would be to make them more independent of the transport companies lobby and better able to control the cost of water and of the service provided to the inhabitants.

The inhabitants' contribution lies in providing non-specialist workpersons, tools, premises in which to store equipment, the remuneration of specialist technicians, support for training and reinforcement of the committees responsible for execution, and the organisation of the micro-enterprise for the maintenance and administration of the drinking-water system. The micro-projects led to the creation of permanent structures responsible for resolving problems of technical, administrative and financial management. These committees, called COVAAPs, comprise a board of directors who ensure the supervision of a small management team, which in its turn is composed of two technicians and a manager, and is recruited and paid by the structure. The communities are particularly proud of generating paid work. This considerable and active participation is one of the keys to successful financial and institutional arrangements of this kind.

No permanent consultative mechanism has been set up bringing together Programme and beneficiaries. The NGOs executing the programme provide intermediation. It would be best if such fora could be set up in order to favour dialogue and the negotiation of aspects considered by the beneficiaries as liable to inhibit popular participation.

4. Instruments

The institutional set-up brings together different agents identified and associated with the execution of the Programme thanks to the place they occupy relative to the problem to be solved, to their professional know-how and their experience of working in shanty towns.

An Autonomous Management Unit (AMU) constituted by a joint direction (European and Peruvian co-directors), backed up by two specialized cells, assumes the tasks of management, coordinating the action of the executing bodies, and supervising and control the execution of the micro-projects. It also manages certain aspects of the intervention of *Cités Unies Développement* (CUD). The executing entities have responsibility for the execution of projects and specific training actions. They are SEPAPAL, the national counterpart, which covers the

whole technical field; the NGOs, which ensure the mobilisation of the inhabitants, training, supervision and the monitoring of the micro-projects; the municipalities validate the administrative procedures; the CUD intervenes with financial support for the realisation of complementary work.

The two co-directors have full responsibility for managing the physical, human and financial resources of the Programme and are alone authorized to manage the EC contribution in accord with the annual Plan of Operation (POA) established by them and approved by the EU Latin American Consultative Committee and Technical Unit. Execution takes place on the basis of their programme. Decisions concerning beneficiary selection are taken by the AMU on the basis of the consultative and selective criteria of the various agents.

A consultation and coordination forum (Steering Committee) was initially created by the two main donors (EC and French Cooperation) but has never functioned.

Fondo Nacional de Compensación y Desarrollo Social (FONCODES), Peru

1. Origin and background of the initiative

FONCODES, a Peruvian government initiative, is a component of the Programme of Social Spending Focalisation, which is in its turn a component of the short term Strategy implemented by the government in order to alleviate the new poverty caused by the national structural adjustment policy begun in the early 1990s. FONCODES was created in 1991 to improve the living conditions of the poorest by generating employment, responding to the most fundamental needs of Peruvians in the fields of health, nutrition, hygiene and education, while acting as an instrument of pacification and promoting the participation of poor inhabitants in the management of their own development. The Fondo grants funds to groups that have organised in order to carry out actions of social interest and offers technical assistance, training and support in the form of credits at market rates through specialised intermediary organisations and in specific fields (micro-enterprises, artisanal fishing, etc.). FONCODES takes its inspiration in particular from the Bolivian *Fondo de Inversión Social*. The initiative is top-down in that the identification of the regions and sectors of intervention is conducted on the basis of priority criteria established by the Fund; financial intervention is performed on the basis of a methodology and modalities which determine access to the funds. A formal framework for interventions has been established, and access to funding is possible only within limits fixed by the Fund. The initiative is bottom-up in the sense that the methodology used (project cycle) rests on the identification of needs and projects by the beneficiaries themselves who are then alone responsible for the execution of projects.

This government initiative seems to have found little difficulty in obtaining donors. The most important support comes from the World Bank and the Interamerican Development Bank, each of which contributed \$100 million (December 1993). The form and status of FONCODES were designed so that the institution would be in a position to channel international aid.

2. Support measures

At the instigation of the World Bank, a project cycle was introduced during 1994. This provides for the guidance of potential beneficiaries during the various phases of preparation and realisation of projects. For each project there is an Inspector, employed by the Execution Group (made up of beneficiaries) who monitors, supervises and approves the realisations; he reports to an itinerant Supervisor (appointed by FONCODES) on the technical, administrative and accounting aspects of the execution of the works. He also promotes participation and coordination between different public and private institutions. Training is given as support for organisational processes and the auto-prioritisation of projects. The training is not, however, systematic; it depends on the nature of the projects to be executed. These measures are unlikely to have been requested by beneficiaries, and result from a concern for the effectiveness and efficiency of investments, given the scale of poverty in Peru. It is however certain that this support logic is the product of a deliberate strategy of development of the capacities of the groups involved. The FONCODES approach is based on participation and the carrying out of projects through specific structures set up by beneficiaries.

3. Intensity of participation

Overall, FONCODES works on the basis of the inhabitants' demands (Supreme Decree of November 1993, modifying certain statutes and specifying beneficiary participation methods) by promoting participation and coordination between the different public and private institutions making up society.

Demand comes from the grassroots, developed by an Execution Group, supported on occasion by Promoters (NGOs, municipalities, consultants, enterprises, etc.); the project is monitored by an Inspector and a Supervisor.

The main objective pursued through the beneficiary participation is to reinforce local management capacity. The population plays a central role in this process; it first consults and then takes decisions among neighbours about the identification of priority actions. It then organises an Execution Group which will be responsible for the execution of the project funded by FONCODES. For the managers of the Fund, participation is an important factor in the sustainability of actions.

Basing projects on demand could limit recourse to the Fund. A first problem lies with the choices made by the beneficiaries when they establish priorities for action; they are not always aware of the hierarchy of problems and tend to imitate their neighbours. Clear difficulties have also arisen at the level of the organisation and cofunding of actions by beneficiaries. Moreover, the procedures for obtaining access to funding seem very complex for certain categories of beneficiaries. All this suggests that there should be increased support, particularly in the preparation phases (funding pre-investment, appropriate training).

4. Instruments

The set-up is that of a conventional Social Fund. FONCODES is defined as a flexible institution, of small dimensions, and non-bureaucratic. Some 400 persons are currently in permanent employment at national level in its 22 zonal bureaux and at the Lima headquarters (1995 budget: \$204 million). Its running costs are low ($\pm 6\%$). The institution, while decentralized and autonomous, is directly under the President's control, and is not secure from attempts to use it for political purposes. The fact that the donors have a say in matters through their interventions limits this ever present eventuality.

The Fund was created for a fixed duration (due to run out in late 1997) with a view to short term intervention but must face structural problems needing long term solutions, whence an ambiguity. It seems likely to prove an interim measure; policy and intervention structures now at design stage will be intended to work towards a longer term perspective.

A specialised cell within the Fund is responsible for the management and coordination of programmes and projects. It comprises a team of managers employed by the Fund. Its main functions are scheduling, demand analysis, the management of project/programme dossiers, and coordination.

There is a permanent internal system of monitoring-control. Quarterly, six-monthly and annual external audits make it possible to monitor the working of the institution and in each case to examine a significant sample of the projects. Sectoral evaluations also take place. The World Bank is deeply involved in the promotion of suitable management and monitoring systems

(computerisation). Cases of complaint or legal process as a result of bad management on the part of Inspectors or Execution Groups have been rare ($\pm 1\%$ of all projects funded); this is an indicator of the degree of efficiency attained by the Fund.

The approval of funding demands is the direct responsibility of the Fund which is currently engaged in a process of regional decentralization of approvals in order to be able to satisfy demand more quickly and directly, as the volume of demand now exceeds the capacity of the central headquarters ($\pm 13,000$ requests between 1 and 10/94). FONCODES directly ensures useful contacts between its various donors, who sometimes cooperate over interventions (e.g. the WB and the IDB).

Programa Nacional de Solidaridad (PRONASOL), Mexico

1. Origin and background of the project/programme idea

This is a vast poverty reduction programme at national level set up by the Mexican government. The priority objectives of PRONASOL are: (a) the improvement of the living conditions of target groups (indigenous groups, peasants, and marginalized urban areas); (b) the promotion of balanced regional development and the creation of the conditions for productive improvement of the living conditions of the population; (c) the promotion and reinforcement of the participation and management of social organisations and local authorities.

In overall conception, it is a completely top-down programme, but it is bottom-up in respect of the project ideas which arise from the grassroots and are prioritised at grassroots. The projects (proposed within the limits of project qualification defined in each sub-programme) are appraised by the Municipality, the State and the central services of the Ministry with responsibility at federal level.

The administration, the manager of the project, is required to observe at its different hierarchical levels, the basic PRONASOL principles: (1) Respect for the initiatives and forms of organisation of the population; (2) Impetus for the participation and total and effective organisation of the population; (3) Responsibility shared between governmental institutions and social organisations; (4) Transparency, honesty, efficiency, and flexibility in the use of resources. Practices do not always meet this norm.

PRONASOL is funded by Mexican national resources (tax, privatisation, etc.), with the exception of the sub-programme 'Municipal Funds' which enjoys World Bank funding and is therefore subject to monitoring and control on the basis of criteria negotiated between the World Bank and the government.

2. Support measures

Support measures are internal to the programme and include:

- learning how to organise and manage project committees;
- training and technical support in the field (publishing simple manuals, availability of recently qualified or retired staff);
- exchange of experience between Solidarity committees at State level, exchange session at federal level organised by the National Solidarity Institute;
- circulation of the Solidarity Gazette and other journals at the state level or relating to specific sub-programmes;
- award of a National Solidarity Prize and organisation of the Annual Solidarity Week, when sub-programmes exchange information at national level;
- reinforcing the capacities of municipalities (both financially and through training) which have a central role in the implementation of several sub-programmes.

3. Intensity of participation

The Mexican government conceived this ambitious social programme relying on the full and effective participation of the end-beneficiaries at all stages of the project cycle; this was the only way in which to some extent to guarantee the viability and sustainability of the actions realised.

The continuity between government planning and popular participation was favoured by the use of a method known as participatory planning, whose principle was that of taking into account the initiatives and participation of social groups, autonomy, responsibility and the consultation possibilities between municipalities and local communities in the resolution of their problems. PRONASOL thus in many cases made it possible for direct consultation with communities to take place through collective and community bodies, throughout the process: identification of problems, definition of solutions, establishing of priorities, execution of projects, evaluation, supervision and management of projects realised.

In many cases, PRONASOL has demonstrated to the Mexican establishment and society that this 'other way of doing things' was indeed feasible. Apart from the extraordinary range of its implementation, it is this inauguration of a new relationship between society and State which is the fundamental gain made by PRONASOL. Where this result has been achieved, it breaks with the exercise of power traditional to Mexico and could well prove irreversible.

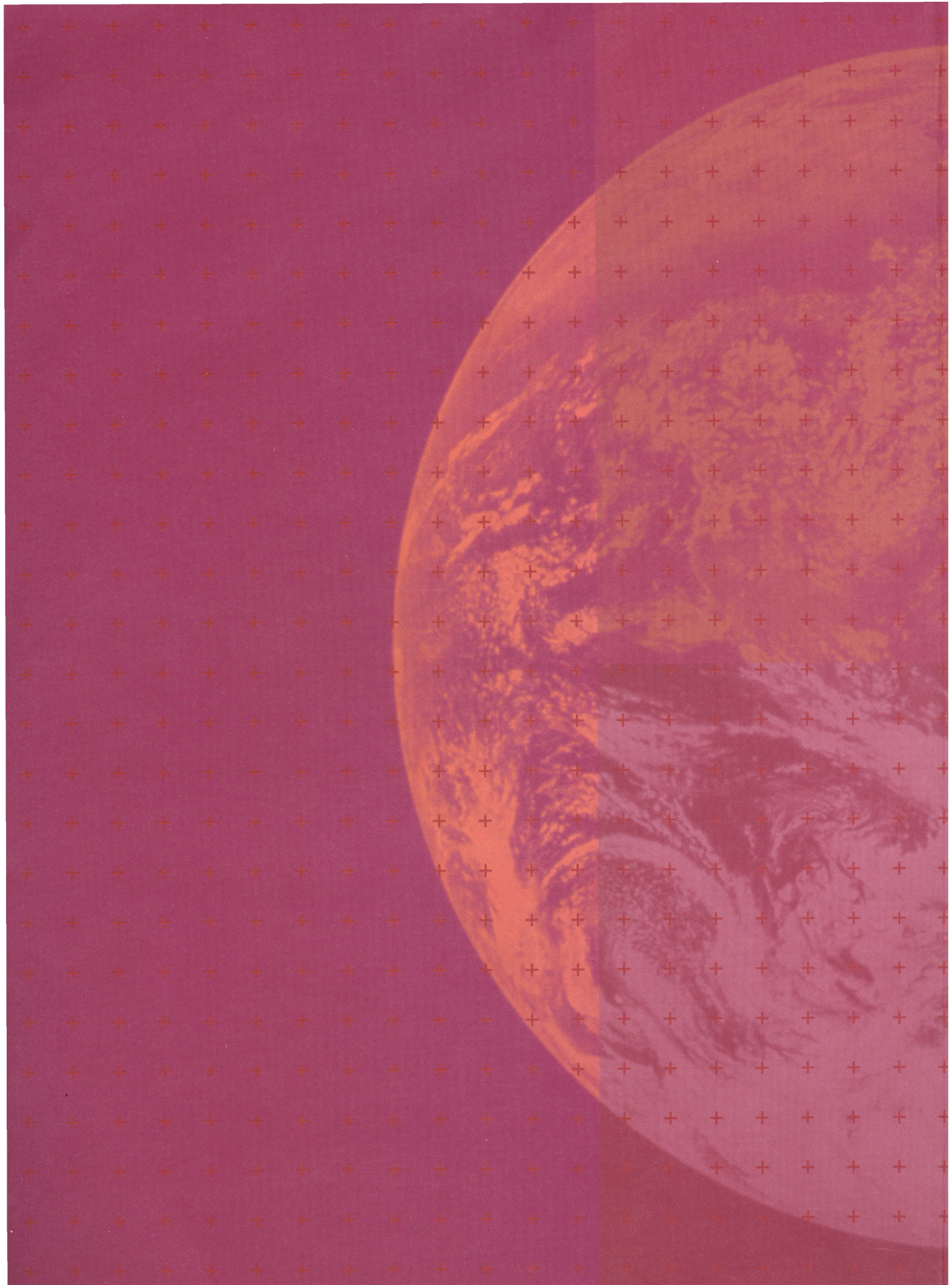
4. Instruments

PRONASOL is subdivided into many specific sub-programmes, which are subject to the definition of precise guidelines, the formulation of norms and to control (in relation to the appraisal of projects and ex-post) by the specialised services of the Ministry with responsibility (SEDESOL, the Ministry for Social Development).

These services are decentralized to the level of the states (SEDESOL Delegations). The kingpins of programme implementation are the municipal administrations and, of course, the Solidarity Committees, which make democratic choices as to the priority actions to be carried out. Within the states, the distribution of support is conducted through Coplades: pluralistic development consultation and planning bodies. The projects approved at state level by the Coplades are then subjected to technical analysis (the need for the projects is not questioned) at federal level by the specialist services of the Ministry with responsibility. Once the projects are approved, the management of funding and the execution are entirely delegated to the Committees. The population contributes to the costs by work, material and/or money.

As this description shows, the entire chain is part of the State's administrative panoply at its different levels. The autonomy of management structures is thus that which is granted by the Mexican Constitution to these different levels of power (Federations, States, Municipalities). The only independent management structure is the Committee, to which is granted the widest possible autonomy in the definition of priorities, decision-making, management of funds and execution.

Of course, the programme has not wholly escaped clientelistic deformations and political impositions, and the autonomy of the Committees is not always respected in practice. Moreover, the programme does not significantly address the causes of poverty, but is a palliative for the effects of the neoliberal policy adopted at macro level.



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