

Helpdesk Research Report: Demand-Driven Technical Assistance

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Query: Please identify literature and lessons learned on demand-driven technical assistance/training - in particular to local governments in the context of decentralisation programmes

Enquirer: DFID Cambodia

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1. Overview

Technical assistance and capacity building programmes for local governments have commonly been supply-driven – by central government and donors. This approach has been criticised for various reasons, including a lack of ownership by local authorities and a failure to address their genuine needs. This has resulted in a recent trend toward a more demand-driven approach. Local governments have varying capacity gaps and needs and it is increasingly recognised that it is they that are best placed to identify, articulate and address them. However, as this is still a fairly new approach, there are limited examples of demand-driven programmes that have been implemented.

The most common mechanism discussed in the literature is the Capacity Building Grant (CBG) or Capacity Building Fund (CBF) - a form of discretionary budget support which gives local authorities the flexibility to determine, finance, and manage training and technical assistance according to their needs. This assistance has thus far usually been connected to a larger capital/investment development fund that local governments can tap into once they meet certain performance benchmarks (based on core functional competencies identified by donors). Some of the literature argues that this system is beneficial as it promotes a coherent institutional development strategy and provides strong incentives for local governments to build up capacity to meet the benchmarks. However, other literature critiques this system as preventing genuine comprehensive training and assistance needs assessments, since local governments will be inclined to make assessments based solely on the performance benchmarks.

Such a system was adopted for the first time in Uganda under the District Development Project (DDP) which is considered the key test case for demand-driven assistance. The DDP had a capacity building fund for local councils, which allowed them to decide what training and assistance they wished to finance based on the needs assessment process. Most evaluations of Uganda's DDP have found that this innovative demand-driven approach has been beneficial in getting local authorities actively involved and in developing their skills and knowledge. Following Uganda's experience, Tanzania adopted a similar approach – and other countries engaging in

decentralisation are also starting to follow suit. However, as this is still a new area, the literature emphasises that there are many issues and lessons to consider. These include:

- Supply-driven aspects are still necessary for quality control. The central government must set guidelines and standards (through certification processes, pre-qualification of training providers) to ensure that training provided through demand-driven mechanisms is not mediocre – especially in the early stages of capacity building efforts. In Tanzania for example, LGAs tended to emphasise quantity (number of people trained) with very limited attention to quality of training.
- Local governments need to increase their level of coordination in capacity building planning and management in order to avoid inefficiencies resulting from each local government unit acting entirely on its own.
- Private service providers need to be engaged and to gain familiarity with working with local government. To date, local government officials have excluded private trainers and have instead delivered training services themselves. However, local authorities are not necessarily the best trainers.
- More innovative methods are needed to reach the lowest level of administration and remote areas. The use of district resource pool teams at various levels of government in Uganda and Tanzania has proven beneficial.

Another capacity building mechanism, which is cited less frequently in the literature, is cross-border local government/community twinning initiatives. These are partnerships usually based on mutual needs and are thus, effectively demand-driven. They involve transfers of knowledge, skills and experiences through staff exchange, study and teaching, and on-the job training programmes. While these initiatives receive limited attention, they can also be useful in providing training and technical assistance to local government. This report includes literature on twinning initiatives involving Penang, Malaysia and Yokohama, Japan; and the Institute of Social Studies at The Hague and the University of Namibia.

2. Key Documents

General

Steffensen, J. and Larsen, H. F., 2005, Conceptual Basis for Performance Based Grant Systems and Selected International Experiences', Background Paper, National Stakeholder Workshop, 31 May, Kathmandu

http://www.unctf.org/english/local_development/uploads/other/unctf_nepal-int2005.pdf

This paper discusses performance-based grant systems, including capacity building grants (CBGs). It notes that local development grants for investments, capacity building support and performance incentive systems can be designed to be mutually strengthening; and have a significant impact on Local Government (LG) service delivery. The paper specifies that CBGs should be more easily accessible than capital grants: “whilst one expects a certain number of LGs to fail to access the capital grant every year, the capacity building component should be structured to ensure that all LGs can access it, provided that they have shown signs of commitment, for example through elaboration of plans and budgets for capacity building” (p. 5).

The paper recommends a mixture of supply-driven and demand-driven approaches for local government capacity building: “In order to concentrate the institutional-strengthening incentive, and for efficiency reasons (LGs are better placed than central government to decide what specific sort of capacity they need), LGs should be allowed significant discretion both over what sort of capacity needs to be built and where the inputs should be sourced. For quality control purposes, certain constraints may be placed on this discretionary power, with central Ministries playing a central role in determining training standards and vetting vendors, yielding a model in which supply and demand side imperatives are balanced and mixed” (p. 6).

Pyndt, H. and Steffensen, J., 2005, 'Effective States and Engaged Societies: Capacity Development for Growth, Service Delivery, Empowerment and Security in Africa', World Bank Review of Selected Experiences with Donor Support to Decentralisation in East Africa, Final Report, World Bank, Washington, DC
http://siteresources.worldbank.org/AFRICAEXT/Resources/LG_Capacity.pdf

This detailed report on decentralisation in East Africa includes a section on local government capacity building (CB). It highlights that one of the key concerns is the degree to which training and CB should be supply and demand driven: "Supply driven training and CB includes safeguards as the ministries etc. providing training and CB can ensure focus on accountability, good governance and other vital elements. Demand driven training and CB ensures on the other hand active participation from the LGs and enhances the principle of devolution and self-determination" (p. 18). In order to determine this, the local context and institutional set-up of local government must be considered. It notes that while the trend in Africa is to create competition among established training/education institutions so as to enhance efficiency, this does not solve the problems of reaching remote areas. In addition, the report argues that incentive mechanisms must be developed to change the unproductive, traditional approach.

The report highlights the Local Government Development Programme (LGDP II) in Uganda as a good example and promising model. Under this programme, CB funds include discretionary and tied funds and CB is primarily demand-driven. CB is linked with district development plans and is seen as a way for local governments (LGs) to gain access to development grants. Much of the training is standardised, allowing for uniform certification and quality control. In addition, annual assessments of LGs allow for monitoring of CB and identification of areas that need to be addressed. CB also has broad coverage through the mobilisation of District Resource Pools (leading personnel employed by the District Council both at city hall and in district institutions, e.g. schools, as well as qualified persons from state and private institutions in the District). More recently, the report notes, Tanzania has shifted from a supply driven capacity building model to one that is closer to Uganda's system. It is hoped that this will correct for the prior failure to link capacity building to other investment opportunities and key activities. Other countries, such as Nepal, Bangladesh, the Philippines and Sudan, are also attempting a movement toward a demand-driven approach, drawing lessons from Uganda and Tanzania.

The report notes that the transition process from supply to demand driven CB and the mixture of the two modes of delivery will vary among countries. Factors influencing the transition are:

- "How institutionalized is the CB market (are there relevant training institutes?) [...] For example, Tanzania has many training and education institutions both in the capital and in the provincial capitals, while Uganda had few at the start of the decentralisation process, but has experienced a rapid expansion of providers [...].
- Are there enough CB providers (non-state and state) on the market and around the country to create competition and ensure satisfaction of the demand?
- Are LGs capable of buying in CB service; are procurement procedures in place and well-known in LGs?
- Are LGs capable of making and managing a CB plan?
- Do LGs have funds to pay for CB?" (p. 27).

The report advocates for a balance between supply-driven and demand driven CB for LGs. It recommends the while LGs should be given discretion to decide on the training and capacity building measures they wish to undertake, these decisions should be made within an established framework of menu of set options.: "Where the general capacity is low, e.g. where there (are) no human resources functions in the LGs, there is a need for more "guidance" and hands on support in the field of CB support, enhancing the need to design a careful menu for a CBG and implement the system with close support, supervision and control [...]"

It is also important to link CB to provision of development grants thus creating good incentives for enhanced performance through CB [...] Various reviews of the performance-based systems have shown that fiscal transfers linked to performance are a positive factor in promoting incentives to improve LG performance. However, in order to be fully effective, it is important that there is certain LG control/autonomy on the staffing situation, including hiring, firing, promotion, capacity building, etc. If Central Government can transfer staff every moment, it is hard to build up a sustainable system as is the case in Tanzania where Chief Administrators are centrally appointed and moved around by the Central Government. Such factors should also influence the design of the CB system” (p. 28).

The report provides some useful conclusions and recommendations on CB for local government (see pp. 30-31):

- The key element in CB is to develop a methodology that allows LGs to use CB in a targeted way to enhance their institutional performance. Institutional performance cannot be achieved without relevant human resource development. As such, a combination of training of individual LG staff (and councillors) and broader capacity building activities is necessary, including institutional/organisational development. A programme like LGDP II in Uganda provides this drive by linking the allocation of capital grants to institutional performance. This link sets out quite clear goals and directions for the CB, the role of which must be to help remedy institutional deficiencies by training and institutional development.
- Demand driven CB in local governments can best be stimulated by providing a CB Grant as in LGDP II so that LGs have their own funds to dispose of. This CBG should come with a CB menu that provides both choices and limitations. This can include technical assistance, as well as long-term training of key staff, but the main emphasis is on short-term courses and support. What is important is that LGs are themselves in the driving seat as the CBG provides them with funds to buy in the required CB.
- Donors should assist in development of a National Framework for Local Government Capacity Building that defines the goals, ambitions, methodologies and roles of respective partners. The relevant ministry – normally the Ministry of Local Government – should be supported in managing the formulation process.
- To ensure quality of training courses, generic standardised training courses and manuals should be developed, with the relevant ministry taking the lead in formulating the framework for standardisation. It is important to involve the sector ministries in this work so that their demands for training courses can be fulfilled, even if partially, so they do not feel excluded from the process.
- To ensure the quality of training delivery, pre-qualification processes which take place at regular intervals should be instituted for training providers.
- To ensure the establishment of a fair market for local government training and CB it is important to use public tendering procedures for CB activities. It is hoped this may help prevent and/or diminish the potential for fraud and tampering with funds.
- The key to CB in local government is finding a methodology to bring CB to the lowest level of administration. This can be done in different ways but it is important to find methods that are not too expensive and are locally anchored. The potential methodologies used in Uganda and Tanzania of forming teams at district or regional levels are cost-efficient and may have the added advantage of providing trainers that can also speak the local language(s).
- Demand driven CB in local government is definitely preferable in the medium to long-term perspective. However some supply driven CB is needed at the start of a decentralisation process as knowledge will almost always have to be built up from scratch (e.g. in Sierra Leone and Sudan). LGs are also characterised by having regular elections so up to half of the elected LG councillors will be changed at regular intervals. This in itself necessitates supply driven training to ensure that newly elected councillors receive a minimum knowledge about their tasks and responsibilities. The weight given to supply and demand driven CB will change over time but elements of supply driven CB should always remain.

- Demand driven CB for LGs will however only be successful if appropriate systems of financing, incentives, oversight and quality control are developed.
- CB of LGs is a long-term, and perhaps never-ending, process due to the repetitive local government elections and the resultant need to train the newcomers”.

Uganda and Tanzania

Shotton, R. and Winter, M., 2005, ‘Delivering the Goods - Building Local Government Capacity to Achieve the Millennium Development Goals: A Practitioner’s Guide from UNCDF Experience in Least Developed Countries’, UNCDF, New York

http://www.uncdf.org/english/local_development/docs/thematic_papers/0510_Delivering/UNCDF_LDG2.pdf

This guide aims to provide knowledge that will improve local infrastructure and service delivery, in a sustainable and replicable manner. Chapter 5 (pp. 199-219) discusses capacity building (CB) in local development programmes (LDPs). It notes that capacity building can be delivered through demand-driven mechanisms, whereby local governments (LGs) identify and meet their own CB requirements with a general budget allocation for that purpose. The guide notes that while a demand-driven capacity building approach is favourable, it is challenging to establish mechanisms that:

- “Articulate demand from LGs and others;
- Ensure that demand derives from real (rather than imagined) needs, and that those with the greatest CB needs are the source of demand; and
- Ensure that supply responds efficiently and effectively to the demand for capacity building” (p. 213).

There is to date limited LDP experience with a demand driven approach; however the guide draws some lessons from the key test case: the District Development Project (DDP) in Uganda. As part of the DDP, “the Capacity-Building Fund (CBF) was designed to test the viability and effectiveness of a decentralised, demand-driven capacity building facility for rural service delivery. It was intended to provide local councils with the powers and resources to enable them to determine and manage the provision of training and technical and institutional support consistent with their own needs and the requirements of the NGOs, private sector contractors, consultants and community organisations also involved in planning and providing development services. Local government councillors and staff assessed their training needs within the context of local government regulations, then established capacity building schedules and co-ordinated a process of training at the district, sub-county and parish levels to meet these needs. Although the design of the CBF is intended to be demand-driven, several core functional competencies were identified as a priority for the fund” (p. 214).

The following are some issues and lessons learned from the Uganda experience:

- **“Maintaining the strategic coherence of capacity building:** ‘Demand’ for training from local government officials may be expressed on an *ad hoc* basis. In the Ugandan case, it was largely driven by the need for LGs to comply with minimum conditions and performance measures, rather than a systematic assessment of training needs. Therefore, demand-driven capacity building needs to be clearly framed within a coherent and comprehensive national human resources (HR) development strategy, and within explicitly formulated LG capacity-building strategies.
- **Efficiency:** In the absence of efforts to coordinate HR capacity building, a demand-driven mechanism can be inefficient, as each LG unit may seek to address capacity issues without reference to other LGs, thereby missing out on economies of scale.
- **Quality control:** Unless some kind of quality control is exercised by central government (in the case of Uganda, through the Ministry of Local Government), training provided through demand-driven mechanisms may be mediocre in terms of both content and delivery, and be subject to abuse (with upper tier LG officials providing most of the

training in reward for *per diems*, and the like). Experience in Uganda demonstrated the need for a pre-defined, high quality curriculum and an established pool of competent trainers. In conclusion, while there is certainly scope for maintaining space for demand-driven HR support within LDPs, this should not replace more conventional supply-driven approaches, which are needed to provide the minimum or core package required by local bodies. Quality control should also be maintained. Thus, the elements of future strategy would be:

- To focus on more *ad hoc* or context-specific local HR problems or specialist HR development opportunities, which are likely to vary between LGs, rather than on the broader sets of training requirements and skills that all LGs are supposed to access;
- To ally this with an effort to certify training agencies to ensure the quality of the services provided” (p. 213).

Onyach-Olaa, M., 2003, ‘Lessons from Experiences in Decentralising Infrastructure and Service Delivery in Rural Areas: Uganda Case Study’, Ministry of Local Government, Kampala

http://www.adb.org/Governance/Pro_poor/Rural_case/PDF/UNCDF_Uganda.pdf

This case study provides an overview of the District Development Project/Kotido District Development Project (DDP/KDDP), which supported rural infrastructure service delivery in five districts in Uganda. The concept of demand driven capacity building was piloted under the DDP/KDDP. This approach was adopted in response to the variation in capacity gaps among local governments (LGs). Under the Project, the Capacity Building Fund (CBF) was made available to the LGs as a discretionary budget support. This gave LGs flexibility and allowed them to decide what type of capacity building activities they wished to finance based on their capacity gaps. Capacity gaps were usually guided by the results of the assessment process. Training was usually conducted by LG staff, as LGs argued that most private providers were not familiar with LG systems. Training covered a wide range of topics and the beneficiaries (of which 46% were women) included councillors, CSOs, investment committees, private sector organisations, school management committees, and technical staff.

Although the demand driven approach was successful, it experienced a lot of challenges. The following are ways in which the project addressed these challenges and lessons learned:

- “To minimise the abuse of the capacity building funds a negative list of capacity building activities was provided.
- Initially LGs staff thought it would only be appropriate to build the capacity of the technical staff and less of the elected officials (politicians). Experiences have demonstrated otherwise, because **the capacity of LG should be built as one system**. In the case of Uganda the LG system consists of the technical staff, elected officials (politicians), LGs statutory bodies (such as the LGs Tender Board and the Public Accounts Committees), and the private providers such as private contractors, NGOs, and CSOs. The capacities of these stakeholders need to be built equally so that they are able to play their roles effectively in the function of LGs for improved service delivery. Incapacity of any player in the system would adversely affect the performance of the entire system. This was the case in the first year of the DDP/KDDP implementation where LGs were reluctant to train private service providers. The result was that many young competent contractors who had just graduated from technical schools were unable to bid because they were not exposed to procurement procedures.
- Although capacity building can be demand driven it is **also important to provide supply driven capacity building in core areas**. Under the DDP/KDDP this included planning, financial management, procurement and contract management.
- **The most cost effective and fast way used for building the capacities of the various layers of LGs was through a cascade approach**. At the District level, a core Training of Trainers (ToT) teams was established – the district resource pool team. The primary idea was that they should be able to cascade capacity building activities to the lower LGs. For

- supply driven capacity building under the DDP/KDDP standardised training materials were developed and made available to all the ToT members. This was to ensure quality and consistency of the messages being delivered to the lower LGs.
- Whereas LGs were free to contract out the delivery of the capacity building activities, **most of the actual implementation of the activities was done by LGs themselves.** This was mainly because of inadequate capacity in the private sector to provide the type of specialised training required by LGs and partly the lack of knowledge by LGs in contracting services” (pp. 44-45, emphasis added).

Ssewankambo, E., Steffensen, J. and Tidemand, P., 2007, ‘Local Level Service Delivery, Decentralisation and Governance - A Comparative Study of Uganda, Kenya and Tanzania Education, Health and Agriculture Sectors: Synthesis Report’, Report for JICA, Dege Consult and NCG Denmark

<http://www.dege.biz/Final-Synthesis-February2007.pdf>

This synthesis report provides a comparative analysis of the forms and processes of decentralisation reforms in Kenya, Tanzania and Uganda. It discusses the discretionary Capacity Building Grant (CBG) adopted in Uganda that enables the individual LGs to take responsibility for their own capacity building. This CBG is linked to local development performance based grants; these are mutually strengthening and have promoted focus on improvements in areas such as planning, financial management, LG transparency and good governance. Since 2005, this system has also been applied in Tanzania and increasingly in other countries undergoing decentralisation. The report notes: “the system has generally been considered effective in enhancing the capacities of LGs in Uganda; not least because the system provides clear benchmarks of each LGs capacity through the annual assessments but also because the system has clear incentives for LGs to perform” (p. 98). It also outlines the following necessary basic preconditions in order for the system to be effective:

- “All elements of performance that are included as minimum conditions or as a basis for adjusting the size of funding have to be under the control of the LGs, and based on law, or clear regulations and guidelines, i.e. it is not reasonable to sanction LGs for activities not fully under their control and/or where the awareness of how to improve is very low;
- The system has to be “fair” and not discriminate against disadvantaged areas – for instance it would be unfair to demand an excessive degree of co-financing from LGs, that only richer LGs could afford;
- The annual assessments have to be undertaken in a highly professional, neutral and transparent manner;
- Indicators for performance are clear, transparent, mutually exclusive, reflecting the areas which should be promoted, in a balanced and simple manner” (p. 98).

The report stresses that the system must be adapted to local laws, regulations and practices. It cautions that while a key condition for giving LGs responsibility over their own performance is that they have some control and influence over staff, this condition is rarely fully satisfied in Africa or poorer Asian countries. The authors argue, however, that performance based grant systems can still be effective and allocating responsibility to LGs justified. They state that if proper incentives are in place for LGs to improve performance, then there is no need for tight control from the centre because “LGs have proved to spent the discretionary development grants within the core national priority areas, but with increased flexibility and thereby expected efficiency gains” (p. 99).

Ssewankambo, E., Steffensen, J. and Tidemand, P., 2007, ‘Local Level Service Delivery, Decentralisation and Governance - A Comparative Study of Uganda, Kenya and Tanzania Education, Health and Agriculture Sectors: Uganda Case Report’, Report for JICA, Dege Consult and NCG Denmark

<http://dege.biz/UgandaReportFebruary2007Final.pdf>

This case study on Uganda is part of the broader study above, which compares forms and processes of decentralisation reforms in Kenya, Tanzania and Uganda. It shows that in Uganda, the Local Development Grant (LDG) and Capacity Building Grant (CBG) could be accessed by the districts/municipalities, sub-counties/divisions, and town Councils after having met minimum conditions/requirements. This was determined through a Local Government (LG) performance assessment that verified compliance with laws and guidelines and identified capacity gaps and needs. Tailored support could then be provided to weaker LGs. The study finds that this assessment system has been successful in improving the institutional capacity and administrative performance of LGs.

Kasumba, G. and Land, A., 2003, 'Sector-Wide Approaches and Decentralisation Strategies Pulling in the Opposite Directions?', Study prepared in the context of a five-country review on the relationship between Sector-Wide Approaches and Decentralisation, European Centre for Development Policy Management, Maastricht
http://www.sti.ch/fileadmin/user_upload/Pdfs/swap/swap297.pdf

This case study is part of a larger research project exploring the influence of sector-wide approaches and related sector and budgetary support mechanisms, on processes of decentralisation. The study includes a section on the Local Government Development Programme (LGDP) of Uganda and details its demand-driven capacity building approach. LGDP is not an automatic transfer mechanism; instead Local Governments (LGs) have to “earn” the funds by fulfilling a set of annual assessment conditions that are measured by the Ministry of Local Government. “In so doing, it has made capacity development a more demand driven process that responds to incentives and penalties, and that encourages local governments to recognise their own capacity deficiencies and to take initiatives to overcome them” (p. 19). The LGDP includes a Capacity Building Grant (CGB), which is designed to promote the capacity of local governments to determine, plan, and manage services to meet their own capacity building requirements; and to tap into the programme’s investment funds.

The study notes, however, that there are limitations to the demand-oriented nature of the programme. These include:

- Limited scope and absence of proper needs assessment: the process of assessment of local governments is not broad-based but focuses on a few dimensions of local government functional capacity (e.g. administration, financing, accounting, planning and personnel development). As such, the scope of training and assistance is highly tailored to the implementation requirements of the LGDP itself.
- Limited access: while in principle, it is stated that local governments can access the CBG even if they do not meet the minimum conditions for the investment fund, in reality the CBG has proved very difficult for the local governments to access.
- Limited reach: capacity building funds rarely reach other service providers like NGOs and the private sector. Local governments tend to exclude these actors in their capacity building programmes.
- Limited coordination: local governments have found it difficult to coordinate the use of the CBG with other capacity building activities at the local level.

The World Bank, 2002, 'Uganda – Institutional Capacity Building Project (ICBP)', Implementation Completion Report (ICR), The World Bank, Washington, DC
http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&theSitePK=523679&entityID=000094946_02072404015442&searchMenuPK=64187283&theSitePK=523679

This report discusses and evaluates the Institutional Capacity Building Project in Uganda. It details the innovative aspects of the programme design, which have provided the basis for demand-driven approaches to capacity building. These included matching grant schemes to support in-service training in the public sector, along with pre-qualification criteria for participating training suppliers (Training Fund); and a revolving fund to finance procurement of vehicles by districts on a cost-recovery basis, with full repayment expected within five years (District Revolving Transport Fund). These schemes have established “the need to structure the demand for training in the following ways: (i) around institutional priorities (a ministry's or a district's) rather than those of individual beneficiaries, and (ii) on a matching or cost-recovery basis, i.e., in line with a beneficiary institution's willingness to pay. This approach created an incentive for beneficiary institutions to focus their capacity building activities, cost them as part of their annual budget preparation process, and demonstrate that they received value for their investment in such activities. More important, the basic notion of a *quid pro quo* - providing capacity building support in exchange for prior actions that strategically focus institutional development efforts - has been mainstreamed in various Government of Uganda operations” (p. 28).

The report provides some lessons learned (see pp. 32-34). The following relate to demand-driven training and capacity building:

- “In-service training for civil servants is most effective when carried out on an agency-wide, demand-driven, cost-recovery, competitive basis: The advantages of demand-driven, matching grant schemes (such as the ones financed under the Training Funds Component) are three-fold. The schemes encourage government agencies to assess the strategic training and capacity building requirements for the agency as a whole rather than simply the needs of individuals; (ii) introduce service standards by requiring the pre-qualification of suppliers, and (iii) reduce unit costs by promoting competition between pre-qualified suppliers on a financial basis.
- In the initial stages of developing newly created local authorities, investments in basic infrastructures, equipment, and vehicles can help meet the start up costs associated with local governance: Even at an early stage in the decentralisation process, Uganda's district governments demanded support for re-tooling (including the procurement of vehicles, buildings, generators, and equipment). In addition to effectively articulating these demands and utilizing the assistance provided under ICBP, the newly created local authorities, in many cases, were able to build their capabilities to exercise their autonomy and undertake the basic functional of public management”.

Dege Consult, 2008, ‘Prime Minister's Office Regional Administration and Local Government Mid-Term Review of the Local Government Support Project (LGSP) COMPONENT 1&3: FINAL REPORT’ TANZANIA, Dege Consult, NCG Denmark, GHK Consulting Ltd (UK) and Howard Humphreys (Tanzania Ltd)

This report assesses Tanzania's Local Government Support Project (LGSP), specifically the components 1 and 3, which are designed to strengthen fiscal decentralisation, improve accountability in the use of local government resources, and improve management of the intergovernmental transfer system. The report discusses the Capacity Building Grant (CBG) that was included in the Local Government Capacity Development Grant (LGCDG). It was included in order to provide a system of demand-led capacity building in which each individual Local Government Authority (LGA) would plan and manage within the framework of incentives provided by the Annual Assessments. In addition to helping LGAs satisfy performance measures, the CBG was also introduced to form the basis of a national model for LGA demand driven training and capacity building that does not necessarily relate to grant access conditions or performance measures.

While recognising that the CGB is a novelty and that there is limited experience in working with such systems, the report highlights a number of weaknesses in the CBG system (see p. 75):

- There is in general a poor link between the Annual Assessments and LGAs utilisation of CBGs: according to the guidelines, LGAs should use the Annual Assessment Reports to identify CB needs. The majority of CB plans reviewed had a chapter with some presentation of annual assessment results, but the linkages between assessment results and proposed CB activities is often very weak.
- LGAs tend to emphasise quantity (number of people trained) with very limited attention to quality of training.
- Allowances takes up a significant share of CB costs: a trainer provider stated that some people go to workshops to get money, rather than to get training.
- LGAs tend to rely on other training providers than the pre-qualified: interviews with local government stakeholders confirmed that local government staff are often used to conduct trainings within their local governments. However, they are not necessarily previously trained as trainers.
- Current planning and management of capacity building at LG level is fragmented across departments.
- The CBG has largely been regarded as a given entitlement by LGAs and released by the Prime Minister's Office Regional Administration and Local Government (PMO-RALG) in spite of problems with quality of training plans and poor reporting on utilisation.

The report provides the following recommendations (see pp. 75-77):

- "Capacity Building Plan preparation, coordination, monitoring and evaluation need strengthening. Clear guidance needs to be provided in a more structured manner by PMO-RALG [...]"
- Access to CBG should not be guaranteed unless the CBG adheres to agreed format and agreed reporting is submitted.
- External support to LGA CB plans should be strengthened. Initially by consultancy services but increasingly through the Regional Secretariat. Some of the external support could also be considered through the annual assessments as the assessment teams could review CB plans in view of assessment results and establish:
 - Is there a clear link between the capacity-building plan and the results of the last Annual Assessment?
 - Have these needs been translated into meaningful capacity building activities?
 - Are the target groups properly selected and defined?
 - In addition, the assessor should review a sample of past CB plans and related supporting documents and evaluation for quality check.
- Re-launch the pre-qualification process to expand the pool of training providers to cater for remoter local governments. Most of the pre-qualified training providers (over 95%) are based in Dar es Salaam, and several charge fees which local governments are not willing to pay. Remote local governments are therefore disadvantaged as they are less likely to be able to attract a training provider that would deliver at a cost feasible for local governments. The review team believes that in particular the potentials of NGOs are not fully utilised in the context of local government capacity building [...]"
- Enforce closer adherence to use of standardized training courses (including provisions regarding number of training days and trainees) and pre-qualified trainers.
- Evaluate capacity building interventions on a regular basis. LGSP should institute an independent and objective system of evaluating training arrangement in place on an annual basis. The evaluation should address all aspects of the local government training system, and capture the views of trainees, trainers and the managers of trainings at local government level [...]"
- Revise the CBG menu. During the original design, proposals were made regarding restrictions on use of the CBG in order to ensure that the majority of funds were spent on skills development and a cap was placed on career development. Experience to date indicates that LGAs actually appreciate the guidelines/restrictions, but our (limited) field visits also indicate that career development benefits only few selected staff and taking them away for long term training actually decreases the LGA capacities. Consequently

- we recommend that long term formal qualification is excluded from the CBG (but short term professional courses e.g. at certificate level still are allowed).
- A cap may also be introduced on the total share of allowances out of the total CBG. In general sitting allowances should be discouraged.
 - Examples of “best practices” of TA utilization should be compiled and disseminated to LGAs. At present there is no guidance on the use of CBG funds for TA”.

Local Government Twinning

Tjandradewi, B. I., Marcotullio, P. J., Kidokoro, T., 2006, ‘Evaluating City-to-City Cooperation: A Case Study of the Penang and Yokohama Experience, Habitat International, vol. 30, pp. 357-376

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6V9H-4F923Y4-1&user=122868&rdoc=1&fmt=&orig=search&sort=d&view=c&version=1&urlVersion=0&userid=122868&md5=775bd2cf683a3ac61229cd587fd83167

This article evaluates cross border cooperation among local governments, focusing on a 9-year technical cooperation and exchange programme between Penang Municipal Council (Malaysia) and Yokohama City (Japan) in the arenas of city planning and management capacities. “The cooperation took the form of transfers of knowledge, skills and experiences and were accomplished largely through the modalities of staff exchange programmes, study visits, and on-the job training programmes. These efforts provided the opportunity for learning among and between municipal officials through work on concrete problems and the implementation of solutions in a trial and error fashion until corrective measures were identified” (p. 360).

The article finds that cooperation was successful in that it introduced the important concepts of pedestrianisation and comprehensive urban design planning to the inner city area of George Town, Penang, improvements to road maintenance and management, and the implementation of a recycling programme and solid waste data collection activities. The authors identify the following as the key elements necessary for the success of the initiative: political support from higher levels of government, consistent leadership, public awareness, demand-driven focus, cost-sharing and cost-effective projects, and free information flows. With regard to the demand-driven focus, they state that city-to-city cooperation programmes are generally based on a desire to increase mutual understanding between both cities. As such, they are driven by mutual need and respect. Such demand-driven cooperation is considered integral to the success of the programme in promoting learning.

Olowu, D., 2002, ‘Capacity Building for Policy Management through Twinning: Lessons from a Dutch-Namibian Case’, Public Administration Development, vol. 22, pp. 275-288

<http://www3.interscience.wiley.com/journal/98015676/abstract?CRETRY=1&SRETRY=0>

This article discusses the experience of twinning as a capacity building strategy, focusing on a policy management in-country training programme involving a Dutch development institution (the Institute of Social Studies – ISS at The Hague) and the University of Namibia (UNAM). It stresses that the programme has been completely demand-driven. The programme in Namibia included both short- and long-term capacity building elements: it addressed the immediate problem of improving human resource policy management capacity in government through training courses; and aimed to develop the capacity of the University of Namibia staff to eventually teach the courses (the programme was designed such that as ISS’s involvement declined, UNAM’s staff involvement would increase proportionately). The programme has been successful at attracting top local government officials. However, the article stresses concerns that the courses may become less attractive once this core group of dedicated officials have completed the programme and once UNAM takes it over completely. The paper suggests that another way the twinning programme can produce benefits for public servants is to develop

closer linkages between Namibian and Dutch public servants for the exchange of ideas on more specific areas of their respective competencies.

3. Additional Resources – Project Designs

Glenn, K.C., 2007, 'Afghanistan Local Governance Assistance (ALGAP) - Lessons Learned Review', USAID

<http://www.gsdrc.org/go/display&type=Document&id=3046>

ALGAP's mission between November 2005 and June 2007 has been to support the development of the capacity of the newly-elected and formed Provincial Councils to fulfill their roles and responsibilities. Technical assistance has been provided to Councils on a demand-driven basis. This report details the different components of this assistance.

Prime Minister's Office - Regional Administration and Local Government, 2006, 'National Framework for Urban Development and Environmental Management (UDEM) in Local Government Authorities in Tanzania: Volume II', United Republic of Tanzania

www.scptanzania.org/archive/docs/umdev02.doc

This document outlines the development assistance programme to local governments in Tanzania. A section on Local Government Authority Capacity Building (pp. 15-17) includes a discussion on the set-up of Capacity Building Grant.

Asian Development Bank, 2004, 'Proposed Loans and Technical Assistance Grant to the Kingdom of Cambodia for the Second Education Sector Development Programme,' Report and Recommendation to the Board of Directors

<http://www.adb.org/Documents/RRPs/CAM/rrp-cam-34388.pdf>

This report outlines the components of the technical assistance grant to the government of Cambodia. A section on 'Demand-Driven Community-Based Skills Training' includes details on the commune training voucher programme.

The following documents discuss the demand-driven capacity building programme designed for implementation in Nepal.

Haugaard, J., 2005, 'Capacity Development of Local Bodies in Nepal - A Case Study of the UNCDF Supported Capacity Development Strategy: *You Can Bring a Horse to Water but You Cannot Make it Drink*', Working Paper for the LENPA Forum on Capacity Development, 25-28 April, Washington

Memorandum of Understanding Between Association of District Development Committees Nepal (ADDCN) and Decentralised Financing and Development Programme (DFDP) with Regard to the **Implementation of a Capacity Development Strategy for District Development Committees (DDCs), 2005**

Annexes: Annex 2 - DFDP - Nepal, 'DDC Capacity Development Strategy 2005 – Outline'

This annex outlines details of the demand-driven and supply-driven components of the strategy

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ADB, The Asia Foundation, Decentralisation Support Programme – Pakistan, Dege Consult, Google, Google Scholar, GSDRC, GTZ, Habitat, Ingenta journals, Local Government Information Unit, Open Society Institute, RTI International, Urban Institute, UNCDF, UNDP, USAID, World Bank.

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