



# Localizing the MDGs

**Local Development and MDGs: What Role  
for Local Governments?**



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**Conference Framing Paper**



## Acknowledgements

This Framing Paper was drafted by Nicola Crosta, Chief Technical Adviser – UNCDF. It aims to outline the key policy issues that underlie the debate over local development and the role that local governments can play in accelerating progress towards the Millennium Development Goals (MDGs). The paper puts forward some of the key questions that will be discussed at the Global Forum on Local Development (Kampala, 4–6 October 2010). A complete version of this paper will be published after the Forum.

Key contributions were provided by David Jackson (UNCDF) and Livio Valenti (FAO). The paper was prepared for publication by Chiara Pace (UNCDF).

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# I. The context: significant but uneven progress towards the MDGs

The Millennium Declaration in 2000 was a milestone in international cooperation inspiring efforts that have improved the lives of hundreds of millions of people around the world.<sup>1</sup> Ten years later world leaders are reviewing progress to meet the MDGs by 2015. Evidence shows that important progress has been made on many fronts, despite significant setbacks due to the recent economic downturn, food and energy crises.<sup>2</sup> The developing world as a whole remains on track to achieve the poverty reduction target: the poverty rate is expected to fall to 15 per cent by 2015, which translates to approximately 900 million people living under the poverty line – half the number in 1990 (see Figure 1). Major advances have been made in various development areas. This has included getting millions of children into schools, success in HIV/AIDS prevention and treatment, malaria control, expanded access to clean water, reduced deforestation, and wider access to information and communication technology.

Modest progress in key areas and significant inequalities are a cause for concern. Progress towards the MDGs has been uneven within world's regions but also within countries. Evidence from the country level shows that growth and development have left many regions and individuals behind. Lack of progress towards the MDGs is often localized in specific regions and dependant on local circumstances.<sup>3</sup> Despite remarkable achievements on an aggregate level in many developing countries, large differences in terms of access to services and performance against key MDGs delineate significant rural-urban divides. For example, disparities in urban and rural sanitation remain huge, especially in Southern Asia, sub-Saharan Africa and Oceania (see Figure 2); in all developing regions, children in rural areas are more likely to be underweight than children living in cities and towns (see Figure 3); only one in three rural women receive the recommended care during pregnancy (see Figure 4). Overall, inadequate finance, lack of focus and of targeted interventions has largely excluded the poorest groups from advances towards several MDGs.

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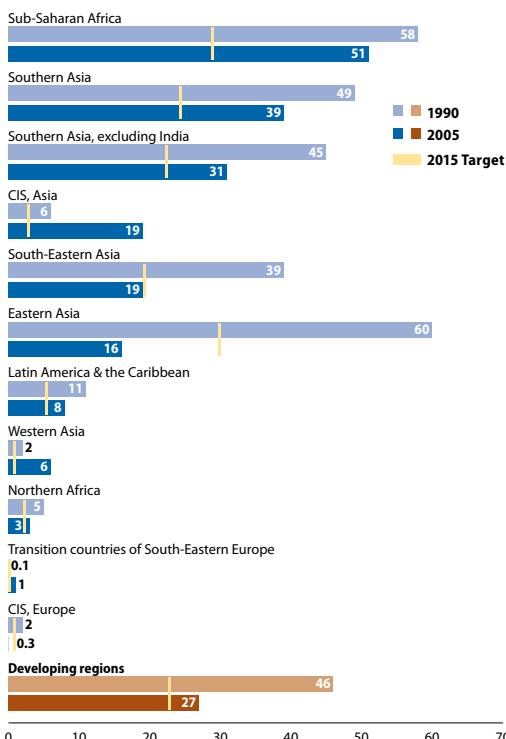
1 United Nations Department of Economic and Social Affairs, *The Millennium Development Goals Report*, New York, U.S.A (June 2010)

2 Estimates from the World Bank suggest that the recent crisis has left an additional 50 million people in extreme poverty in 2009 and will add some 64 million by the end of 2010 relative to a no crisis scenario.

3 United Nations Development Program, *Beyond the Midpoint: Achieving the Millennium Development Goals*, New York, U.S.A (January 2010)

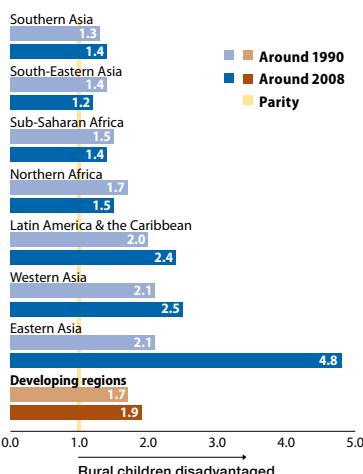
**Figure 1. The global economic crisis has slowed progress, but the world is still on track to meet the poverty reduction target**

Proportion of people living on less than \$1.25 a day, 1990 and 2005 (Percentage)



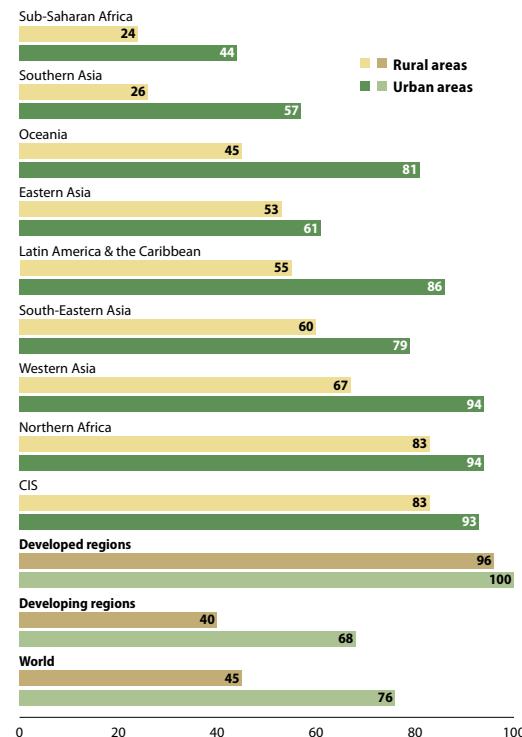
**Figure 3. Children in rural areas are nearly twice as likely to be underweight as those in urban areas**

Ratio between the proportion of under-five children who are underweight in rural areas and urban areas, 1990 and 2008



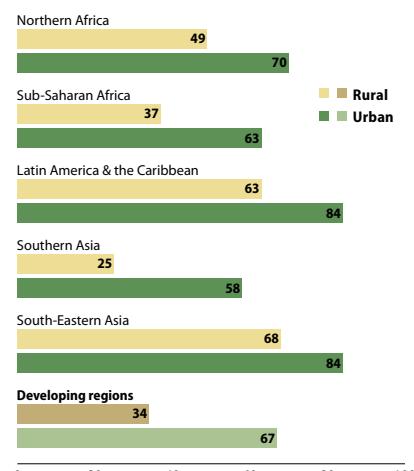
**Figure 2. Disparities in urban and rural sanitation coverage remain daunting**

Proportion of population using an improved sanitation facility in urban and rural areas, 2008 (Percentage)



**Figure 4. Only one in three rural women in developing regions receives the recommended care during pregnancy**

Proportion of women attended four or more times during pregnancy by area of residence, 2003/2008 (Percentage)



Source: United Nations Department of Economic and Social Affairs (2010): The Millennium Development Goals Report 2010

## II. The limits of top-down policies and the emergence of a 'localized' approach

In recent years, top-down policies have revealed their limitations in terms of promoting sustainable, equitable development. Many developing countries have enjoyed relatively high rates of growth during the last decade. These were largely driven by foreign direct investment, open markets, and development assistance. In many cases, public policies in this context remained territorially undifferentiated with relatively small importance given to local development and local governments.<sup>4</sup> This development model has worked well at an aggregate level, but – as discussed above – it has been accompanied by widening individual and territorial disparities: often times only a small part of the population has been able to take advantage of economic growth. As a result of these development dynamics, the economies of many developing countries remain concentrated in few urban centres,<sup>5</sup> characterized by a narrow base and highly vulnerable to external shocks. The impact of the financial crisis in 2008–2009 has been severe on this system: in many countries delocalized factories started to close, construction shrank, tourism flows declined, exports became less competitive, remittances dwindled. What was working for only a part of the system before the crisis, was even less effective after the financial shock. These dynamics have strong spatial dimensions since different localities are hit in different ways. Also, international crises affect national public finances, which in turn impacts on the availability of fiscal resources for local governments. Once more, the impact is asymmetric and particularly severe on rural regions that are already struggling with the higher cost of delivering services to sparsely populated, remote areas.

These trends have called into question the effectiveness of top-down, sector-specific policies: as clearly evidenced by many experiences from both developed<sup>6</sup> and developing countries,<sup>7,8</sup> 'spatially-blind' policy approaches have often failed to develop balanced, diversified rural and urban economies. In this context, national governments are now considering moving past old-fashioned 'command and control' policies towards a smarter, 'localized' approach to development and MDGs acceleration. A strong consensus

4 The term 'local governments', as used in this paper, refers broadly to sub-national governments.

5 Faith in 'spatially blind' policies is often accompanied by excessive emphasis on the potential benefits of urbanization. There is now ample evidence that diseconomies of agglomeration do exist and that 'trickle-down' effects often do not materialize.

6 Organization for Economic Cooperation and Development, *Investing for Growth: Building on Innovative Regions*, Paris, France (March 2009)

7 United Nations Development Program, *Beyond the Midpoint: Achieving the Millennium Development Goals*, New York, U.S.A (January 2010)

8 United Nations Capital Development Fund, *Local Development Outlook: Cambodia*, Cambodia (April 2010)

is emerging across both developed and developing countries, that **a new policy approach is needed, one that builds on local knowledge to tailor public policy to specific circumstances**. This should allow the provision of public goods, when they are needed and where they are needed, in an integrated fashion. This logic is behind increasing efforts to 'localize the MDGs', and attack poverty traps via deliberate, place-based strategies. This approach is also guiding local development strategies that seek to harness endogenous potential and exploit opportunities for economic diversification and development. Finally, a place-based approach is increasingly adopted to drive policy responses to climate change that has significant – and territorially asymmetric – impact across developing countries..

### III. Local development and the MDGs: the key role of local governments

Designing and implementing more effective and efficient local development policies implies a new role for both central and sub-national governments. On the one hand, national governments have a key role to play in terms of setting explicit local development objectives, building robust multi-level governance systems and providing 'exogenous' intervention (via e.g. conditional grants and incentives) that are critical to 'unlock' a particular constrain or opportunity.<sup>9</sup> On the other hand, local governments need to assume increased responsibilities to foster local development and accelerate progress towards the MDGs. There are at least **6 key areas (see dedicated Global Forum Sessions)** in which local governments have a strong comparative advantage to deliver on both local and national objectives.

**1 – Delivering services.** In many countries, local governments are tasked with delivering services that are highly relevant to MDG progress. Figure 5 shows that there is substantial overlap between pro-poor public services, and functions that ought to be exercised at the local government level. Accelerating progress towards the MDGs will require increased and more effective public spending in key areas such as primary education, basic health services, access to potable water, agricultural extension, roads, and local economic infrastructure. In virtually all countries around the world, these public services are delivered at the local level, either through devolution (directly by elected local governments (LGs), such as district councils or municipalities), through delegation or agency arrangements

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<sup>9</sup> This is particularly true in many Least Developed Countries (LDCs) where local elites often make it difficult to reverse path dependency of regions in the absence of a strong external intervention.

between a central agency and local government, through deconcentrated entities (such as local administrative units of the national government), or sometimes even by the private sector or Non-Governmental Organizations (NGOs). Once more, the challenge of delivering services is significantly different from place to place and often depends on migration and mobility trends: rural areas often face difficulties related to lack of critical mass and dispersed settlements, while local governments in many urban areas face the challenge of rapid population growth.<sup>10</sup>

**Figure 5. Relationship between service delivery functions commonly assigned to the local government level and the MDGs**

MDG	Primary education	Primary health	Agricultural extension	Water and sanitation	Roads	Solid waste mgmt.	Fire fighting and police	Land use planning*	Economic development*
1. Poverty and hunger	■ ■	■ ■	■ ■ ■ ■	■ ■	■ ■	■	■ ■	■ ■	■ ■
2. Primary education	■ ■ ■ ■	■	■	■	■			■	
3. Gender equality	■ ■		■				■ ■		
4. Child mortality	■ ■	■ ■ ■ ■	■	■ ■	■ ■	■ ■		■	
5. Maternal health	■	■ ■ ■ ■	■ ■	■ ■	■ ■	■	■		
6. HIV/AIDS and Malaria	■	■ ■ ■ ■	■	■ ■		■ ■		■	
7. Environmental protection	■	■	■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■	■ ■ ■ ■	■
8. Partnership									■

Key: ■ ■ ■ direct provision   ■ ■ indirect relationship   ■ some relationship

Note: \* In some cases, local governments can influence the MDGs negatively through poor governance.

Source: Based on *Improving Local Government: the Commonwealth vision*, Commonwealth Local Government Forum, 2009 (Box 2).

10 As highlighted in the 2009 Human Development Report, migration, both within and beyond borders, has become an increasingly important factor impacting on local development and requiring local responses. The overwhelming majority of people who move do so inside their own country. Using a conservative definition, UNDP estimates that approximately 740 million people are internal migrants – almost four times as many as those who have moved internationally.

**2 – Fostering local economic development (LED).** Economic development is essential to generate resources and jobs that can then support social outcomes and contribute to achieve the MDGs. As discussed above, most developing countries possess an enormous unexploited or underexploited economic development potential, often located just where poverty and exclusion are the greatest. This potential is linked to resources or know-how that is specific to certain places. Local governments can be key drivers in terms of design and implementation of local economic development strategies. In particular, local governments are in an advantaged position when it comes to identifying the right 'mix of services' that is needed to realize the potential of their territory, adapting public spending to specific circumstances and priorities. Also, local governments can partner with key actors and form public-private partnerships that are often essential to promote local development. Finally, local governments act as an interface between the state and citizens and can thus manage preferences in terms of development choices that imply trade-offs in terms of objectives and use of resources.

**3 – Building climate change resilience.** Developing countries face 75–80 percent of the potential damage from climate change. They need support to prepare for droughts, floods, and rising sea levels. In order to reduce their vulnerability, they need new strategies for agricultural productivity, to contain malnutrition and disease, and to build climate resilient infrastructure.<sup>11</sup> Vulnerability is a function of exposure, sensitivity and adaptive capacity and varies greatly across localities and economic sectors. Different areas face different kinds of climate change impacts and consequently require different, contextually specific policy responses. Local governments can play a key role to foster climate change resilience, provided they have adequate resources and effective integration of climate change considerations into local planning, budgetary and investment cycles. At present, there are serious shortages in the capacity of national and sub-national governments as well as private actors to cope with climate change. First, sectoral approaches prevail: climate change is largely seen as related to natural resources, agriculture and disaster risk management, with limited progress towards mainstreaming across sectors and scales. Second, sub-national authorities largely lack the awareness, information, resources and capacity to exercise the role they could play in climate change adaptation and mitigation. Third, the role of the private sector and its relation with government action in adaptation and mitigation remains unclear. In this context, local governments can play a key role to enhance sub-national responsiveness to many of the challenges related to climate change, to foster integrated public-private action and greater accountability and transparency in the allocation of resources related to climate change adaptation and mitigation.

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<sup>11</sup> World Bank, *World Bank Development Report: Development and Climate Change*, D.C., U.S.A (March 2010)

**4 – Achieving food security.** Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe food that meets their dietary needs and preferences for an active and healthy life.<sup>12</sup> At the central level there is a wide variety of approaches in dealing with food security. Differences in national approaches are generally driven by the specific country contexts, the food security situation, the structure of the public sector and the resources available. Coordination between different central line ministries, particularly the Ministry of Agriculture and the Ministry of Commerce (or equivalent organizations) as well as local government authorities in dealing with food security issues is often problematic. Local governments are ideally placed – and usually mandated – to promote integrated action to address the variables which make up the food security equation: providing basic infrastructure that supports the production and distribution of food crops (including roads, wells, dams, markets, etc); dealing with land title disputes; providing a forum for community groups (including farmer cooperatives); monitoring of local food security; managing trade-offs between agriculture productivity and environmental sustainability.<sup>13</sup> They are also the tier of government that is closest and directly in touch with smallholder farmers which are key to the implementation of any food security policy. Finally, the local level is also the tier of government most likely to understand local conditions affecting food security, including weather and crop planting patterns, local trade flows, as well as causes of chronic and transitory food insecurity.

**5 – Supporting State-building and democratization in post-conflict settings.** Making headway on the MDGs in fragile and (post-) crisis states is a complex endeavor. There is no single local government approach that is successful in these contexts. Post-conflict responses fluctuate between attempts to centralize the public sector (in order to establish or retain state power and build the state administration) to highly decentralized approaches at stabilization and community-building. As a post-conflict environment seeks to return to normal, the large-scale presence of international NGOs and donor agencies can stand in the way of the public sector resuming its role as a provider of public services. In these cases, community-based organizations and local governments (or quasi-local governments) can play an important role in restarting the provision of public services and facilitating the return of displaced persons. A common approach in many post-conflict countries has been the introduction of some type of local

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12 The issue of food security is high on the political agenda as evidenced by the number of recent high-level summits, including the first ever G8 Agriculture Ministerial in April 2009 in which more than US\$22 billion were pledged by developed countries to boost food security. Much of the discussion is about the capacity of the agricultural sector to meet the rising demand for food.

13 Organization for Economic Cooperation and Development, *Agriculture Outlook 2010–2019*, Paris, France (June 2010)

development fund or community development program. The absence of formal public sector institutions and the weakness of the country's social infrastructure has often required such interventions to reach to the community level. Local governments in a post-conflict environment can also play a key political, stabilizing role: decentralization and local governments are often a critical ingredient in the resolution of the political tensions that led to the conflict in the first place.

**6 – Promoting gender equality.** Gender equality contributes substantially to development and social stability. In recent years, consensus has grown on the centrality of women's participation in local level decision-making<sup>14</sup> and the need to remove the obstacles that are inhibiting women's effective participation.<sup>15</sup> These obstacles often include: weak representation in local councils, male-dominated and insufficiently gender-sensitive planning, budgeting and resource allocation processes; cultural factors that discourage women from contributing to discussions; weak and ineffective institutions representing and supporting women; high rates of illiteracy (especially in rural areas). As a result, gender concerns are often not effectively incorporated into local council development plans and activities. Gender programmes have shown in recent years that local governments can be a platform for change and the inclusion of women in local decision-making processes. These programmes operate at two strategic levels: first, they strengthen local governments' institutional capacity to create a supportive environment where gender responsive policy planning, budgeting and public expenditure is aligned with women's priorities; second, support is directed to training for women to allow them to better access, engage and influence their local governments' policy formulations, investment approaches, processes and outcomes to ensure that they accurately reflect their own priorities and concerns. Whether they are the targets or implementers of local gender programmes, local governments have a central role in local level action towards gender equality.

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<sup>14</sup> United Nations Capital Development Fund, Annual Report 2009: Gender Equitable Local Development (GELD), New York, U.S.A. (July 2010)

<sup>15</sup> United Nations Capital Development Fund, Deliver the Goods: Building Local Government Capacity to Achieve the Millennium Development Goals, New York, U.S.A (October 2005)

## IV. Local development through local governments: policy and governance challenges

As discussed above, local governments have a key role to play to foster local development and progress towards the MDGs. However, several technical, political and institutional barriers continue to prevent them from fully realizing their potential. These include:

**1) Lack of resources.** The effectiveness of local governments and the quality of local government services – particularly in developing countries – are often constrained by the limited resources available to them and the degree of political and administrative autonomy granted by the center. Inadequacy of resources or autonomy can create a vicious cycle: no capacity, no responsibilities, no resources and, therefore, no capacity. It is thus clear that the relative capacity shortages at local level should not be seen as intrinsic to the structure of local governments but rather in many cases – as a result of this cycle. The resource imbalances (or unfunded mandates) faced by local governments are often quite considerable. For example, while it is not unusual for local governments to employ 75 to 80 percent of all public servants, the local level often receives no more than 15 to 25 percent of all public financial resources. In many cases, increased and more predictable resources are thus a pre-condition to allow local governments to play a more prominent role in promoting local development and the MDGs.

**2) Modest technical skills.** Transforming more traditional, reactive local government entities into high-performing local government organizations is a difficult task. It requires not only reorienting local government officials toward greater responsiveness to the needs of local constituents but, in many developing countries, it also calls for building local technical expertise in key areas such as strategic planning, budgeting, procurement or building partnerships with non-state actors. Also, as functions are decentralized, local governments are called to assume responsibilities in new fields for which they do not always possess the necessary skills. These challenges require strong technical assistance from national governments and policies that help attract and retain skills where the weakest local governments are. In the absence of such policies local governments often remain unprepared to deal effectively and efficiently with increased responsibilities.

**3) Lack of coherent, multi-level governance frameworks.** A comprehensive approach to decentralized governance requires not only the strengthening of local governments themselves, but also a wide range of national level policy interventions: a sound decentralization policy; an enabling legislative and regulatory framework;

an institutional framework for dealing with central-local relations; strengthening civil society and the private sector to engage with local government officials and hold them accountable. Local discretion and accountability must be appropriately balanced and coordinated as well. Finally, evidence from around the world shows that, even if financial resources and administrative systems are decentralized to the local level, the potential benefits of decentralization – including responsiveness and the efficient and accountable use of local resources – may be compromised without real and effective political decentralization.<sup>16</sup>

**4) Political and institutional obstacles.** There are a number of political and institutional obstacles that frequently limit the role of local governments in the public sector and prevent nascent systems of decentralized governance from functioning effectively.<sup>17</sup> These include:

First, the centralization of political space: the decentralization of power and resources among different government levels is by definition a highly political reform. As previously noted, political considerations in many countries limit the space that the centre will allow for local governments to develop into viable, well-resourced and effective governance units.<sup>18</sup> For instance, in countries where competitive multi-party elections are yet to fully flourish, a national ruling party may prefer to restrict sub-national political competition in order to prevent the opposition from gaining a foothold. Yet without effective mechanisms to hold local officials accountable to their constituents, the benefits of decentralization may be compromised. Unlocking the potential of local governments to foster local development and accelerate the MDGs will require opening up the political, administrative and fiscal space for local governments.

Second, opposition from central bureaucracies. Within central line ministries, bureaucracies may resist decentralization in order to maintain power, prestige and command over resources. As a consequence, many decentralization reforms stall or fail to provide local government with adequate discretion over local functions.<sup>19</sup> It is not unusual for decentralization legislation to languish for years before line ministry officials

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16 Serdar Yilmaz, *World Bank Report: Local Government Discretion and Accountability: Application of a Local Governance Framework No. 49059-GLB* (Washington, D.C., World Bank Group, June 2009)

17 Ed Connerley and others, *Making Decentralization Work: Democracy, Development, and Security* (Colorado, Lynne Rienner Publishers, 2010)

18 K. Eaton and others, *The Political Economy of Decentralization Reforms in Developing Countries: A Development Partner Perspective* (D.C., The World Bank, 2010)

19 For a stakeholder analysis of supporters and opponents of decentralization, see Bahl, Roy, 1999, 'Implementation Rules For Fiscal Decentralization', Working Paper 99-01, International Studies Program Working Paper Series, Andrew Young School of Policy Studies, Georgia State University, Atlanta, 2010.

proceed to enact it. Even then, central line ministries often retain control over key aspects of local service delivery, whether by retaining central control over local public services and staff, or by encumbering resource allocations with conditions requiring central government approval, or simply by retaining a large share of the financial resources necessary to deliver services.<sup>20</sup>

Third, in several countries, there is an institutional bias against decentralization within the international development community itself.<sup>21</sup> The international development community plays an important role in promoting decentralization reforms. However, in many cases – given that donor agencies and international financial institutions have their primary counterparts at the central government level –, mutual institutional interest tends to favor the role of central governments in the implementation of development policies and projects. The implementation of decentralization reforms themselves may fall victim to this practice. This may account in part for the large number of projects that seek to promote decentralization reforms in a top-down manner, disproportionately empowering central institutions. Also, Development Partners' dynamics result in some cases in fragmented support to decentralization reforms. This doesn't allow realizing possible synergies across geographical areas or across policy sectors and often results in increased transaction costs for governments at both National and Sub-National levels.

## **5) Lack of explicit national policies for local development and MDGs localization.**

The discussion on territorial disparities, the need for diversification of local economies and for localized efforts towards the MDGs is well present in the public discourse across developing countries. However, in many cases governments have not developed an explicit policy focus to target places or 'types of areas' (rural, urban, remote, mountain, coastal etc.) to address these challenges.<sup>22,23</sup> For instance, the rural-urban gap, often mentioned as a key problem in policy documents, is not addressed via integrated strategies for rural development. Similarly, urban development is often not the object of an explicit, long-term government strategy. In this framework, MDG acceleration strategies are often not translated into localized, integrated actions that envisage a clear role for local governments.

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20 Another way for central officials to retain bureaucratic control over local service delivery is by assigning certain functions (such as urban water provision) to local boards that are controlled by the line ministry rather than by the local government authority.

21 Jamie Boex, *Fiscal Decentralization and Intergovernmental Finance Reform as an International Development Strategy*, IDG Working Paper No. 2009–06 (D.C., The Urban Institute, 2009)

22 The design and implementation of national policies for regional/local development is often hampered – in both developed and developing countries – by the lack of political will to allow greater transparency in the allocation of public and private investment across the territory. Barca (2009), *An Agenda for a Reformed Cohesion Policy*.

23 Fabrizio Barca, *An Agenda for a Reformed Cohesion Policy* (Belgium, European Commission, 2009)

# V. The way forward: fostering local development and achieving the MDGs

What can be done to foster local development and a more active and effective role of local governments in accelerating progress towards the MDGs? Territorial disparities and a high degree of spatial heterogeneity in development dynamics call for a strategic approach to local development and flexible policies, tailored to the characteristics of different places. Evidence from around the world shows that action is needed on **at least two fronts**:

First and foremost, decentralization reforms should continue to progress. Although local governments are well positioned to play a key role in implementing localized strategies to advance the MDGs, technical obstacles as well as political and institutional factors prevent them from fulfilling their potential. These obstacles should be addressed. Central government policymakers need to expand the political, administrative and fiscal space for decentralized local governments to play a more responsive and innovative role in achieving the MDGs. Decentralization reforms can provide the necessary ‘governance infrastructure’ to empower local actors as agents of change and development. Decentralization offers the opportunity for an effective and efficient distribution of responsibilities and resources<sup>24</sup> across levels of government according to the subsidiarity principle (see Box 1). This includes introducing contractual relations and incentive schemes that clarify the function and stimulate the performance of each level of government.

Second, comprehensive policies for local development are needed at national level. Decentralization is not a substitute for a local development policy. A deliberate national policy for local development needs to spell out national objectives, strategies and resources to foster balanced development across rural and urban areas. It needs to make the connection between decentralization reforms and national development priorities and thus provide a framework for sub-national planning. This must be based on robust analysis of local development trends, which in turn requires the capacity to collect and process disaggregated data. A modern national policy for local development is very different than top-down planning: it implies adopting a strategic approach to the different parts of the country with shared responsibilities between national and sub-national actors. This includes – for instance – strengthening the government’s capacity to adapt (or ‘proof’) its sectoral policies to the specific context of rural areas, urban, cross-border or coastal areas.

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<sup>24</sup> Local governments are not only recipient of National resources but can play a key role in implementing equitable and efficient tax systems that secure domestic funding for development and help ward off aid dependence.

### **Box 1: Decentralization and subsidiarity: key concepts**

Most countries in the world are organized in a decentralized manner, with important public services being delivered at the subnational (regional or local) level. Most countries apply the subsidiarity principle to determine which public services are delivered subnationally. The subsidiarity principle, however, does not indicate whether either devolution (assigning public service delivery responsibilities to elected local governments), delegation (the delivery of specified services and the performance of specific functions by a local government under agency arrangements with a central agency) or deconcentration (assigning greater responsibility and discretion to local administrative units of the national government) is the preferred approach to localize the MDGs. Experience from developed and developing countries confirms that various configurations of all three modalities are needed depending on the functions, central and local capacities, economy and efficiency of delivery. Irrespective of a country's administrative structure or its governance architecture, in developing countries that are successfully localizing the MDGs:

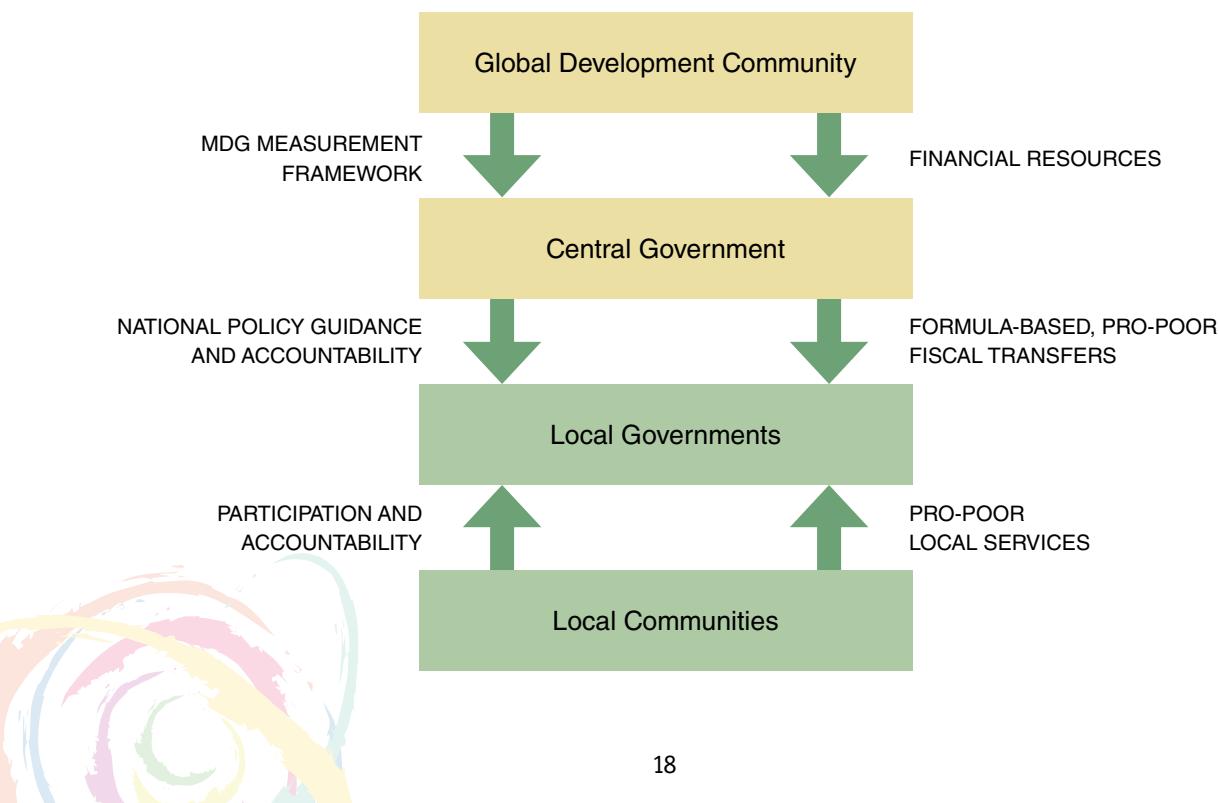
- The public sector dedicates an increasing share of national financial resources to the delivery of pro-poor public services such as education and basic health services, most often delivered by local facilities (such as schools and clinics);
- Central authorities ensure that public resources (financial and human) are distributed in an effective, pro-poor manner across the national territory, so that areas that lag in human, social, and economic development indicators receive a greater share of public resources;
- Countries adopt local governance mechanisms and local administrative arrangements that ensure that local resources are used in an efficient, responsive and accountable manner;
- The developmental role played by local governments is expanded to include responsibility for coordinating and guiding the delivery of inputs.

Different approaches may be appropriate for different sectors and different functions, and options may evolve in accordance with economic conditions. For example, in countries with limited experience with democratic processes and weak civil society organizations, it may be difficult for local constituents to hold elected local officials accountable. In such cases, at least in the short run, deconcentrated subnational administrative units may be in a better position than elected local governments to deliver public services and reduce poverty. Delegation would be considered in contexts where a local government system is evolving, or where specialized central control and/or supervision is required to ensure quality. Conversely, devolution can serve as an instrument for poverty reduction in countries where elected local governments are already assigned significant expenditure responsibilities and are generally capable of efficient service delivery.

Realizing local development potential is not just a matter for local governments to act. On the contrary, all sectors of society have a role to play in promoting local development and the achievement of the MDGs. This requires a new focus on governance (not just government), meaning a fruitful interaction of public and private actors, financial institutions and civil society at large, at all levels (see Figure 6). The private sector and financial institutions have a critical role to play to ensure local economic development opportunities are seized. Local government associations can serve as powerful advocates for the interests of local governments and their regional/global umbrella organizations can do much to promote decentralization reforms and strengthen local governments through global advocacy, sharing of best practices, twinning arrangements and other initiatives. Academic institutions can play an important role in helping to fill knowledge and technical gaps. Finally, development partners can do more and better to make sure their support is flexible and strategically targeted.

Evidence from around the world shows that **a ‘local approach’ may not be the solution to economic, social and environmental challenges but can certainly be part of the solution.** A future is possible where rural areas will thrive, cities act as hubs for development and the benefits of growth are shared across and within countries. If this is the objective, key actors need to act strategically and deliberately from the *global* to the local level.

**Figure 6. Localizing the MDGs: Stakeholders, resources, and accountability**



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## About the Global Forum on Local Development

With only five years to go until the 2015 deadline, many countries are off track to meet the Millennium Development Goals (MDGs). Progress is further threatened by the effects of the global economic crisis and the challenges of climate change, with the least developed and fragile states facing particular vulnerabilities.

Coming shortly after the UN Summit on the MDGs in New York in September 2010, the Global Forum on Local Development: *Pursuing the MDGs through Local Government* aims to highlight the potential for Local Governments to accelerate progress toward the MDGs, and the concrete steps necessary to unleash this potential. What concrete steps can local governments take – in partnership with central authorities, the private sector and communities – to advance the MDG agenda? How can local governments create innovative partnerships and tap into social and institutional resources to improve local conditions, livelihoods and well-being?

The Global Forum on Local Development is a high-level event being convened by the UN Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP) and the Government of Uganda. It is supported by a wide range of partners, including the Grand Duchy of Luxembourg, the UN Department of Economic and Social Affairs (DESA), the European Commission, InWent Capacity Building International, Germany (InWent) and the Swedish International Center for Local Democracy (ICLD).

For additional information about the Global Forum on Local Development,  
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