Monitoring and Evaluation (M&E) has been an integral part of project proposals and implementation plans since time immemorial. Although in the context of international collaboration it has become increasingly important, the way it is applied has not evolved very much over the past decades. In an environment marked by professional aspirations M&E should not be considered simply a tool to satisfy a less than attentive project co-ordinator on behalf of a donor, but a tool to enhance interactive activity planning and adjustments. The use of M&E by donors to assess project performance must be considered a secondary objective that is subordinate to its use as a planning and steering tool.

But how do we monitor and evaluate processes rather than technical projects? How do we assess progress in institutional reform or organizational change? What should we regard as a contribution achieved by the programme, and how do we disentangle it from the effects caused by other events? This KIT Rural Change Bulletin provides valuable suggestions for the discussion. In the first chapter, major issues in decentralization are pointed out, followed by relevant issues in monitoring and evaluation in the second chapter. Lastly, attention is paid to setting up a monitoring framework directed at democratic decentralization.

Author Fon van Oosterhout describes institutional and organizational processes as the 'Moving Targets' of Monitoring and Evaluation. He stresses the need to develop adequate interactive tools and provides some useful suggestions. Wherever organizational dynamism and movement are to be achieved, targets, plans and approaches should move, too.

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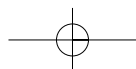ROYAL TROPICAL INSTITUTE

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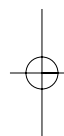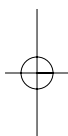
Moving Targets

Towards monitoring democratic decentralization

KIT RURAL CHANGE

MOVING TARGETS

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Preface

The monitoring and evaluation (M&E) of projects and programmes in the context of international collaboration has become increasingly important, but the way it is applied has not evolved much over the past decades. During the nineties, a distinct shift in donor assistance took place from technical, hands-on support to the provision of institutional and organizational advisory services. At the same time, more attention was given by donors and recipients to the ownership and quality of services rendered. These shifts from project- to process-oriented support, as well as the need to be accountable to donor organizations for resource use, have amplified the need for monitoring and evaluation of performance.

M&E has been an integral part of project proposals and implementation plans since time immemorial, but it remained more a paper exercise than a true tool for planning and project policy adjustment. Virtual targets, such as 'raising maize production by 10%' or 'reducing illiteracy of girls by 15%' proved to be sheep-goat arguments, not in the least because the base-line data were comfortably absent or less reliable than quicksand.

In a professional environment for international collaboration M&E should not be considered simply a tool to satisfy a less than attentive project co-ordinator on behalf of a donor. M&E is a tool to enhance interactive activity planning and adjustment according to stakeholder views, progress and unexpected events. The use of M&E by donors to assess project performance must be considered a secondary objective that is subordinate to its use as a planning and steering tool.

But how do we monitor and evaluate processes rather than technical projects? How do we regularly assess progress in institutional reform or organizational change? What should we regard as a contribution achieved by the programme, and how do we disentangle it from the effects caused by other events? Now that we have put M&E high on the agenda, we appear hardly capable of conducting it in a satisfactory way.

Once we accept that M&E is a planning tool for stakeholders and that processes need approaches to M&E that are different from approaches to technical projects, we can discuss it in its true context. This KIT Bulletin by Fon van Oosterhout provides valuable suggestions for this discussion. The author spent a short study period at KIT and was confronted by a virtual absence of adequate tools for M&E of institutional and organizational change processes. Moreover, M&E is still dominated by donor needs for accountability, while interactive M&E

geared to continuously improve planning and performance is still more an issue of debate than of application. In this Bulletin, Fon van Oosterhout describes institutional and organizational processes as 'moving targets' of M&E. He stresses the need to develop adequate interactive tools and provides some useful suggestions. We hope that this Bulletin contributes to the recognition that M&E is more than a matter of setting virtual and static targets. Wherever organizational dynamism and movement are to be achieved, targets, plans and approaches should move, too.

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Deputy Head of KIT Rural Change

Introduction

The theme of decentralization has been engaging the interest of political science and public administration professionals for decades. To a lesser degree this interest has spread to economists and development policy makers, and more recently to social development professionals and experts in institutional development. In this article the last two disciplines will receive special attention, with the focus being placed on democratic decentralization. This is probably the most difficult form of decentralization because it is the means by which governments can best perform their roles in terms of both service delivery and - perhaps to an even greater degree - in terms of building democracy, as Helmsing (2000: p. 19) has pointed out, with issues such as participation, accountability and the politics of choice.

However, although decentralization literature already includes a great number of analyses based on experiences in various countries, these are generally more evaluative (or post-evaluative) and reflective, while monitoring the processes of decentralization deserves more attention than has been paid to it. Monitoring with an evaluative perspective is important not only for donor agencies involved in such programmes, but even more so for national and local governments, as well as for civil society, in order to learn from experience and to steer and, if necessary, correct any ongoing programmes. So monitoring here is regarded in terms of a specific decentralization process to be followed throughout its implementation; it does not relate to a comparison of various programmes of decentralization.

This article is meant to draw attention to crucial issues in decentralization and monitoring, and to analyse and examine the guiding principles for setting up an interactive monitoring system for decentralization. It hopes to inspire and invites the reader to consider the advantages of a rather pragmatic and flexible approach in monitoring. This can be done by focusing on plausible rather than real causal relationships, using a mixture of quantitative and qualitative indicators, involving not only 'experts' but all stakeholders including communities, and above all by prioritizing the learning aspects in monitoring.

In the first chapter, major issues in decentralization are discussed, followed by relevant issues in monitoring and evaluation in the second chapter. Lastly, attention is paid to setting up a monitoring framework directed at democratic decentralization.

1   Decentralization has come to stay, but it is not alone

In 1984, Rondinelli, Nellis and Cheema (p. 9) used a definition of decentralization that became widely accepted: the transfer of responsibility for planning, management and resource-raising and allocation, from the central government and its agencies to: 1) field units of central government ministries or agencies; 2) subordinate units or levels of government; 3) semi-autonomous public authorities or corporations; 4) area-wide, regional or functional authorities, or 5) nongovernmental private or voluntary organizations.

The transfer of responsibilities should be accompanied by the transfer of decision making and resources, which concerns power issues. Rondinelli also laid the basis of the terminology most often used to discuss decentralization, such as terms that distinguish its different types, although the terms were later interpreted in various ways. These types have become known as:
1 deconcentration (or administrative decentralization): the transfer of power to local administrative offices of the central government;
1 delegation (or functional decentralization): the transfer of power to sub-national governments, *parastatals* or other government entities;
2 devolution (or democratic decentralization): the transfer of power to sub-national political entities. This is the type we will focus on more specifically;
3 privatization (or divestment): the transfer of power to the private (commercial or non-profit) sector.
Because of its great impact, a further description of what is understood by these categories is given in a 'Note on the terminology used for decentralization'.*

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*Terminology used for decentralization: Usually various degrees of transfer (of government responsibilities, decision making power and financial and possibly human resources) can be understood from the four forms of decentralization:
a. Deconcentration: the transfer to lower levels within the central government (to regional branch offices, usually in-line agencies), which implies that all authority remains with the central government. Manor refers to this form as *administrative* decentralization, while it is interesting to note that on the website of the World Bank's PREM, the totality of the various degrees of decentralization, from deconcentration and delegation to devolution, is treated under the administrative dimension.
b. Delegation: the transfer to local government or semi-autonomous organizations like *parastatals*, that are wholly or partly outside the domain of central government but remain accountable to it. Sometimes, the transfer to (semi-) autonomous government institutions is called *functional* decentralization.

The Rondinelli terminology is especially useful for distinguishing types of sectoral arrangements for delivering public goods and services. Parker (pp. 19-23) also makes this distinction. According to his analysis, however, not every form is relevant to rural development. Deconcentration is an incomplete strategy and delegation, on its own, also appears insufficient for guaranteeing improved development outcomes. Devolution may include elements of both deconcentration and delegation, but it goes beyond these decentralization strategies by recognizing the important role that political and fiscal control play in better satisfying the demands of the beneficiaries of a development process. Decentralization reaches its extreme when, in response to criticisms of poor service delivery and fiscal crises in many developing countries, governments begin privatizing services. Parker discerns a further analytical refinement in the literature between the political, fiscal and institutional dimensions of decentralization. Manor, like Parker, concentrates his thorough study of decentralization's possible impact on rural development on those experiments that entail elements of democratic decentralization. His statement is (p. 7): 'If it is to have significant promise, decentralization must entail a mixture of all three types: democratic, fiscal and administrative'.

Democratic decentralization, with its wide political dimension, can affect increasing public participation, elected local bodies and the powers given to them through devolution, and might also include policy frameworks related to the alleviation of poverty and the promotion of equality. Confusingly, many early

c. Devolution: the more extensive transfer to sub-national units of government with clear jurisdictions, that are outside the direct control of central government. Because of the real transfer of authority and decision-making power this is the most ambitious - or, some would say, the only true form of decentralization. It can be realized in relation to the provision of a certain service or a transfer across the board of management responsibilities to a certain territorial unit. The crucial devolution of powers to local government is known as *fiscal* decentralization. Manor refers to devolution as *democratic* decentralization, expanding this concept so as to include transfers related to democratically elected local institutions and/or to include participatory processes. This type can embrace both conventional and unconventional forms. A conventional example (taken from Parker) is NGOs receiving funds from central government for administering Social Investment Funds (SIF). Examples of still unconventional ways are giving voting powers to NGOs on local councils, or even granting the community supervision over local construction projects (Manor). Parker (p. 23) and the World Bank's web page refer here to *political* decentralization.

d. Privatization: the transfer of functions, in particular for certain economic activities (hence it is also called *economic* deregulation) to entities outside the government sphere. Privatization has been labelled divestment (UNDP 1998) referring to voluntary, community, private or non-governmental institutions with clear benefits to and/or involvement of the public. Oftentimes, but not always, this is also related to participatory processes. OECD/DAC (p. 57) refers to this form as *economic* decentralization and self-governance. The term privatization has been used for different modes of operation, not excluding the non-commercial sphere, although it most clearly refers to the transfer to private entities with commercial purposes (the World Bank's PREM on its web site uses the term *market* decentralization).

decentralization initiatives were called political but were in fact administrative, since they did not involve the devolution of power.

Fiscal decentralization refers to the transfer of power to a local authority to raise its own revenues, not only through locally-generated resources like taxes and user charges, but also through intergovernmental transfers and even sub-national borrowing. It also refers to the power of allocating funds for various destinations.

Institutional (or administrative) decentralization concerns the appropriate legal framework defining which formal, government institutions are involved in any type of decentralization, and the relationships between those institutions. It also concerns the roles of private organizations and the relationships between these and government institutions.
Related non-legal issues are the involvement of civil society (embarking on and enhancing social capital), the need to improve the capacity of local government to provide various services, to assume its new facilitating role, to organize popular participation, as well as to create systems of accountability. Concern with the institutional dimension is rather recent; earlier concerns were more often strictly administrative.

It is worthwhile focusing on the motives behind the drive for decentralization in order to understand the context in which success and failure should be judged. For this we can refer to Manor, who in his critical study on the political economy of democratic decentralization offers very useful and critical insights into the origins, contents and implications of decentralization and, on the basis of evidence, evaluates the most and least promising aspects of this difficult type of decentralization as well as its necessary conditions.[1]

Manor argues that starting in the mid 1980's, efforts at decentralization have been the result of bad experiences with earlier efforts at centralization, not the results of any clarity about the possible results of decentralization (p. 34). Whereas he distinguishes certain historical waves of centralization and decentralization, the 1998 UNDP monograph on decentralized governance observes (p. 9) that decentralization should not be considered simply as an alternative to centralization, but that both are needed. Decentralization emerged after earlier efforts at centralization, but the latter never disappeared. It has come to stay (especially the latest, more democratic types of decentralization[2]), but it is not alone: central level interventions will remain necessary.

Promises and risks[3]

The promises of decentralization are great, but it has become clear that they can only be realized under appropriate conditions, which will be dealt with later when the major issues are discussed. Decentralization can play an important role in broadening participation in political, economic and social activities. It can allow greater access to political decision making for marginal regions or groups of the population, and with a shorter distance between government and populace there may be better understanding of needs and better targeting of development

programmes. Decentralization can help facilitate decision making by cutting through the bureaucracy of central government planning and control procedures and by increasing government officials' sensitivity to local conditions and needs. It can help national government ministries reach larger numbers of local areas with services while relieving top managers in central ministries of 'routine' tasks, thereby allowing the ministries to concentrate on policy. Local government may become more legitimate, accountable and transparent, while these aspects of good governance may enhance the willingness to pay taxes. It may create a sub-national geographical focus for coordinating national, state, provincial, district and local programmes more effectively, and be better able to monitor local development besides. It may lead to more creative, innovative and responsive programmes by allowing local 'experimentation'. It may also increase political stability and national unity by giving citizens firmer control of public programmes at the local level.

But decentralization is not a panacea, and it does have potential disadvantages as well. It may not always be efficient, especially when it comes to standardized, routine, network-based services. It can result in the loss of economies of scale and can limit the central government's control over scarce financial resources. Weak administrative or technical capacity at local levels may result in services being delivered less efficiently and effectively and may also make equitable distribution or provision of services more difficult. It could add to the complexity of coordinating national policies and could allow functions to be captured by local elites. It could also have negative consequences for gender equality, if this area is not receiving special attention already.

Manor (pp. 46 ff, 73) has been able to analyse very specifically which promises have indeed played a role in rural development. In specific references to rural development the picture he draws is only partly gloomy. The empirical evidence has clearly demonstrated decentralization's promise in associational activity and organizational capacity (although this is usually a slow process), in developing and utilizing the analytical capacities - of ordinary people, and in promoting political realism and political stability. On the other hand, it was not clear whether decentralization could increase the material resources and the productive capacity of poorer rural groups. Related to the alleviation of poverty, decentralization's promise is modest when it comes to alleviating poverty arising from disparities *between* regions or localities, but less than modest when it comes to poverty arising from disparities *within* such localities (pp. 104-106).

In many cases, after the failures of centralization became obvious, donor agencies began promoting decentralization even though its promises were not yet supported by evidence. Eaton (p. 122) observes, however, that while cross-border pressures certainly set the stage for decentralization, it is short-term political calculations that determine the form decentralization actually takes, and there is considerable variation in this respect. On the other hand, it is also not unusual for efforts at decentralization to be driven by a certain political pressure from below (PREM, p. 24). In both cases - pressure from outside or from below - more often than not, central government appears to try and retain powers out of

fear that the long-term gains promised by advocates of decentralization may fail to outweigh short-term losses.

Manor's comparative analysis has confirmed that many politicians saw decentralization not as an alternative to patronage systems but as a device to extend and renew those systems (p. 43). Typically, central government will only support decentralization as long as it contributes to whatever political goals the centre hopes to realize (Parker, p. 27). Central government might consider the granting of participatory rights as detrimental to national unity, since it would allow local fiefdoms to flourish. In some African countries traditional power structures are considered the only legitimate ones, which can interfere with democratic decision-making structures that occur under decentralization policies. Hence, new political structures based on democratic elections are used by political parties only, and their powers remain limited. On the other hand local government might fear undesired pressures not only from above but also from below if popular participation is evoked.

Major issues of decentralization

The main if not the crucial issues that always come up in the literature are: politics and the actual transfer of powers, the (timely!) availability of financial and human resources, the local capacity to take over the responsibilities transferred, and the accountability mechanisms to curtail corruption. Popular participation is crucial as well, although on its own it is not a guarantee of success, while previous experience with democracy and an active civil society are 'quite helpful' elements (Manor). In addition there are a couple of rather technical issues such as the combining of horizontal local planning and vertical sector investments, the multi-level and multi-actor decision-making systems, and the role of communication (the central role changes from one of direction to one of guidance, and a complete information strategy should be in place). These decentralization issues will be dealt with first before we turn to monitoring issues.

As a result of decentralization's perceived threats to the public sector, central government may appear reluctant to clearly delineate - and then transfer - the various roles, responsibilities and rights of the different levels of government and civil society. Although this reluctance may be partly related to the technical complexity of moving towards decentralization, it also reflects power struggles between the different layers of government, between individual actors, politicians and civil servants, and between political parties. Resistance tends to be stronger if simultaneous programmes of structural adjustment result in a shrinking public sector. The opposition that is thereby often generated can seriously hamper the implementation of a decentralization policy. Such an opposition may arise based on sound perceptions of the real loss of control that would occur, but it also may be the result of insufficient information and fear of the unknown (Conyers, p. 36). That is why an information and communication policy is of utmost importance as an accompanying factor in a decentralization process.

Since power is at stake, sometimes visibly but often under the table, it becomes a difficult element to handle, in both the design and the implementation phases. There are cases of external agencies promoting unrealistic decentralization agendas and failing because of the conflict with existing power structures. Directing this discontent within the official political structures brings us to the important theme of institutionalizing decentralization. However, although politics dominate many decentralization decisions, they are not always a hindrance to its implementation. Manor (pp. 45, 68) notes that in most cases politicians do not see decentralization as a means of solving the central government's fiscal problems, much to the benefit of decentralization.

An issue of greater technical and programmatic complexity is the effective combining of horizontal local area development planning and decision making with vertical sector investment programmes. Naturally, a good framework of inter-regional and inter-sectoral planning, budgeting and implementation also has its political consequences. Decentralization also implies an increase in the number of decision makers at various levels, with different partners involved, which can create a certain complexity of communication that needs more time than before. We will come back to the time/distance dimension later. On the other hand, if more actors are involved and informed and proper mechanisms installed, this can have a positive impact on democracy, including on transparency and accountability. However, with the local misuse of funds being a real risk, much emphasis should be placed on developing the general financial management capacity of local government.

Last but not least, an overly common phenomenon has been that of decentralizing without securing the necessary funding. The structure and volume of financial and fiscal decentralization, its modalities, budgeting and medium-term reliability, details of procedures and regulations, accountability and timeliness, are all crucial aspects to be developed. Because of the difficulty of distinguishing the exact mix of types and dimensions in a certain decentralization process, especially when it comes to monitoring and evaluating the effects of decentralization (as we will see later), it is necessary to assess in more detail the actual functions and responsibilities being transferred, determining the exact 'what, how, when, and who' in the process. Finally, not only the financial but also the human resources (transfer of quality personnel and managers, capacity building) constitute an issue in decentralization.

The need for monitoring

While decentralization itself enjoys a top position in development literature, it is still difficult to find the crucial reasons for positive or negative results, let alone to determine beforehand the necessary conditions for success: how a decentralization policy in a given country should be designed and implemented. However, although some of a country's decentralization problems could have been prevented by making sure the process was well-designed, other problems would have occurred anyway and could eventually be corrected or solved by good monitoring. This is why, instead of just drawing lessons afterwards (in

retrospect) through evaluation, it has become essential to monitor the process: to accompany it while it is being implemented, possibly applying lessons learned elsewhere and locally (feedback) and possessing the ability to steer it. But not only does systematic monitoring facilitate learning in the institutions involved[4]; it also can give proof of performance and so provide new stimulus and motivation to the stakeholders.[5] In addition, monitoring gives feedback to policy makers and donors, who could be interested in identifying best practices or eventually in setting up a benchmarking framework. Monitoring as such will be the subject of the third chapter, after we have analysed the issues to be monitored in the design and implementation of democratic decentralization.

2   Issues of design and implementation of decentralization

There is no right or wrong degree of decentralization, as Litvack et al. (p. 8) state: 'Evidence suggests that the problems associated with decentralization in developing countries reflect flaws in design and implementation more than any inherent outcome of decentralization.' Designing a decentralization policy within a particular country is a complex task, since there is no standard 'best practice' that can be applied in all countries, and since it is a multi-level, multi-actor and sometimes also a multi-sector phenomenon. The territorial extent of decentralization and the degree of its contents (political powers, financial, administrative) can be either extensive or limited. Not infrequently, the many obstacles encountered not only make it a very sensitive and time-consuming exercise, but they also often result in a decentralization policy which is difficult to implement or does not have the impact intended (Conyers, pp. 27-28). To list a few examples of such difficulties: conflicts and contradictions make it almost impossible to maximize efficiency in the delivery of services; co-ordinated planning is unlikely to maximize popular participation; and the approach most appropriate for implementing national development policies is often not the one that will best meet local needs and priorities.

Monitoring should concern itself with the design of the decentralization process in order to see whether national leaders and donors, as well as targeted local institutions, fully appreciate the complexity of the process, and to take note of any design influences on local performance and impact. The basic questions discussed here relate to the definition of the guiding principles, the institutional aspects, financing and participation - issues which we will discuss shortly.

Guiding principles

The guiding principles extend to the rationale and objectives (with reference to the political, economic and social context), the functions to be decentralized, as well as to the setting of standards and norms[6] for equity and quality. This includes balancing national and local priorities, including the policies of an eventual inter-regional development programme. Ideally, part of the designing stage also consists of defining indicators for these equity and quality norms and standards. It also includes issues like the identification of the details of the priority areas, which ideally should be (or have been) done in advance of implementing the decentralization process. Here, attention is paid to the difficulties in assessing objectives (such as greater governance, performance, local development), followed by issues of institutional setting and development, financing and participation.

OBJECTIVES AND FUNCTIONS

In evaluating the effects of a decentralization programme's design on its results, it can be helpful to make use of a logical framework of analysis that links its overall goal to final objectives and sub-objectives, to strategies and actions. The exact objectives of a decentralization process are not always explicit, not least because it is usually a political issue. The objectives usually mentioned[7] in literature concern greater public sector effectiveness and greater (local) democracy, expressed as a set of often interwoven factors. Herein we can distinguish aspects of local governance (or the quality of local government) and local governmental performance (or greater effectiveness in its operations). A higher level of local development or poverty alleviation is also sometimes mentioned as an explicit objective. But even if it is not mentioned specifically, poverty alleviation may emerge anyway as a by-product of the other objectives (resulting from better participation, higher responsiveness to local needs, greater effectiveness, or from the creation of a better environment for economic growth by means of private sector support and enabling markets). However, positive experiences with poverty alleviation through decentralization are seldom clear, as we will see. We find these aspects hierarchically grouped in Table 3 (see chapter 3), but they will be dealt with in the following. First, however, we deal with the functions (to be) transferred.

FUNCTIONS TRANSFERRED

It is necessary to assess in detail the actual functions and responsibilities being transferred, determining the exact 'what, how, when, and who' in the process, knowing that there is little transparency involved. This concerns the following wide range of aspects (based on Conyers; Manor; Nielsen; UNDP, 1998):
- What sectors and functional activities are involved? All (except defence and foreign policy) or only some sectors/functions? What is the type of focus (in education, for example: are we talking about primary education; vocational training?)
- What powers will be transferred, and with what resources? Policy making, priority setting, authorization, mobilization, transfer and allocation of financial resources, procurement systems, human resources management?
- To what level and to whom? What is the size of the local units (in terms of area and population); what is the accessibility (for staff, leaders, citizens)? Will power be transferred to appointed or elected officials, to political or administrative bodies or organizations (composition, area, structure)? Are target communities being constituted? How should local politicians take into account the interests of the poor?
- How is the local administrative and management capability being enhanced? Is there organizational capacity for effective participation? Are there reliable accountability mechanisms towards both national and local constituencies?
- How will decentralization take place? By legislation (constitution, acts, regulations) or administrative measures (which are more easy to correct)? What coordinating measures exist, both within the specific decentralization programme and with other programmes and sectors?

Litvack et al. (pp. 24-25) remark that most countries do not get the mix right: they devolve decision making to local levels without providing budgets to enable the making of meaningful decisions, or they decentralize finance without ensuring adequate local accountability through political decentralization. Even within the fiscal realm alone, decentralization is difficult: one can decentralize spending responsibility without providing adequate revenues, or decentralize revenue but mandate virtually all expenditures. Or central government can devolve a service fiscally and politically, yet determine all wage and employment policies. The amount of autonomy given to a local government will differ, depending on the nature of the service (external considerations and inter-jurisdictional spillovers), the political landscape, and possibly the administrative capacity. Within the health sector, for example, certain programmes can better be run nationally (family planning, immunizations), while other programmes are of a more local concern, although they do remain responsible to the central government.

LOCAL GOVERNANCE

Decentralization has ceased to be a local government affair and has turned into a local governance issue (Helmsing 2001b: p. 4). Local governance includes greater democracy and political equality (participation, empowerment, accountability, transparency) as well as more efficiency (less bureaucracy and corruption, more staff satisfaction and performance, better public sector management), but there is little consensus on the exact meaning of the concept. It may serve as the ultimate goal of a development programme and at the same time as a condition (a 'means') for progress.[8] In recent years some donor agencies have even proclaimed local governance as a condition for cooperation. Otto (p. 21) distinguishes three interpretations: first is a neo-liberal view in which government's role is limited to facilitating and promoting private enterprise for economic growth (structural adjustment programmes, for example). A second interpretation (with an administration accent) focuses on the effectiveness and efficiency of government, while a third - political - view (dominant in Western European thinking) concerns democratic and participatory government with respect for human rights. Little has been done to link decentralization, participation and good governance, apart from the interesting general empirical paper by Huther and Shah from 1998, and Manor's research from 1999 (as stated by Litvack et al., p. 5).

In the work of Vengroff and Ben Salam, the quality of governance depends on the following factors: transparency in the elaboration, execution and evaluation of budgets; access to participation; public actions and policies; government responsiveness to demands; free flow of ideas and information concerning the choice of policies; and the election of leaders. Huther and Shah have developed a way to gauge the quality of (national) government through the construction of another index of the quality of governance that is composed of citizen participation, government orientation, social development and economic management, each with sub-factors. Application of this index to a sample of 80 countries has revealed a surprisingly strong positive correlation between fiscal decentralization and quality of governance. Thus, anyone with good data on

actual fiscal decentralization will find this is a very helpful monitoring instrument. Olowu and Smoke (see further) have used the degree of fiscal success as an indication of local government 'performance' (instead of quality; but this may be another case of conceptual vagueness).

LOCAL GOVERNMENT PERFORMANCE

Better local government performance relates especially to the quality of service provision (including infrastructure management) and financial performance (increased local tax efforts and allocative efficiency), both of which can be considered as the 'core business' of each decentralization process. But government performance could just as easily refer to better conflict regulation and improving social stability, or using operational systems of policy implementation and possessing the ability to target the poor.

If one is less interested in participation than in the actual power transferred to local government, inspiration might be sought in the study[9] of Olowu and Smoke, who focused on indicators of fiscal success - not so much as an end *per se*, but more as an indication of local government performance (p. 5). Since the mobilization and utilization of financial resources is regarded as one of the most crucial challenges confronting local governments, the success of local government was defined mainly in terms of fiscal performance.[10] The financial management system (including revenue collection, budgeting, auditing and debt management) was considered one of the other key institutional parameters of success (see further).

Changes in the performance of decentralized institutions have tended to be studied in terms of financial performance or revenue mobilization. By contrast, the focus of Crook and Manor (p. 8) was much more on their performance *as organizations*, both internally and in relation to their public outputs, although the concept of institutional performance is widely recognized as both multi-dimensional and difficult to measure. In fact, a monitoring team should let itself be inspired by the data available in an actual case.

LOCAL DEVELOPMENT AND POVERTY ALLEVIATION

On the basis of a comparative study of decentralization processes in Zimbabwe, Nigeria and Tanzania, Mutiza-Mangiza and Conyers (p. 91) conclude: 'when one observes the complexity of the (broader socio-economic and political) environment and the interdependence of policies within it, it is easy to see why it is impossible to draw any simple conclusions about the relationship between decentralization and development'.

In many publications, local development is referred to solely as local economic development, although there are many more interwoven aspects of local development such as poverty alleviation, civil security and environmental sustainability. Wils and Helmsing, whose basic premise is that local development should have a sound economic basis, therefore propose that 'market enablement' be considered from the perspective of the poor (2001: pp. 34-37). It is not sufficient to consider only the possible impact on 'civil society' or 'the community', since this fails to take into account the community's internal stratifications. Even within low-income communities it is important to learn about internal

relationships and conflicts, and the vested personal interests seeking to defend their power or privilege. Because of the complex and constantly changing local contexts, donor agencies or government bodies need either an intimate knowledge of local possibilities (which they usually do not have) or they need to link up with local institutions that do have this knowledge.

As poverty is a multi-faceted issue, it is important to recognize its social, economic, cultural and political dimensions in impact monitoring. One should carefully assess whether the key entry points were really used to address a dimension of poverty. In addition, one should focus not only on the results of explicit (sectoral or integrated) programmes of poverty alleviation, but also on the indirect effects of certain actions and attitudes of local government. If one is interested in improving poverty alleviation programmes, it is important to monitor the targeting specifically low-income groups.

Although poverty reduction is not always an explicit objective, democratic decentralization can, in principle, have an impact on the poor. In attempting to assess this impact, it is helpful to imagine the kinds of linkages one might expect to find between devolution and poverty reduction policies (De Jong et al., p. 3). First, devolution can contribute to poverty reduction by means of an empowerment strategy, through which government must become more responsive to the needs of the poor. Secondly, if people gain control over local statutory structures, they may be motivated to commit more assets to the common good. Thirdly, a more effective delivery of basic services may alleviate the causes of poverty (as illness is alleviated through better decentralized health services). Lastly and much more indirectly, if central government promotes participation in political structures that have no real control over development resources, thereby maintaining contact with grassroots sentiments, such an 'incorporation strategy' might anticipate and contain within itself the negative political consequences of poverty.

On the basis of systematized information provided by local teams, these authors have analysed three devolution programmes (Mozambique, Guinea and Ethiopia), and found no explicit linkages between devolution and poverty reduction objectives. The reason is that local government and local people were not sufficiently strengthened (no effective statutory structures were provided) so as to guide the deployment of deconcentrated resources and thus to eventually have an effect on poverty levels. Equally, although programmes in the education sector in Ethiopia and Mozambique were explicitly linked to enhanced service delivery, incorporation strategies have not promoted more trust and empowerment among the local populations involved. One can here conclude that centuries-old hierarchically-based cultural and political systems and attitudes cannot easily be altered in less than two decades. This is especially the case in situations where no specific attention is being paid to formation and capacity building.

Manor (p. 107) has observed that real prospects for poverty alleviation exist in Latin America, since antipoverty programmes there have become more 'demand-driven' and since democratic decentralization opens up channels that might be

used by poorer groups. He points out, however, that here there are two crucial prerequisites that are found just as often in other developing or transition countries: considerable organizational strength among poorer groups at the local level, and a willingness of those groups to engage pragmatically with government institutions.

With reference to the Democratic Local Governance (DLG) programme described below, Blair (p. 25) discloses that although poverty alleviation is a high priority for a number of donors, there is little evidence so far that DLG initiatives can do much to directly reduce poverty, at least in the short run. The study does show that participation and accountability exhibit significant potential for promoting DLG, although there are important limitations to what participation can actually deliver.

It is obvious (but often forgotten) that unless political systems allow poorer groups to influence policies and resource allocations (access to the budget), there is little likelihood of effectively reducing poverty. Because of this political fact, the means by which local government can reduce poverty are often quite limited. Access to land for housing could be improved, for example, a very sensitive and costly issue. Basic infrastructure and services could be provided without full cost recovery by the poor, a less costly but also a quite sensitive issue. Access to systems of justice and to local political and bureaucratic systems could be improved for disadvantaged groups, which needs a clear political will. And local government could also combine support for a prosperous economy with certain 'pro-poor' orientations. This last vision is promoted by Wils and Helmsing (2001), for instance, in their paper on enabling communities and markets. With respect to this economic issue, evidence seems to suggest that there is little local governments can do to increase low-income groups' incomes directly. However, they can play a more indirect role in making their cities or regions attractive for new investment and in avoiding policies that destroy livelihood opportunities for low-income groups.

GENDER AND DECENTRALIZATION

A great challenge in participatory decision-making mechanisms and other private sector (community-based or enterprise-based) activities involved in decentralization is to pay specific attention to the position of women, ethnic minorities and other groups that usually are easily denied access to government. This topic hardly has received any attention in the literature analysed. Manor, in his wide analysis of experiences, has found no cases in which women could benefit from a decentralization programme (p. 97). He reported some cases in which seats on councils were reserved for female nominees, but in practice these were taken by men or by women who did not act in women's interest. However, he is aware of how long processes like these generally take in helping vulnerable groups, and he is of the opinion that giving minorities or women special representation on elected bodies is worth attempting, provided they are elected and not appointed (p. 118).

Baltissen and Joldersma briefly describe two African cases, found in the
literature, in which gender relations were influenced by decentralization. In
Ghana, although new opportunities were created to increase participation and
develop leadership, women did not avail themselves of these opportunities
because their participation was hampered by husbands and community leaders
(also men). But illiteracy and lack of education also play a role, as well as lack
of experience and self-confidence in political debating, and apathy. In Ghana
another reason was the lack of funds and time for political campaigning. In
Uganda, on the contrary, quite a few women have raised sufficient funds for
participation, and have struggled for the incorporation of equality rights in the
constitution, which has been written in gender-neutral language. There are
special courses to stimulate and motivate women to participate in discussions
and to train women in political campaigning.

Institutional aspects

Successful decentralization depends on an institution-specific design of structures,
processes and regulations. The design includes an appropriate legal (laws and
regulations) and financial framework which should define responsibilities
clearly and specifically for all levels, including accountability and transparency,
financial regulations (like the raising and distribution of fiscal incomes, salaries
and other benefits of government officials). Part of the institutional framework
concerns the way in which institutional capacities at both local *and* central
levels are being (or have been) assessed, to enable implementation of functions
transferred and to perform the changed roles: commonly, higher levels move
towards facilitation and support rather than direction and control. Based on this
assessment, the support facilities available for capacity building will be
determined, as well as the existing communication strategy. These themes shall
be elaborated below.

Not only is a timely identification of stages and procedures necessary in the
designing phase, but the suitable timing of implementation itself is also critical.
A Plan of Operations and some sort of 'action plan' should be made available,
specifying steps and responsibilities. The process will probably be lengthy,
depending of the type of decentralization: Nielsen (pp. 4-5) estimates 15-20
years, which include preparation, enactment, initial implementation and
adjustments. Thus, when analysing (monitoring) a process of decentralization,
one should be aware that the end result is not given. It goes without saying that
the monitoring and evaluation process itself, as part and parcel of the
decentralization process, deserves to be well planned from the start and promptly
implemented.

LEGAL FRAMEWORK
The World Bank's web page describes the importance of the legal framework as
follows:
'Constitution, laws and regulations codify the formal rules of the game by which
a decentralized system is supposed to function. Structurally, the desirable
architecture of these rules is quite straightforward:

- the constitution should be used to enshrine the broad principles on which decentralization is to operate, including the rights and responsibilities of all levels of government; the description and role of key institutions at central and local levels; and the basis on which detailed rules may be established or changed;
- one or more laws should define the specific parameters of the intergovernmental fiscal system and the institutional details of the local government structure, including key structures, procedures (including elections), accountabilities and remedies; and,
- a series of regulations associated with each law should interpret and describe in detail the practices and measures by which the related law will operate. Laws that deal with tasks that are shared between national and sub-national governments should include sections on intergovernmental relations.

As decentralization is a complex social experiment, a good case may be made for there to be more flexibility in the ability to change the specificity of implementation instruments, while enshrining the political and philosophical principles in the constitution and the operating structures in the laws. In addition to 'substantive' law mentioned above, a country's 'procedural' laws can have profound impact on the success of decentralization efforts.'

ROLES OF CENTRAL AND LOCAL GOVERNMENT

Decentralization is a process of downward or centrifugal transfer of power, but does not imply the marginalization of central government. On the contrary: central government will always play a crucial role, because rules and restraints are absolutely necessary to distribute responsibilities across levels of government (PREM, p. 25). In addition, there is the seemingly contradictory fact that strong central governments may be in a better position to implement decentralization processes, at least until new actors like local government associations are able to assert themselves (Nielsen, p. 5).

The formal framework of decentralization determines the relationship between local government and higher levels of government, which in its turn defines the capacity of local authority to act. Two aspects play a role here: (1) to what extent the higher level *ensures* that the lower level government structures are representative of and accountable to their citizens, and (2) to what extent the higher level *allows* local government the power and resources to fulfil its responsibilities. What competence and authority will central government keep to itself in terms of control, supervision and decision-making power, as well as that related to the allocation and quantity of funds, and human resources? Moreover, central government itself is not a uniform entity: it is important to specify which central organism (ministry, parliament, presidential commission, etc.) is involved, and in what way.

The central-local government relationship should be (or should have been) so designed that on the one hand it avoids duplicating or skipping functions, responsibilities and authority, and on the other, it establishes a desired level of equality in fund allocation between local levels (horizontally, between regions or municipalities), as well as between higher and lower echelons of government

(vertically). Oftentimes there exist tensions between upper and lower levels of government, as well as between structures at the same horizontal level (OECD/DAC, p. 66).[11] Monitoring exercises should not ignore political aspects, which usually can be deducted from the width, depth and time-horizon of the decentralization process, where the key factors will be to what degree the necessary financial and human resources are actually allocated to the local level institutions. For instance, De Valk (1990 b)[12] found evidence that central guidelines, model by-laws, standardized planning procedures, and other rules tend to mushroom to curtail the independent power of the non-central institutions.

EXISTING AND NEW STRUCTURES

In the design phase, the options should be (or should have been) analysed to see whether existing structures are being involved as they are, restructured or reorganized; or whether new ones are eventually being created. This not only refers to organizations, but also to democratic institutions (like structures of representation and elections). Conyers (p. 30) observes that the implementation of any major organizational reform - as in the case of decentralization - normally requires some sort of special implementation machinery, including an agency specifically responsible for coordinating the implementation. New parallel structures set up for the implementation of a decentralization programme can be effective initially and in the short term, for one reason because they are relatively isolated from politics. However, she observes, that they tend to fail in the longer term, and it may be clear that in the end no structure should remain outside the realm of politics. For the same reason, independent (usually outside) technical assistance might be helpful in accompanying and guiding a decentralization process, facilitating the setting up of the whole process, and installing the monitoring mechanism. Eventually, if central government or donors should so desire, it could even play a watchdog function. The risk here, of cause, is that the process remains more externally pushed than internally driven.

A new regional or local structure, set up to guide, coordinate and stimulate the process, can form part of the local government, or can operate partly or wholly outside the bureaucratic machinery. Especially in the latter case, it might take a long time before such special implementation machinery has access to the authority, resources and motivation necessary for the complex and at times controversial undertaking called decentralization. It may take several years before there is either the awareness or the 'political will' to take effective action, hence the frequent delays in the implementation of decentralization policies (Conyers, p. 30).

Another question is whether there is sufficient capacity to implement the process, which includes the political commitment of central government as well as the administrative ability of civil service to change. Policy and demonstration projects may be needed to gauge the ability of the local government to assume greater responsibility. Local or intermediate branches of centralized institutions were designed to implement policies decided somewhere else, and may find it difficult to adapt themselves to a changing environment. Their inflexibility forms a challenge to the time frame of the decentralization policy (FAO/RED-

IFO). Mutiza-Mangiza and Conyers (p. 91), on the basis of a comparative study of decentralization processes in Zimbabwe, Nigeria and Tanzania, have affirmed that most of the decentralization reforms in Africa, including those reviewed by them, have concentrated on the reorganization of institutional frameworks for sub-national government. Attempts to transform these new structures into effective vehicles for local-level development have generally not been successful, suggesting that not enough attention has been given to improving their internal operational systems.

Another element of the institutional framework is that of horizontal and vertical coordination between the structures, also called the inter-sectoral and local convergence mechanisms. A basic issue in the framing and timing of such a synchronizing policy (involving the matching of fiscal, political, and administrative arrangements) is: how local (horizontal) area development planning and decision making can be combined with sector (vertical) investment programmes. For effective coordination, a clear delineation is necessary as to who proposes and who defines the policies and sets the priorities (be it within a decentralized sector or within a more integral decentralized structure). Not only should the tasks and responsibilities involved in the transfer be examined, but more importantly, the relative importance adhered to them should be looked at as well. Nielsen has remarked that decentralization usually brings with it an increase in the number of decision makers (levels) and partners involved. This makes coordination difficult but necessary, and also presupposes a change in attitude and way of communication from higher levels: from direction to guidance. Inter-sectoral and local convergence mechanisms could also be sought in the government's role: does enabling community participation and management extend into wider public-private resource allocation processes? (Helmsing 2000: p. 15).

CAPACITY BUILDING

Although local government bodies are formally entrusted with varying degrees of responsibility (including raising a significant part of their own revenues), in practice there are various severe constraints that inhibit their ability to deliver well. Time and resources should be devoted to capacity building at the levels to which powers are being decentralized, which generally means interventions such as increasing administrative, planning and implementing capacities, arranging additional manpower, including the planning of the interregional sequence of the capacity-building process. The same goes for the new capacities local and central governments need if they are to act more as facilitators rather than as controllers. Attention should be given to building capacity from the bottom up as well as from the top down, and to finding ways of using and strengthening existing organizations and traditional decision-making procedures locally (UNDP 1999: p. 11; De Jong et al.).

Nielsen calls for an appreciation of the back seat position that in effect local government has always had[13], not having been able to operate for a long time, which makes the transformation to a representative and responsive government a difficult undertaking. Line ministries have for many years bypassed local authorities, while community-based organizations (CBOs) and NGOs have been

used as vehicles for spot-wise project activities, thereby contributing to undermining the legitimacy of local authorities. In Nielsen's view, local government should play a dominant role: 'Even if a current political leadership may be elitist or a one-man regime, in the long run, the fairly democratically elected local government probably will be more representative of the wishes and interests of the people than a few, self-appointed NGOs with no clear mandate or membership' (p. 7).

Preparing for a decentralization process involves determining the capacities (and the lack thereof) of the institutions involved at every level. Ideally, this refers to making an organizational analysis of each entity involved, including the relationships between (and interests of) the organizations and stakeholders. In institutional development processes the rather standard type of analysis, if it is done well, encompasses the institutional environment as well as the internal structures, systems and strategies, and the personnel policies and capacities of the institutions. It may be obvious, however, that for decentralization purposes, this type of analysis should be limited in terms of the time it takes, which in itself is difficult to determine. Litvack et al. (p. 30) have analysed the negative impact specific institutional weaknesses can have, and suggest certain design features of the decentralization programme in order to compensate for them. For instance: if weak democratic institutions and processes are prevalent, the programme could create channels for community participation, and/or initiate a process of participatory budgeting, and/or legislate open, public procurement procedures.

This analysis is used to decide which workshops, training programmes, etc. are (or were) needed to improve capacities, all of which should be planned in such sequence that the capacities learned relate to stepped-up responsibilities. Experiences indicate that decentralization can be implemented most successfully if the process is incremental and iterative. The allocation of appropriate financial and human resources should be proportionate with the new responsibilities at different levels. Those aspects or programmes that are least likely to be opposed, and for which there is adequate administrative capacity, should be expanded as political support and administration competence increase.

For purposes of monitoring or evaluating capacity-building exercises a helpful distinction is made by James; it is meant for NGOs, though it can be more widely applied. He distinguishes three steps or levels (see box), and observes that measuring the quality of the capacity-building process itself (step 1) is not enough. Capacity-building interventions assume that there will be a connection between the process itself, the development of capacities (step 2) and actual changes at beneficiary level (step 3). Any evaluation must therefore set out to assess whether these assumptions actually hold true.[14]

Step 1: The Capacity-Building Intervention

A monitoring and evaluation system must undoubtedly be able to measure the quality of the capacity-building process itself. In many ways it is only fair to measure the quality of the capacity-building process as this is the only part that the capacity-builder can control (and even then only to a degree). This is because the ultimate responsibility for implementing change lies with the client organization itself.

Step 2: Internal Organizational Changes

The first assumption is that capacity-building processes do in fact bring about positive changes in the NGO. A monitoring and evaluation system has to gather information about such changes, identifying key organizational indicators, that take into account the different capacities required at various stages of the NGO's development:

- mission: having a purpose which is clearly stated, understood and shared;
- identity and assertiveness; eagerness to learn, open-ness and ability to manage change;
- governance: having a Board of Trustees who are involved and committed to making the NGO effective;
- having a clear strategy to guide decisions about activities;
- having established systems for decision making, communication, monitoring and evaluation, personnel, administration, finance and so forth;
- having structures which are suited to the NGO's mission and strategy;
- having competent and committed staff; good internal relationships and morale;
- having adequate financial and physical resources to reach objectives in both the short and long term.

Step 3: External Changes at Beneficiary Level

Monitoring and evaluation of capacity building must look at the ultimate impact on beneficiaries and test hypotheses. For example, do stronger NGOs really lead to greater poverty alleviation? Does participation really lead to ownership and sustainability?

In contrast to Nielsen's primary focus on local government, De Wit (2000) stresses the need to focus on the beneficiary level in order to support a countervailing power that is sufficient to build pressure from below and so keep local government eager to perform. This implies that capacities should also be built into CBOs to promote the plight of the poor and give them a role in the decision-making organisms in the decentralization programme. If a mix of stakeholders is involved, it is necessary to provide every group with specific training packages. A fairly recent development is the setting up of mixed (public-private) structures, be they partnerships or mixed steering committees. For instance, PRODEL in Nicaragua has set up a local non-governmental institution to support its implementation, in which local government participates. Other examples are Dutch-supported urban initiatives like BUPP in India and PAP-Santa Cruz in Bolivia (De Wit 2001; PAP Santa Cruz).

The World Bank web page points to aspects like time-dynamism and balancing in capacity building for decentralization: the legal and regulatory framework should be designed to recognize differences in management capacity. Instead of a static prescription of functional responsibilities, a dynamic type of framework which recognized a varying 'capacity' based on performance over time would be more desirable in the long run. In addition, a balance or match should be sought between responsibilities with accountability and resources, and between

the degree of autonomy/ privileges and performance. Certain performance indicators[15] would allow the framework to adjust for changes in local capacity. The appropriate time period for reassessments and indicators would need to be linked to country circumstances.

INFORMATION AND COMMUNICATION STRATEGY

A complex reform process like decentralization, in order to be understood, acceptable and accepted, needs to be communicated to civil society (community and enterprise) as well as to relevant government layers. Civil society plays an especially active role in devolution processes, so the type and timing of information transfer in such a public relations exercise is a crucial element. The private sector can be an essential partner, and its prompt involvement in design and implementation is essential for the mobilization of resources and service delivery. The participation of civil society participation is hampered without a well-timed information strategy, including consciousness-raising programmes for the population at large and possibly training for certain sub-groups. In order for the strategy to be effective, local government needs to establish formal lines of communication with community efforts and possibly to support existing initiatives with accountable and transparent mechanisms. Because of its crucial importance to the success of the effort, monitoring and evaluation should also take strategy design and implementation into account.

Financing decentralization

The financing of decentralization refers to the mobilization and utilization of financial resources so that the decentralization process is funded - by central and local government as well as by donors and other private actors. Central government allocations usually form the main source of local governments income, but the latter also has to raise its own revenues. Not all such transfers are free: special attention is needed for possible matching funds, which require contributions from local counterparts and so limit free spending, while any 'earmarked' funds limit local allocation possibilities. In any long-term programming exercise, which is what decentralization should be, many problems can occur if transfers from the central level are predicted to be low.

It is rather striking to read (Litvack et al., p. 24) that still so little is known about the financing of local governments, while financing is regarded as one of the most important challenges confronting local government and one of the most widely-used indicators for assessing government performance. Local government, commonly plagued by financial problems, can only play a role in the financing of decentralization if fiscal decentralization has been properly dealt with. This refers to the transfer of authority to raise local revenues (taxes, tariffs or user rates) and to take out loans (although central government will take into account debt servicing requirements). Even if decentralization does bring government closer to the people, the evidence on the merits of decentralization is scant and even conflicting with respect to, for example, local tax efforts, allocative efficiency, sub-national expenditures and growth, as well as increased local democracy and ability to target the poor (p. 5).

With local taxes we touch a sensitive element in decentralization programmes. Sometimes local politicians are reluctant to enhance their tax base because they fear the election implications. They might prefer national government raising the taxes and then transferring budget allocations to them. On the other hand, a vicious circle does exist between tax paying and service level: the population does not pay (higher) taxes if the level of services is low, and the level remains low if meagre taxes don't allow for investments in better service provision. Local elites can pay more taxes but usually evade tax paying to a certain degree. That is why successful decentralization not only leads to but is also favoured by a change in attitudes.

In addition, NGOs and other civic organizations could raise additional funds by having their development programmes complement the decentralization process. A decentralization programme may also count on non-monetary (materials, labour) contributions from the residents, if the aim for the most part is tangible.

THE ROLE OF FUNDING AGENCIES

Ideally, funding and other resources should be generated internally as much as possible or obtained through negotiations with local institutions. But external funding is often needed, too, especially when central government is not yet prepared to provide appropriate support and local government has not yet raised sufficient funds. A donor could give temporary financial assistance, which is crucial if it is made available without delay, but it is equally crucial that central government gradually take over this responsibility. However, the requirements of funding agencies can limit the range of development programmes, in this case decentralization. Of the donor agencies that do not exclude decentralization programmes for funding, which is a limited selection, not many of them are prepared for the extended payment schedules involved. It is also quite usual for donor agencies to establish strict timelines for the start and finish of a programme, and to want to know ahead of time what the intervention outcomes will be. They might also limit their interventions because of a 'project cycle and exit strategy'.[16] The process implications of such donor conditions should be taken into account in monitoring or evaluation.

On the other hand, as Nielsen (p. 5) has emphasized, there is another crucial aspect to the role of donor. If there are great internal difficulties in overcoming change-related problems at the central (and sometimes the local) level, the donors are often in a key position to influence the processes of decentralization, becoming a major factor of fail or prevail. But influencing is now clearly a sensitive issue: although more capable, better funded, more accountable local governments are required, this is a matter which probably implies considerable political changes and therefore may not proceed smoothly. If a donor were to view his aid as the lever by which government policies could be changed, many officials would resent this and try to undermine it.

Because of agencies' specific requirements and their important catalysing role, many authors are inclined to include them as among the explicit actors in the decentralization process, and sometimes even as stakeholders (which seems

less correct). Present thinking has come further, however, specifying that - for the sake of creating firm sustainability - the donor's role should be relatively stable and supportive on the one hand, and more flexible and responsive on the other. Donors should also not attempt to control the process, but should play a facilitative role and see decentralization as a learning process for all involved (UNDP 1999: p. 10). In the same sense, the monitoring and evaluation of decentralization should not be a donor exercise alone, but one of all the stakeholders. Monitoring and evaluation is to be pursued to enhance the accountability of public policies and programmes, but it is also meant to improve broad-based decision making through better information and better access to it.

Donor agencies can also fulfil specific roles in relation to designing and preparing a monitoring/evaluation system or process in their function of giving technical assistance:
- create mutual trust through consultation, and so reduce institutional barriers to evaluation;
- organize training and professional dialogue, and so enhance the quality of actors' and organizations' evaluation skills;
  provide knowledge about the necessary range of evaluation methods and perspectives (e.g. drawing from both internal and external evaluators; designing an evaluation in its specific setting) through development; comparison of different donor or country approaches may help to identify good practices and thus assure mutual learning (Steinich, p. 12).

Participation; or the involvement of civil society

CONCEPTUAL DEBATES

Participation has long been debated from the end-versus-means perspective: is participation an end in itself, or is it a means to reach another goal? The first view considers participation in matters concerning one's own development as a fundamental right, and can therefore be seen an end *per se*. In the second respect, participation is a means, either towards further empowerment (participation in decision-making), or merely as an instrument, usually for service providers to get to know preferences. People's participation in decentralized development planning can be desirable from the government's point of view, either as a confirmation of political support and/or as an essential ingredient of more effective implementation. However, perhaps with the exception of letting people express preferences in service provision, generally these instrumental forms have 'not resulted in meaningful participation, in any sense of the term, of the poor in their development' – as was phrased by Oakly and Marsden, cited in De Valk (1990a: p. 7). However, to regard participation only as a means, or as an end in itself, has come to constitute an extreme point of view. Recently, the debate seems to have ended with the agreement 'it should be both' (e.g. see Bliss).

But what is meaningful? As one analyzes the meaning of participation, one again encounters a cross-Atlantic difference in concept (see Ontrac, issue 18) similar to what we have seen earlier with the notion of 'local governance'. According to the American approach the strengthening of civil society would typically focus

on formal aspects (voting rights, political parties, interest group politics). For example, this view is present in the World Bank's web page, which states: 'Political decentralization often requires a) constitutional or statutory reforms, b) the development of pluralistic political parties, c) the strengthening of legislatures, d) creation of local political units, e) the encouragement of effective public interest groups'. Another reflection of this view is USAID's Democratic Local Governance (DLG) programme (see box). As described by Blair[17], the DLG Formula combines devolution with democracy at the local level, where local governance takes shape through participation and accountability. This will lead to empowerment, so that people's representatives can hold local government responsible for how it is affecting them - in other words, they can effectuate accountability.

The European approach to participation stretches into wider areas of social life and thus it also concerns reducing poverty (providing a voice to the poor and enabling them) as well as creating financial and social transparency. More fundamental changes in society are required to make decentralization and participation meaningful. The challenge is to make the state more responsive to the rightful demands of the poor and underprivileged. For instance, Helmsing (2000, p.23) stresses the importance of creating a voice for the most vulnerable communities and groups, which however, 'probably is most effective in the context of an overall strengthening of the citizen's role in local governance. In this context it is relevant to stress the importance of national enabling legislation, of which Bolivia serves as a good example.'

As described by Blair in the Democratic Local Governance (DLG) programme participation gives citizens (observe that the focus is not explicitly on the poor) representation (new constituencies can gain representation through public office) and thus a meaningful role in local government decisions that affect them. This will lead to empowerment, and subsequently, the poverty level is supposed to shrink more or less automatically if all can reap the benefits of this empowerment.

DLG Formula

Participation
Representation
Empowerment
Benefits for all
Poverty reduction

An important rationale for decentralization is the fact that lower-level government entities are closer to the people, and hence more in touch with their conditions, needs and potentials. However, this is more the case in theory than in practice and certainly cannot be assumed to be automatically true. If only local elites gain representation on local government councils, the wider (poorer) public is unlikely to be well served. Local elites are less likely to target the poor for government resources than national elites (Manor, p. 91; World Bank, p. 109), and are more likely to maintain values and standards not appropriate for the majority of the local people. In order to prevent individual preferences from dominating local priorities, decentralization should be organized in such a way that civil society participates in local decision making in relation to the decentralized structures. A council type of structure can be created whose role could be extended

further than the usual choice of options and authorization of interventions, as in overseeing the monitoring of the whole process. Although representation in such a council is necessarily indirect, a more direct popular participation in monitoring could enhance the sense of ownership among the population.

However, although devolution may increase the participation of people at the local level, De Valk (1990 a: p. 9) distinguishes three types of 'perversion' of participatory structures that can occur. The first type is when participation also becomes an instrument of internal government objectives. Councils will turn into de facto advisory boards and meetings into hearings: some people have a voice, but no vote. Secondly, in so far as real decisions are made, participatory organs can also be hijacked by local interest groups or individuals. Thirdly, channels for participation can be turned into their opposite when ministries implement their own plans through them and when they are given instructions that are controversial. It is worthwhile considering Table l and seeing in how few decision-making phases in the conventional decentralization process the population actually participates, and how this could be extended in participatory processes.

Table 1: Phases and Actors in Decision making in Decentralization processes[18]

	Phases	Main actor in control in conventional process	Main actor in control in participatory process
	Pre-implementation phases		
1	Analysis of situation: > Identified problems	People	People
2	Agenda setting: transforming Identified problems in: > Problems to be attended (depend on priority policies)	Government (national + local) Donor agency	Government (national + local) 'Democratic' Council*
3	Information > What can be done	Functional institution**	Functional institution
4	Advice > What should be done	Functional institution	Functional institution
5	Choice > What is intended to be done	Functional institution Council	Functional institution People
6	Authorization (to use inputs) > What is allowed to be done	Council	'Democratic' Council
	Implementation phases		
7	Inputs and Outputs > What is actually done	Functional institution	Functional institution People
8	Effects and Impacts > What is achieved in the situation	People	People
9	Monitoring and Evaluation > How should it be organized	(National) government Donor agency	'Democratic' Council

* As distinct from the (municipal) council, the 'Democratic' Council should involve direct participation.

** The functional institution is the main entity involved in implementing the decentralization process.

SERVICE PROVISION

Without doubt the less disputed area in which participation plays a role is decentralization's generally accepted objective of better service provision. When UNDP (1998: p. 10) claims that 'decentralization is increased in effectiveness through mechanisms of full participation and partnership', its reference is exactly this. Equally, out of the five conditions for successful decentralization related to services mentioned on the World Bank website, three concern participation in one way or another:

1. The decentralization framework must link local financing and fiscal authority on the one hand to the service provision responsibilities and functions of local government on the other (so that local politicians can bear the costs of their decisions). This is sometimes referred to as 'finance following responsibility'.
2. The local community must be informed about the costs of various service delivery options, and the possible sources of finance.
3. There must be a mechanism for the community to express its preferences, so that there is a credible incentive for people to participate.
4. There must be a system of accountability that relies on transparent public information and enables community monitoring of the performance.
5. Decentralization's instruments - the legal and institutional framework, structure of service responsibilities, and fiscal system - should be designed to support the political objectives.

Successful decentralization improves the efficiency and responsiveness of the public sector in the delivery of public services.[19] A useful distinction has been made between the provision and the production of services (OECD/DAC, p. 67; World Bank, web page): although government is no longer the only producer of services, it still retains responsibility for the provision of services by means of standard-setting, contracting-out and control. In order to set priorities and tariff structures in the decentralized provision of services, the most feasible and sufficient plan might be to create a decision-making structure involving representatives of civic organizations. However, as we have seen, conceding power to local governments is no guarantee that all local interest groups will be represented in local politics. Moreover, there is a tendency for service institutions to pay more attention to those parts of the territory which have a populace that is able to pay for the services, while not caring so much for the poorer segments of society.
This is especially the case with outright privatization. While the private sector may be better at mobilizing capital and resources than government and more efficient in service delivery, the market does not always provide for the poor. As an alternative, partnerships between public and private entities have been formed in which government sets the rules and the other provides finances and implements the service delivery, which may be profitable. Gradually, commercial entities have been replaced by NGOs and even some CBOs, not only in the planning phase but even as implementing actors in these partnerships.

PRIVATIZATION

The current ideology is to distinguish the provision and the production of services, in which the government should limit its involvement to service provision and establish an environment that promotes private production of services. In

principle less complicated than a partnership, the simple contracting-out or privatization of service provision[20] is increasingly being sought as an element in the decentralization process. However, here again, Clayton et al. (p. 16) found little systematic evidence that privatization improves the quality of service and the equality of access, nor is it certain that it is more effective and efficient. Only certain people are able to benefit from its advantages, and it can lead to fragmented services in which there is no consistent policy and no clear responsibility. Also Baud (p. 18) signals that privatization has not increased effectiveness. Contracting-out is often in itself efficient and effective, but leaves residual problems for local administrations, which result in higher costs for the system as a whole.

A critical issue is still accountability in relation to provision: is accountability directed towards the (poor) users, towards local or national government, or towards donors (which is what has tended to occur in practice)? In whatever mode, local government does not become less important: it must have the capacity to set appropriate conditions for private sector involvement, to monitor performance in relation to the standards it has set, and to take appropriate corrective or sanctionary action.

PARTNERSHIPS

Baud (pp. 6, 17) and Helmsing (2000, p. 18), among others, caution that public-private partnerships are still largely untested policy prescriptions, hence more research is needed. If such partnerships do help to overcome the problems of traditional service provision, the basic questions are whether - and how - partnerships can increase trust and co-operation, reduce conflicts and competition, and increase accountability? On the demand side, the key mediating role of politicians to define collective preferences is, at least partially, surrendered. The question here is: how can partnerships take the views and demands of the poor more into account, i.e. become more inclusionary? On the supply side, there are multiple modalities of service delivery. Here the question is: how effective are partnerships in reducing poverty, promoting economic growth benefiting the majority of people, and protecting the environment (i.e. promoting sustainable development)? Under what conditions is the community provision of infrastructure or a service preferable? The ultimate criterion of success would be whether partnerships result in services at lower costs and with higher quality than by conventional means.

Central themes that - based on the limited literature as yet available - tend to appear in partnerships, and hence need attention in monitoring efforts, are the following:
- A minimum level of good governance is necessary to provide the institutional and political framework within which privatization and partnerships can work best.
- Unequal power should be recognized; based on the premise that success is reached when there is mutual gain, strong partners should pass some decision-making power on to others.
- The need to build consensus around a pressing issue should be addressed.
- Measures are applied to solicit the representation of specific groups.
- A balance is sought between becoming responsive to local needs, and at the same time moving beyond present needs.

ISSUES OF DESIGN AND IMPLEMENTATION OF DECENTRALIZATION

- Even if there is no formal partnership, but only certain 'joint actions', this has its consequences for (joint) monitoring requirements.

Powers may be devolved to NGOs or Civil Society Organizations (CSOs)[21] or to bodies which include representatives of such organizations. Sometimes it is assumed that NGOs, as advocates of the poor, are in the best position to provide certain services for them because they can fill the knowledge gap about poor people's real wants and needs and so make service production adequate for the poor (Conyers: p. 25). This modality has been central in models labelled 'Alternative Development' (Friedmann). However, in drawing the lessons that could be learned so far, Friedmann warns that NGOs run the risk of becoming contractors, while they - like CBOs and civil society in general - should actually remain independent. If NGOs 'scale up' their operations and play intermediary roles between state and civil society, they change their character and so become less reliable as effective advocates of the claims of the poor. For this reason he states that the popular sectors of civil society need to acquire a political voice of their own and jealously protect and expand their autonomy vis-à-vis both the state and NGOs.

This rather fundamental argument is supported by Clayton et al., who found evidence that in many countries where CSOs involved themselves in service provision they have been de-politicized as a result, leading to the above-mentioned dilemma. Although in decentralization there is a wide diversity of bodies or committees that CSOs might usefully work with, the tendency has been for them to seek partnerships in specific decentralized sectoral programmes. Even more important, however, is the fact that CSOs have not functioned very well in practice either; authors found little indication that they performed any better than local government. In general, CSOs are better at targeting the poor, and they perform relatively well in situations where state provision is weak and the private sector caters to the needs of the better off. However, the services provided by CSOs do exhibit a number of common deficiencies: limited coverage, variable quality, amateurish approach, high staff turnover, lack of effective management systems, and poor cost effectiveness. One major problem is that CSOs do not appear to have analysed or monitored the cost-effectiveness of their operations, and they lack coordination. In addition, quality level drops when external funding drops, which implies that CSO operations on their own are hardly sustainable and hence do not have an intrinsic advantage.

In an operational lesson, Clayton et al. conclude that a minimum level of 'synergy' can be achieved through effective public-private (government-CSO) partnerships, based on each other's strengths and weaknesses.[22] Since CSOs cannot provide a clear overall policy and regulation framework in which to operate at both national and local levels, coordination with the government (and with other CSOs) is necessary. These partnerships enable greater coverage and could also lead to improved sustainability (if also long-term funding is guaranteed). However, it is worrying that donor pressure on CSOs to undertake sustainable activities (especially activities that are financially sustainable), could undermine their ability to target poor people for service. There should be a common understanding that the concept of 'cost recovery' is not realistic in most economically marginalized areas.

With respect to community organizations as managers or even contractors, Ali and Snell have reviewed the literature of dozens of mostly urban cases of solid waste initiatives throughout the world, and have come up with a number of key guidance points. These are: do not assume willing participation from the outset, since all parties (communities, waste collectors, local governments) often lack motivation; in other words, need changes in perceptions. Consciousness-raising and formation is important in changing attitudes. Cost recovery should be dealt with, either directly or indirectly. An understanding of the composition and structure of the community is crucial, especially the role and position of women.

Wils and Helmsing (2001: pp. 22-29) deal with the community management of basic services and point out that the potential domain for this modality may shrink in the long run. In spite of the current enthusiasm for markets and private sector development, it should be noted that poor people are very weak market parties. After having evaluated and analysed the results of 23 projects in the seven countries involved in UNCHS (Habitat)'s Community Development Programme (CDP), a programme that evolved towards enablement, the authors conclude that government's enabling role had not yet itself become an explicit area of systematic attention. One of the key criteria for the sustainability of enablement concerns the degree to which the participation of communities (and their organizations) in the administration, financing, and planning of public affairs is legally enacted. Wils and Helmsing (1997: p. 33) have suggested possible indicators for community enablement by local government in three areas: legal, actual and planning. They conclude that participatory planning is a step that is relatively easily included, in comparison with other possible involvements of the population in governmental functions: implementation, monitoring and evaluation. So local planning for settlement improvement and poverty alleviation constitutes an important area for government-community interaction. (Note that, in contrast to 'participation' with its somewhat eroded connotation, the concept of 'interaction' refers to considering the community a worthy interlocutor).

DECENTRALIZED PLANNING AND PARTICIPATORY PLANNING

Conyers (p. 16) has examined the role of decentralization in planning processes (in other words: decentralized planning), and argues that it can increase popular participation in planning and development, make plans more relevant to local needs, facilitate coordinated or 'integrated' planning[23] and increase the speed and flexibility of decision making (when most decisions are made locally). The extent of decentralization and the form in which powers are decentralized will depend on the pressure exerted by local groups as well as on the influence of political and administrative heads of national government agencies. This is often a reason why only the power to plan is decentralized, but not the power to allocate resources (p. 29).

The rationale for the recent drive towards participatory planning in decentralization is based on the assumption that the relevance and sustainability of projects will be improved, so eventually self-help contributions towards people's own development will increase; participation is required in order to

make devolution work. Participation could also generate additional resources and encourage more efficient use of existing resources (De Valk 1990 a: p. 7).

De Valk (1990 b: p. 255 ff) also found ample evidence that the policy areas which are central to the felt problems (in his cases involving small farmers) are not the areas to which decision making in decentralized institutions is confined. Thus participatory planning at the district level is confined to a limited functional area and to a limited part of the decision-making process. It has been argued that effective participation should influence the budget, while it should also reduce clientalist practices and political exclusion. Based on the example of Porto Alegre, quite a few cities in Brazil have initiated a Participatory Budgeting mechanism that allows the poor to determine some of the investment priorities (usually about 15-20 per cent of the city's budget). Another interesting example is the PAP Santa Cruz project[24], where participatory planning (based on age- and gender-sensitive mapping of problems and potentials) has led to a reorientation of the municipality's budget towards these prioritized projects.

In conclusion, local authorities can more effectively meet their legal responsibilities for infrastructure and services provision, and at the same time promote poverty alleviation, if they work cooperatively with community organizations and/or NGOs, or with private enterprise in public-private partnerships. However, OECD/DAC (p. 67) remarks that there is still little systematic experience with devolving government services to the private sector and to NGOs and CBOs (be it through privatization or public-private partnerships). The great variations in economic development and organizational levels among developing countries make it impossible to draw any general conclusions. Monitoring and evaluation should establish whether and how these models are adequately implemented.

Data collection methods for evaluating participation (OECD/DAC, p. 23) include traditional quantitative methods (sample surveys) to 'measure' quantifiable aspects of participation, such as indicators like the number of project beneficiaries, the frequency of meetings, the number of beneficiaries attending meetings, beneficiary contributions in terms of labour, money or materials, distribution of benefits, etc. Because participation is a process of complex social change, however, quantitative indicators give only an incomplete picture of participation. To understand the nature of participation, how or why it takes place, complementary qualitative analysis must be conducted using methods such as participant observation, group discussions, key informants and field workshops. It has been proposed that four categories of phenomena be routinely monitored using quantitative and qualitative techniques: 1) project or group activities; 2) changes in project group behaviour; 3) group action and articulation; and 4) project-group relationship.

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3   Monitoring decentralization

In the previous chapter crucial issues related to the process (design and implementation) of decentralization have been described, that ought to be taken into consideration when monitoring effects, wherein the exact package of issues depends on the type and context of decentralization. In the present chapter the focus is on monitoring itself, where subsequent topics are: the diminishing difference between monitoring and evaluation, the problems in monitoring, participatory monitoring, a framework for monitoring on various impact levels, and finally, a proposal for organizing an interactive monitoring framework.

Monitoring and Evaluation

It is commonly understood that evaluation is more far-reaching and usually less frequent or even a single effort, while monitoring is a regular undertaking aimed at gathering information (OECD/PUMA, p. 11). By impact is usually meant the effects that indicate long-term results, the lasting or significant changes that have occurred in the situation being assessed. In other words, and as shown in Diagram 1, impact refers to those results that correspond to the top goal level in a logical framework model.[25] Here we are focusing on rather pragmatic, concurrent impact evaluations, better understood as monitoring, which is best explained as follows (GTZ/GATE, p. 13). Impact is usually assessed in ex-post evaluations[26] made after the fact, since it is much easier to discover which effects are long-term and sustainable years after the project has been terminated. Thus at a first glance, monitoring - the continual immediate assessment of the impact for the purpose of controlling and steering processes - may seem absurd. But on closer inspection, however, it is indeed defensible, because the anticipated impacts are known to those involved, and the progress made towards reaching them can be measured. Moreover, monitoring may reveal unanticipated effects of the process under study.

Cracknell (pp. 173-161) differentiates between monitoring and evaluation from the perspectives of the main actor and the function. Monitoring is typically carried out by the staff responsible for implementing the project. Its main function is to enable management to keep track of what is happening. It differs from evaluation, which is carried out by staff from outside the project for reasons of accountability, possibly also in order to learn lessons for future projects elsewhere. However, monitoring and evaluation can both be applied for purposes of control and learning, which signals the end of the accountability/lesson-learning dichotomy.[27] Monitoring should primarily serve the needs of the immediate project

management, but donor agencies have promoted it as a means of keeping watch over what was happening to 'their' projects. Because of its dual effects, oftentimes the donor takes the lead in organizing monitoring missions.

Cracknell points out that there is hardly any difference any more between the two, especially in the case of people-centred projects, because the data requirements are almost identical for monitoring and evaluation. Monitoring acts simultaneously as an on-going management tool and as the basic data collection system for evaluation. That is why Oakley et al. (1998: p. 60) state that monitoring is the more critical element, and that inadequate monitoring is invariably the reason why a particular project is not able to be evaluated in any meaningful way.

Problems in monitoring

Many of the problems in monitoring (or evaluating) devolution are related to aspects that are inherent to institutional and social development, and to some degree also to the political and democratic characteristics of the subject. Here attention will be paid to the following categories of problems: time and distance; cause-effect relationships; indicators; different perspectives of impact and expectations; evaluation costs and capacities; and participatory monitoring.

TIME AND DISTANCE

A decentralization programme may take years to fully deploy itself: fifteen or twenty years is no exception. The dimensions of time and distance (or the various levels involved) give rise to specific complications in measuring effects and impacts: a programme's effects diminish when spread over a larger area, and effects of interventions don't occur immediately, might appear in stages, or grow weaker as the distance from the original intervention increases. This problem has been described in various ways, as is shown in Table 2.

Table 2: The Time and Distance Dimension in Decentralization

	> Time Horizon >			
Wave model[28] Diminishing effects as distance/time increases	Inputs>>>>>>	>>>>>Outputs>>>>	>>>Effects>>	>Impacts
Stages of results[29] in a time series of situations (B1, B2, etc.)	Effects and Impacts in B1	Effects and Impacts in B2	Effects and Impacts in B3	(etc.)
Relative impact of external effects[30] increases with the number of levels	Project Effects >>>> External Effects >			Project Effects > External Effects>>>>
Diminishing attention for more distant stages[31] of monitoring	Preparation >>>>	Defining indicators >>>	Measuring >>	Analysis >

The Wave model (described by James) sees the effects of interventions as waves or ripples, and distinguishes three levels at which to undertake monitoring and evaluation:

intervention itself[32]: the input.   (the drop of rain that lands in the water)
internal changes in the organization itself. (the first waves flowing outwards)
external changes, at beneficiary level.   (the smaller waves, less visible)

Oakley et al. have described other mechanisms involved. First, they suggest that a project's impact can be understood as a series of outcomes which will unfold in stages and accumulatively cause some noticeable and lasting change in the programme's environment and the livelihood of the people involved. According to the authors, effects and impacts, if sustainable, will increase in both intensity and extent. They propose a broad framework of monitoring across the chain of interventions: from inputs to outputs to outcomes (or effects) and impact(s), which should be oriented towards the unfolding sequence of events. Seen from a time perspective, the direct effects are likely to occur in the short term, while wider effects are expected in the medium or longer term, and a more sustained impact (the desired change) in the long term.

Another phenomenon is related to the causality issue (see below): as time and distance increase, it is more probable that external, non-programme factors will play their role in having an impact in the situation under study. Lastly, in the process of designing and implementing a monitoring system, there is a tendency to pay relatively more attention to the first stages (preparation, defining indicators) than to measuring and the analysis of data. There is little actual evaluation that goes beyond the stage of assessing the achievements of outputs and targets to the outcomes (effects) of social development interventions and to evaluating its impact performance on completion (IBRD; Marsden and Oakley, p. 28).

A framework as proposed by Oakley et al. is here presented in an adapted form in Diagram 1. At the input level, one can measure the performance of donors and of national and local counterpart organizations in delivering inputs, both punctually and in adequate quantity and quality. Programme staff (or the 'functional institution') performs directly at the level of outputs, where progress on the organizational level is to be measured, which should include efficiency of operations based on the input interventions. At the level of a programme's effects, the effectiveness of interventions should be measured in terms of their direct effects as compared with specific objectives, and their wider effects as compared with general objectives. Depending on the type of decentralization, there can be progress at the level of a sector, but also at the level of local government performance. And finally, the impact should be measured of interventions that can be felt at national and local level, and should be compared with the goal(s) of a programme. Because of the long time it takes for a decentralization programme to fully devolve itself, monitoring should be planned on regular intervals during many years.

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### Diagram 1: Decentralization's Intervention Cycle

Explanation

'Situation' refers to the object of change, such as:

- local (and national) government performance as a result of decentralization,
- the institutional effects within a decentralized sector,
- the level of local development under a decentralization programme.

Situation A is the starting point; B (1, 2, etc.) refers to a series of measurements in time. Although this diagram does not show it, it is clear that change occurs not only as a consequence of Programme Impact, but also under external influences.

Monitoring of Impact compares Results with Goals;
Monitoring of Effectiveness compares Wider Effects with General Objectives, and Direct Effects with Specific Objectives;
Monitoring of Efficiency compares Outputs with Inputs and Plan of Operations.

Source: Adapted from Oakley et al. (1998)
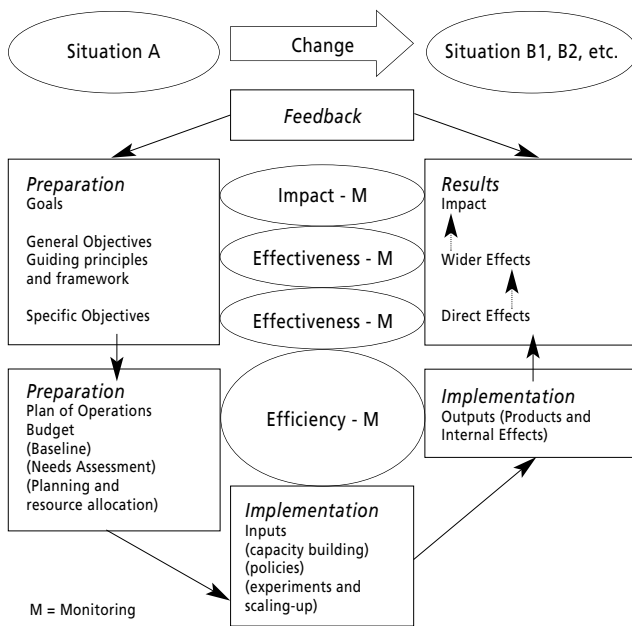
ATTRIBUTION AND CAUSALITY

Establishing cause-effect relationships, or attributing causes to certain effects measured (and vice versa: relating effects to inputs), is by definition problematic in social development programmes. Change is ongoing and may be a consequence of a series of other factors. Although indicators can represent a certain level of development or change, it can remain unclear to what extent this can be attributed to a specific element or to the whole process of decentralization. On the other hand, some of the changes observed are not even anticipated. Since this causality

problem is related to the dimensions of time and distance, it should be clear that this makes it more difficult for the indicators selected to 'measure' the exact change brought about by the original project interventions. In analysing how this problem can be dealt with, a degree of pragmatism is called for.
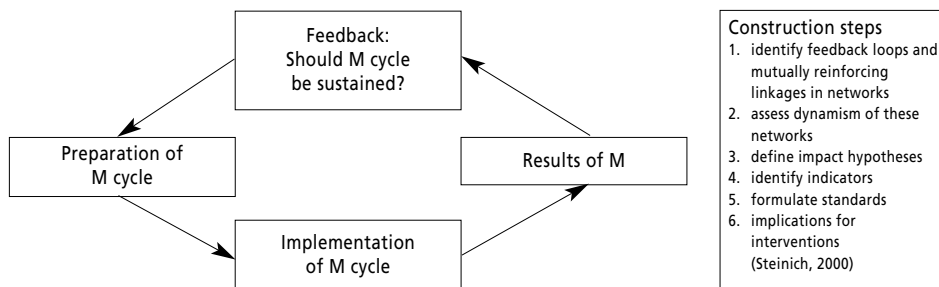
Because relationships are complex and oftentimes resemble vicious circles, there is a tendency to set aside the issue of causality and to agree with the assumption that there is a certain 'black box' of relationships. In the words of Steinich (p. 8), 'causality might have a "functional network character" instead of a linear one, in which cause and effect might have feedback loops and mutually reinforcing linkages'. Important, however, is the concept that this network produces more than the sum of the inputs only, and quite pragmatically, this total effect matters more than the effect of a certain input alone. For a monitoring framework, Steinich proposes the following sequence of *construction steps* (see also Diagram 2):
identifying feedback loops, understanding the mutually reinforcing inter-linkages and assessing the underlying dynamism of such a network;
defining impact hypotheses and developing indicators;
formulating standards (according to political choices, comparisons between cases or over time); and possibly:
determining possibilities of further intervention.

Diagram 2: (Participatory) Monitoring (M) cycle of Decentralization (i)

Preparation	*Implementation*	*Results analysis*	*Feedback*
identify actors	collect information	conclusions	indicators used
clarify expectations (ii)	analyse information	recommendations	change M cycle?
define priorities (iii)		use of results (ii)	
identify indicators (iv)			
identify methods			

i. Source: This diagram is adapted from IDS (Participatory Monitoring of Decentralization).

ii. Preferably, the use of the results should be agreed on in the preparatory phase (clarify expectations) and reaffirmed later.

iii. Steinich's *construction steps* (see box) can be applied in the Preparation phase of the M cycle in between 'clarify expectations' and 'identify indicators'.

iv. Choose indicators for various levels, that is to say, to measure efficiency, effectiveness and impact.

Construction steps
1. identify feedback loops and mutually reinforcing linkages in networks
2. assess dynamism of these networks
3. define impact hypotheses
4. identify indicators
5. formulate standards
6. implications for interventions
(Steinich, 2000)

While allowing for a certain - hopefully fruitful - pragmatism, various authors find it important to try to establish 'key input-output relations' within such a complex or network of factors, also called 'central' cause-effect relationships. Getting to know such dominant relationships is important, not only for relevant indicator selection, but also for determining what steering actions in the programme will have the best results. And in fact, the well-known objective-oriented, project-planning, or log-frame method, while it is based on linear thinking, also has to deal quite pragmatically with a similar problem, since ultimately it can never be ascertained to what extent a goal was reached solely because of the programme.

Janovsky et al., elaborating a framework for analysing changes in health sector performance that might be caused by decentralization, stress the need to assess at all stages or levels the possible impact of external political or economic factors. In fact, every programme or policy in which a certain authority has been delegated (within a sector) should be considered as the context of a decentralization programme. While constantly referring to this larger context and the possible enabling conditions within and outside the sector, the authors propose *to work backwards* from the perceived changes through to the background of decentralization. Such deductive analysis should make it possible to untangle the effects of decentralization from those of other reforms and developments. Herein, instead of trying to establish direct *causal* links between forms of decentralization and changes in the health system, their framework should facilitate the establishment of *plausible* links. Acknowledging the difficulty of arriving at *universal* conclusions, the framework underscores the need for experts to examine the *specific* conditions under which certain forms of decentralization could achieve the desired effect. If experts are involved and are capable of implementing a comparative frame of analysis in which different programmes in time and space form a reference, it becomes in fact another tool to assess cause-effect relationships in a specific situation. Such experts might also propose certain statistical techniques (like time series analysis), to limit the difficulties of the causality problem.

Another pragmatic method, sometimes called 'modus operandi', is also related to such a 'steps in a process' approach. The effect of policy could be determined in every stage of the analysis, starting from the principle that every step is a necessary condition for the next. If all necessary steps and conditions are fulfilled, and the intended effect indeed has taken place, one may assume (it is plausible) that the programme indeed has been effective. Other causes might play a certain role as well, and in order to eliminate their effect in the analysis, a consistent search could be undertaken for potentially rivalling explanations on each intervention level, and so broaden (or narrow) the basis for plausibility.

A certain degree of pragmatism in assessing 'causality' is probably helpful, both in dealing with external influences on the effects measured and in the choice of methods. If such pragmatism can be combined with the gathering of quantitative information, on the basis of which certain statistical evidence could be found, the reliability of conclusions could be increased. However, costs might be a limiting factor in expanding the ways and methods of monitoring.

INDICATORS

A difficulty in measuring the effects of decentralization, especially if it concerns devolution, is that many of the effects and much of the impact is not really evident on a concrete level. It is a process of institutional development, which is an aggregate of processes and changes within organizations and within the people involved in them, and this should result in progress in social and economic development. Besides this, how can effects be measured if the objectives are not clearly defined, as is the case in many decentralization programmes?

While on the one hand it may be hard to find real proof of impact, on the other it is evident that in principle there can be much information available in any social development programme. If this pile of information is regularly structured, an overload of data may occur, which suggests that too much attention is paid to gathering data, probably absorbing too much staff time or costs, while ultimately it is not being put to good use. But a more common phenomenon is that the available information is not specifically evaluated or processed. Oakley et al. mention that in many cases, the problem of little evidence of impact was not so much based on hard data gathered internally in the programme, but much more on the experience of the outsider evaluators. As Crook and Manor (p. 8) have pointed out, while the past decades have witnessed enormous growth of formal and highly elaborate 'performance indicators', such devices cannot be properly imposed by external researchers in the absence of a good internal data collection and monitoring systems. Many institutions lack even the most basic 'bureaucratic hygiene' for the routine collection of statistics purporting to measure the quantity or quality of outputs. Not everything that is important can be counted, and much that can be counted is not worth knowing.

Indicators determine *what* will be measured, whereas tools determine *how* the measuring will be done. Moving from (potentially) available information, via selection criteria, to useful indicators and measuring tools, one understands the need to concentrate on a timely selection of a rather limited set of significant indicators. A certain amount of restriction has the advantages of reducing costs and time requirements, and enhancing the motivation of the persons collecting and analysing the data. Before the indicators can be clearly identified, a first basic stage should be addressed: the identification of the real key areas of development to be investigated (such as more access to resources or services, or greater expression of self-identity). Once the crucial areas are identified (usually where the dominant hypotheses can be formulated), certain criteria (Steinich refers to 'latent variables') can be formulated on which 'manifest variables' (or indicators) can be based.

The basic principles of indicator selection - that they should be unambiguous, consistent, specific, sensitive, not too costly and easy to collect - generally function as valid standards. However, experiences with narrow and rigid indicators led to a growing concern about the more qualitative aspects of social development, especially from NGO-related circles that have paved the way for more flexible use of indicators.

Here again, instead of insisting on scientific purity, a certain pragmatism can help in determining the optimal indicators. A major breakthrough of the past decade has been development agencies' increasing familiarity with (and a more flexible use of) qualitative indicators, along with various types of information resources, instead of the pre-set, inflexible and exclusive indicators of the orthodox approach. For instance USAID/CDIE considers it helpful to think of quantitative and qualitative as two ends of a continuum, and is concerned with the quantifying of subjective data. This is schematically viewed as follows:

Quantitative	Middle	Qualitative
continual, equal interval scales with true zero points	the frequency of occurrences can be counted, and perhaps rank ordered	descriptive/narrative

Most data collected for USAID are somewhere in the middle of the scale. For instance, data on policy reform, institutional strengthening and customer feedback are measured on some type of ranked (ordinal) scale. This is the quantifying of subjective data. Naturally, the choice of more quantitative or qualitative indicators involves trade-offs in terms of practicality and costs, objectivity and comparability, the directness or validity (meaningfulness) of the measure, and the time-effectiveness of measuring.

Other funding and development agencies have also promoted participatory monitoring and evaluation in recent years. If monitoring responsibility is to become more localized, and based on the diverse needs and priorities of local communities, progress can no longer be measured using standardized top-down indicators. Instead, simple, easily comprehendible indicators should be selected in a flexible participatory way, involving all stakeholders. Conventional concepts of validity and reliability of data are being questioned, and new, less rigid standards are being accepted. Steinich proposes looking for a mix of procedural and static indicators; indicators should measure both processes (as in cooperation between actors) and results (as in the financial situation at the municipal level). In addition, a plurality of methods for data collection should be sought. Examples of useful indicators of social development can be found in Marsden et al. (pp. 108-109) and Oakley et al. (pp. 66ff, 153).

DIFFERENT PERSPECTIVES AND EXPECTATIONS

It is important to establish the main objectives of monitoring or evaluation, such as: improving decision making or resource allocation, better targeting of a poverty alleviation programme, or assessing and enhancing accountability. The objectives are also critical in determining who, in principle, can organize the monitoring or evaluation exercise. For example (Steinich, p. 9):

1. Self-evaluation by an organization is appropriate when the main objectives are organizational learning and improved implementation. However, the time and skills of staff may be insufficient, the range of issues covered may be limited and the credibility of findings may also be questioned. This form is often used as a pre-stage for other evaluation forms.

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2. Evaluation by central management agencies is appropriate when the main objective is improving budget priorities, and when it is important that the objective be closely linked with decision-making processes. Although the national level manages the monitoring and evaluation system, the implementation - the actual monitoring or evaluation - can be decentralized.
3. Evaluation by external evaluators (with sufficient specific expertise) is appropriate when the objective is to provide new perspectives on public policies.
4. Independent evaluation is appropriate when the objective is to improve account-ability and transparency. However, there is a chance that policy makers will be reluctant to accept the results. If the focus of evaluation is on accountability rather than improvement, independence of the auditor is a key feature.
5. Evaluation involving stakeholders can be used in any of the possibilities mentioned above, in order to improve understanding and responsiveness to their needs.

This last type of evaluation, which is of special relevance to our subject, can be organized by appointment within the evaluation team, or within the evaluation steering group, or in advisory groups. Interactive evaluation, which will be dealt with more specifically later on, creates consensus and a sense of ownership for a change process.

In the impact measurement used in social development processes, Oakley et al. (p. 83) distinguish another problematic dimension that is related to the variety of actors involved in a decentralization programme, and the groups that will experience the consequences. First, and not surprisingly, different stakeholders will have different perspectives on impact, or: impact is felt differently. For example, local government units might be disappointed about the degree of responsibilities actually transferred to them, while central level officials might be of the opinion that they have lost control over local operations. Or, a municipal department for environmental protection might consider its way of contracting out the municipal waste collection services to private entrepreneurs a success, while the entrepreneurs themselves complain of unforeseen high exigencies in relation to the contractual tariffs, and the end users or consumers of the service complain about lower performance (irregular collection) than before, when waste collection was still a municipal service.

The other problem relates to the fact that the impact felt may be intended, but it may just as well be unintended or unexpected, be it positive or negative, either for the ultimate beneficiaries or for other groups. To elaborate on the above example, the private open garbage trucks that collect rubbish in well-to-do areas (rubbish which usually has a value) might 'forget' regular collection in poorer areas and also add to the contamination of roadside areas on the way to the dump, because the rubbish removal workers on the truck bed open bags and select valuable material while dropping other rubbish over the side.

Moreover, expectations in a decentralization programme usually vary among the different stakeholders, since politicians may have defended or attacked it with poorly supported arguments, and/or there may be political reasons why the formal objectives of decentralization were not formulated more precisely. Politicians

usually are not very interested in long-term programmes, one reason being that they do not bring immediate and tangible results. IBRD mentions the lack of interest and commitment to evaluation at the political level, an attitude that is often then manifested at the bureaucratic level. In the same way, the correct use of the results of programme monitoring or evaluation efforts cannot be ascertained in a political context. Politically-oriented interests may influence perceptions of impact, especially if the monitoring system is designed for participatory approaches.

What implications could these circumstances have? If a programme's objectives are not clear, as detected during monitoring, they could eventually be refined or even re-formulated afterwards, requiring reaching a new consensus and soliciting sufficient support from all stakeholders. Concerning the uncertainty about the political use of monitoring or evaluation results, this is always a joker in the deck, subject to unanticipated events. However, wide participation in the process is instrumental in reducing widespread misuse of findings; one can even argue for a monitoring system that creates sufficient countervailing power in this respect. Wide stakeholder variations in expectations and perspectives can be prevented or counteracted by starting the decentralization process by calling on all actors to participate and let themselves heard. This means explaining the organizational framework (structures and processes) of the decentralization plan, finding out what hindrances are being felt and trying to take them away, and spreading useful information by the best attended media (radio and TV), preferably as part of a communication strategy.

To make participation in impact assessment effective, it is widely acknowledged that special attention is to be given to how questions are raised and responses framed. An example from Bangladesh (Davies, as cited in Oakley et al., pp. 62, 72) describes how the basis of a monitoring system was formed by a simple question: 'During the last month, in your opinion, what do you think were the most significant changes that took place in the lives of the people participating in the project?' Respondents answered the question in two ways: 1) by describing what they felt had happened and 2) by explaining the importance of the changes. The responses were then broken down into three areas: changes in people's lives; changes in people's participation; changes in the sustainability of people's institutions and their activities.

In a further step, by making the whole monitoring or evaluation process truly interactive, the role of the beneficiaries changes completely throughout the monitoring cycle (see Table 1). Instead of only providing information, they should involve themselves in the design or adaptation of the methodology including the definition of indicators, in collecting data and analysing results, and in linking findings to the monitoring system (feedback) and to action (IDS, pp. 2-4; OECD/ DAC, p. 23). This important topic will be dealt with later. A graphic presentation of the monitoring process as a cycle is given in Diagram 2.

COSTS AND CAPACITIES
There are issues related to the costs and capacities of carrying out monitoring and evaluation efforts. In the past, this topic had much to do with evaluations by

external experts who could comply with donor requirements, while monitoring as an internal activity by staff and for management in an implementing institution was considered rather maverick that should not hamper execution of the programme. In recent years, as described earlier, this distinction in functions and tasks has become less relevant, but the costs of and capacities for monitoring/ evaluation have remained an issue to some extent. Most methods used require quite a bit of time and capacity, and hence are costly. At the same time, while some rather rapid, low-cost research methods have been developed, access to them is not easy. There is usually also a shortage of specifically trained staff in the organizations, let alone outside the institutions in civic organizations. So it is necessary then to dedicate special training efforts for all involved, especially in participatory systems.

Naturally, the costs of a monitoring and/or evaluation system depend on the methods applied, the time spent and the sort of team created. Methods for generating information on social development abound (Marsden et al. 1994: p. 119). Examples are: focus group discussions, formal social surveys, interviews with key persons, monitoring systems with formal indicators, observation and participant observation, technical methods, analysing statistical information and written materials. If monitoring is a regular undertaking for the implementing institution and is efficiently organized (see the principles of such system, mentioned earlier), then any time involved (and it may not be much) is time well used. A greater problem may be training and motivating certain staff to perform well in the effort. The institution should involve persons with different areas of dedication and different capacities, not only administrative and technical, but also involving expertise in training and motivating civic or grassroots organizations - especially if monitoring is participatory.

Apart from this, IBRD draws attention to other valuable lessons in relation to the building of evaluation capacity. In externally-financed national or local programmes there is commonly little involvement of national and local staff in evaluating, and there is an absence of feedback mechanisms for applying evaluation findings within the institutions. This results in both a lack of demand for the evaluation results and a lack of institutional links between those who carry out the evaluation and those who need to use its findings. There is also limited attention paid to the quality and timeliness of the information and to the need for objectivity and reasonable independence in conducting the evaluation.

If monitoring and evaluation is to have an impact on decision making, there is a need for:
a. a match between monitoring and evaluation capacity and the willingness to use findings, to be reached on the basis of pragmatic considerations;
b. clear ownership, which implies that the demand for monitoring and evaluation be generated, specified and articulated by internal and external stakeholders;
c. a certain pressure to act upon findings; this can be supported by presenting results openly, which also increases credibility;
d. judgments that focus on overcoming problems rather than on assigning blame.

Participatory monitoring

Participatory monitoring and evaluation has an increasingly significant role to play (OECD/DAC, p. 23; IDS, pp. 2-4). Traditionally, outside experts came in to measure performance against pre-set indicators, using standardized procedures and tools. Participation of all the stakeholders involved in monitoring and evalution (not only donor- or government-chosen evaluators and the programme staff, but also beneficiaries and grassroots organizations) has evolved since the 1980s. Instead of the rapid rural appraisal methods that were then current, which involved outside evaluators 'listening' to stakeholders, participatory rural appraisal reduced the outside expert to a 'catalyst' or 'facilitator', enabling the stakeholders to make evaluations. Stakeholders actively take part in determining the objectives of monitoring or evaluation, in selecting procedures and data collection methods, in the analysis and interpretation of data, and in making recommendations and taking action decisions.

The shift to a participatory approach has not been smooth, since it is not just a matter of using participatory techniques within a conventional setting; it is also about radically rethinking who initiates and undertakes the process, and who learns or benefits from the experience. Underlying the topic is a 'paradigm war' (Cracknell, p. 328 ff): whether the evaluator should be involved (to understand the aspirations of and results for beneficiaries), or stay independent (to ensure impartiality). This makes it more than just a research process: it is a social, political and cultural one, too. To be sustainable, the participatory approach requires openness, a willingness to listen and respond to different points of view, a recognition of the knowledge and roles of different participants, and an ability to give credit where credit is due. That is why, despite participation rhetoric, in practice there is still little evidence of genuine participation in evaluations[33], and it is mostly limited to rapid appraisal techniques (OECD/DAC, p. 23).

The issue at stake has been prompted by the growing recognition that by encouraging broader involvement a clearer picture can be gained of what is taking place on the ground. It also can help motivate people to sustain local initiatives, since they learn to analyse, negotiate and take action, and it motivates staff to learn from their own experiences (and to celebrate success!). In addition, participation has been prompted by pressure for greater accountability (intended beneficiaries can speak out about local impacts), especially at a time of scarce resources.

PROBLEMS IN PARTICIPATORY MONITORING

IDS (pp. 3-4) describes the common problems or errors encountered in participatory monitoring and evaluation. These are: assuming that all stakeholders are interested in taking part; imposing inappropriate indicators and methods; lack of clearness about the use of information; collecting unnecessary information; and starting too big or too soon. Participatory monitoring can only thrive where there is both a willingness to review internal processes (flexibility) and patience, since more time is needed to design and adapt the monitoring process. Choosing participatory monitoring is no easy option, and it can involve more far-reaching

changes than was originally realized. The participatory selection of the best indicators is not always easy, especially since it concerns tangible as well as intangible changes, and the more stakeholders involved in the selection, the longer it takes. It is a balancing act between locally relevant factors and those that can be applied widely.

Start cautiously and gradually. One suggestion is to design a parallel (instead of a substitute) system for assessing impact, which runs independent of, but is linked to, the more traditional system (focused on ensuring accountability and efficiency), while a separate set of exercises can be used to obtain the data on impact. The two will use each other's data, but their focus will be different (Oakley et al., p. 153; IDS, p. 4). Scaling-up the process is done gradually, since experience suggests that it is best to create opportunities for testing first.

PRINCIPLES AND DESIGN

In determining the principles of a participatory monitoring system, inspiration can be derived from the same authors[34] who have so much criticized conventional or orthodox practices. The participatory monitoring system should:

1. Make monitoring a learning process - of a developmental rather than judgmental character - for all concerned with the implementation of the programme. Learning is facilitated greatly by involving all stakeholders in the whole process from the start: from project planning to the actual monitoring and evaluation of impact. Start from a shared understanding of the programme's activities, and build the analytical capacities of those involved during the implementation process.
2. Require the joint analysis of causes and effects - but preferably on the basis of expert knowledge - in selecting which central or 'key' relationships can be assessed, and in trying to establish at least plausible relationships.
3. Be cost effective, intelligible to both staff and project partners at all levels, recognizing the value of 'alternative' sources of information in selecting indicators, not requiring onerous reporting, and welcoming feedback into the planning cycle.
4. Use a time scale that reflects adequate expectations about when results at various levels can be monitored and for how long, resulting in a sequential planning framework (which is also critical for assessing the sustainability of the changes observed).
5. Be comprehensive in terms of levels, context and setting. Participatory monitoring should look for tracks at various levels: not only inputs and outputs, but also outcomes and impacts. It should consider both the starting point and the context or environment of the programme, from the beginning to the present moment, in order to better value the programme's development and its impact on the beneficiaries. For this starting point, the baseline data may have been established at the beginning. If not, make a retrospective reconstruction of the programme's history[35] and context, both with respect to tangible and intangible results.
6. Use a variety of methods that are easily comprehensible. Methods commonly used in participatory monitoring and evaluation include (IDS, p. 2): maps (showing location and types of changes), Venn diagrams (showing changes in

relationships), flow diagrams (showing impacts of changes and relating them to causes), diaries (that describe changes in lives), photographs (depicting changes), matrix scoring (for comparing people's preferences), and network diagrams (showing changes in type and degree of contact with services). There are also interesting techniques for measuring user satisfaction, as we will elaborate further on.

Viewing these principles, one might be overwhelmed by all the 'shoulds' and the apparent contradictions that make participatory work complicated. For instance, how can a monitoring system be comprehensive and at the same time not too costly? However, trade-offs are inherent in many complex decision-making situations, and the point is, once again, that all stakeholders should jointly make choices on the basis of freely available and correct information. If it is clear in advance that the system will not be the best, but will only be the optimal system in a given situation, then the only remaining basic question is how these choices can be made.

Monitoring impact on various levels

As we said earlier, of all the types of decentralization the impact of devolution is most complicated to measure, since its objectives do not translate easily into concrete results, and since there are no ready-made methods for establishing effectively the measure of participation and democratization, let alone the measure of transparency and the quality of accountability of a government. In general, the foregoing analysis has not elaborated the indicators that can be used. At most some examples have been given, since the overriding suggestion is that the indicators to be used be decided upon in the actual situation by all stakeholders.

Continuing our analysis, an integrated framework of various levels of impact measurement is described, which will be concluded by a proposal for organizing an interactive monitoring framework.

IMPACT LEVELS

By contributing 'cornerstones' to monitoring and by evaluating the results of decentralization, Steinich distinguishes different impact levels (or measurement dimensions) and corresponding criteria (or latent variables). In accordance with what was said above about indicators, these latent variables are yet to be translated into manifest variables, or indicators. The indicators might be formulated in such a way as to enable evaluation not only of the quality of the national decentralization policy, but also of its external support. This exercise should be done in cooperation with decision makers and administrative staff at the local and national level. Steinich's helpful framework can be complemented with the dimension of the programme environment and with the impact on civil society and participation, and as a result is presented below in an adapted version (Table 3).

Table 3: Impact of decentralization: levels and criteria

Impact level/measurement dimension	Criteria/latent variables
	National level
1. programme environment	government orientation (policies, commitment), strategies for equality, participation, enablement, standing practices (accountability, tax paying, etc.), donor preferences, conditions and commitments.
2. shape of framework setting	institutional setting (legal and fiscal framework, structures and mechanisms, intensity), scope/coverage (geographic, population groups), management of sub-national elections in councils, provision of support facilities (training institutions, technical agencies, etc.), information and communication strategy.
3. quality of framework setting	programmes designed, coherence/coordination (horizontal and vertical), cooperation between framework-setting actors, completeness of the framework, capacity-building efforts.
	Local level
4. shape of local government	available financial and human resources, functions/responsibilities transferred, institutional setting (legal, fiscal, etc.), system of participatory planning (and budgeting), execution machinery, intergovernmental (formal) relations (supervision, control, power-sharing).
5a. quality of local government (or: local governance)	accountability/responsiveness, transparency, rule of law, no corruption, degree of participation/empowerment/enablement, Human Resources Management, incentive management, staff satisfaction.
5b. performance of local government	financial (revenues, choice of expenditures), service delivery, municipal and infrastructure management, conflict regulation.
6. sustainable local development: *(social, economic, environmental)*	economic growth (and equality considerations), access to services (for various social categories), gender equality, ethnic and age considerations, environmental care, access to justice, human dignity, land issue, access to capacity building programmes.

Table adapted and elaborated on the basis of Steinich.

Levels 2 and 3: Impact on the framework setting
In the Vengroff and Ben Salam model (p. 475), the quality of decentralization can be judged on the basis of three important factors[36]: scope, intensity and commitment. The higher the level of each of these factors, the more significant the degree of decentralization (and the greater the potential contribution to quality governance). Scope refers to the breadth or coverage, to be measured by variables such as: geographic coverage, population, and substantive areas of concern. Intensity refers to the levels of bureaucracy and the nation's finances, to be measured by variables such as type (extent) of decentralization, personnel coverage, and budgetary implications. Commitment refers to the following possible measures: legal structure, endurance (history), personnel quality, finances, elected officials, official endorsements and participation. However, interesting as such a compound national indicator[37] might be for comparison with other countries, it is not necessary for a monitoring system that is concerned with time comparisons within the same system.

Level 4: Impact on the shape of local government
The shape of local government consists of the legal and available resources and other formally arranged phenomena of the institutional setting. As possible indicators, the Worldbank (pp. 213-214) mentions the following: share of sub-national government in total public expenditure, in tax revenue, in sub-national elections, in elected sub-national tiers, in the number of jurisdictions, etc.

Level 5a: Impact on the quality of local government, or: on good governance
Tools have been developed to facilitate an evaluation of good local governance (UMP-Asia News). At the macro level there are audits and legislative reviews, participatory budgetary policy making, public feedback on policies and public expenditure. At the micro level useful tools are user surveys, project level accountability tools, public hearings, etc. Certain techniques are being utilized to empirically measure governments' performance in various parts of the world. Particularly interesting experiences have been developed in a growing number of cities worldwide, where citizens can validate urban governance through a 'Citizens' Report Card' and so provide feedback on efficiency and effectiveness of service delivery mechanisms and the making of systemic improvements. Such a system can be used at different points in time as an important indicator for quality changes, or as a benchmarking tool in a particular sector for a certain universe of cases.[38] A relatively well known example of such a card system in Asia is Bangalore, India, where the NGO PAC (Public Affairs Centre) uses the card to measure performance for eleven key public agencies. Outcomes are very revealing: not only do poor quality of services, apathy of authorities and corruption emerge as widespread phenomena, for instance, but the willingness of a large proportion of respondents to pay more for improved quality of services also becomes apparent.

The same source also refers to another card, developed by UNDP's The Urban Governance Initiative (TUGI), which enables the measurement of nine core characteristics of good governance (participation, rule of law, transparency, responsiveness, consensus orientation, equality, effectiveness and efficiency, accountability, and strategic vision) and is applied for testing in ten different cities across Asia, with the assistance of local civil institutions. Its flexible and adaptable methodology is conducive to citizen's participation in the design of the card, in conducting the study and in follow-up actions. Such direct monitoring of local governance is also promoted by the World Bank (p.46) when it points out that local governance gives people a voice and incorporates rules that ensure the accountability of public employees. An effective system of governance provides citizens with the opportunity to express their views, encourages them to monitor the workings of local government, and calls on them to participate, thereby creating a willingness to obey laws and pay taxes. The advantage of such cards is their simplicity and effectiveness, although in effect they measure user satisfaction, which is not an uncomplicated criteria, as we will see.

Level 5b: Impact on local government performance
Something should be said here about the difficulties related to measuring user satisfaction as a possible indicator of impact on local development through better government performance.[39] Interviews with users about their satisfaction

with the quality of services provided tend to reveal a higher satisfaction than actually exists. That is why such superficial results are not convincing, and more anthropological fieldwork is needed to complement it, which is costly. Instead, it may be possible to identify trends and then try to explain changes on a more far-reaching basis, but here again one encounters problems. One is, that measuring the perception of quality does not measure quality directly. Contained within the perceived quality (or consumers-defined quality) are elements of not only the quality of diagnosis and treatment, but a whole set of elements: the amount of time dedicated, the type of personal attention felt, the waiting time, the distance to the center, the price-quality perception ('a low price is for the poor, so that is not the best service'). Another problem is that comparison of the utilization rates is hampered by the fact that routine data are only available of public services, not of the private ones.

In addition, in order to understand well utilization trends, one needs to break down and analyse the shifts in use among classes. Certain socio-economic categories/ classes might use the service more, others (maybe the poorer segments, maybe within these, the women especially?) less than before. In order to prevent bias, it would be necessary to follow a certain target group continuously. This practice has a built-in obstacle, however: the people being followed already feel more satisfied because they get more attention (selection bias).

Another solution is switching the evaluation between the service unit personnel and the target group in cycles: first have independent interviews with the target group followed by a feedback of these outcomes in the service unit, which can lead to (partial) explanations (and new motivations!); this in turn is followed by a new information and evaluation cycle, etc. The results could also be biased in such systems, however, if the respondents are afraid that a negative rating will lead to certain repercussions, especially if it is hard to guarantee complete anonymity for a certain group of respondents. It may be wise to have an independent expert carry out a preliminary analysis that uses a few simple and understandable - qualitative and quantitative - key indicators, on the basis of which results can be presented to the population (preferably users and a sample of the larger community). Such an analysis becomes immediately interesting to the population – because of its demonstration effect - if they are responsible for the accreditation of merits (like a monthly financial bonus).

It has been suggested that the measurement of intermediate variables is a more relevant tool than direct impact measurement. Even then, however, the quantitative scores of these variables are not sufficient. Combining quantitative and qualitative techniques gives the advantage of limiting subjectivity and at the same time adding insights to otherwise distant data. Primary health care reviews, including household and key informant interviews and observations at all levels, usually give a good idea of what actually happens. The 'baseline and sentinel' method offers interesting perspectives by combining a baseline (a general survey of health status with quantitative and qualitative indicators) with a sentinel (a yearly measurement of only specific key points in the area of impact), where flexibility allows for adapting the attention (and methods) paid to key points.

Level 6: Impact on local development

If one is interested in evaluating the effects or impact of decentralization on economic development alone, traditional criteria (or indicators) can be used: amounts invested, employment created (direct jobs, indirect employment), production turnover, incomes gained, and so on. If there is a specific focus on poverty reduction, these figures should be collected for small and medium enterprises as distinguished from any others, and from the lowest positions in industry. However, it is hard to directly attribute the results measured to decentralization.

It is generally difficult to measure the impact of an aid programme on poverty alleviation. There is a need to recognize the failure of official statistics to capture the scale and nature of poverty in a certain local territory because of the usually aggregate levels of data collection, and because appropriate poverty indicators have note been used. After having said this, however, Cracknell (pp. 278-281; 321) suggests some methods and possible indicators for measuring the impact of explicit poverty reduction interventions. The problem is not abating, however, because instead of accepting the 'basic needs' objectives, NGOs have begun to argue that certain beneficiaries might in fact be much more concerned with moral and personal deprivations, which diminish their status and self-esteem. Marsden and Oakley (pp. 4-7), referring to the same circle of NGOs, also claim that the measurement of human dignity, mutual respect and solidarity should deserve more attention. In the view of these authors, education rather than material benefits might be the most important gain in the people's own assessment of what they had achieved through organization. These views were later re-affirmed in the World Bank's 'Voices of the Poor' study (Narayan).

Organizing the monitoring framework: a proposal

The challenge of interactive monitoring is to make explicit all expectations, conditions and contradicting interests from the very outset, and to organize it well. The proposal here is that decisions be made collectively by all stakeholders on the basis of preparatory work done by experts. If all stakeholders from the start are intent on reaching an agreement about oftentimes conflicting issues (such as: who participates and how, what methods and indicators will be used, what monitoring steps are defined and when will they be implemented, who 'owns' the results, what is the frequency of monitoring), then later on there will be less room for manoeuvring and escaping agreed responsibilities. Representatives in such a 'platform' that authorizes and then oversees the monitoring process are not necessarily excluded from the monitoring itself but certainly should maintain a position of independence and objectiveness.

It is proposed that monitoring be a regular and rather comprehensive undertaking, but with a different main focus every time - the focus that deserves the most attention at that moment, although it is never the only focus. For instance, although monitoring can concern itself biannually with efficiency-related issues, it could at the same time pay some attention to the amounts of inputs used and their administration and financing (which in itself is a subject of more regular

monitoring by the implementing agency itself), and of possible effects and impact, direct or wider, which themselves are issues that receive the major focus at greater time intervals. Table 4 gives an indication of such variable focuses, but the crux is that the system-to-be is to be decided upon by the monitoring platform at the start of the process.

Table 4: Interactive Monitoring (M) intervals and varied focus

Subject of M	M interval	Who is in charge?	Main focus	Secondary focus
A. internal progress	month	implementing agency	administrative, financial	outputs, effects, impact
B. efficiency	semester	M team 1	inputs and outputs	effects, impact
C. effectiveness	1 year	M team 2	outputs and effects	inputs, impact
D. impact	3 years	M team 3	effects and impact	inputs, outputs

Since decentralization processes usually span long periods of time, their monitoring processes are lengthy as well, which therefore calls for special attention to continuity. Especially in countries where whole staff turnovers in government entities are not exceptional, and/or where participatory practices are not well established, it may be very helpful to the safeguarding of continuity to hold 'monitoring moments' on a regular basis and to make sure that representative bodies of stakeholders each maintain a certain minimum of 'long-timers' during the monitoring process.

In this respect, local level catalysts or change agents (Rudqvist , p. 23) may help enhance performance by initiating or strengthening group formation, organizing development activities, helping organizations make better use of their own local and outside resources, and analysing local conditions.

In order to make efficient use of human resources in the interactive monitoring process, monitoring teams of various sizes should be created: the more important the results to be measured, the greater the size of the M-team. The greater monitoring team is M-team 3, which meets every three years and, apart from executing its specific measurements, makes use of earlier information collected by M-team 2 (a year ago) and of M-team 1 (half a year ago). In principle, members of M-team 1 also participate (or at least are represented) in M-team 2, while the same goes for members of M-team 2 in M-team 3. National and/or international experts might also participate in M-team 2 and 3.

Apart from the issue of 'ownership' of the monitoring process, which remains in the hands of a platform, another important factor is the 'leadership' of the monitoring team. In such a team - which is not primarily a continuously working team but a group that gets together regularly - there is a variety of stakeholders involved, each with its specific interests and conditions, and each with its specific role to play. In order to have this loose group work as a team, a leader is sought with specific attributes: a person who is sensitive to different motivations and attitudes, orientated towards bridging differences by looking for common interests, facilitating and stimulating actors to define problems and find solutions instead

of imposing solutions or decisions, acting as a broker or intermediary and preparing compromises, while maintaining an independent position motivating and encouraging all actors (especially those who are usually excluded) to speak out, and communicating well in public and private atmospheres.

The regular monitoring event A in Table 4 can usually be a linear undertaking, while monitoring events B, C, and D should be cyclic events. Such interactive monitoring cycles, in which the programme's stakeholders participate as worthy interlocutors, consist of four basic phases: preparation, implementation, analysing results and feedback. In each phase specific steps can be distinguished (see Diagram 2). However, if great importance is attached to a deep level of participation in such a complex monitoring system, the preparation phase can even be preceded by a pre-planning phase in which a preparatory team of internal experts prepares the information basis so as to facilitate a better and quicker decision-making process by all stakeholders in the preparation phase. While in contact with other stakeholders, they also prepare the Terms of Reference (ToR): context, contents, methodologies, team requirements and responsibilities, costs, time and timing.

As far as the monitoring of impact is concerned (Table 4 suggests thorough monitoring every three years and more cursory monitoring at shorter intervals), the preparatory team can let itself be guided by the construction steps that have been proposed by Steinich (see the box in Diagram 2).

The interactive monitoring framework proposed here forms the last piece of the rather pragmatic, flexible and people-oriented monitoring approach that has been advocated in this exploratory article, which is meant to inspire in the first place.

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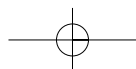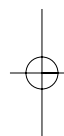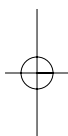
Useful Web Pages:
- Sourcebook Sponsors website gives a general entrance to World Bank, UNDP, FAO, SDC and GTZ information:
  www.ciesin.org/decentralization/entryway/scbksonsors.html
- World Bank Decentralization Net:
  www1.worldbank.org/publicsector/decentralization
- UNDP: www.magnet.undp.org
- OECD/DAC: www.oecsd.org/dac/pdf/epdggev.pdf or
  www.webnet1.oecd.org/oecd/pages
- USAID: www.dec.org/usaid_eval

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Notes

[1] This book is especially interesting, since Manor had access to a wealth of information about decentralization programmes supported by the World Bank, among others.

[2] For example, Nielsen has concluded that deconcentration has failed, but devolution - which is the most complicated type of decentralization - is here to stay because of its greater appeal.

[3] Descriptions of several promises and risks can be found in many articles. Interesting sources are the website of the World Bank (PREM) and FAO (RED-IFO) and the publication of PREM (pp. 23, 146).

[4] The concept of learning in local institutional development processes has become an important issue. See Marsden and Oakley (1990: p. 7) and IDS (p. 1).

[5] Stakeholders (or 'project community') are staff, beneficiaries, donors and governmental or NGO counterparts.

[6] In terms of service provision, although locally (to be) implemented, eventually national service norms could be determined to prevail.

[7] The strengthening of national integration can be a motive as well, although many cases have been reported of decentralization being responsible for widespread fear of national desintegration. Of course, the conceptual levels at which objectives are formulated can vary. UNDP (p. 9), for instance, defines its goals as sustainable human development or people-centered development, also in regard to its support for decentralization. The DAC Expert Group on Aid Evaluation has defined decentralization as a theme aimed at Participatory Development and Good Governance (through efficiency, equity, political participation, financial performance, etc.) (OECD/DAC p. 55).

[8] Blair describes the DLG programme, for example, both as an end in itself and a means to its objectives.

[9] In the analysis, seven cases of successful local government were selected for study: two each in Zimbabwe, Kenya and Nigeria, and one in Benin. The authors focused on fiscal aspects, since indicators of quantity and quality of services delivered were considered important but were generally not available.

[10] Indicators used were: the budget balance sheet (there should be more surpluses than deficits within a period of at least five years); the major local sources of revenue (direct local taxes, intergovernmental transfers or user charges), which should generally show growth relative to inflation and population; and local expenditures (both recurrent and capital), which should support a range of significant social and infrastructural services and growth at a reasonable rate.

[11] Most countries have dual systems of local government, with a layer of local authorities on the one hand and a deconcentrated staff from the central ministries on the other. This source describes the problems related to this: it is not clear which tasks should be handled centrally and what should be dealt with locally; elected representatives at local level are frequently overruled by central government officials, who in practice have more power, since technical expertise means superior positions and prestige; local horizontal coordination among the

central line agencies is difficult. Instead of promoting coordination, officers tend to fight for resources for their own department; central level officers have a tendency to be more concerned with long-term projects, while local representatives and the people are more interested in short-term social issues and programs.

[12] De Valk (1990 b) based his analysis on five case studies (Zimbabwe, Botswana, Zambia, Tanzania and Kenya). He also found ample evidence that the reforms were at most only partially effective because financial and human resources had not been allocated in line with the requirements of the reforms.

[13] Though the literature usually focuses on the weaknesses of recipient (local) governments, it is not uncommon to find persons and units involved who do excellent work with limited resources. In monitoring, it is of utmost importance to recognize these people/units and to establish linkages with them.

[14] James (in Ontrac 18, 2001) sees a legitimate concern that the changes resulting from capacity-building interventions remain at the organizational level and are never translated into changes at the level of beneficiaries. Therefore, a rigorous evaluation of organizational development processes should elicit the views of the ultimate beneficiaries, though this can be costly and is not easy. He describes how the CDRN (Community Development Resource Network) in Uganda has managed to do this in a fairly cost-effective way. Firstly, it asked the NGO it had been working with what differences had taken place in the community as a result of the capacity-building intervention. Then CDRN staff visited the community itself to ask the same question and confronted the outcomes.

[15] Such indicators might include total expenditure, degree of self-sufficiency in revenues, budget management performance, service delivery performance (i.e. client surveys) (World Bank web page).

[16] Many donors are hesitant to support additional projects in the same settlement, as if one project could actually solve all the problems of poverty. There needs to be less emphasis on expensive short-term projects and more on modest external resources available to fund and support community and municipal processes.

[17] Blair's USAID-sponsored research project took place in Bolivia, Philippines, India, Ukraine, Honduras and Mali. DLG combines devolution with democracy at the local level. What makes DLG different from earlier forms of decentralization is the inclusion of the two new items of participation and accountability. DLG has been endorsed by the OECD/DAC (1997).

[18] Table 1 is expanded and adapted from De Valk (1990b), as inspired by Mintzberg.

[19] However, decentralization can also lower the quality of public services, as it has in Latin America and Russia, if resources and capacities are insufficient (World Bank, p. 109).

[20] Privatization is sometimes also referred to as a form of partnership, even if it is just a contractual arrangement.

[21] In Conyers' view, which is quite unusual, NGOs include private companies, voluntary agencies and both official and unofficial popular organizations. By CSOs, Clayton et al. mean non-public organizations operating on a non-profit basis. Helmsing (2001b) refers to CSOs as area-based associations of residents and/or functional groupings.

[22] Helmsing (2001b: p. 28), in discussing two possible options in the relationship between government and other actors in society - embedding or insulation - agrees that embedding and increased interaction generate synergy.

[23] Her argument is that even if local representatives of central agencies are willing to cooperate and plan their activities together, such plans are seldom implemented in an integrated manner.

[24] Programa de Alivio a la Pobreza in the city of Santa Cruz, Bolivia, which was co-directed by the author.

[25] Cracknell (p. 162) observes that the 'logframe' provides a vital input into the drawing up of terms of reference for monitoring. Switching the focus of monitoring from the tracking of physical inputs and outputs to assessing progress towards the achievement of objectives has been one of its main achievements.

[26] According to Marsden and Oakley (p. 28), in fact many evaluations are not so much concerned with determining impact. The traditional and still dominant interpretation of evaluation has to do with measuring the *effort* expended, the *efficiency* in terms of the use of resources, and the *effect* in relation to the original objectives.

[27] Many authors agree with these perceptions. One of them is Pfohl, who stated that impact evaluation is the *periodic* collection (here is the crux) of information to determine whether a project is having its intended effect. In his view, however, monitoring is more limited to the systematic collection and analysis of information as a project progresses to improve effectiveness.

[28] The Wave model (James) originally applies to capacity building in NGOs.

[29] In decentralization processes, Results (effects and impacts) occur in Stages. Although with a broader reference (to social development processes), this phenomenon is also found in Marsden et al. (1992), where it has been described as an accumulation of effects (direct effects, wider effects, impact), which can be measured both on the Situation, as on the Programme Environment (as wel as on the Functional Organization implementing the Programme).

[30] This phenomenon is described by Oakley et al. (1998), among others.

[31] This phenomenon is described by Oakley et al. (1998) for social development processes.

[32] In James' analysis the intervention concerns capacity building in NGOs.

[33] Examples of donor agencies and institutes that to some extent have embarked on the bandwagon of participatory evaluations are: USAID with Democratic Local Governance, GTZ/GATE with Participatory Impact Monitoring, and IDS with Participatory Monitoring and Evaluation.

[34] This text is greatly inspired by the ideas expressed by Oakley, Marsden and Clayton in various publications.

[35] Possible tools for a retrospective reconstruction of project history are: statistics, written materials, focus group discussions, etc. Sensitive issues like land ownership, gender sensitivity and income patterns need the opinions of all stakeholders. For difficult issues like changes in attitudes and behaviour, oral testimonies will be useful, possibly to be supplemented by anthropological fieldwork. In such situations 'educated guesses' and 'appropriate imprecision' can be acceptable substitutes for authoritative information (Oakley et al., pp. 57-59).

[36] They have also operationalized these three factors in terms of (possible) measurable indicators.

[37] Apart from Vengroff and Ben Salam, Huther and Shah, and other authors have also composed such indicators.

[38] (Utility) benchmarking for rating services is a powerful tool for improving services by exposing the 'worst in class'. Benchmark studies evolved in the business sector for quality management, although apparently they can also be adapted for (self-evaluative) comparisons of performance and practice between geographical units (regions, cities, etc.). However, benchmarking is not useful in series monitoring of one specific programme, since it compares cases.

[39] These observations were made by the health sector group of the KIT Royal Tropical Institute in Amsterdam.

NOTES