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**Improving local government
performance by strengthening their
5 core capabilities**

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1 Introduction

Vibrant local governments are an important part of a well-governed and responsive public sector in economically successful countries. Local governments, however, are not automatically well-governed and responsive; in fact, for local governments in many places in the world it is a day-to-day struggle to perform at a minimum standard. To achieve a consistent level of performance, and to remain vibrant and renew, let alone to increase their vitality, local governments have to enhance their capacities continuously. This becomes even more pressing as a result of some universal developments that are placing greater demands on local governments to perform: the urbanizing world, increased decentralization of powers, and greater emphasis on the relationship of governments and the public.

Improving local government capacity and performance can be usefully guided by the '5 Capabilities framework': a general capacity development framework that focuses on 5 core organizational dimensions or capabilities of any organization. However, this capacity assessment framework has to be fine-tuned to the specific context of local governments to become an effective capacity development tool for local government organizations. Based on years of practical experience in supporting local capacity development efforts, VNG International designed a modification of the 5 Capabilities framework that supports local governments worldwide to become and remain well-governed and responsive.

The remainder of this paper is structured in the following way. First, Section 2 explores the three universal trends that place local governments increasingly in the centre of the global development agenda. Section 3 articulates that the core challenge being faced by local governments (and local government associations) is to develop their organizational or institutional capacity. Thereafter, the 5 core capabilities of effective organizations are introduced (in Section 4) and some thought is given to the application of this framework to local government organizations (Section 5). Section 6 considers how to apply the 5 core capabilities to assess and improve local government capacity and performance. Finally, some concluding thoughts follow in Section 7.

2 Trends that effect the relevance of local government performance

Three trends place local governments increasingly in the centre of the global development agenda. These forces include urbanization, decentralization reforms, and the changing relationship between the public sector and the people (democratization).

2.1 An increasingly urban world

The world is increasingly urbanized. Almost all countries in the world witness a rapid growth of their cities. According to the UN (2014) 54% of the world's population lives in urban areas and it is estimated that this will grow to about 66% by 2050. Table 1 illustrates the increase of people living in urban areas in all continents.

Table 1: Percentage of urbanization 1990 – 2050 per continent.

Continent	1990	2014	2050
North America	75%	82%	87%
Latin America	71%	80%	86%
Europe	70%	73%	82%
Asia	32%	48%	56%
Africa	31%	40%	56%

United Nations, Department of Economic and Social Affairs, Population Division (2014). *World Urbanization Prospects: The 2014 Revision, Highlights (ST/ESA/SER.A/352)*.

According to the United Nations Population Fund (UNFPA 2011), a 'second wave' of urbanization is taking place in Asia, Latin America and in Africa. This second wave is distinct from the first wave that took place in North America and Europe and which resulted in high percentages of people living in urban areas: 81% in North America and 73% in Europe. There are considerable dissimilarities between the two waves. First of all the circumstances are different. Urbanization in North America and Europe was the result of industrialization and the demand for an urban workforce in the 19th century, while the current wave of urbanization is driven by people moving to cities hoping to find jobs and education opportunities. In other words, poor people are moving from rural areas to the cities, only to become part of the urban poor. This is illustrated by the fact that 72% of the urban population in Africa lives in slum areas. The root causes for the ongoing wave of urbanization are various and difficult to interpret. Urbanization is caused by "push factors" such as declining livelihood opportunities in rural areas, instability, wars, civil unrest, food shortage, as well as floods or draughts, all of which drive people to cities.

At the same time, people move to urban areas as a result of so-called “pull-factors”: cities offer employment opportunities, opportunities for social mobility, refuge from political, religious or ethnic intolerance, and access to a better education, better health care and other urban amenities. Whatever the causes were or are, the world is becoming increasingly urban.

The second dissimilarity lies in the growth rate. Urbanization in developing countries is taking place much faster than the initial wave of urbanization in the industrialized countries. The first wave took some 200 years, while the second wave is likely to take not more than 50 years (Table 2). Between 2000 and 2030, Asia’s urban population is expected to more than double; Africa’s urban population will be 2.5 times bigger; and the urban population in Latin America and the Caribbean is expected to grow by a factor 1.5. And this all will happen in a time range of 30 years.

Table 2: Number of people predicted to live in urban areas in Asia, Africa and Latin America.

	2000	2030
Asia	1.35 billion	2.84 billion
Africa	294 million	742 million
Latin America	394 million	609 million

UNFPA State of the World Population 2007

In more developed regions of the world, 75% of the population lives in urban areas, and the urban growth rate is 0.5% per year. In less developed regions, these figures are 44% and 2.5%, respectively, and in least developed areas the relevant numbers are 28% and 4.0% per year. Another striking characteristic of the present wave of urbanization is that most of the growth is taking place in medium-sized towns. Although mega cities are seen as the expression of global urbanization, in reality 52% of the world’s urban population continues to live in settlements of less than 500,000 people. These relatively smaller cities play a central role in the surrounding rural economies. As a result, urbanization takes place in a way that is closely linked to the challenges of rural areas.

The final dissimilarity to take notice of is that the majority of the urban population in developing countries is younger than 25 years and mostly unemployed.

Urban growth provides both challenges and opportunities. The challenges lie in urban congestion, social and economic inequities, basic service delivery and an escalating poverty rate, while the opportunities lie in economic and social development and wealth generation. Cities, however, are not just economic engines; they are gathering points for social interactions as well. People make the city, and in turn, the city provides its residents a social fabric. It is where people meet and interact, help each other, earn money, have a home, get an education, and find places for entertainment. Leisure opportunities and the ‘cultural’ city—the museums, cultural heritage—attract people in and to the city.

Local governments are essential actors in both the challenges and opportunities of urbanization, with their own specific and complementary role in creating an enabling environment at the local level for economic and social development. At their own level, they can promote, facilitate, and regulate local economic and social activity, deliver local public goods, and enforce agreed local laws and regulations. As such, urban growth helps drive the increasing imperative for effective local government.

2.2 The increasing decentralization of powers to local governments

Another trend that has contributed to the increasing importance of the local government level lies in the decentralization processes that has taken place in many developing and transition countries in the past 25 years. Decentralization is a process in which powers, roles and responsibilities including local decision making, implementation and service delivery decision are transferred to local governments. In this process, power, authority and resources are transferred from central government to local governments.

Decentralization reforms have been introduced in a numerous developing and transition countries, because it is seen as a solution for the poor performance of the public sector at the national level when it comes to change and development. In other words, decentralization is the outcome of the understanding that you cannot develop a country from the capital.

Decentralization reforms have also been driven by the demand for greater democracy, becoming markedly more influential after the fall of the Berlin Wall in 1989 and the collapse of the Soviet Union two years later. Generally speaking, motives for decentralization can be moral, social and instrumental. The moral motive is based on the idea that public sector authority should be located close to citizens on whose behalf it is exercised, so that authority can be exercised in a participatory, responsive and accountable way. The social motive relies on the notion that trust and social cohesion develop more effectively when communities can easily link with local governments. The instrumental motive emanates from the idea that decentralized government provides a more effective way of delivering localized services in a way that promotes sustainability and stability (Svensson 2009, USAID 2009 and 2010).

In general, three dimensions of decentralization are distinguished (EU 2007). The first is political decentralization, where political power and democratically legitimized authority are placed at the local government level. The second is administrative decentralization in which administrative decision-making authority is placed at the local government level. And third is fiscal decentralization, which includes the right to raise revenues locally and the ability to manage local expenditures (Boex and Yilmaz, 2010).

Ideally, decentralization of powers to local governments is done in such a way that it creates an enabling environment for local governments to promote, facilitate and regulate local economic and social development. However, reality is often different as decentralization is seldom a linear process. It is important to have a well-developed legal framework to define the administrative levels, to establish the territorial division of the country into local administrative units, as well as laws and regulations on local self-government, that provide the guidance for local governments to operate. However, the existence of a legal framework is not sufficient. Even with an official decentralization policy and strategy being in place, local governments face a lot of challenges in doing what they are supposed to do. A number of obstacles in the process of decentralization regularly occur. These include:

- The responsibilities of local governments are not defined clearly enough;
- Powers of local government are not in line with the responsibilities;
- The available financial resources needed for fulfilling the responsibilities are not enough;

- The territorial division is the result of political considerations and some of the units are either not viable or the boundaries are contested;
- The capacity of local government staff and elected representatives is insufficient;
- The (higher level) staff of local governments are appointed by the ministry, and do not know to whom they are accountable (or do not wish to be accountable to elected local political leaders);
- Top-down interference which limits the autonomy of local governments.

Good inter-governmental relations are needed to overcome these challenges. That refers to a structured dialogue between central and local governments, based on the awareness that central and local government together define the quality of the public administration in a country, and that a shared vision on the priority needs of the country and the role of the public sector helps to be effective. Such dialogue (and even the underlying spirit of collaborative governance) is often lacking. This may be caused by reluctance at the level of central government - or individual sector ministries - to devolve power and resources, or by the lack of self-conscious local governments, who do not express demands and do not come up with good proposals for improvement, or by a combination of these.

Whichever can be said of the motives for decentralization and obstacles that occur in practice, decentralization is not a panacea to the challenges recognized and is not a suitable solution in all circumstances. For instance, decentralization can help cope with diversity but also strengthen ethnic divides in areas that are strongholds for certain groups.

2.3 The changing relationship between local governments and their citizens

There is another trend that influences the increasingly meaningful position of local governments. In this case there is no indication of increase, but of change to which local governments have to adapt. Influenced by new, mainly internet connected communication means, growing middle classes as well as ongoing economic crises, the relationship between local governments and their citizens changes.

New means of communication result in individuals coming together in new ways, forming connections that didn't exist before. New communications technologies are also resulting in an 'economy of sharing' where barriers to entry are reduced and in which individuals are able to take part without major social hindrances. This all leads to less dependency and an ability to give shape to own wishes and desires. The growing middle classes result in altered requirements for housing, education, leisure, but also transport, all effecting the demands to local governments. On the other hand, economic crisis result in cut-downs of budgets that effects the position taken by local governments towards their citizens. Local governments may need the inhabitants of the city to shoulder a greater share of the burden for the tasks executed by the local government.

Although these developments are not universal, the general result is a changing relationship between local government and inhabitants in one way or another. In any case, the relationship is in transition and local governments have to cope with it.

2.4 International recognition of local government role

In international forums, like the United Nations, local governments are more and more considered as one of the key players in development. The proposed Sustainable Development Goals 2015 – 2030 specifically focuses on local-level governments in Goal 11, which aims to: “Make cities and human settlements inclusive, safe, resilient and sustainable.” This general goal targets access to affordable housing, basic services and transport systems for all, improving road safety, sustainable urbanisation and capacities for participatory human settlements planning, adaptation to climate change, saving cultural and natural heritage, disaster risk reduction management, reduction of environmental impact of cities, like air quality and waste management, and access to public (green) spaces.

In addition, local governments are recognized in the draft SDGs as one of the important intermediaries for sustainable development, especially as part of Goal 16 which aims to “.build effective, accountable and inclusive institutions at all levels.” Next to the specific attention to the local level as part of Goals 11 and 16, there is a need to “localize” all 17 proposed Sustainable Development Goals in a way that local governments effectively contribute to achieving these goals. (UNDG 2015)

2.5 The developments are intertwined and request for further capacity development

The three universal developments, being urbanization, decentralization and transition in relationship, are taking place together and are intertwined. They all effect the four general tasks and roles local governments generally play at the local level (Table 3). The first role that many local governments play is as the provider of local public goods, which includes the provision of traditional basic services but also includes public goods such as a safe environment, spatial planning and the provision of public transport, amongst others. Second, local governments act as enablers for economic development and, third, social development.

Registration, regulation and enforcement (for instance, of local ordinances and by-laws) is a final task of local governments. To perform these tasks local governments have to function effectively. This comes down to sufficient budgets and staff and internal decision-making processes are effective. In effecting the four tasks local governments are acting either as executor, being the main responsible implementer, or as enabler, being an organization that makes it possible for others to implement and act.

Table 3: The four tasks of local governments and the conditions to function sound.

The four Tasks	Tasks and Acting as	Roles of local governments entails, amongst others
1. Delivery of local public goods	Executor	<ul style="list-style-type: none"> • Basic services like water, electricity, refuse removal etc. including its infrastructure, but also street lightening, parks, recreation facilities, safe environment. • City and town planning • Roads, including maintenance • Public transport • Licenses and permits
2. Economic development	Enabler	<ul style="list-style-type: none"> • Provide for an enabling environment for local economic development, by working together, networking, stimulate initiatives, investments
3. Social development	Enabler	<ul style="list-style-type: none"> • Provide for an inclusive development and decision making (public participation) • Stimulate private initiatives
4. Registration, regulation and enforcement	Executor	<ul style="list-style-type: none"> • Registry and land registry • Enforce by-laws and regulations • Enforce granted permits
These tasks suppose conditionality regarding:		
<ul style="list-style-type: none"> • Finance • Staff • Decision-making processes 	Executor	<ul style="list-style-type: none"> • Financial management and taxation • Personnel management • Internal functions and procedures, clear division of roles and responsibilities

3

The challenge for local governments (and local government associations) is to develop capacity

In practice, local governments are often keen to assume their responsibilities but face a series of constraints, including staff shortages, inadequate budgets and weak institutional capacity. These constraints in turn typically result in several problems: low performance in service delivery, unmotivated staff and dissatisfaction of the general public.

Perhaps the most difficult constraint to resolve is that of local government capacity: capacity development is needed not only for local governments to fulfil their functional responsibilities, but institutional capacity is also required to be able to generate more income and to hire more staff.

Institutional capacity and capacity development, however, are elusive concepts and difficult to measure. Before proceeding, therefore, it is necessary to define capacity development, and to explore the institutional context of organizational development for local governments (and local government associations).

3.1 A definition of capacity development for local governments

Illustrations of capacity development often show people sitting around tables in meeting rooms; in other cases, capacity development is illustrated by a speaker standing in front of a white board. Indeed, perhaps the most common capacity development intervention in the global development community focuses on the capacity of individuals. This may reflect the implicit assumption that the biggest capacity constraint facing many organizations is that their human resources lack the necessary skills for the organization to be effective. Alternatively, it might be that we focus on individual skills development because it is hard to accurately define, measure, and strengthen the main elements of institutional capacity or the core features of an effective organization in an objective manner. Acknowledging that institutional capacity is a complex issue is the first, difficult step in achieving capacity development.

In order to confront this challenge, we should begin by defining capacity development. Capacity development could be defined as the process of improving the ability of an organization to achieve its overall objectives or mission. This definition is quite broad and could be applied to any organization, regardless whether the organization is an NGO, a business organization, or a government agency. For a local government, achieving its mission generally means creating value for its constituents (voters, residents, taxpayers) by providing public services and by serving as a platform for communal decision-making.

For a local government association, capacity development could be defined as the process of improving the ability of the organization to serve its constituent members, by helping its member-local governments become (more) responsible, self-sufficient and autonomous local governments, and by supporting its members in effectively delivering quality services and responding to the needs of the people.

Capacity development of local government is: *The process of improving the overall ability of a local government organization to create value for its inhabitants by executing its four main tasks.*

Capacity development of local government associations is: *The process of improving the overall ability of a local government association to create value for its member local governments by executing its three main tasks*

This definition implies that capacity development is largely an endogenous process of institutional strengthening which requires organizations to have a minimum starting level of institutional capacity and to be self-motivated to survive and prosper. In turn, this means that the interventions of external actors to support capacity development can only succeed where the external support complements the interests and motivations of the organization itself¹.

Conceptually, an organization's capacity therefore describes a relationship between how the organization functions internally, as well as how effectively it relates to stakeholders within and outside the organization. The organization's effectiveness is measured on one hand by whether (or to what extent) the organization is able to secure inputs that it needs in order to achieve its objectives, and on the other hand, by whether it is able to achieve the outcomes that it is pursuing through the outputs it produces. Therefore, to the extent that we assess an organization's effectiveness by whether it has achieved its stated outcomes, we should not only take into account the internal functioning of the organization, but also the external factors that influence its effectiveness (at local, national and international level), which are to varying degrees beyond its own control (Figure 1).

Now, how is this somewhat conceptual discussion on capacity development relevant for local governments and local government associations, especially in developing and transition countries around the world?

¹ The detailed mechanics of capacity development— describing through which interventions the capacity of a local government can be built—falls beyond the scope of the current paper.

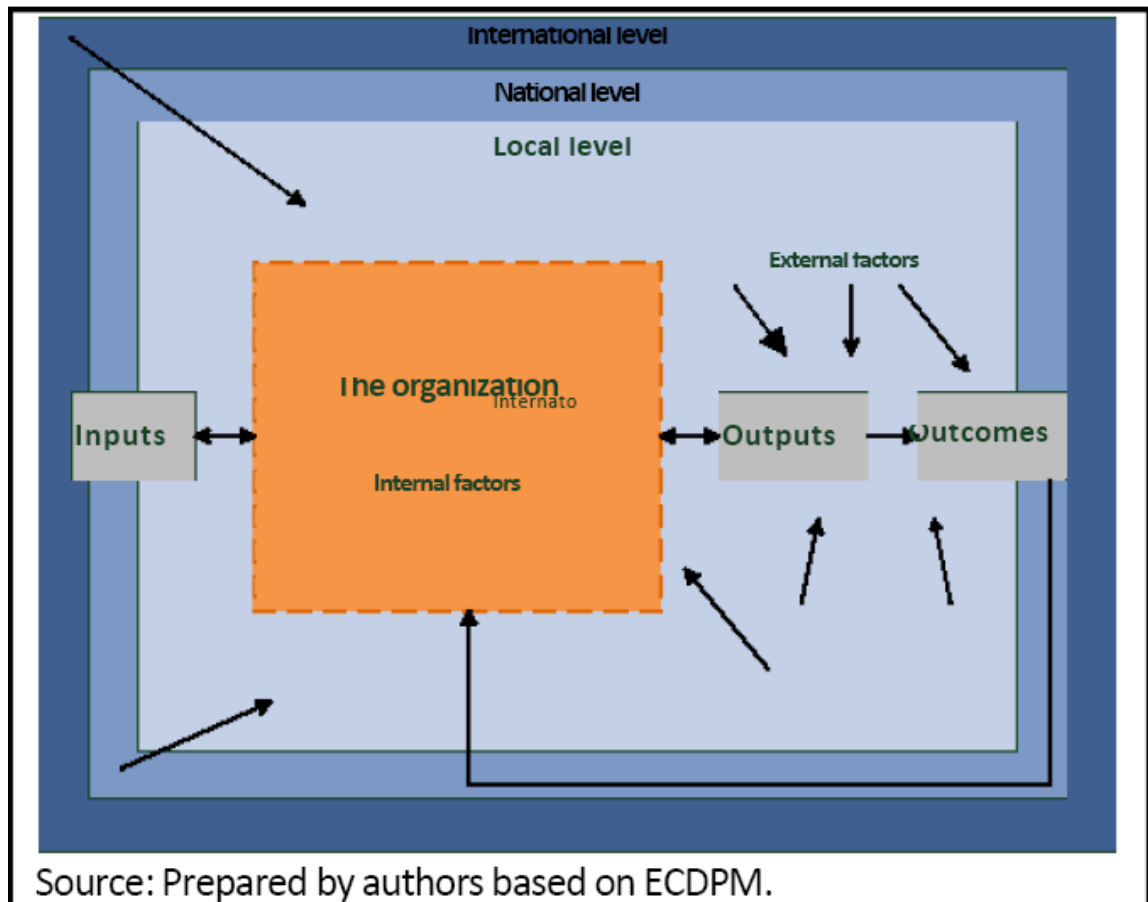


Figure 1: The institutional context of organizational development

Over the past several decades, a considerable amount of effort has been exerted to develop the capacity of local governments, most typically by targeted training programs and other staff development activities as well as by strengthening the standard operating procedures to be followed by local officials. As a result, it is fair to say that in many developing and transition countries, there has been a considerable degree of success in achieving a basic level of local government capacity. Indeed, in most countries around the world, local officials are in place at the local level who have the responsibility for coordinating and supporting the localized delivery of basic public services and who are capable of adequately performing their basic administrative functions. In most cities and towns around the world, local governments regularly collect solid waste, sweep the streets, issue local business licenses and—depending on the assignment of functional responsibilities in their country—operate schools and health clinics.

To the degree that local governments in developing and transition countries do not perform their functions well, we often blame weak capacity. In contrast, when local governments perform their functions in an effective and responsive manner, we often attribute the accomplishments of the local government organization to the effectiveness of local leaders or a dynamic mayor (Barber, 2013). In reality, however, organizational capacity plays an important role in achieving “high-performing” local government organizations: while local governments in many developing countries have been imbued with basic administrative capabilities and access to at least a minimal level of human and financial resources, few local governments have developed the organizational capability to engage their constituents in a proactive way and to address the needs of local constituents in a responsive and effective manner.

As such, there is a strong need to pursue further capacity development in order for local governments (and their associations) to become effective and responsive organizations which play a stronger role in democratic development as well as in improved localized delivery of public goods.

3.2 The tasks of local government associations in capacity development

Local government associations have a key role to play, both by helping local governments understand the universal developments that effect local governments’ performance and by promoting capacity development for local governments. It is an almost universal truth that local government associations come into existence where empowered local governments exist. Wherever in the world, local governments feel the same desires that give reason to the existence of—and in situation of starting decentralization, to the establishment of—a local government association. As already noted, capacity development of local government associations is the process of improving the overall ability of the association to create value for its member local governments by executing its main tasks. What are these main tasks?

Local government associations around the world focus on three main tasks. These tasks are: lobbying and advocating for the interests of local governments; providing services to local governments; and offering a platform for exchange among local governments. In pursuing these tasks, local government associations serve the desire of local governments to speak with one voice to other spheres of government, to join forces to make their work more (cost-) effective, and to learn from each other and work together. To fulfil these tasks local government associations need sufficient budgetary resources (mainly stemming from membership fees); capable and equipped staff; and effective internal decision-making processes. In effecting the three tasks local government associations are acting both as an executor, being the main responsible implementer, as well as an enabler, being an organization that allows the local governments to perform (Table 4).

Table 4: the three tasks of local government associations and the conditions to function sound.

The three tasks	Tasks of local Acting as	Roles of local governments entails, amongst others
Lobby and advocacy	Executor	<ul style="list-style-type: none"> • Influence new national legislation • Participate in policy discussions in national politics
Providing services	Executor	<ul style="list-style-type: none"> • Advisory services • Information and documentation services
Offering a platform	Enabler	<ul style="list-style-type: none"> • Provide for meetings, conferences, etc. for exchange • Gather and distribute best practices
These roles suppose conditionality regarding:		
<ul style="list-style-type: none"> • Finance • Staff • Decision-making processes 	Executor	<ul style="list-style-type: none"> • Membership fee collection • Developing income generating activities • Financial management • Personnel management • Functioning constitutional bodies

Local government associations play a specific role in capacity development for local governments. First, all three tasks of local governments associations are closely linked to capacity development. Offering a platform for exchange and mutual learning is a contribution to capacity development of local governments; providing services supports the capacity development of local governments; lobby and advocacy target in many cases directly and indirectly the capacity of local governments. Second, very specifically a local government association can play a role in disseminating and repeating capacity development experiences and outcomes of a few local governments to many or even all local governments in a country. This is to be considered a provision of service. Local government associations can also contribute to more productive inter-governmental relations and thereby to a successful implementation of decentralization processes. Some of the tasks take a fairly technical form in practice: service provision, monitoring, procurement and enforcing of standards. Local government associations can help their members obtain information, training, funds and qualified personnel, or explain laws and decrees, or provide manuals and model ordinances. Then there are the more political roles, such as policy making, mediating in conflicts and lobbying central government ministries. Local government associations thereby play a role in lobbying for decentralization and in asking attention for the constraints that come with it; they gather information on the challenges in service delivery and disseminate the good practices or analyse the reasons for failure.

It must be acknowledged though, that local government associations too, often lack the capacity to fully fulfil the potential role described here. To play their tasks adequately, capacity development for local government associations itself is crucial. First of all local government associations need to be self-sufficient (supported by their membership) and autonomous to play their tasks adequately, so they need a stable income and decision-making on spending budgets, they need capacities to lobby on behalf of local governments, and they need technical, communication and administrative management capacities.

4 What are the 5 core capabilities?

Having established that local governments are increasingly important to the world around us (Section 2) and that one of the main challenges for local governments is to develop their capacity to deliver value to their stakeholders (Section 3), the next challenge is to decompose “capacity development” into something tangible. In order to define the features of an effective organization, ECDPM (Baser and Morgan, 2008) defines 5 core capabilities of effective organizations. This is referred to here as the 5 core capabilities.

4.1 Capturing organizational capacity in 5 core capabilities

In order for an organization or a system to be effective in creating public value, the organization must have competent people committed to generating development results. However, having competent people alone does not ensure that the organization will be effective or successful. Baser and Morgan (2008) argue that effective organizations have 5 core capabilities that are required for it to create value for its stakeholders². These are the capabilities to act and commit, the capability to carry out functions or tasks (to deliver), to relate to external stakeholders (to attract resources and support), to adapt and self-renew, and finally, to achieve a certain degree of coherence within the organization. The existence, effectiveness and interrelationships of these capabilities are critical to the effectiveness of an organization or system (Baser and Morgan, 2008).

4.2 Details of the 5 core capabilities

Before exploring the 5 core capabilities in the specific context of local governments and their associations (which is done in the next section), it is useful to consider each of the 5 core capabilities in some detail. Further below, Table 5 provides an overview of each capability in keywords.

² Baser and Morgan (2008) define a capability as the collective skill or aptitude of an organization or system to carry out a particular function or process either inside or outside the system. Capabilities enable an organization to do things and to sustain itself.

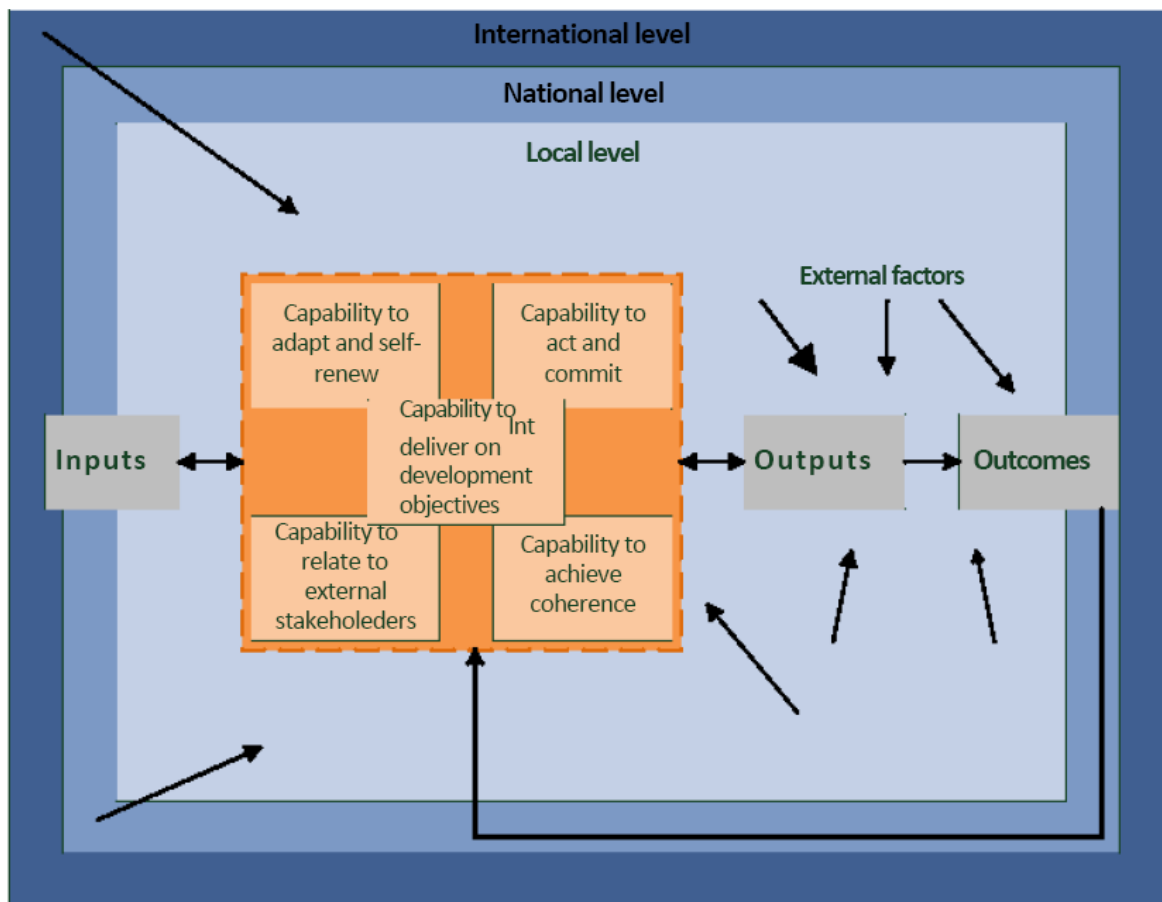


Figure 2: The 5 Core Capabilities of Effective Organisations

The capability to act and commit deals with the basic ability of an organization’s leadership to identify the organization’s objectives and to act in line with these objectives in a committed manner. In order for an organization to be able to act and commit, it must have access to a basic level of resources needed to pursue its objectives.

This capability has been compared by some to the power button on a computer (Rijneveld et al, 2012): does the organization have everything in place (motivation, attitude, confidence, identity, helpful systems and leadership) that allows it to start running when it wants or needs to? An organization that lacks this capability does not have drive or passion, and will quickly become stuck, trapped or immobilized.

The capability to deliver on development objectives asks whether the basic mechanisms and systems are in place within the organization to implement and execute the policies and strategies identified by the leadership to achieve the organization’s objectives. The exact operational mechanisms required by an organization depend on the exact type and nature of the organization, but they tend to include human resource management systems, procurement mechanisms, and so on.

The capability to adapt and self-renew. Organizations do not operate in a static environment. As such, an organization that fails to assess its own performance on a regular basis and how it relates to its context is not likely to be relevant for long. Effective organizations are capable of adapting and self-renewing; they have mechanisms in place for the organization to engage in monitoring of the environment around it, and to adapt its plans and strategies to changes in the environment around it. The capability to adapt and self-renew requires organizations to be “learning organizations” that have a cycle of strategizing, adaptation, repositioning, and managing change in which monitoring and evaluation are not just used for reporting and accountability purposes, but first of all, for adjustment, adaptation, improvement and innovation.

The capability to relate to external stakeholders. A common trap that many organizations fall into is to have too much of an inward focus. In reality, however, the success of most organizations is driven to a considerable extent by its relationships with its external stakeholders, whether these stakeholders are its funders, regulators, suppliers, its clients, or the community at large. To the extent that an organization aims to represent others (e.g., the organization’s members or constituents), of course, the organization should have the legitimacy to do so. Apart from achieving legitimacy, the capability to relate is required for achieving credibility, accountability, benefits from community support, networking and complementarity, ensuring resource mobilization and for protecting space.

The capability to achieve coherence. The final capability of an effective organization is the ability to balance the need to achieve a certain degree of coherence with inevitable (and to some degree, desirable) internal diversity. In other words, is the organization able to act as a coherent whole, or do different actors within the organization pull the organization in different directions? Areas in which a degree of coherence is required include coherence in (and between) ambition and direction, theory of change, strategies, concrete activities and structures, and capacities of the organization. Although every organization needs coherence, there is also a need to achieve a balance between innovation and stability as well as between coherence and focus on one hand and diversity on the other hand (Rijneveld et al, 2012).

Table 5: The 5 Core Capabilities in keywords.

Capability	That deals with
To act and commit	Willpower, empowerment, motivation, attitude, confidence, identity, leadership
To deliver on development objectives	Basic mechanisms and systems that enables to carry out the goals of the organization
To adapt and self-renew	Learning, strategizing, adaptation, repositioning, managing change
To relate to external stakeholders	Manage relationships, credibility, accountability, networking, ensuring resource mobilization, protecting space / autonomy
To achieve coherence	Manage internal diversity, balance innovation and stability, control fragmentation, manage complexity

4.3 The purpose and advantages of the 5 core capabilities framework

The 5 Core Capabilities framework operates as a lens that allows an organization to look carefully at its own existing capacity. It allows the organization itself to take a decisive role in what capacity is needed for what purpose. It is not a model that seeks to impose anything on an organization.

In using this lens, some basic assumptions are of importance. First of all it is necessary to look to the entire picture. Although the capacity of an organization is conceptualized into 5 Core capabilities, these capabilities are very closely inter-related. It is rarely the case that an organization excels at one capability while another capability is not present at all. There is even a certain overlap between the 5 capability areas. Only an assessment of all 5 capabilities enables one to comprehensively assess the overall effectiveness of an organization. In that sense, all 5 capabilities are equally important: none of the capabilities can be considered unimportant. This almost means that there is no ranking or distinct assigned rating of the capabilities. The 5 Core Capabilities framework does not present a series of building blocks nor phases that an organization has to go through. This leaves unchallenged that capacity development or a capacity development programme cannot take place in a phased manner. Taking this all into consideration and putting it in simple words, all 5 core capabilities are essential in the assessment of an organization's capacity. Many approaches and models in monitoring and evaluations exists; most of them utilizing predefined indicators. There are some advantages for assessing capacity in performing the 5 capabilities compared to a valuation with predefined indicators. In many cases the indicators are enforced by others; this could be central government or international donors. The indicators intend to quantify the outputs or even outcomes or they intend to measure the level of capacity available. The 5 capabilities' assessment is an internal driven process that focusses entirely on capacity. First of all the assessment provides for in-depth discussion on the capacity needed. There are no a priori restrictions imposed from the outside, so therefore a very broad look at capacity development in the local government is supported. It includes the existing positive element of capacity next to what has to be improved. It goes beyond the harder indicators of capacity, such as staffing, organizational procedures, accounting and project management skills; it address the softer dimensions as well, such as legitimacy, resilience, trust, learning culture, etc. Because it is an internal driven process, it is helpful to learning processes that already exist in the organization. There is no determination of external, donor-driven indicators that they need for their own accountability accomplishments.

4.4 Practical application of the 5 capabilities

So far, we have discussed the 5C framework in a rather conceptual manner. Before proceeding, it might be useful to illustrate how the concept could be used in a practical way, particularly as a (self-) assessment tool. Imagine for a moment that we are able to come up with a number of general indicators (or 'pointers') that would capture each of the 5 core capabilities in a more or less objective manner (for instance, using a 5-point scale or a 10-point scale). In that case, a local government could use this instrument to conduct a capacity development self-assessment of its own organization on the basis of these 5 core capabilities.

Figure 3 presents an example of a visual presentation of such an assessment in the form of a spider diagram. Such an assessment would allow a local government organization to determine what the relative strengths of the organization are vis-à-vis its relative weaknesses, while at the same time allowing it to potentially say something about its capacity compared to other (similar) organizations, and/or the organization's capacity over time. Such an analysis could form a practical and valuable input into formulating an organization's capacity development strategy

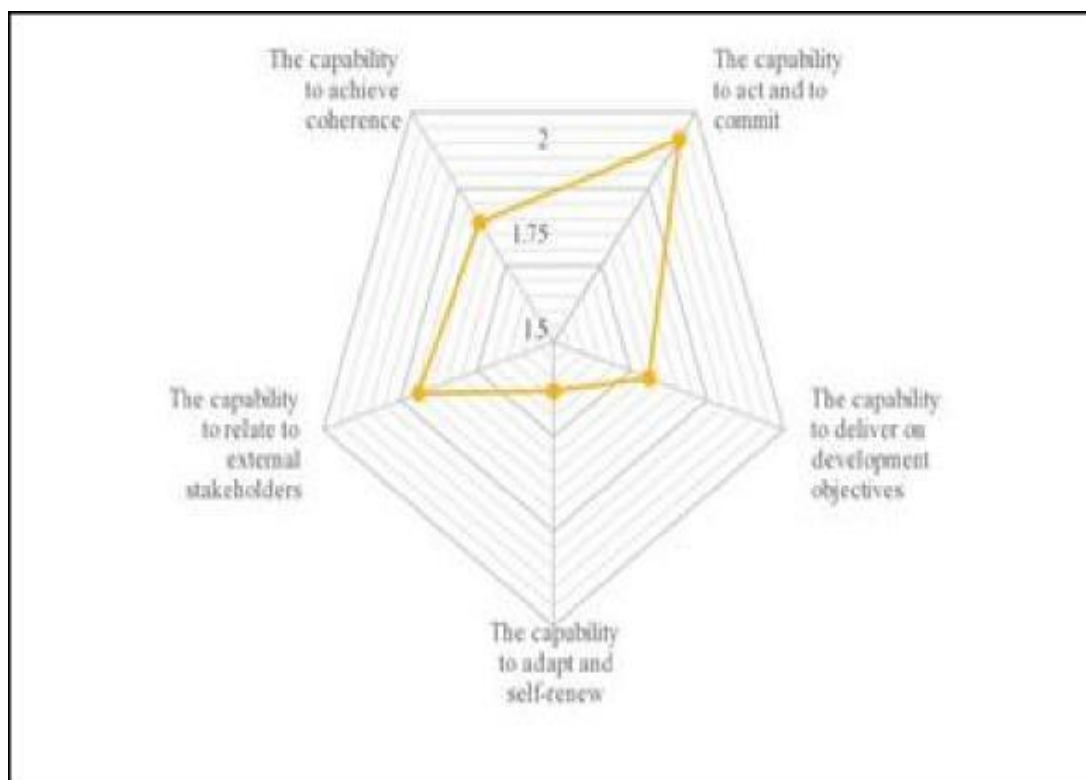


Figure 3: Example of 5 core capabilities presented as a spider diagram (or radar chart)

5

Applying the 5 capabilities to local governments

In order to apply the 5C framework to the assessment of local governments, we first have to establish that the 5C framework can be meaningfully applied to local government organizations (which is done in the current section). Next, we propose indicators to be used in quantifying each of the 5 core capabilities (Section 6).

5.1 The Local Government Capacity Program

The Local Government Capacity Program (LGCP 2012-2016), implemented by VNG International, aims to develop the capacity of local governments and local government associations in ten countries, in order to contribute to sustainable local economic development and to support the four prioritized themes of the Dutch international cooperation policy: water management; fragile states, security and legal order; food security; and sexual and reproductive health and rights. The countries in which the program is being implemented include Benin, Burundi, Ghana, Mali, Nicaragua, the Palestinian Territories, Rwanda, South Africa, South Sudan and Uganda.

In the context of the LGCP, VNG International worked with its counterparts in these ten countries to apply the 5C framework to guide the capacity development efforts of participating local governments and local government associations. Along the way, as noted further below, VNG International tailored the 5C approach to the situations faced by local government and their associations by defining what aspects were related to each of the different capabilities (Table 6). Accordingly, each LGCP country program was developed to prioritize not only a specific service or theme in line with country priorities (e.g., water, local economic development, and so on), but each work plan also identified the most relevant capabilities to be worked on in line with the 5C framework.

In fact, the use of the 5 capabilities became more integral to the LGCP during the second and third years of the project as the tool was increasingly understood by the LGCP's partners as a useful framework for (self-) assessing the organizational capacity of local governments and associations of local government and for identifying areas of institutional reform.

5.2 Key differences between local government organizations and NGOs

VNG International is the first organization to apply the 5 capabilities to local governments and local government associations in a systematic manner. Although the conceptual documents underpinning the 5C approach do not state so explicitly, it appears that the 5C framework was designed mainly to guide the capacity development of NGOs working within the global development community. This strong focus in its orientation on NGOs justifies the question: is the 5C framework applicable to local government organizations? There are many differences between NGOs and local governments. For now, we focus on five key differences that very likely affect the application of the 5 capabilities (Table 7).

First, an important factor that complicates the organizational functioning and effectiveness of local governments when compared to NGOs, is the fact that local governments are established and recognized by national law. The mandates and functions of local governments are anchored either in the constitution or in the relevant local government act(s). As a result, a local government is not free to choose what to do or what not to do. In fact, a local government rarely even has the power to decide whether it would like to exist. In stark contrast, NGOs are pretty much free to do what they like to do, as long as they are able to identify the necessary support and resources for their ambitions.

From a legal point of view, NGOs can operate in a virtually unimpeded manner: they are only bound to adhere to legislation regulating their NGO status. In contrast, local governments typically operate within a legal, regulatory and institutional framework where the central government (and sometimes, regional government) has extensive powers to impose laws and policies that effect local governments in positive or negative ways. The functions of local governments are prescribed by national law; the planning and budget cycle is typically prescribed by the centre; the local government's revenue sources are generally limited by national law and regulations; and central line ministries often issue extensive instructions or guidelines which local governments must adhere to when delivering local services. In other words, there are numerous external factors or forces that limit the ability of local governments to act freely.

In fact, local capacity development efforts can even be hindered by the subsidiary role that local governments play in many countries. For instance, to the extent that the number of local government staff positions has to be approved by central government, the centre may have little or no incentive to approve adequate local staff levels if this comes at the expense of additional central government staffing. Lobbying may be needed to change context within which local capacity development takes place. In these cases, we see a major role for local government associations as an advocate for stronger local governments.

Table 6. The 5 capabilities tailored for local governments and local government associations

To act & commit	Willpower, empowerment, motivation, attitude, identity, confidence, leadership	<ul style="list-style-type: none"> • Vision • Political leadership • Decision making processes • Relationship between executive and full council • Relationship politicians and staff • Dedicated, motivated and self-assured staff
To deliver development objectives	Basic mechanisms and systems that enables to carry out the goals of the organization	<ul style="list-style-type: none"> • Objects of the organization are central in decision making • Strategic planning, implementation plans • Objects are converted in implementable activities • Service delivery • Resources (budgets and people) are sufficient to reach objectives • The right people at the right spot
To adapt & self-renew	Learning, strategizing, adaptation, repositioning, managing change	<ul style="list-style-type: none"> • Internal organizational processes • The learning organization • Learning from others • Able to cope with changes • Able to protect its own space
To relate to external stakeholders	Manage relationships, credibility, accountability, networking, ensuring resource mobilization, protecting space autonomy	<ul style="list-style-type: none"> • Inter-governmental relations • Network analyses • Inventory of relevant stakeholders • Public participation • Accountability towards the public and to other spheres of government • Form coalitions with other organizations • Relationship to local business
To achieve coherence	Manage internal diversity, balance innovation and stability, control fragmentation, manage complexity	<ul style="list-style-type: none"> • Relationship between politicians and staff • (Middle-) long term planning • Distinguish primary tasks and side issues

Second, local governments—by their very nature—have an elected political leadership next to a professional local government staff. In other words, local governments are politically driven organizations. While different leaders within an NGO may have different views and positions, in the absence of popular elections, they are not politically driven in the same sense as local governments are³.

In local governments political leadership can change after elections; in principle the leadership does not exceed a term of office, apart from re-election. There can be a potential conflict between the professional staff and the local political leadership regarding issues of organizational management and the relative importance of staff development. The nature of the relationship (good or bad, trust or mistrust) between political leadership and local government staff makes a lot of difference for the effectiveness of the capacity development. The better the understanding is, the more capable the organization will be.

There are numerous examples where the political nature of local government organizations impacts how it operates. For instance, with respect to local revenue-raising, it is easy for an outsider to argue that greater local revenue ought to be collected in order for the local government to implement improved local services. In the political reality of the local government organization, however, this is a much more nuanced decision. The same is true for any spending decision that has re-distributional implications at the local level. For instance, although improving access to clean drinking water and sanitation is a universally supported global development goal, the decision whether a local government should increase a tax (say, the property tax, which is disproportionately paid by wealthier residents) in order to improve water and sanitation access for the urban poor is a quintessential local political question.

Third, rather than focusing on a single issue, local governments typically deliver a variety of different services and have to deal with many issues: local economic development, social welfare, education, planning, housing, waste collection; just to mention a few that are far apart of each other. Even though each of these services are delivered within the space of the local jurisdiction (with greater or lesser involvement of the local government), each of these services is quite different in the way it is delivered. Whereas at the national level each function or service is managed by a separate line ministry staffed by sectoral experts, the local government has to be a 'jack-of-all-trades'. Of course, the exact functions and responsibilities assigned to local governments vary from country to country. The key point which we are trying to make here is that compared to NGOs (which most of the time exclusively deal with a single issue), local governments as organizations are much more complex.

³ It should be noted that the political nature of the leadership does not necessarily mean that the local leadership is formed by political parties. However, to the extent that the leadership is elected and has real decision-making power, its decisions automatically become political.

Table 7: Characteristics of local governments that effect the 5 capabilities

Characteristics	Results in	Effects the capability
Established and recognized by national law	<ul style="list-style-type: none"> Local government is not free to choose what to do or not to do Capacity development can be hindered by national laws or policies National policies influence local politics Budget levels limited by national policies Powers limited by national policies 	<ul style="list-style-type: none"> To adapt and self-renew To deliver on development objectives To relate to external stakeholders To achieve coherence
Politically driven	<ul style="list-style-type: none"> Elections lead to change in leadership The understanding between political leadership and local government staff is crucial factor 	<ul style="list-style-type: none"> To act and commit To deliver on development objectives To achieve coherence To adapt and self-renew
Variety of different services	<ul style="list-style-type: none"> Dealing with many issues and objectives make local governments to quiet complex organizations it is a challenge to have policy coherence and keep departments connected 	<ul style="list-style-type: none"> To deliver on development objectives To achieve coherence
Staff shortages, weak capacity and a lack of motivation	<ul style="list-style-type: none"> Committed staff is not a given fact At staff level motivation is lacking Capacity is not sufficient 	<ul style="list-style-type: none"> To act and commit To deliver on development objectives
Multiple relationships	<ul style="list-style-type: none"> Challenge to manage the complex relations No coherence in messages to stakeholders 	<ul style="list-style-type: none"> To relate to external stakeholders To achieve coherence

Fourth, there is a cumulative effect of the previous three points on the effectiveness of local government organizations. Since local government organizations are heavily constrained by central government legislation, regulations and decisions; are fragmented across numerous local functions; and are subject to local political decisions, working for local government is not always an attractive proposition. When we add to this the low appreciation – and low wages – typically received when working for local government, this frequently results in a situation in which local governments face challenges with staff shortages, weak capacity and a lack of motivation.

Dedicated and motivated personnel makes a difference in capacity development processes. This is not to say that many local governments aren't fortunate to have excellent and dedicated staff, but this is not a fact that can be taken for granted given the many constraints placed on local governments. In contrast, the personnel of many NGOs is typically highly dedicated and committed to their organization's mission. We cannot always argue the same for local governments.

Finally, local governments maintain multiple relationships, for instance, with civil society organizations, the local business community, local pressure groups and inhabitants in general. These relationships can be complex and nuanced. In one local policy area, for instance, it may be important for a local government to have good relations with a certain NGO. At the same time, the local government may easily be able to do without the same NGO in other policy areas; in fact, this NGO might be a nuisance to other local departments. Because of the complexity of local relationships at the local level, it is no easy task to maintain coherence and to manage multiple external relationships.

The five particular characteristics of local government organizations effect the application of the 5 Capabilities framework to local governments in one or another way. These characteristics have to be taken into account in order to for capacity development initiatives to be effective (Table 7). For instance, to focus on the capability to act and commit for staff and politicians in charge is not effective as long their mutual relationship – how they work together effectively – is not addressed.

5.3 Differences in country context

Country context has a major impact on how the 5C framework should be applied to local governments in any particular country, and limits the ability of the framework to serve as a comparative assessment tool. For instance, an assessment of a local government's ability to act and commit — as well as the assessment of a local government's other capabilities — will depend a lot on the functions and responsibilities which are assigned to local governments by national law. These functions vary from country to country. In some countries, such as South Africa, local governments focus largely on "municipal" functions, including solid waste management, local road maintenance, and other basic local functions. In other countries, such as Uganda or Rwanda, local governments are assigned extensive functional responsibilities, including the responsibility to operate primary schools and to provide local health services. In yet other countries (especially in many Francophone countries and in most South Asian countries), the responsibility for the provision of most public services is retained by central government agencies. In these countries, the role of local governments is often limited to serving as a community liaison mechanism.

A further complication is that there is often a difference between the "de jure" or legal functions assigned to local governments in a country and the "de facto" or factual situation. It is not unusual for national legislation to assign a particular function or responsibility to the local government level, while in reality, local governments may not be empowered in practical terms to perform that function.

As we note further below, the differences in functions and responsibilities of local governments between countries (and sometimes even within countries) makes it hard to come up with a specific set of indicators to assess a local government's ability to achieve its objectives.

6 Assessment indicators for each of the 5 capabilities

Up to this point, we have made a sequence of four arguments. First, local governments play an increasingly important role in the public sector and development. Second, the core challenge being faced by local governments (and local government associations) in countries around the world is the need to develop their organizational or institutional capacity. Third, we have argued that effective organizations have 5 core capabilities that allow them to achieve their objective and create value for their stakeholders. Fourth, we suggested that some consideration is required in applying the 5 capabilities framework to local government organizations, since local governments are a specific and unique type of organization.

The discussion up to this point has largely been conceptual in nature. This does not mean, however, that there is no practical application of these concepts. In fact, we would argue that the 5 Capabilities framework provides a valuable analytical framework for local governments to assess their own capacity as a starting point for an internally-driven capacity development process. In this light, as part of its LGCP, VNG International (2015) recently released a 5 Capabilities Toolkit which allows local governments to do exact that. Yet, in order to practically apply the 5C framework as an assessment tool for local government capacity, there is a need to define indicators or “pointers”. In order to transform the 5 Capabilities framework into a practical analytical tool, VNG International identified five key issues or capacity indicators for each of the 5 capabilities. For each of the resulting indicators, LGCP applied a standard scoring scale for the indicators of each local government capability ranging from “basic” to “very good” (Table 8).

Before proceeding, it should be noted that the measures and indicators chosen to assess each capabilities in the LGCP application of 5Cs (discussed below) are not the only possible set of indicators that could be used to assess each capability. It is possible to further contextualize the pointers for local government in different countries as needed. Nevertheless, these indicators were found to be helpful in identifying capacity weaknesses and useful in programming capacity development activities.

Although LGCP works with local governments as well as with associations of local governments, for convenience, the discussions in the remainder of this section focuses on the application of the 5C framework to local governments (and not their associations).

Table 8: Scoring scale for the indicators

Qualification	Score between	Which means, in one sentence	Characteristic
Basic	0 – 1	<i>“We know this aspect is important, but we do not put it in practice.”</i>	The organization is aware of the aspect.
Developing	1 – 2	<i>“The aspect has our attention, we are working on it, but it is not yet structured.”</i>	The organization seriously explores how to take a step forward.
Performing	2 – 3	<i>“Steps are taken to integrate the aspect in the organization.”</i>	The organization is in the transition of old customs and habits towards new practices.
Very good	3 – 4	<i>“The aspect is fully integrated and rooted within the organization.”</i>	The organization has completed the process of change.

6.1 The capability to act and commit

In order to be effective, local governments — like any organization — need to have processes in place to make decisions: to act and commit. Depending on the local government structure in a country, the most important decision-making body is the local council. In other countries, the local executive (i.e., the mayor) is the dominant local political leader, with the council playing a less important decision-making role.

Whatever the local political arrangement is, there is a need to ensure that the local government — as an organization — is effectively able to make decisions and commitments. In addition to the relationship between the local executive and the council, the quality of the relationship (good or bad) between political leadership and local government staff makes a difference for the effectiveness of the local government, and for the ability of the institution to engage in effective capacity development.

The capability of a local government to act and commit goes to the core of its function as a local self-government. In order to be an organization that legitimately represents the interests of its constituents, local decision-making processes have to be transparent, participatory and contestable, yet in the end, clear local decisions have to be made about its plans and priorities.

In order to determine a local government’s capability to act and commit, five issues or indicators have been identified that provide a relatively objective and consistent assessment of the local government capability in this regard. Rather than stating these issues as questions, each indicator is posed as a statement, so that they can be evaluated with the scoring scale indicated above as being completely true (indicating excellent capability – 4 points), completely false (0 point), or somewhere in between. The five indicators of a local government’s capacity to act and commit are presented in Table 9

Table 9: Indicators for the capability to Act and Commit

	Capability Indicator	Details of the indicator
1.	Decision-making of the local government (association) is transparent	It is clear what decision is made; the decision-making process is open to all stakeholders or inhabitants; no hidden agendas, no secret conditions, no discrimination between men and women, open to the public/citizens (men and women) for verification. The decisions were inclusive: problems and opportunities for all inhabitants (men and women) were targeted. Decisions were legitimately taken.
2.	Political leadership of the local government (association) is willing to be open over decision-making to other spheres of government and/or to their constituents.	Politicians in charge, such as councillors and executive mayors, are willing to clarify why and how decisions were made to other spheres of government (in the framework of inter-governmental relations) and to the voters, or in a broader sense, to all residents or citizens (men and women) falling under the local government. This can be expressed in a willingness to answer questions from inhabitants or the media, or from the central government.
3.	Management of the administrative organization in the local government (association) is willing to be open over policy preparation and implementation to the political leadership.	Senior department staff, directors and/or deputy directors and members of the management team in the local government (association) are willing to clarify how and when policy was prepared, by whom, on what figures or evidence it was based, and how it was implemented to the politicians in charge (councillors, mayor). This also points to the absence of hidden agendas, discriminatory practices and secret conditions.
4.	Relationships between politicians and administrative staff are effective, there are no conflicts of competences.	The working relationships between politicians and staff are satisfactory or good. There is sufficient mutual trust. Both parties keep to their roles. Relevant information is not hidden from each other.
5.	The local government (association) is accountable to other spheres of government and their constituents.	The local government (association) is answerable and willing to explain decisions and policies to other spheres or levels of government, such as districts, provinces and central government. In most cases, this will be an obligation under the law. They are answerable and willing to explain decisions and policies to the voters and other residents. In the absence of legislation, the willingness to explain decisions and policies needs to be encouraged and this implies a more active role of the local government (association). Communication is the first step: residents must be aware of decisions taken before they can hold local government responsible.

6.2 The capability to deliver on development objectives

Once a local government's leadership has decided to act and commit to a certain course of action, is it able to operationalize its plans, perform its functions, and deliver the services within its realm of responsibility? In other words, are the basic mechanisms and systems in place within the organization to implement and execute the policies and strategies identified by the leadership to achieve the organization's objectives?

In order for a local government to carry out its plans and deliver on its development objectives, the local government's plans should be aligned with local development priorities, while the local government should have sufficient and capable staff; clear organizational responsibilities; adequate financial resources; and effective administrative mechanisms in place.

Ultimately, however, the proof is in the pudding: if the local government is capable to deliver on its development objectives, this should be evidenced by success on the outputs and development outcomes that it targeted (e.g., higher enrolment and literacy rates; an increase in the share of attended births and lower infant mortality; and so on). Of course, to the extent that local governments have many different functions and development objectives across a range of different sectors, it may be difficult to assess the effectiveness of a local government in delivering on its development objectives on (service delivery) results.

In order to determine a local government's capability to deliver on development objectives, five issues or indicators have again been identified that provide a relatively objective and consistent assessment of the local government capability in this regard. These five indicators are presented in Table 10.

Table 10: Indicators for the capability to Deliver on Development Objectives

	Capability Indicator	Details of the indicator
1	Decision-making by the political leadership of the local government (association) takes development objectives into account.	The goals of the local government are apparent in the decision-making process and in the decisions made. What the local government preaches is practiced. Decisions take into account legal protection regarding land ownership and local taxes. There is no corruption.
2	Number, composition and expertise of staff is adequate in view of the objectives of the local government (association).	There are sufficient staff members to achieve the objectives. The abilities needed to achieve the objectives are present within the team, and staff have the knowledge and skills to achieve the objectives. A gender balance is ensured in the team to take full advantage of the specific skills and sensibilities of men and women.

3	Strategies and policies, development plans, association strategic plans, service delivery plans are in place and describe the priorities of the local government (association).	The administration of a local government (association) develops many documents in the form of policies or strategies on how to get somewhere. They could include plans on how to implement service delivery to all inhabitants (men and women) such as for water, sewerage or solid waste collection, and also plans for the timely delivery of licenses and permits. Alongside the development of strategies and plans, the political decisions in the council are important. The focus is on plans and decisions made in council, not their actual implementation.
4	Implementation plans are carried out and results are achieved.	By-laws are adopted and enforced. The implementation plans are successfully carried out in an effective and efficient manner. The objectives are achieved (e.g., in a specified neighbourhood, the solid waste is collected once a week and transported to the landfill site).
5	Sustained funding levels are <i>adequate</i> in view of the objectives of the local government (association).	There are sufficient funds to be able to implement. (e.g., there is enough budget to pay staff, buy petrol and eventually replace the truck used to collect the solid waste). The source of the funds is not relevant here: it could be local taxes, transfers or grants.

6.3 The capability to adapt and self-renew

Local governments in many developing countries are relatively passive entities that administer centrally-mandated public functions, responding to instructions from the top and complying with central government rules and regulations. This is a far cry from dynamic, high-performing local government organizations which are capable of proactively and autonomously identifying and responding to the needs of local constituents (Kimble, Kapitanova and Boex, 2012).

The extent to which local governments are able to adapt and self-renew is driven by various internal as well as external factors. The local political leadership can engage in (and promote) participatory governance approaches, regularly monitor and evaluate the progress made on its development objectives, and encourage internal learning and reflection.

At the same time, however, local governments are often constrained (either politically, administratively or fiscally) in proactively advocating for the priorities of their local constituents. While national political leaders and central government officials are often happy to support decentralized local government as long as they themselves gain electoral support or reap benefits from their support of decentralization, central governments are often much more hesitant to empower local governments if doing so is felt to come at the expense of central government power and resources (Eaton and Schroeder, 2010).

In these cases we see a major role for local government associations to lobby for changes in the relationship between central and local authorities before local capacity development efforts can be truly effective.

In order to determine a local government's capability to adapt and self-renew, LGCP has identified five issues or indicators that provide an assessment of this local government capability (Table 11).

Table 11: Indicators for the capability to Adapt and Self-Renew

	Capability Indicator	Details of the indicator
1.	Political leadership of the local government (association) responds adequately to changes in the context and the environment.	The politicians in charge (councillors, the mayor) respond sufficiently / satisfactorily to changes in circumstances such as cuts in grants from central government, new legislation effecting local policies, or a change in the demands from citizens.
2.	The local government (association) has organized strategies for lobby and advocacy.	Lobbying and advocacy are ways to cope with changes effecting local government policies and performance. The focus here is on the ability to develop strategies for lobbying and advocacy to manage or even counter the effect of the change. Strategies should be gender-sensitive.
3.	Political leadership of the local government (association) encourages internal learning and reflection.	The politicians in charge (councillors, the mayor) stimulate the learning that should take place as a result of the day-to-day interactions between local government colleagues in which, for instance, interactions between men and women are encouraged. Interactions should allow time for reflection to consider how one works, what choices were made and what skills were applied.
4.	Monitoring and evaluation moments are determined and realized.	Monitoring is the regular collection and analysis of information that enables timely decision-making. Evaluation is a systematic examination of a completed project, program or strategy.
5.	Learning from within the organization and from other organizations has taken place.	Learning, to an extent systemized, has taken place from others in the organization and from other organizations. This can take the form of short peer lectures, mentoring, learning-by-doing etc. within one's own local government (association) and between local governments (associations) or from relevant organizations. In an ideal situation, knowledge gained is managed and stored in the organization.

6.4 The capability to relate to external stakeholders

The fourth out of the 5 capabilities is the capability to relate to external stakeholders. Local governments have many, and often complex, relations with external stakeholders at the local level, including local residents (voters, taxpayers and clients), the local business community, local religious leaders and other local civil society actors. In addition, local governments have to successfully manage their relations with stakeholders at the national and even international level.

A local government's ability to effectively relate to external stakeholders is complicated by the political nature of the local government as an organization, and by the diversity of activities that a local government typically engages in. For instance, conflicts may arise between the desire of the local government to effectively (and fairly) manage its local taxpayers on one hand, and the desire of local political leaders to secure votes on the other hand. Similarly, an NGO that may support the local government in achieving one policy objective one day (e.g., supporting improved local education) may be considered a nuisance the following day when it criticizes the local government for not doing enough to combat teacher absenteeism.

Managing relationships with external stakeholders in an effective and consistent manner is hard. In many developing societies, this task is further complicated by the (political and social) necessity to pay deference to officials from higher-level governments at the expense of the responsiveness to local constituents. In order to determine a local government's capability to effectively relate to external stakeholders, five issues or indicators have again been identified that provide a relatively objective and consistent assessment of the local government capability in this regard. These five indicators are presented below (Table 12).

Table 12: Indicators for the capability to Relate to External Stakeholders

	Capability Indicator	Details of the indicator
1.	Relevant stakeholders have been identified in implementation plans of the local government (association).	All stakeholders relevant to the objective or policy concerned are listed in the implementation plans of the local government (association). Special attention is given to stakeholders presenting a gendered perspective.
2.	The local government (association) maintains relevant relationships with external stakeholders in private, civil society and other government arenas.	The local government (association) maintains relationships – in the sense of informing and consulting - that are relevant for the objective or policy concerned: i.e. those relationships that offer support in achieving the policy. Stakeholders can be found in local businesses and private companies, in organized groups in society, including groups representing the interests of women or that are gender-sensitive, interest groups and local institutions (in education, labour, research, development) and in other spheres of government such as provincial and national ministries, parliament and national government institutions.

3.	The local government (association) is flexible and adapts to changing circumstances in its relationships with external stakeholders.	The local government (association) is able to cope with changing circumstances in its relationships with external stakeholders. For instance, if the policies of stakeholders change, the local government is able to maintain the relationship.
4.	Strategies to mobilize resources (human, institutional and financial) are in place.	The local government (association) is clear on how to mobilize the necessary human, institutional and financial resources. Here, the human resources are the people employed by the council (the staff); the institutional resources are the equipment and materials required to enable a proper implementation (cars, trucks, but also computers, software programs, office space and furniture); and the financial resources are the budgets required for implementation (payment for staff, rent, fuel for cars and trucks). Again, the focus is on the strategies in place and not on the actual implementation.
5.	The local government (association) is participating in partnerships with the private sector, civil society and other (local) governments to achieve development objectives.	The local government (association) participates in partnerships or alliances with private companies and/or with organized groups in society, interest groups and local institutions (in education, labour, research, development, promotion of gender equality and women's rights) in order to together achieve development objectives. Partnerships with the private sector are commonly known as public-private partnerships. Coalitions with civil society organizations could be determined by a Letter of Intention, a Memorandum of Understanding or a legal contract. In practice partnerships can be established with other local governments (e.g. in the same region) and other government agencies such as training institutions or the general auditor.

6.5 The capability to achieve coherence

The final capability that is possessed by effective local governments is the capability to achieve coherence. Internal coherence needs to be achieved despite the fact that the local government organization itself is complex and needs to facilitate numerous—often competing—internal interests, including those of the local executive, the local council, local department heads and local staff. Furthermore, local governments need to achieve coherence on positions with regard to their external stakeholders, despite the fact that they are often positioned within a complex framework of inter-governmental relations. They also deal with many issues. The more complex position of local governments effects the capacity development process.

In order to measure a local government's capability to achieve coherence, once again five indicators were identified to provide a relatively objective and consistent assessment of the local government capability in this regard (Table 13).

Table 13: Indicators for the capability to Achieve Coherence

	Capability Indicator	Details of the indicator
1.	Political leadership of the local government (association) is capable of maintaining coherence between ambition, vision, strategy and operations.	Local governments have many faces: there are several departments in a range of policy fields. To maintain a consistent message is a challenge. One of the roles of political leadership is to maintain a level of logic and consistency between the ambitions, visions, strategies and operations of the local government.
2.	The management of the local government (association) is able to deal strategically with external pressure and conflicting demands.	Pressure from all sides, caused by conflicting demands, is put on local government policies and practices. Fragmentation of policies is a threat. The local government (association) management has to cope strategically with this pressure and the conflicting demands, including conflicts over inequalities between men and women, without denying their existence.
3.	Local government (association) is capable of handling external support coherently in its strategies and policies (plans, projects, programs and budgets).	From many sides, both national and international, support is provided to local governments in projects, programs and budgets. Local governments have to deal with this support in such a way that it is consistent with the local government strategy or policy concerned, including securing a gender balance.
4.	The local government (association) is capable of integrating external support in an adequate way into their own strategy and operations.	The external interventions in the form of projects, programs and budgets have to be placed logically in the existing local government strategy, and in implemented or ongoing activities.
5.	There is a balance between innovation and consolidation.	There is a balance between what is new or novel (that could lead to improvements in performance) and what is existing and known to work.

7

The practical implementation of the 5C framework to local governments

This paper has sought to explore the argument that improving local government capacity and performance can be usefully guided by the 5 Capabilities framework. This was done by providing a chain of arguments which linked the increasing importance of local governments in development practice to 25 concrete indicators, or pointers that allow local government leaders and managers to assess the ability of their local government organization to perform their responsibilities in an effective, inclusive and sustainable manner.

Discussions among local government officials form a substantive part of the assessment process (VNG International, 2015). Each of the 5 capabilities is discussed in turn, while the discussion of each capability is guided by the indicators related to each capability. While the pointers have to be scored on a four-point scale in a way that allows the assessment of capabilities to be placed on a quantitative scale, arguably the more important role of the indicators is to serve as entry points for reflection, open discussion and a qualitative assessment in which matters can be looked at from different angles. When an assessment is repeated, the pointer's aim is to seize relevant information describing the changes occurred regarding capacity in the organization. In discussing each pointer there are three leading questions that allow for a fair insight in the existing level of capacity in a local government or local government association (See figure 4).

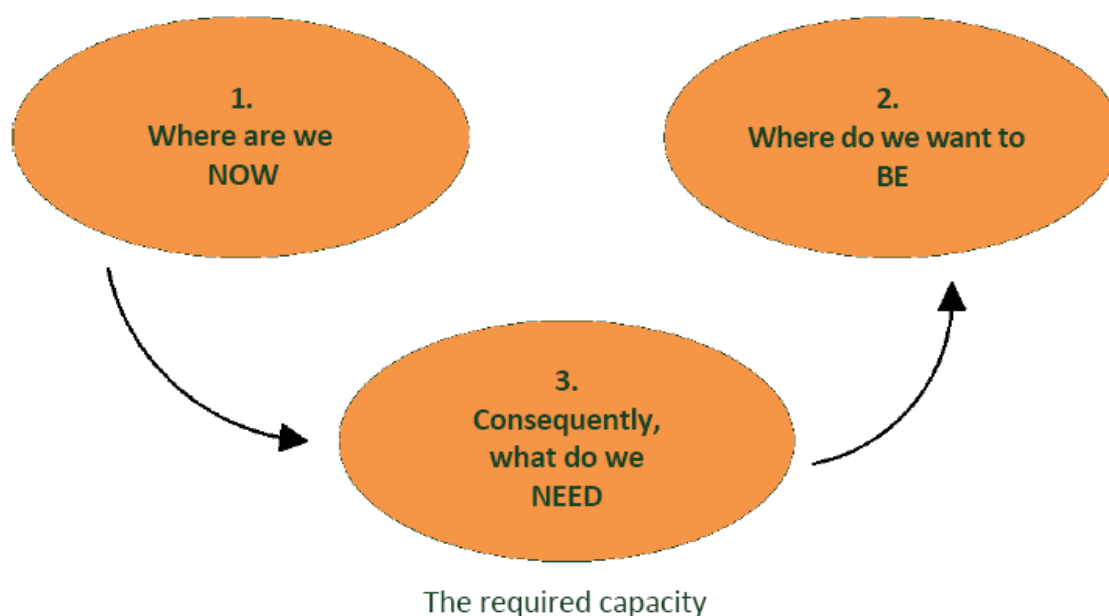


Figure 4: The Three Leading Questions of the Capability Assessment process

The three questions that are important are:

1. Where are we now?
2. Where do we want to be?
3. What do we need? (as a consequence)

These three leading questions form the backbone of the pointers to be discussed. They are posed to get an understanding on the existing capacity and what the institutional situation where the local government realistically would like itself to be with regard to its capabilities.

The third question 'as a consequence, what do we need' is forward-looking in nature and begins to ask what interventions are needed in order for the local government's 5 core capabilities to be developed. The local government's capacity development priorities and the specific nature of the capacity development intervention (whether it be leadership training or coaching, the development of internal learning mechanisms, incrementally enhancing the local government's ability to mobilize resources, reshuffling of staff, providing general training sessions or developing individual capacity development plans) is a topic that should be addressed after the entire assessment has been completed.

This brings us to our last observation: capacity development is not a one-off event, it is a process. In fact, for local government leaders to get insight into the institutional capacity of their own organization is a part of that process; and the institutional learning that result may in fact be more important than the immediate score or outcome of the assessment instrument.

The assessment is an exercise in reflection and analysis, thinking over the situation where you are and where you want to be. All in all, the process of discussion is more important than the scoring for each pointer. To a large extent, therefore, the scoring is the starting point for a discussion leading to capacity development, and not the end-result.

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