

## Executive Summary

This report presents the results of a mid-term evaluation of the Local Government Capacity Programme (LGCP 2012-2016). The LGCP, 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 the four prioritised 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 programme is implemented in ten countries: Benin, Burundi, Ghana, Mali, Nicaragua, the Palestinian Territories, Rwanda, South Africa, South Sudan and Uganda. The Dutch Ministry of Foreign Affairs finances the programme with a degree of cost sharing from the participating local governments in participating countries. The total budget of the programme is approximately 22.5 million Euros of which approximately 50% has been spent between 2012 and 2014, with the balance budgeted for 2015 and 2016.

The mid-term evaluation was undertaken by an independent contractor (DEGE Consult, Denmark) and is a case-based evaluation that analyses the performance of four countries (Benin, Ghana, Palestinian Territories and South Africa<sup>1</sup>) out of ten country programmes under the LGCP. The mid-term evaluation aims to contribute to accountability and learning. More specifically, the aims of the evaluation are:

1. To assess the effectiveness, efficiency and relevance of the LGCP programme to develop the capacity of local governments, local government associations and water authorities in participating countries
2. To make recommendations for learning purposes and potential programme improvement, which can also be used in the formulation of a new local government capacity programme.

Fifteen Evaluation Questions (EQs) framed the analysis of particular elements of the LGCP: its relevance, effectiveness and efficiency as well as some elements of likely overall impact and sustainability. The main report summarises findings for each EQ. The selection of the four countries was done in such a way that the evaluation covers:

- All major types of beneficiary organisations (local governments, local government associations and catchment management agencies) and
- All the main Dutch thematic development priorities (food security, LED, WASH, water governance).

The objectives of the four cases can further be summarised as below:

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<sup>1</sup> The Evaluation of the South Africa case included as per TOR only the water component

1. Benin: Increased capacity of six local governments, the National Association of the Municipalities of Benin (ANCB) to develop strategies and implement policies focusing on agricultural potential to yield increased economic growth. Total amount of the country programme according to the annual plan 2015: EUR 2,209,059 total expenditure for 2012-2014 has been EUR 1,343,822
2. Ghana: Increased capacity of five Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana to provide basic sanitation services. Total amount of the country programme according to the annual plan 2015: EUR 2,386,532, total expenditure for 2012-2014 has been EUR 1,258,648.
3. Palestinian Territories: Increased capacity of twelve (later amended to thirteen) selected Palestinian municipalities to enhance, organise and institutionalise LED services. Total amount of the country programme according to the annual plan 2015: EUR 2,143,964, total expenditure for 2012-2014 has been EUR 776,826.
4. South Africa: Increased capacity of three Catchment Management Agencies (CMAs) South Africa to enhance, organise and institutionalise water management. Total amount of the country programme according to the annual plan 2015: EUR 3,016,455, total expenditure for 2012-2014 EUR 1,664,172. Around 30% of the total amount is reserved for the water component.

## **Design Relevance**

All of the four country programmes have objectives that are very relevant to the respective local institutions in the sense that the local stakeholders have important capacity needs in the areas that LGCP aims to address. However, each of the four country programmes differ significantly with regards to how well the entire program design (including log-frame, institutional set-up, key activities, implementing partners etc.) in practice responds to the local context; in particular with regards to how the country program is positioned for achieving objectives regarding generation of policy lessons and policy impact.

When the project has the intention of “piloting”, it is important to have strong partnerships with relevant institutions that can effectively lead such a process and ensure replication and policy development. In Palestine this was successfully achieved by anchoring the project within the multi donor funded Municipal Development Programme led by the Palestinian Municipal Development Fund. In theory, the Local Government Associations (LGAs) are suitable for such a role (and the natural partner for VNG-I), but in practice they are in many countries (including Palestine, Ghana and Benin) too weak to play a practical lead role (or at least too weak to do so in isolation) for very ambitious pilots. In both Ghana and Benin the choice was made to collaborate with a local company with strong experience in development work and ties with national governments. These arrangements proved to work well for implementation of programme activities, but has in hindsight diminished local ownership and also limited potential policy impact and future sustainability. Another related key issue is how well the country programs are positioned among other related

(donor funded) programs (as discussed later in efficiency section). The anchorage of the LGCP in Palestine within the multi donor funded Municipal Development Programme easily assured donor coordination and replication while programs in both Ghana and Benin have been struggling with these issues.

## **Effectiveness**

It is challenging to measure the extent to which the capacities of the recipient organisations have been substantively built to the extent that organisational capabilities have improved. The LGCP M&E system aims to capture both programme activity progress as well wider results in terms of recipient organisational capabilities, but the latter indicators are yet largely to be populated. The 5C exercise (that has been undertaken three times) generally indicates improvements, but these self-assessments do not really serve as tool for objective measurement of organisational capabilities. Furthermore it can be observed that many of the LGCP capacity developments activities are in early stages (and only about 50% of the LGCP budget spent to date). Nevertheless, as captured by LGCP M&E reports, several promising developments can be noted in the form of identification of good practices (through benchmarking), various forms for reorganisation (e.g. creation of LED units and Councils in Palestine and organisational development of the CMAs in South Africa) as well as the development of improved plans (of the LGs or CMAs etc. in all of the four countries).

Capacity building alone, without changes of funding availability, may not result in improved deliverables by the local governments – and all the local institutions supported (with the exception of CMAs in South Africa) are facing significant funding challenges. The projects try in various ways to mitigate against this risk by assisting local institutions to access funding through improved planning and attempts of linking up with existing funding modalities.

The various approaches applied by VNG to capacity development have all contributed to results. Each modality has its own advantages specific to the local context. It can tentatively be concluded that:

- The colleague-to-colleague approach of VNG has developed markedly through the years. The concept of stand-alone local government twinning projects has been thoroughly revised, and replaced by country specific programmes, bringing together a number of local governments within one logical framework. The extent to which the colleague-to-colleague approach effectively deliver real results is foremost explained by the overall country programme design, or put differently: the colleague-to-colleague approach is in itself not a panacea or guarantee for results, but can be a very important ingredient in an overall well designed programme.
- The use of a grant modality in Palestine contributed significantly to local ownership of capacity development activities (smaller grant schemes are also part of the design of LGCP in Ghana and Benin, but there results are only expected from 2015/16)– this is an almost inherent feature of a grant modality (if well designed) compared to other capacity development modalities. A number of features of the Palestine capacity grant design proved critical for the relative success to date:
  - The grant design was part of a wider well established intergovernmental fiscal transfer system that explicitly provided room for piloting,
  - A strong Palestinian institution (MLDF) officially leads the management of the grant,

- The relative low capacities of the Palestinian municipalities for planning for use of the grant was mitigated by VNG through extensive facilitation of their concept papers and proposals through a two-stage competition,
- Benchmarking – works well for local governments to learn from each other. However, it requires constant follow up with the concerned LGs to ensure that facts and figures are verified, constantly updated and translated into local work plans, and not just a standalone one-off exercise or collection of good practices without sufficient screening. Benchmarking is not (only) about identifying “best practices”, but can also be a powerful tool for learning by LGs as to what does not work optimal and where e.g. cost efficiency savings can be made.

The overall project structure as coordinated through the VNG HQ has enabled a relative smooth project administration in terms of implementation of agreed activities and reporting on results to the Ministry in agreed formats. Within this overall structure, the country specific management structures differ substantively across the four countries and have led to different outcomes in particular with regards to local ownership that ultimately impact on wider policy impacts and sustainability. Thus the choice of MDLF in Palestine (and CMAs in South Africa) as key implementers substantially driving the respective programmes was key to their relative success. The much more limited involvement of NALAG and ANCB in Benin on the other hand has limited country ownership and wider results to date. The use of Resident Program Managers (RPMs) is relative new for VNG and generally works well; it ensures better day-to-day interaction between VNG and program stakeholders in the respective countries. The particular set-up of the RPMs differs across the four countries; their effectiveness depends on many factors – most importantly their institutional anchorage.

The overall system for M&E of LGCP has undergone significant change since an internal review in October 2014. The changes have included revised logical frameworks (approved by the Ministry of Foreign Affairs September 2015), further development of capacity development strategies and tools, development of an LGCP M&E framework and plan (May 2015) and several updated tools for M&E. These changes have improved the overall reporting on LGCP as reflected in the latest Annual Report that includes a change in report format and initial use of the new tools. An important change is recognition of the limitations of 5C quantitative scoring of local institutions for the purpose of monitoring overall progress on capacity development. Although several improvements can be noted, then there are weaknesses to be addressed:

- The M&E system is still mainly used for upward reporting rather than local level learning
- The qualitative aspects of capacity building experiences are still not well captured,
- Linkages between LGCP global M&E and existing national systems for monitoring local government performances can be further strengthened.

The 5Cs approach significantly influenced the initial conceptualisation of LGCP and the overall M&E system, whereby the overall result framework was structured along the 5Cs. Initially the program also sought to quantify scores of local institutional capacities in a stringent manner according to the same result areas. However, during programme implementation it was increasingly realised that quantification of 5C scores have so big challenges that it cannot be used as tool for

objective measurement or “evidence” of capacity development. The problems arose in part because the 5C approach was expected to fulfil several functions simultaneously:

1. As self-assessment tool to increase awareness of specific capacity development challenges within local governments – and in this manner guide local level planning,
2. As theoretical model for LGCP to define aspects of capacity development within local governments – and thus a tool for LGCP program management to provide input on capacity challenges for the new annual plans
3. Finally; as a tool for measurement of progress and achievements in capacity development by comparing scoring from the exercises on regular basis compared to initial baselines.

In realisation of this, VNG has subsequently emphasised only the two first functions of the 5C approach.

### **Efficiency**

The programme has generally delivered outputs in a timely and efficient manner. There have been some delays and under expenditure in comparison to several of the country plans – but this is not deemed to be critical as it is realistic to complete the project activities and spending in accordance to plans and budgets by end of project period.

The quality of the specific capacity development inputs (benchmarking, colleague-to-colleague, coaching, advise, trainings etc.) is generally high and costs of particular inputs were not found excessive. The inputs from the Dutch municipal experts are provided at rate far below normal international consultancy rates and contribute significantly to the cost efficiency of the program. In some areas it can be noted that local institutions provide very significant levels of co-financing that add further to overall program efficiency. However, an area where programme efficiency could be improved relate to the costs of the overall administration as well as in more careful balancing of local/Dutch municipal experts inputs in particular in situations where significant time is spent on travelling.

There is significant variation across the four country programmes regarding how well activities are coordinated with other donors and programs. Partnerships and coordination are strongest in Palestine – and weaker in other countries.

### **Sustainability and Impact**

The LGCP projects in the four country case studies all aim in various way to influence policy as means to wider ultimate and sustainable impact on (local) economic development (Palestine), food security (Benin), integrated water resource management (South Africa) or improved sanitation (Ghana). The four countries share some common approaches to work on policy development as they all aim to influence policy in various way from the “bottom up” through “piloting” or demonstration of procedures, systems etc. in select local institutions. However, the extent to which this is leading to the influencing of national policies and sustainable capacity development varies significantly. Among the four countries policy impact is most imminent in Palestine and South Africa. In Palestine the project is already engaged with the Ministry of Local Government to develop an explicit national policy on LED. In South Africa the LGCP has made important contributions operationalize the CMAs. However, in Ghana and Benin there has so far been less progress on influencing of policy and current project activities are also less likely (compared to Palestine and South Africa) to influence policy within the project period.

The LGCP impact on policy development is highly influenced by the overall institutional arrangements for each of the country programs: In Palestine where significant part of the work is lead by the joint Government/multi donor funded MDLF it is relative easy to influence policy, because LGCP is integrated into a national program where the explicit objective is to pilot for policy development. In South Africa the LGCP is based primarily on colleague-to-colleague exchange of experiences between South African and Dutch Water Management agencies and local governments. The peer-to-peer aim to inform the organisational and institutional policy framework for the emerging CMAs. The equal and mutually benefiting relationships as well as strong capacities of the South African CMAs for self-learning and influencing policy development are important key factors for the relative success.

In the other two countries the institutional anchorage of the LGCP is more distant from policy makers. In theory the local government associations in Benin and Ghana could play very important roles for ensuring that LGCP activities are fed into meaningful policy dialogue and development, however the project design deemed these institutions too weak to carry such project responsibilities. More efforts are required in these two countries to strengthen anchorage of project into institutions with policy mandates.

### **Main recommendations**

The country reports present a range of recommendations for improvement of the country specific programmes within the existing programme period. These are briefly summarised in boxes below.

#### **Palestine:**

- Prepare for LED capacity building beyond generic LED planning with emphasis on financial viability of projects and technical expertise on the themes so far identified by municipalities: agricultural development, industrial zones, tourism, and PPPs.
- Further sharing of international experiences; beyond the on-going and planned Dutch experiences it will be important to also learn from regional experiences that can possibly be more easily used in the Palestinian context.
- Design capacity building targeting the specific needs of politicians/mayors.
- Do not rush the development of the planned Policy on LED: ensure a process for policy formulation that is inclusive and builds on practical experiences.
- Further coordination of LED approaches is required: at technical level to be led by MDLF: and political coordination by MoLG. It is recommended that MDLF includes LED as substantive themes in forthcoming annual Review of MDP II and start consideration for LED in MDP III.

#### **Benin:**

- Negotiate with ANCB at senior management level (Board and Secretary General) their willingness to become the custodian of LGCP/Benin. If this happens then the RPM should move offices to the ANCB.
- Include all 21 communes in all activities.
- Reduce overseas coaching to missions with a very specific purpose directly related to the overall objectives of the project, being to increase the capacity of communes to facilitate LED.
- Find ways to directly link, integrate or even merge the exercises of benchmarking and the 5C-self-evaluation, and explore how this can be linked with the earlier efforts of the ANCB to have annual self-assessments for all communes in the country.
- Explore the option of having one, preferably resident, local trainer per province (part-time) covering different aspects, in order to save on travel time/cost and also to be able to cover more than the 2 communes per province, to be funded partly as a swap from the input of the foreign coaches.

### **Ghana:**

- With the adoption of sanitation for all at the community level, it is becoming increasingly paramount to involve Assembly Members in the training programme,
- The 5Cs and the benchmarking should be better linked to the FOAT system in Ghana.
- To ensure that the insights and gains of the LGCP are factored into policies and replicated, it is critical to ensure that key national level institutions such as MLGRD, LGSS and NALAG are always involved in workshops and training programmes.
- LGCP issues need to be brought to the attention of the wider sector-working group as well.
- Engage MLGRD to further elaborate on their interest and agree on the modalities for the documentation and replication of the benchmarking approach.
- LGCP should take note of on-going reforms at national level e.g. standardisation of local revenue items for improved revenue mobilisation and better management of outsourcing operations (PPP) to provide the needed guidance to the target districts in their decision making processes.
- The Embassy wants to have more contact and a better working relationship with VNG/LGCP and LGCP should ensure this moving forward.

### **South Africa**

- Keep building on the close contact to DWS, CMAs and Dutch Water Agencies.
- LGCP should make an effort to document what benefits various parties have under the colleague-to-colleague approach and exchange. This documentation of learning and exchange benefits would be the foundation for any future support.
- Make sure that future programmes keep attention on the equal partnership and usage of national/SA expertise/know-how could also be a resource for other participating less well-off countries.
- Think about establishing/maintaining a knowledge portal at DWS/SALGA.

The overall recommendations for the wider LGCP that are deemed relevant to implement within the existing programme period relates mainly to M&E system and programme knowledge management as it is recommended:

- Strengthen cross-country learning – and explore development of “good practice papers” and communicate such good lessons, best practices etc. in a simplified manner to wider audience.
- Strengthen the local and self-reflective aspects of M&E: The current system of M&E is primarily geared towards upwards reporting, with limited practical local use. A tool to explore further for both local and HQ M&E would be some form of case studies of relatively successful or failed capacity development efforts – or “stories of change”.
- Finally, start work in support of possible LGCP successor. The last year of LGCP should be used for capitalisation of lessons learned to feed into formulation of next phase/new form of programme. It is important that MFA at an early stage articulates policy priorities and general requirements for programming to guide such a process.

For a possible LGCP II it is recommended:

- Consider a design where greater synergies among participating countries can be realised. This may entail concentration on one or few “themes” that meaningfully can bring countries together for joint learning. Some possible areas of focus could be:
  - Local Economic Development is a thematic area of work where VNG has relative strong experiences, and where a large number of LGs across the world increasingly try to engage.
  - Urban growth issues – in particular for medium sized urban areas that do not have the capacities of capital and larger cities.

The thematic focus should at the earliest opportunity be agreed with MFA in order to allow for thorough program formulation.

- Invest in thorough country specific program design to ensure
  - Leadership by capable local partners – that preferably also can lead on donor coordination, replication and policy development issues,
  - Identification of problems where cross country learning and VNG expertise can make a meaningful contribution,
  - Close partnership with relevant other donor funded activities – in particular Dutch funded support. Thereby matching technical assistance/capacity development with financial assistance.
- Consider a different balance in use of RPMs and HQ staff with greater attention to local offices for programme management.