Decentralisation and the Establishment of Local Government in Lesotho

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Robert Sperfeld   Matrikel-Nr. 707036
                         Turnstraße 39, D-14482 Potsdam, 0331-88 74 37 8
                         Robert.sperfeld@gmx.net

Betreut durch

Dr. habil. Jochen Franzke   Universität Potsdam

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List of Abbreviations

BNP   Basotho National Party

CC   Community Council

CCS   Community Council Secretary

DA   District Administrator

DC   District Council

DCS   District Council Secretary

DDCC   District Development Coordinating Committee

DPU   District Planning Unit

GNI   Gross National Income

GoL   Government of Lesotho

HDI   Human Development Index

IEC   Independent Electoral Commission

LCD   Lesotho Congress for Democracy

LGA   Local Government Act

LGSC   Local Government Service Commission

LSL   Maloti (currency; international code; rate as of 24/06/06:
        LSL 1 = ZAR 1 = EUR 0,11)

MLG   Ministry of Local Government

MCC   Maseru City Council

MFDP   Ministry of Finance and Development Planning

n/a   Not available

PRS   Poverty Reduction Strategy

PSIRP   Public Sector Improvement and Reform Program

QSP   Quick and SMART Planning Approach

RC   Rural Council

SADC   Southern African Development Community

TRC   Transformation Resource Centre (NGO)

UC   Urban Council

WDI   World Development Indicators

Summary in German Language/ Zusammenfassung in deutscher Sprache

Robert Sperfeld

Dezentralisierung und die Einführung
kommunaler Selbstverwaltung in Lesotho

Zusammenfassung der Diplomarbeit in deutscher Sprache
nach §24 (6) der Prüfungsordnung für den Diplomstudiengang
Verwaltungswissenschaft

Einleitung

Das Königreich Lesotho ist ein Entwicklungsland im südlichen Afrika. Im Jahr 2003 belegte das 1,8 Millionen Einwohner zählende Land nur Platz 149 (von 177) des Human Development Indexes des Entwicklungsprogramms der Vereinten Nationen (UNDP). Es ist somit eines der am niedrigsten entwickelten Länder der Welt. Im Rahmen der Entwicklungsstrategie führt Lesotho eine Politik der Dezentralisierung politischer und administrativer Strukturen durch. Damit folgt das Land dem Beispiel vieler anderer Entwicklungs-, Schwellen- und Industrieländer. Orientierung für diese Politik bietet das in der internationalen Entwicklungszusammenarbeit anerkannte Leitbild der „Good Governance". Im Rahmen der Förderung von Good Governance wird Lesothos Dezentralisierungspolitik unter anderem auch durch die deutsche Entwicklungszusammenarbeit unterstützt.

Diese Diplomarbeit greift den Dezentralisierungsprozess in Lesotho auf. Es soll untersucht werden, wie die Umsetzung der Dezentralisierung im Falle Lesothos konkret zur Annäherung an das Leitbild der Good Governance beiträgt.

Zur Bedeutung der Begriffe Good Governance und Dezentralisierung

Als prägend für das verbreitete Verständnis des Governance-Begriffs gilt eine Weltbankstudie aus dem Jahr 1989 über die Gründe der Wirtschafts- und Entwicklungskrise in Sub-Sahara-Afrika. Hierin wird erstmals „die Art und Weise

der Ausübung politischer Macht zur Erreichung nationaler Interessen" (World Bank 1989:60; Übersetzung des Autors) als mitentscheidend für den Erfolg wirtschaftlicher Entwicklung betrachtet. Dafür steht der Begriff Governance, der somit den Fokus des entwicklungspolitischen Diskurses verstärkt auf die Rolle und die Funktionen des Staates lenkte. Eine verantwortungsvolle Erfüllung der Staatsfunktionen, auch umschrieben mit guter Regierungsführung oder „Good" Governance, gilt seitdem als Bedingung für wirtschaftliche Entwicklung und die Reduzierung von Armut und wird verbreitet als Leitbild für die Entwicklungszusammenarbeit akzeptiert. Wenn auch keine allgemein anerkannte eindeutige Begriffsdefinition existiert, so gelten doch Rechtsstaatlichkeit, die Beachtung von Menschenrechten, die Teilhabe der Bevölkerung an der politischen Macht und ein verantwortungsvoller Umgang mit öffentlichen Finanzen als elementare Bestandteile.

Dezentralisierung wird hier verstanden als Oberbegriff für verschiedene Formen der Verteilung von Kompetenzen von einer kleineren auf eine größere Anzahl von Akteuren. Relevant für die nachfolgende Fallstudie ist die Unterscheidung zwischen vier Formen. Politische Dezentralisierung betrifft die Aufteilung politischer Macht zwischen lokalen, regionalen und nationalen Volksvertretungen bzw. Regierungen. Die schwächste Form von administrativer Dezentralisierung ist die Dekonzentration. Hierbei werden Kompetenzen auf in der Regel regionale Untereinheiten derselben Institution verteilt. Demgegenüber steht die Devolution, bei der Entscheidungsbefugnisse auf kleinere, politisch und rechtlich selbständige Gebietskörperschaften übertragen werden. Die fiskalische Dezentralisierung betrachtet dagegen in erster Linie Fragen der Souveränität über öffentliche Haushalte und der Finanzausstattung von dezentralen politisch-administrativen Einheiten.

Hauptargument für Maßnahmen der Dezentralisierung ist die Heterogenität der zu verwaltenden Räume (Gemeinden, Regionen) und ihrer Bevölkerung. Hieraus ergibt sich die Notwendigkeit zur Anpassung politisch-administrativer Leistungen an die unterschiedlichen Bedürfnisse. Durch dezentrale Entscheidungsfindung kann diesen Unterschieden besser Rechnung getragen werden. Im entwicklungspolitischen Kontext gilt Dezentralisierung als eine Strategie zur

Förderung von Good Governance. Dezentralisierung schafft verbesserte Möglichkeiten zur politischen Partizipation und stärkt somit die demokratische Legitimität der Exekutive. Politische Verantwortlichkeit wird lokal verwurzelt. Unter der Annahme, dass lokale Entscheidungsträger die lokalen Bedürfnisse besser kennen, steigert sich auch die Effektivität des Einsatzes öffentlicher Mittel, denn sie können zielgenauer eingesetzt werden. Die Effizienz der staatlichen Aktivitäten erhöht sich. Andererseits erfordert die Aufrechterhaltung lokaler politischer und administrativer Institutionen erhebliche zusätzliche Mittel, die die Effizienz reduziert. Zudem können dezentrale Einheiten Ressourcen weniger gut bündeln, was den Verwaltungsaufwand erhöht und die Effizienz mindert.

Arbeitshypothese

Dezentralisierung zeigt vor allem Auswirkungen auf die Good-Governance-Ziele der demokratischen Partizipation und der Effizienz im öffentlichen Sektor. Die Umsetzung von Maßnahmen der Dezentralisierung ist insbesondere in Entwicklungsländern jedoch mit Risiken behaftet. Angesichts allgemeiner Knappheit wichtiger Ressourcen wie z.B. Wissen, Infrastruktur und finanzieller Mittel sind die Kapazitäten dezentraler Verwaltung tendenziell niedrig. Sie können nur wenige Aufgaben angemessen wahrnehmen. Dies erschwert die Realisierung von Effizienzgewinnen durch Dezentralisierung.

Daraus ergibt sich die Arbeitshypothese für die Untersuchung der Dezentralisierung in Lesotho. Der Aufbau von Strukturen kommunaler Selbstverwaltung kann zwar die politische Partizipation der Bevölkerung und die demokratische Legitimität von Entscheidungsprozessen erhöhen. Die Effizienz verschlechtert sich aber durch die laufenden Kosten der Lokalverwaltungen und ihrer in Entwicklungsländern tendenziell geringen Kapazitäten. Diese Hypothese ist auch im Hinblick auf das übergeordnete Zielsystem von Good Governance relevant. Wenn ein Ziel von Good Governance, Partizipation, das Erreichen eines zweiten Zieles von Good Governance, Effizienz, beeinträchtigt, dann ist Good Governance als normativer Rahmen für eine Politik der Dezentralisierung nicht anwendbar.

Analyserahmen und Ergebnisse

Die Untersuchung der Hypothesen erfordert eine vertiefende Betrachtung der Auswirkungen von Dezentralisierung auf die Ziele der Effizienz und der Partizipation. Das Erreichen beider Ziele wird anhand von Indikatoren und Kriterien qualitativ wie folgt eingeschätzt:

INDIKATOREN ZUR WIRKUNG VON DEZENTRALISIERUNG AUF EFFIZIENZ *Kriterien*		
Zentrales Management des Dezentralisierungsprozesses	**Politisch-administrative Kapazität der Kommunalverwaltungen**	**Fiskalische Dezentralisierung und Effizienz des Verwaltungsapparates**
Politischer Wille und Führung - Breite Unterstützung in der Regierung und Verankerung in maßgeblicher Entwicklungsstrategie - Ministry of Local Government hat eine klare Führungsrolle	*Personelle Kapazitäten* - umfangreiche Personaltransfers von Zentral- zu Lokalverwaltung und Neueinstellungen - Gute personelle Basis in Distriktverwaltung - Tendenziell zu viele und schlecht qualifizierte Mitarbeiter in Gemeinden (50% in Gehaltsklasse A, unqualifiziert)	*Bereitstellung finanzieller Ressourcen* - System von Finanzbeziehungen zwischen zentraler und kommunaler Ebene strategisch vernachlässigt und noch nicht existent - Ad-hoc erfolgten Zuweisungen auf Basis von Personalzahlen
Stabiler rechtlicher Rahmen für den Aufbau kommunaler Institutionen - weitgehend unpräzise und unvollständig, schlechte Abstimmung mit anderen Ministerien - viele Verfahrens-Unsicherheiten im Aufbau	*Mechanismen zur vertikalen und horizontalen Koordination von Behörden* - klare Informationsflüsse und verringerte Fragmentierung der Verwaltung - fehlende Institutionen zur Koordination der Distriktverwaltungen (DC) - Rolle des DDCC unklar	*Mobilisierung lokaler Ressourcen* - rechtlich möglich - Potential besonders im ländlichen Gebiet sehr gering
Ausübung von Prüf- und Kontrollfunktionen gegenüber Kommunen - MLG mit notwendigen Kompetenzen; Verfahren aber noch unklar - Bislang wenig Prüfbedarf, da Kommunen noch kaum selbständig agieren	*Technische Infrastruktur* - gut auf Distriktebene (Neuzuordnung zwischen DA und DC nicht abgeschlossen) - in vielen Gemeinden absolut ungenügend (fehlende Büros, keine Telekommunikation)	*Effiziente Kosten-Nutzen-Relation* - bei Gebietsreform nicht berücksichtigt - enorme Unterschiede der Gemeindegrößen - besonders in kleinen Gemeinden sehr hohe Verwaltungskosten - insgesamt 34% mehr Personal + Aufwendungen für Councillors

➔ MLG leitet den Prozess, Führungskapazitäten fehlen jedoch	➔ Gute Kapazität auf Distriktebene; mangelhaft auf Gemeindeebene	➔ Geringe Finanzautonomie und Verwaltungseffizienz; fiskalische Aspekte wurden vernachlässigt
Fazit: Strukturelle Defizite führen zu einer mittelfristig sehr geringen Effizienz der kommunalen Verwaltungen.		

INDIKATOREN ZUR WIRKUNG VON DEZENTRALISIERUNG AUF PARTIZIPATION
Kriterien

Bereitschaft zur Teilhabe an lokaler Demokratie	**Verantwortlichkeit und Bürgerfreundlichkeit von Institutionen**	**Zuständigkeiten der Kommunen**
Zivilgesellschaft und Existenz lokaler Eliten - wenig Traditionen im Management lokaler Politik - Chiefs mit wichtigen lokalen Funktionen - Politische Bildung anfangs vernachlässigt und verspätet gestartet - Einführung von partizipativer Planung mittels QSP	*Transparenz und Informationsfreiheit* - mangelnde technische Ausstattung erschwert Transparenz lokalpolitischer Institutionen - Volksvertretern fehlen Kontrollinstrumente gegenüber Verwaltung (z.B. Recht auf Aktenzugang, Anfragen)	*Prozess der Übernahme von Funktionen* - schrittweise Ausweitung von Kapazitäten und Kompetenzen - Ad-hoc-Prozess ohne transparente zeitliche Planung
	Wahlen und Repräsentation - freie und faire Kommunalwahlen - starke Verantwortlichkeit der direktgewählten Councillors für ihren Wahlkreis - Repräsentation in Städten deutlich schlechter - Wahlsystem marginalisiert Opposition	*Relevanz der kommunalen Kompetenzen* - unklare Definitionen - bislang wenig kommunale Autonomie, kaum Entscheidungsalternativen (z.B. keine Haushaltssouveränität) - keine unparteiische Konfliktlösung (Minister ist letzte Instanz) - Council-Tätigkeit tendenziell mit geringem Bezug zu aministrativer Tätigkeit
➔ Dezentralisierung stärkt die Fähigkeit der Bürger zu politischer Teilhabe	➔ Dezentralisierung schafft Verantwortlichkeit, Randgruppen sind jedoch schlecht repräsentiert	➔ Devolution findet statt, wichtige Entscheidungskompetenzen fehlen jedoch bislang
Fazit: Die Dezentralisierung stärkt Partizipation. Das Wahlsystem manifestiert die Dominanz der LCD im Parteiensystem. Entscheidungsbefugnisse müssen noch erweitert werden.		

Die Tabelle fasst bereits die wichtigsten Erkenntnisse der Untersuchung zusammen. Die Dezentralisierung schuf ein System von Institutionen, die die Dienstleistungsfunktionen der Verwaltung für den Bürger in den zweigliedrigen Kommunen konzentriert und somit die bisherige stark fragmentierte Leistungserbringung durch die nationalen Fachministerien ersetzt (Einen Überblick über die Institutionen kommunaler Verwaltung bietet Anhang 1).

Die Effizienz der geschaffenen kommunalen Strukturen reduziert sich durch eine bislang mangelhafte Führung und Koordination des Dezentralisierungsprozesses durch das MLG. Dieses Ministerium zeigt zwar Engagement für die Fortführung der Politik der Dezentralisierung. Seine Fähigkeiten und Kapazitäten, einen vollständigen und verlässlichen Rechtsrahmen für den Aufbau von Kommunen bereit zu stellen, reichen bislang aber offenbar nicht aus. So fehlen etwa klare Gesetzesvorgaben bezüglich der Kompetenzen lokaler Regierungen, ein abgestimmtes Konzept zur fiskalischen Dezentralisierung und eine Vielzahl von Durchführungsbestimmungen und prozeduralen Regeln wie z.B. angepasste Richtlinien zur Buchführung der Kommunen. Diese Probleme sind aber auch nachträglich lösbar.

Entscheidend für das negative Fazit im Bereich Effizienz sind das zugrundeliegende strukturelle Design der Kommunen und die vollzogene erhebliche Vergrößerung des Verwaltungsapparates um 34% nach Anzahl der Mitarbeiter. Bei der Neugliederung der Gemeinden spielte Effizienz keine Rolle und es entstanden mit 1.000 – 14.000 Wählern sehr unterschiedlich große Gemeinden. Bei gleicher Personalausstattung jeder Gemeinde entstehen somit für die kleinen Gemeinden relativ hohe Verwaltungskosten. Das Verhältnis von 164 Wählern pro Angestellten der Lokalverwaltung zeigt, dass die Personalausstattung auch absolut betrachtet hoch ist (Vgl. Anhang). Zusätzlich müssen die auf Gehaltsniveau liegenden Aufwandsentschädigungen für landesweit 1.279 Councillor aus den kommunalen Haushalten finanziert werden. Die Councillor stellen somit 23% des von den Kommunen zu versorgenden Personals. Die dadurch gebundenen finanziellen Mittel stehen folglich nicht mehr für investive Projekte zur Verfügung. Für eine Ausweitung der Leistungen für die Bevölkerung bleibt so wenig Spielraum.

Das Fazit für den Bereich Partizipation fällt insgesamt positiv aus. Mit den Kommunalwahlen von April 2005 wurden erstmals demokratisch legitimierte Interessenvertretungen auf lokaler Ebene etabliert. Beteiligung an politischen Prozessen wird, auch durch die Einführung partizipativer Planungsmethoden, aktiv gefördert. Allerdings muss die Übertragung wirklich relevanter Entscheidungsbefugnisse erst noch folgen. Das reine Mehrheitswahlsystem schafft zwar klare Verantwortlichkeiten der Councillor für ihre Wahlkreise.

Gleichzeitig führt es aber zu sehr geringer Inklusivität und manifestiert die Dominanz der Regierungspartei, die 76% aller Councillor stellt. Da die Vertreter in den District Councils per Mehrheit in den Community Councils gewählt werden, sind Oppositionsgruppen kaum auf Distriktebene vertreten.

Fazit

Die Arbeitshypothese lautete, dass der Dezentralisierungsprozess in Lesotho die Good-Governance–Ziele Effizienz und Partizipation nicht gleichermaßen erreichen kann, weil Partizipation Kosten verursacht und somit die Effizienz senkt.

Die Ergebnisse dieser Studie bestätigen, dass sich die Beteiligungsmöglichkeiten der Bevölkerung an den lokalen politischen Prozessen durch die Dezentralisierung erheblich verbessert haben. Das gleichzeitig verfolgte Ziel, durch dezentrale Strukturen die Effizienz zu steigern, ist nicht gelungen. Es ist, im Gegenteil, von geringerer Effizienz auszugehen. Grund hierfür sind jedoch nicht nur die Kosten der Partizipation, sondern auch ein institutionelles Design und eine Personalpolitik, die Effizienzgesichtspunkte weitgehend vernachlässigt.

Ein pauschales Urteil, ob der Dezentralisierungsprozess in Lesotho Good Governance befördert, ist somit nicht möglich. Die Auswirkungen auf verschiedene Unterziele sind sowohl positiv als auch negativ. Damit zeigt sich, dass Good Governance im Falle Lesothos nur bedingt als Leitbild und Zielsystem für Dezentralisierung geeignet ist. Um den Erfolg der Dezentralisierung einzuschätzen ist ein normativer Rahmen erforderlich, der die Beziehung beider Ziele nicht ausblendet. Der Autor plädiert im Falle Lesothos für eine bedingt positive Gesamteinschätzung des Dezentralisierungsprozesses trotz der verringerten Effizienz. Der Aufbau von demokratisch legitimierten und beteiligungsintensiven kommunalen Strukturen sollte bestimmte Aufwendungen rechtfertigen. Zum Teil schwerwiegende „handwerkliche" Defizite bei Planung und Umsetzung der Dezentralisierung fallen jedoch nicht unter diese Rechtfertigung. Es bleibt zu hoffen, dass diese Probleme nach den ersten praktischen Erfahrungen noch nachträglich behoben werden können.

1   Introduction

1.1   Object of Analysis and Guiding Hypotheses

The Kingdom of Lesotho is one of the poorest countries in the world. Within the development strategy this Southern African country with a population of 1.8 million people chose to undergo a far-reaching decentralisation process. The distribution of central government tasks to newly established local authorities and the reorganisation of responsibilities for the delivery of services are expected to result in development that reflects local needs better. At the local level ownership for development activities shall be developed. Democratic participative planning processes are being introduced to ensure that policy making will include all parts of the population, particularly the poor.

Although decentralisation itself does not automatically and directly lead to development, it has become an integral part of reform processes in many developing countries. Efficient decentralized political and administrative structures are considered an essential element of "good governance" and a prerequisite for structural poverty alleviation.

With its decentralisation program, supported technically and financially by different international development agencies, the Government of Lesotho follows a global trend, which is not only prevailing in developing countries. In the 1990s worldwide some seventy governments launched decentralisation policies which they hoped would improve allocation, management and mobilisation of resources resulting in a higher quality of service provision for citizens, greater accountability and a more balanced economic and social development.[1]

However, it is not obvious why extensive decentralisation is considered the right approach for the development of small and very poor countries like Lesotho. Newly established local government structures often lack very basic capabilities and capacities but require significant administrative expenditure. If funds are used up they will no longer be available for necessary investments. This consequence does not contribute to the efficiency and the effectiveness of the public sector. But also in bigger and wealthier countries the experiences with decentralisation are not

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[1] Thedieck 1999:158

solely positive. The reorganisation of competences and responsibilities inevitably leads to disputes over the exercise of power between the different actors. The ceding of influence over budgets without functioning control mechanisms implies a loss of macroeconomic control for the central government.

These imminent risks and potential adverse effects of decentralisation policies give reason for this diploma thesis to address Lesotho's decentralisation strategy in greater detail. The analysis is guided by the question of how the implementation of the given strategy contributes to the achievement of good governance. The concept of good governance is chosen as reference, because a variety of development agencies use this concept as a normative framework for the promotion of decentralisation in the developing world. With this background Lesotho's decentralisation process is supported by the official German Development Cooperation. This study tries to figure out to what extent decentralisation can be a suitable tool to achieve good governance in the case of Lesotho.

From this approach to look at Lesotho's decentralisation process emerges a working hypothesis vital for this study. While the hopes connected with decentralisation such as improved ownership for development activities and enhanced citizen involvement are more of a political nature, the risks refer more to the economic sustainability of decentralised structures. Therefore, the hypothesis is that the decentralisation process brings benefits for democracy and participatory decision making but at the same time exacerbates the productivity and economic stability of the country. This would also have consequences for the good governance concept. Governance integrates economic and political concerns. However, if improved political participation exacerbates economic sustainability, then this dual approach of governance is not applicable as a normative concept. Good Governance lacks clarity regarding its preferences for economic or political objectives.

1.2   Methodology and Structure of the Paper

In the case of Lesotho it is too early to compare results achieved with the stated overall programme objectives. Only two years after the cabinet approved the

"Programme for the Implementation of Local Government"[2] and little more than a year after the first ever local elections in Lesotho the process has just started. However, the first steps were done. Therefore the adopted course will be followed and it will be examined whether this path can indeed lead to the expected end. This diploma thesis aims to identify obstacles on the way and deviations from the right track. Thus it will generate knowledge in order to avoid decisions resulting in unsatisfactory outcomes at the end of the decentralisation process in Lesotho. The case study approach was chosen because it allows an in-depth analysis tailored to the unique conditions in Lesotho.

For the outlined guiding question it is first of all necessary to discuss the idea of good governance and to introduce the concept of decentralisation and its meaning within the governance debate. This will be done in the second chapter right after this introduction. The deliberations in this part draw upon a variety of analytical research dealing with governance and decentralisation theories coined by multi- and bilateral development agencies. Based on these more general reflections chapter 3 will develop a framework for the analysis of Lesotho's decentralisation strategy. Indicators for the operationalisation of good governance aspects relating to decentralisation will be identified. Chapter 4 then gives a brief overview of the Kingdom of Lesotho and the conditions framing the decentralisation process in the little-known Sub-Saharan African country. The following chapter 5 takes up the developed indicators and examines Lesotho's decentralisation programme. Where appropriate, the review for each indicator addresses both the envisaged design and the actual implementation of the respective decentralisation policy aspects. The assessment of the findings will then take place in the closing chapter 6 that also presents a conclusion on the guiding question.

The information was gathered in a project work within the framework of the Lesotho-German Development Cooperation. In September 2005 the author was part of a consultant mission preparing a pre-feasibility study on the establishment of a district development fund. Thus he had access to a variety of decentralisation related government documents and reports and was able to hold talks with process stakeholders. This study widely bases on the reviewed materials and the

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[2] GoL 2004a

minutes of the conducted meetings. An overview of the activities during the stay in Lesotho and a list of contacted persons are attached in Appendix 5.

2   The Concepts of Good Governance and Decentralisation

This chapter introduces in its first and second section the concepts of good governance and decentralisation. The third section then puts both terms in relation to each other and outlines problems in their application in practice. These considerations will at the same time clarify the terminology used in this study and serve as a basis for the development of the analytical framework in the following third chapter.

2.1   Governance and Good Governance

2.1.1   Governance in the Development Debate

The concept of governance entered the international development debate first in 1989, when the World Bank published its report "Sub-Saharan Africa: From Crisis to Sustainable Growth". The report states a crisis and failure of governance that impedes economic development in many African countries. By governance was meant "the exercise of political power to manage a nation's affairs".[3] Even though at this point governance was still far from being conceptualised in detail, the study stimulated the attention that was given to government oriented issues in the academic and political discussion on development. That it attracted so much interest was, however, also due to the time when it was published. First, the end of the cold war also meant the end of the kind of development aid that was granted due to geopolitical and ideological considerations. In this context, there was a need for new criteria and guidance. Second, the structural adjustment programs, at that time the predominant instrument of multilateral development assistance, revealed some undeniable weaknesses requiring conceptual changes.[4] The programs focused mainly on the macroeconomic performance of a country but to a big extent ignored the political and social dimensions of the imposed economic reforms. The governance approach discovered anew the importance of the political sphere and state institutions.[5]

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[3] See World Bank 1989:60; 192
[4] See Fuster 1998:11
[5] See Nielinger 1998:26

The attribute "good" in conjunction with "governance" has its origins in the aforementioned study as well. However, then World Bank president Barber B. Conable presumably utilized it in his foreword only for stylistic reasons. The World Bank did not promote this normative dimension. Bilateral donors who emphasised the normative aspects in order to use good governance criteria as a guide to aid allocation were responsible for the popularisation of "good governance".[6] This predicate remains problematic. It does not contribute to a clear understanding of the concept and is subject to very subjective and arbitrary interpretation.

Widely referred to is the governance definition provided by the World Bank in the 1992 publication "Governance and Development". Here, governance is specified as "the manner in which power is exercised in the management of a country's economic and social resources for development". Good governance, according to the World Bank, meant sound development management.[7] The ongoing intellectual discourse on the governance concept did not reach an unambiguous common understanding. For some governance and good governance is synonymous with government and good government.[8] Generally, however, preferences are given to the word governance due to the fact that it has a much broader meaning. It covers both formal ruling systems with the power to get things enforced and informal regulations agreed upon by people and institutions.[9] Governance refers not only to government and state structures but includes also civil society and questions of vision for or perception of processes which facilitate the realisation of the vision.[10] So, governance describes the "steering relationship between state and society".[11] The all encompassing inclusiveness and particularly the positive connotation in conjunction with the attribute "good" made the concept a very attractive buzzword widely applied by different actors in the development arena. This quality guaranteed a prominent place on the agenda despite diverse interpretations and lack of precision in its operationalisation. In the academic sphere this room for discretion is much criticised.[12]

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[6] See Fuster 1998:71
[7] See World Bank 1992:1
[8] for a detailed overview on origin and utilization of these words see Fuster 1998:pp. 65-73
[9] See König 1999:77
[10] See Corkery 1999:15
[11] König 1999:77
[12] For an overview see Fuster 1994:65

Though designed in the context of development failures on the African continent, the concept of good governance reached popularity in the developed world as well. Considering the indefinite nature of modernization and the loss of social cohesion, the new approach of looking at the steering processes in a state comprehensively is also relevant for industrialized countries.[13] In the disciplines of political science and public management good governance came into regular use. It appears as an aspect of a new paradigm in public administration.[14]

2.1.2 Elements of Governance

The World Bank distinguishes three aspects of governance:[15]

- the form of the political regime (parliamentary or presidential, military or civilian, authoritarian or democratic);
- the processes by which authority is exercised in the management of a country's economic and social resources; and
- the capacity of governments to design, formulate and implement policies, and, in general, to discharge government functions.

The first aspect is considered to fall clearly outside the Word Bank's mandate that prohibits political interference. Therefore, admitting that its work on governance is selective, the World Bank puts focus on the latter two aspects. Based on its experience and observations of "poor" governance, four more concrete elements of governance are identified to deal with within the framework of the World Bank's activities:[16]

- Improving management, capacity and efficiency in the Public Sector;
- Accountability, i.e. clear responsibilities and competences;
- Legal framework for development, i.e. binding norms and regulations enabling development; and
- Information and transparency; i.e. communication of government policies, access to data and information to reduce transaction costs for business.

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[13] Klages 2000:7
[14] See Agere 2000:1
[15] World Bank 1992:58
[16] See World Bank 1992: 2-3

Other institutions not confined by mandate to the allegedly apolitical sphere do not restrict themselves to the technocratic definitions of the World Bank. The Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) adds in its *DAC Orientations on Participatory Development and Good Governance* further elements to the agenda.[17] While the explicitly mentioned fight against corruption can be regarded to be part of the transparency element of the World Bank, the demand for reduction of excessive military spending is additional. Participatory development, democratisation and the adherence to fundamental human rights were originally not regarded part of good governance directly but have to be achieved along and interdependent with good governance. The OECD subsumes all elements under the double title Participatory Development/ Good Governance.[18]

These different perspectives of the World Bank and the OECD show two approaches of what good governance can be. For the Bank, good governance can be used as a means to the end of economic development and growth that is facilitated by a satisfactorily functioning state. The OECD (and others) regard the functioning state with efficient service delivery, democratic and participative decision making processes and respect for human rights as an objective in itself, because democracy is "good" as such.[19] Without explicitly providing an own definition, the Millennium Declaration of the United Nations declares a consensus of the international community on good governance integrating both connotations.[20]

2.2   Decentralisation

2.2.1   Definition and Types

The essence of the word decentralisation is the notion that something is widely distributed. So, derived from the Latin origin, the common idea in different understandings of decentralisation is its meaning "away from the centre".[21] Beyond this core, the concept has differing connotations and dimensions within different

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[17] See OECD 1993
[18] See Fuster 1998:pp.94-98; OECD 1995:5
[19] See Agere 2000:5
[20] See UN 2000:4;6; BMZ 2002a:5; GTZ 2006
[21] Macmahon 1961:15

disciplines, languages and national contexts.[22] A main source of confusion is the static versus the dynamic understanding. The German term "Dezentralisierung" implies a process character while in English and other languages decentralisation is also used to describe the state that something is away from the centre.[23] For the purpose of this study, decentralisation is understood as an umbrella term covering different forms and meanings that have to be specified in each case of concrete application.[24]

Talking about different forms of decentralisation in the context of developing countries, there is a need to distinguish political, administrative, fiscal and market decentralisation.[25] Political decentralisation refers to the politico-administrative subdivision of a country, which is normally established by the constitution and by legislation. The major distinction is made between unitary and federal states. While in the former the political authority to exercise state powers is concentrated and centralised, federal states share legislative, executive and judiciary competences between national and territorially defined federal political entities with an own elected political leadership. Unitary and federal states can additionally grant some degree of autonomy to regions and local communities that form, such as in democratic states by election, regional or local parliaments and governments with own political competences and authority.

With regard to administration, there can be various types of decentralisation. Normally, three categories of transfer of administrative tasks to territorial subdivisions are distinguished. Deconcentration is on hand when a task previously administered by the central government administration headquarter is decentralised to a regional branch of the same authority accountable to the central government, i.e. the task performing unit remains the same legal personality. Devolution of tasks takes place when the political responsibility is handed over from a higher to a lower political unit, i.e. the task performing unit will be accountable to a regional or local political body. The third category covers those competences that are delegated to specialised government agencies or to civil

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[22] For an overview of different notions see Pollitt 2005:pp.5-12
[23] See Metzger 2001:65
[24] Decentralisation is widely understood as an umbrella concept, e.g. Agrawal 2000:56
[25] World Bank 2006; differing categories are suggested by others, e.g. Nagel 2000:182; Prud'homme 1994:2

society or business associations for some form of self-regulation.[26] Therefore, setting deconcentration in relation to devolution and delegation, the latter two are clearly the stronger forms of decentralisation because devolution and delegation involve more significant institutional changes and are more difficult to reverse than deconcentration which implies a change within only one organisational structure.[27] Unlike the political type, administrative decentralisation is not limited on transfer of authority to territorially defined subunits. By delegation, administrative tasks can also be functionally decentralised covering the entire state territory or sub-units independent from the politico-administrative substructures.[28]

Fiscal decentralisation refers specifically to the authority of administering budgets with own expenditures and revenues independently from the overall government budget and the right to levy taxes and fees. Discussions focus mainly on systems of intergovernmental grants and the provision of financial resources for service delivery on the regional or local level. Consequently, fiscal decentralisation presupposes the existence of decentralized political and administrative institutions.

Market decentralisation seeks to create markets for the delivery of public tasks. The respective public authority tenders the services to be provided competitively and contracts either non-governmental associations or public or private enterprises to deliver the service for a certain period of time. The administration remains responsible for funding and the definition of the scope of those services. Merely the implementation of a task or the provision of a service is "outsourced". This form of decentralisation is also labelled competitive decentralisation or privatisation. In a much broader sense, the term market decentralisation is sometimes used synonymous with economic liberalization, i.e. the state provides only a minimum of a regulative frame and the provision of goods and services is left to supply and demand from private actors alone.[29]

The four forms outlined above must not be regarded separated from each other. Clear boundaries can hardly be drawn. There is overlap and connections between them exist. It seems to be impossible to establish a coherent theory of decentralisation. Alternatives to shift political, administrative and fiscal

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[26] See definitions provided by Rondinelli 2000:7; compilation of definitions in Agraval 2000:54
[27] See Nagel 2000:192
[28] See Pollitt 2005:8
[29] See Prud'homme 1994:2

responsibilities strongly depend on the specific conditions in a certain country. Forms and substance vary with regional and historic backgrounds.[30] That is also why degrees of decentralisation can hardly be compared between different countries. A frequently used measure for decentralisation is the share of sub-national expenditure in the total state budget. However, these figures depend to a big extent on incomparable national accounting standards and do not take into account possible variations in the quality of the services provided and other performance indicators. Therefore, this measure is of limited value.[31] A conceptualisation of decentralisation in any case strongly depends on the specific interest. Different perspectives are taken in order to observe the promotion of participation, democracy and human rights or the overall economic development or the efficiency of the administration – to name just three possible interests.[32]

2.2.2 Rationale for Decentralisation

Modern central bureaucracies administering territory and people have emerged since the formation of national states began. Able to pool resources, these centralised authorities in most cases proved to be more effective in building up a powerful nation than small or unorganised entities or societies. The provision of public goods such as national defence or macroeconomic stability requires some degree of central coordination. Advocates of decentralisation are usually do not question the necessity of this kind of central administration. Decentralisation is not "a matter of all or nothing".[33] It is obvious, that a small village alone is not capable of providing these goods. However, there are other public goods and services that even a small community under certain conditions is able to provide alone, for example the decision making on priorities of village development. The rationale for demanding decentralisation can be framed by the concept of subsidiarity, i.e. public goods and services, including political decision making, should be provided by the lowest level of government that can deal with the task adequately and capture the respective costs and benefits.[34] Decentralisation targeting a state of subsidiarity is supported by two major arguments. The first argument is strongly based on liberal values. George Stigler (1957) says: "The preservation of a large

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[30] See Thomi 2000:100-102
[31] See Crook 2003:2-3
[32] See Metzger 2001:68
[33] Macmahon 1961:19
[34] Fuhr 2000:28

role in governmental activity for local governments is widely accepted as an important social goal. No one can doubt that the individual citizen gains greatly in political dignity and wisdom if he can participate in the political process beyond casting a vote periodically."[35] Political decentralisation creates opportunities for the direct participation of citizens in local decision making and service provision. Local politicians are closer to the citizens, more visible and accountable. Thus trust is promoted and democracy generally strengthened.[36] The second argument follows a more economic logic. It says that smaller politico-administrative units are closer to citizens and "consumers" of the public services and therefore better able to read differing regional and local preferences than a more centralized government.[37] Decentralisation brings administrators and administered people or managers and users of services closer together. The responsiveness of the public sector to the residents' real needs can thus be increased. Services are better matched with specific local preferences. This leads to lower transaction costs and incentives to local development.[38] Provision by central governments is more likely to lead to over- or undersupply, because central authorities simply lack information on specific local circumstances.[39] Additionally, the central government level is less accountable to the affected citizens. So, it can be assumed, that the central bureaucracy is not caring adequately for local matters.

In short, decentralisation is expected to link democratic participation with a reform of the public sector to make it effectively serve the people. Depending on the specific situation, there can be a lot of decentralisation objectives. These will be addressed below. First, however, key yardsticks for the assignment of functions shall be reviewed from a more theoretic point of view.

2.2.3 Framework for the Assignment of Functions

Demanding the transfer of authority to the lowest political or administrative unit that is capable of fulfilling the respective task brings up the question, according to what criteria certain tasks should or should not be decentralized. When is a given local authority capable of delivering a service? Under what conditions is an

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[35] Stigler 1998 (1957):3
[36] See Pollitt 2005:13-15
[37] See Bahl/ Linn 1998 (1994):629
[38] See Fuhr 2000:28
[39] See Rondinelli 2000:11-12

authority able to build capacities and to develop capabilities in order to deal with tasks and upcoming challenges? And subsequently, there also arises the question of the optimal size for a local or regional political or administrative body. A framework for the assignment of functions to different levels of government is offered by the theory of fiscal federalism (Musgrave 1959). Corresponding to the subsidiarity concept it suggests, that the responsibilities for macroeconomic stabilization, for a large part of the income redistribution function and for the provision of national public goods should be on central government level while subcentral governments have their primary role in the provision of services and goods consumed locally. Regarding the macroeconomic stabilization function, it is obvious that there is limited scope for decentralised management. Small local economies are too open for effectively implementing measures of fiscal or monetary policy. For similar reasons decentralised redistributive policies have little effect. Significant differences in the taxation of wealthy households in order to support the poor would – provided that people would not hesitate to move from one place to another – attract low-income individuals to the redistributing localities and the well-off to the non-redistributing ones. The tax base can escape. This fact restrains a proper tax collection and redistribution by local authorities.[40] The provision of national public goods as for example national defence or social stability through income redistribution needs to be coordinated on the national level. The previous example shows that cooperation and harmonisation is essential for the production of such public goods. On the other hand, subcentral governments have a comparative advantage in the provision of those goods and services that are consumed only in the corresponding jurisdiction. Their relative proximity to the "consumers" allows a tailoring of outputs to the particular local tastes and circumstances. Output levels are likely to differ between jurisdictions according to the heterogeneous preferences. Through confidence in local decision making and higher satisfaction with the services delivered citizens show a greater readiness to pay locally agreed fees and taxes. Resources can be better mobilized and more effectively allocated. This is where "the real gains from decentralisation are to be realized".[41]

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[40] See Oates 1998 (1994):12-13
[41] ibid.

However, this potential capacity of decentralized government to allocate resources effectively is by no means sufficient to guarantee overall efficiency in service delivery and production of goods. Allocation efficiency must be complemented by production efficiency. As elaborated above, this is an important argument for centralized provision of public goods consumed on national level. But also the production of locally consumed goods and services might require a minimum of interjurisdictional resource pooling. This applies for example to higher education and health services – to name just two very important areas. It is obvious, that a rural village cannot maintain an agricultural university, though it would benefit from research and qualified personnel. The same is true for specialized hospitals. This need to pool resources in order to efficiently deliver a good or service is also called 'benefit of size' or 'economy of scale' argument while the necessity to be close to the citizens in order to allocate resources effectively and to respond to differing local conditions is called 'cost of heterogeneity'.[42] The challenge is to find an appropriate balance between those two requirements and to translate it into an optimal size of politico-administrative structures. Considering the diversity of public services this is not an easy task. Theoretically, each public service might require a different degree of pooled resources and proximity to citizens. In practice this problem is addressed by intervention of different levels of government that all have their legitimate interests in certain aspects of the service to be delivered. So, the challenge is how to harmonize the joint production.[43]

The virtue of decentralisation in the allocation efficiency cases outlined above relies fully on the efficiency gains through reduced information cost for service delivery. The assumption is that local administration is better able to read the preferences and to satisfy the needs of the local community. This presupposes forms of institutionalised participation guaranteeing communication and a constant flow of information between the local administration and the different "consumer" groups of the society.[44] Therefore, questions of participation have their importance not only because participation is desirable in itself but also because they are conditional for the validity of the efficiency argument. To put it differently, it is not enough to assign powers by legislation to local communities. Those decentralized

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[42] See Alesina/ Spolaore 2003:137
[43] Prud'homme 1994:30
[44] See Metzger 2001:79

units also must be ready and capable to use those powers, to participate and to take up the initiative.[45] It becomes clear, that there is no simple rule for decentralisation. Local circumstances always have to be taken into account to find an optimal solution for efficient and effective service provision.

2.2.4   The Case for Decentralisation in Practice

As indicated earlier, advocates of decentralisation policies hope for manifold political and economic effects. First of all, devolution of political power puts it closer to the citizen and makes politicians less remote, more visible and more accountable. People are encouraged to actively take part in the democratic process. Decentralisation facilitates participation that is ideally not confined to casting a vote once in a while but includes attendance of meetings, voicing concerns and even running for office. Legitimate local and regional differences can be better expressed.[46] The identification with the political system increases. Decentralisation allows for a more equitable representation of all groups of the society, including minorities and the poor. People take up responsibility for the management of their own affairs. Successful local politicians can enjoy a good reputation while mismanagement can be sanctioned. With those mechanisms of accountability decentralisation creates incentives for local development beneficial to the constituency.

Similar public scrutiny is imposed on the work of the administration. Decentralisation is expected to increase the motivation and identification of bureaucrats and the responsiveness of the administration through proximity to the clients. Decision making can be speeded up by reducing the overload of information that reaches the top levels of the hierarchy. Bottlenecks caused by central government control of important economic and social activities can be alleviated, complex bureaucratic procedures can be cut and top managers in central administration are relieved of routine tasks and freed for strategic policy planning. Decentralised administrative responsibilities also serve to encourage innovation in local administration. Thanks to flat hierarchies new approaches of dealing with problems can be tested easier. Though not comparable with markets, the lower tiers of government also compete with each other for the best

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[45] See Macmahon 1961:28
[46] See Pollitt 2005:51

performances. Experiences gained from different forms of service delivery are beneficial for other local or regional authorities as well.

2.2.5 Risks of Decentralisation

It was shown earlier that there is no panacea, no easy universal solution for the design of decentralisation policies. Too much of decentralisation can be inefficient and raise a number of problems. Almost each argument in favour of distributing authority and involving a higher number of people can be challenged by a counter-argument. The literature lists at least as many "dangers", "risks" or "pitfalls" of decentralisation as virtues.[47]

One main argument against decentralisation is the problem of rising inequalities and disparities between jurisdictions. Equal qualities in service delivery can hardly be achieved. Those regions that are better off can mobilize more resources and afford a more professional administration than the poorer ones. Redistribution between regions requires a strong central policy framework and a national consensus for support of the disadvantaged areas. If redistribution fails, the gaps between regions can widen – an issue of considerable concern in China, Russia and Brazil.[48] Additionally, a lack of horizontal coordination mechanisms between the jurisdictions may inhibit the harmonization of diverging regional interests. Thus, for example the interregional mobility of residents is complicated if their children cannot change the school due to different school systems.

A second set of arguments concerns the macroeconomic performance of decentralized countries. Fiscal autonomy including the right to borrow funds can massively endanger the macroeconomic stability. There must be incentives and efficient control mechanisms for fiscal discipline among the local and regional governments. Otherwise inflation may rise and local governments might spend too much on popular but not sustainable projects and speculate on bailouts from the centre. If the central government is not helping heavily indebted regions, the affected residents will suffer from restricted service provision or higher taxes. If, however, the centre does assist financially, a moral hazard is created for the remaining regional governments that, aware of the security provided, might be tempted to become involved in risky investments.

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[47] See e.g. Prud'homme 1994; Fuhr 2000:34; World Bank 2004:9
[48] World Bank 1997:14

A third bundle of criticism deals with the transfer of authority and the alleged higher responsiveness to the local needs. This might not happen because relevant parts of the population still might not be represented in the local councils and not be able to press their points into the administration. Established local elites capture local authorities and control the decision making processes and the resource allocation. Formal democracy cannot prevent that. Elections are frequently decided by ethnic or party affiliations or personalities. Parliaments therefore not necessarily represent the real interests appropriately. But even when interest representation is working, a number of problems remain. Decentralisation often leads to a transfer of responsibilities without the necessary transfer of resources. Local revenues, if at all, cannot fully compensate for it. The quality of delivered services deteriorates. Local governments sometimes cannot afford to employ highly qualified staff for the service provision. Technical competence is missing in the lower tiers of government. Career opportunities can hardly be offered and salaries tend to be lower in the local administration than in the central bureaucracy.[49] All these effects might overcompensate the advantage of being closer to the consumers of the goods provided. Moreover, central government provision is not necessarily ignorant of different local preferences and can be adjusted to heterogeneous needs.

Finally, a rarely addressed issue in the literature is concerned with the additional recurrent expenditure caused by numerous small local governments.

2.2.6 Decentralisation in Developing Countries

This diploma thesis discusses decentralisation in the context of a Sub-Saharan African country. Hence this section addresses the specific conditions for decentralisation in developing countries. Governments of developing countries and development agencies envisage the concept as a tool to strengthen democracy and economic development. However, research on decentralisation programs shows a need for caution in the context of low income countries. Bahl and Linn (1994) argue, that low income economies are less diversified and therefore more exposed to international fluctuations in commodity prices, natural disasters and recession. This makes macroeconomic stabilisation policies of the central

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[49] See Tanzi 2000:239

government particularly important for them. Gains in economic efficiency from fiscal decentralisation therefore weigh much less heavily in developing countries.[50]

Fuhr (2000) and Rondinelli (2000) both emphasize the need to establish a central administration capable of creating credible rules for stability before starting decentralisation programs.[51] Admitting that there is a lack of reliable data regarding the success of decentralisation, Metzger (2001) compares the share of decentralized revenue and expenditure in the budgets with a country's position on the human development index. For industrialized countries the hypothesis can be made that decentralisation contributes to sustainable human development. This is supported by strong correlation of the indicators. No such conclusion can be made about developing countries. Decentralisation as a tool to achieve development would be overrated in the development discussion.[52] Facing the fact that the decentralized budget share is merely – if at all - an indicator for fiscal decentralisation and comparability of price levels and that the availability of such data in general is limited, this conclusion seems to be daring.

Tanzi (2000) considers particularly developing countries vulnerable to the risks of decentralisation outlined in the previous section. Experience showed that in developing countries subnational governments are likely to contribute to the aggregation of macroeconomic problems. Further, they often cannot attract qualified staff, because in low income countries the pool of potentially efficient employees is small and brain drain constitutes a serious problem. As a result, capacities of local administrations are low. It is concluded that "especially in developing countries […] the institutional and social underpinnings necessary for decentralisation to succeed are not in place".[53] This wide scepticism is directed specifically toward the potential of decentralisation to improve efficiency and service delivery.

Regarding the contribution to democratisation the comments are more optimistic. Decentralisation in any case involves a bigger number of people and almost necessarily generates conflicts over the distribution of power. But precisely this is what obviously stimulates the emergence of democratic institutions. According to

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[50] Bahl/ Linn 1998 (1994):629
[51] See Fuhr 2000:42; Rondinelli 2000:7-8
[52] Metzger 2001:132
[53] See Tanzi 2000:257

Rondinelli (2000) democratisation and decentralisation go hand in hand.[54] Alesina and Spolaore (2003) consider the transfer of authority to lower levels and the competition between subnational units as "a way of constraining Leviathans". Empirically, a positive correlation between decentralisation and democratisation can be found.[55] However, successes of decentralisation policies are also reported from China[56] that so far has not come under the suspicion of being democratic.

2.3   Participation and Efficiency – a Dual Approach of Both Concepts

The concepts of good governance and decentralisation both gained wide popularity in the development debate. The ideas offered still remain quite elusive. While good governance presents a vision that tries to give comprehensive guidance for a responsible exercise of state powers, decentralisation approaches the reform processes in states more pragmatically focusing on the organization of the public sector and its link to the society. Donors normally list their decentralisation support programs as one item under the headline of good governance or, like the World Bank, under the topic of public sector governance.[57] To the contrary, the 'crisis in governance', as first described by the above cited World Bank study, is linked with 'hyper-centralisation'. Therefore, even without a universally valid definition of good governance it seems clear that decentralisation is a crucial element of it. Decentralisation is an accepted part of the way leading to good governance.[58]

When focussing on developing countries, both concepts aim at the overall goals of economic development and poverty alleviation. The importance of state institutions and the political sphere for this purpose is acknowledged. Good governance serves as a flexible, normative and broadest possible common denominator concept agreeable to all and open for interpretation. Decentralisation is more technical. It is driven by two convictions. First, self-regulation and participation is an asset as such because it involves and empowers people by making them responsible for the management of their own affairs. Second, self-administration

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[54] See Rondinelli 2000:17
[55] The correlation was established not specifically for developing countries; see Alesina/ Spolaore 2003:152
[56] See Fuhr 1997:2
[57] See World Bank 2006; BMZ 2002a:13, BMZ 2002b:6; GTZ 2006; KFW 2005; OECD 1997:4; Metzger 2001:23
[58] See Rondinelli 2000:16; Thedieck 1999:154

and decentralised powers can be economically beneficial. Thanks to proximity, low information costs and public monitoring, resources can be mobilised and allocated more efficiently and effectively and service delivery can be tailored to the heterogeneous preferences. Participation and empowerment on the one hand and efficiency of the public sector on the other constitute the central motivations of decentralisation policies and thus fit perfectly into the good governance concept.

However, as was shown earlier, participation and efficiency are not independent from each other. To the extent that information costs are reduced participation can improve the efficiency of local development projects. Contrariwise participatory approaches generate additional costs. A lot of time, effort and money have to be put into the identification of local interest group demands and the negotiation process between conflicting interest groups.[59] The central administration then still might want to intervene in the outcome of participatory processes, either for technical reasons and concerns of economic viability or due to own political interests.

At least in a democratic context participation also implies the establishment of accountability relations with the obligation to give accounts in exchange for powers and responsibilities that are delegated by the people to the state apparatus. Processes and mechanisms required to produce relevant and reasonable accounts might draw on resources reducing the efficiency margin.[60]

In conclusion it can be said that despite widely declared consistence between decentralisation and good governance on a general level, the practical compatibility of central objectives, namely citizen participation in management of local affairs and administrative efficiency, has to be questioned.

3   Analytical Framework for the Lesotho Decentralisation Process

This chapter aims to develop a framework for the following program analyses that is guided by the question of how the given decentralisation program of Lesotho contributes to good governance.

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[59] See Nunnenkamp 1994:459, also Fuster 1998:161-162
[60] See Wolf 2000:25

3.1   Methodology

As outlined above, impacts on good governance can be expected in the aspects of participation and public sector efficiency. Therefore this chapter identifies indicators and criteria to assess the effects of decentralisation in the context of a low income country with regard to the promotion of participation and the contribution to efficiency and effectiveness of social and economic development programs. The indicators and criteria reflect critical factors for the success of decentralisation policies based on the theoretic considerations elaborated in the previous chapter. The following descriptions of the criteria try in each case to outline an optimal policy outcome of a decentralisation process aimed at improving efficiency of public institutions and democratic participation thus contributing to good governance. A table-form overview on the chosen indicators and criteria is provided in Table 1.

EFFICIENCY INDICATORS		
Management of the decentralisation process at the centre	**Policy planning and implementation capacity of LGs**	**Fiscal decentralisation and administrative efficiency**
- Display of commitment and leadership - Provision of a clear regulatory framework - Mechanisms for financial and technical monitoring of LGs	- Availability of competent staff - Management systems for horizontal and vertical coordination - Technical equipment for policy implementation	- Provision of resources for local governments - Revenue generation - Cost efficiency
PARTICIPATION INDICATORS		
Preparedness for participatory local democracy	**Accountability and responsiveness of institutions**	**Competences of local governments**
- Promotion of a civic culture and local political elites	- Transparency and access to information - Elections and representation	- Transfer process - Substance of powers

Table 1: Overview of the Operationalisation of the Decentralisation Process

3.2   Efficiency Indicators

3.2.1   Management of the Decentralisation Process at the Centre

A first array that is critical for overall efficiency of a decentralisation strategy is the sound management of political relationships at the centre.[61] Decentralisation is about redistributing power and thus conflict generating.[62] The handling of this conflict potential and the balancing of competing interests requires strong commitment and leadership by the central government. Furthermore, the central government carries the responsibility for the provision of a regulatory framework for local and regional units including the definition and the assignment of functions. Checks and balances have to be established to ensure the reasonable utilization of public funds. Legitimate interests of national harmonisation must be accounted for and unlawful behaviour of local authorities has to be prevented. At the same time the central level remains responsible for overall macroeconomic stability.

Display of Commitment and Leadership

Strong commitment and leadership in the decentralisation process is shown when the decentralisation policy is made an overall government priority. In case it is perceived only as a sector policy it might not be taken serious enough by decision makers and bureaucrats who are supposed to implement the decentralisation strategy. Support for the policy should therefore be voiced not only by one responsible line ministry but by all other concerned key ministers and the head of government as well. Further, the decentralisation strategy should fit into the overall development objectives and not contradict other government policies.

Provision of a Regulatory Framework

The provision of a clear regulatory framework is a key to the functioning of the new political and administrative structures. The national government is the only legitimate institution able to develop and to enforce such a framework. Regulations should be in the first instance understandable and comprehensible to the relevant stakeholders. Policy development should take into account the demand for envisaged changes and concerns of affected groups of a society. At the same time, laws and decrees must be complete so that citizens, politicians and

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[61] See Agrawal 2000:68
[62] See Nagel 2000:194

bureaucrats are able to fulfil the functions expected from them. Another challenge is of course the transition process. Restructuring takes time and requires timely preparation and information of affected civil servants who will be the ones implementing the reform. Provisional regulations might need to be enforced during a transition period.

Mechanisms for Financial and Technical Monitoring of Local Governments

In this capacity the centre has to establish strict monitoring and control mechanisms for the local budgets about the way money is spent. Without interfering in the local autonomy the government has to ensure that public funds are utilized reasonably. This refers for example to the introduction of accounting standards and regulations concerning the transparency of tendering procedures. Mechanisms must prevent that earmarked or conditional funds are allocated for non-eligible purposes. The handling of public funds in newly created local authorities must not leave room for corruption. Legality of local government activities is to be observed and procedures to sanction non-compliance have to be put in place. To ensure the long term liquidity and capacity to act of local authorities and the macroeconomic stability of the entire country, particular attention should be given to the economic soundness of the local budgets and borrowing by local authorities.

3.2.2 Policy Planning and Implementation Capacity of Local Governments

Critical for effective policy outcomes of local governments is of course also their own capacity to implement the desired policies and to fulfil the assigned functions. The capacity depends fundamentally on the availability of competent and reliable civil servants, but also requires stable institutions and management systems ensuring proper horizontal and vertical coordination with other administrative units. Efficient cooperation of different tiers of government is essential to assure technical competence in the implementation of complex local projects. Central for transparent planning and professional implementation of local policies is further the existence of an adequate expenditure management and accounting system.[63] In the context of low income countries the availability of a minimum technical infrastructure should be mentioned as critical for efficiency as well.

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[63] See Tanzi 2000:242

Availability of Competent Staff

The availability of reliable and competent staff in the administration is a key condition for effective service delivery. Therefore the decentralisation policy should include efforts to attract well-qualified people to the local government service. In this context this criterion looks at remuneration schemes and career opportunities for employees. Existing staff must be deployed according to their qualifications. Incentive structures can be put in place to improve the performance. Professional human resource management requires therefore the existence of reliable compilations of numbers and qualifications of the employees. The total number of personnel must be adequate in order to fulfil the assigned tasks.

Management Systems for Horizontal and Vertical Coordination

Stable institutions were mentioned as being critical for efficiency in the public sector. A decentralisation program like the one analysed in the remainder of this study is in first instance an organizational restructuring process reshaping institutions and their roles. Institutional stability can therefore not be expected as a short term outcome of decentralisation strategies. Still, institutions and the relations among them must be designed and managed reasonably in order not to endanger the working capacity of the administration. Vertical and horizontal coordination mechanisms should be in place to enable sound interaction and cooperation between the institutions. In this context this criterion analyses not only the exchange of information between the administrative units but also the adequacy of the expenditure management and the accounting procedures for planning and budgeting of local government tasks.

Technical Equipment for Policy Implementation

This criterion may sound trivial but in the context of a low income country the availability of basic transport, communication and office infrastructure cannot be taken for granted. This refers particularly to the smallest administrative units on the local level. Without a minimum of office equipment and access to telecommunication infrastructure a community cannot be administered.

3.2.3 Fiscal Decentralisation and Administrative Efficiency

The decentralisation strategy should aim to achieve an appropriate level of fiscal decentralisation. Due to its superior control over public resources, the central government has to play an important role in this respect. Local governments should be supplied with resources corresponding to the scope of tasks transferred to them. In order to gain efficiency there needs to be considerable local autonomy in expenditure decisions in allocation of funds for locally consumed goods. As was shown in the previous chapter, this is what local governments potentially can do better than a centralised authority.[64] So, the central government is obliged to make funds available for them and to give up some of their powers not only rhetorically. However, autonomy in fiscal terms is stronger the more a local authority can rely on own revenues independent from government grants.

Provision of Resources for Local Governments

The provision of adequate resources to the local governments requires a fair and transparent system of intergovernmental transfers that takes into account regional differences in demand for services. The resources must cover the expenditure required to fulfil the assigned functions but leave room for the local authorities to allocate funds according to their priorities.

Revenue Generation

In order to strengthen the fiscal autonomy the intergovernmental transfer system must be complemented with an incentive structure to mobilise own resources. This refers to the opportunities to generate revenues granted by the legal framework and to the existence of revenue sources in the local government jurisdiction.

Production Efficiency

Efficient service delivery requires a minimum of resource pooling. Therefore the administrative overhead cost of local government should be in reasonable relation to the scope of delivered services.

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[64] Theory of fiscal federalism, see 2.2.3.; Oates 1998:xiv

3.3   Participation Indicators

3.3.1   Preparedness for Participatory Local Democracy

The utilisation of participatory approaches to development requires the targeted people to know the constitutional framework and to understand how institutions are functioning and what opportunities for participation are granted. Support for the development of a civic culture conducive to constructive participatory decision making therefore seems to be essential. Instruments to influence policy making must be known. This is particularly relevant for countries where decentralisation involves system changes and levels of experience with the concept of participatory rights for citizens are low. However, critical for the functioning of local political institutions are above all those people who are involved in local politics directly. That is why particular attention is to be given to the formation of local political elites.

Promotion of a Civic Culture

High levels of experience with self-organised community projects would be an excellent starting point for the assumption of an overall responsibility for local affairs. This refers not only to the legacy of local political bodies but to all forms of independently organised associations formed to achieve common objectives in the social or economic field. A civic culture can be regarded a fundament for political capacities of the people. A decentralisation policy involving far-reaching restructuring of political institutions must therefore be complemented by substantial efforts on civic education aimed at creating openness and supportive attitudes towards participative local democracy. When decentralisation policies are implemented in the context of poverty alleviation, particular efforts should target the poor parts of the population in order to develop their capacities to express their political priorities.

Local Political Elites

The existence of capacitated local political elites representing all relevant parts of the population contributes to the functioning of local democracy. Elected councillors and representatives of local civil society should have the motivation and the means to control the local executive. The establishment of local

government therefore needs to be complemented with extensive trainings for holders of political offices and key stakeholders.

3.3.2   Accountability and Responsiveness of Institutions

In order to elicit broad participation in local decision making and development, decentralisation further needs to provide institutional mechanisms that make citizens' concerns heard in the sphere of political decision making and in the policy implementing bureaucracy. First, administrative institutions and political bodies need to be transparent for the public and to provide access to all information necessary for constructive and informed participation from outside the politico-administrative system. As a side effect, trust in the political system can grow and corruption can be prevented. Second, holders of public offices need to be accountable to the public. Without such accountability mechanisms allowing for the exercise of pressure on public institutions there is no incentive for them to respond seriously to the needs of the population.[65]

Transparency and Access to Information

In order to be able to form their own opinion on local affairs, citizens need in the first instance free access to relevant data such as budgets, planning documents and minutes of council meetings. Council meetings and their agenda should be announced publicly and the possibility to participate as guest should be provided. Local media are very useful in distributing this information. Further, for issues of particular public interest such as for example larger public construction projects public hearings can be summoned. Particular attention needs to be given to the conduct of local elections and the availability of information on the candidates, lists and procedures.

Elections and Representation

Accountability mechanisms between the electorate and local politicians as well as between the local administration and their political leadership should be capable of giving reasonable account about how the community is administered. The major mechanism for rewarding or sanctioning politicians is holding an election that offers alternatives for political leadership. But also without the coincidence of local

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[65] See Wolf 2000:35

elections taking place the citizens should be able to influence local politics. This is possible for example through forms of direct participation such as the conduct of referendums or legally accepted petitioning. Accountability of civil servants can be achieved by progressive human resource management that includes performance oriented remuneration and trainings on facilitation of community participation workshops.

3.3.3 Competences of Local Governments

The local governments then must be ready to take up and to implement the suggested ideas. Participation and self-administration is more than just consultation and discussion. Clearly defined powers and resources must be transferred to the authority of legitimate political bodies fully answerable for the exercise of their powers and their budgets. The concept of subsidiarity cited above guides the devolution of powers and responsibilities. In concrete instances, however, it is hardly possible to justify the decentralisation of a certain function. Often it is up to speculation how a different political or administrative level would perform in fulfilling the respective function. Moreover, it should be taken into consideration that capacities of local political bodies need some time to develop. Performance can improve over time. What can be assessed in the framework of this analysis is the procedure of how functions are decentralised. Regardless of the choice between a phased versus a "big bang" transfer of functions the implementation strongly depends on the clarity of the definitions and on the rules for handling the remaining functional overlaps.

Transfer Process

A carefully staged transfer of competences to local authorities that leaves time to gain experience seems to be the appropriate option.[66] The capacities of the local governments must not be overextended. Local institutions need a predictable and realistic schedule and guidance when overtaking these functions and powers.

Substance of Powers

At the same time the central level should leave room for alternatives and individual choices of local governments from the first moment on. In their areas of

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[66] See Fuhr 2000:43

responsibility the local decision making must make a difference. A key competence is certainly the decision on the allocation of the existing resources.

Size and design of community boundaries, constituencies and electoral divisions play an important role. Local identities, settlement structures, boundaries of previous traditional politico-administrative units and geographic barriers have to be considered.

4   The Kingdom of Lesotho: The Starting Points of Decentralisation

Before taking up the developed indicators it seems necessary to introduce the country that is in the focus of this study. Therefore this chapter outlines the conditions framing the implementation of the decentralisation policy and elaborate on the history of local governance in Lesotho.

Official name:	Kingdom of Lesotho
Land area:	30.344 sq km*
Form of government:	Constitutional monarchy

Lesotho at a Glance

Population:	1,8m (2004, est. 18-30% urban)*
Pop. Growth:	-0,11% (annual, 2004)**
Pop. Density:	72 people per sq km*
Capital:	Maseru (est. 150.000 inhabitants*)
Languages:	Sesotho, English

Currency: Loti, plural Maloti (M) = 100 lisente; international code LSL; pegged at par with the South African Rand (ZAR)

GNI: 1,6 billion USD (current prices 2004)**

GNI per cap: 730 USD (current 2004)**; 2561 USD (Purchasing Power Parity, current 2003)***

GDP growth:	2,71 (average annual 2000-2004)**
Life expectancy:	35,6 (2004)**
HIV/ AIDS prevalence:	29% (2003, ages 15-49)***
Literacy rate:	82,2 % (ages 15 and above)**

* EIU 2005; ** World Bank 2006; *** UNDP 2006

Box 1: Lesotho at a Glance

4.1   Country Brief

4.1.1   Population and Economy

Lesotho is one of the poorest countries in the world. UNDP's Human Development Index 2003 lists the country on rank 149 (of 177). 56,1% of the population lives on less than 2 USD per day and 36,4% on less than 1 USD.[67] GNI per capita is USD 730 (2004 current prices, Atlas method)[68], GDP per capita (PPP) was estimated for 2003 at USD 2561[69]. Population estimates for 2003 range from 1,8 million to almost 2,3 million.[70] Most inhabitants are Basotho. There are small numbers of AmaXhosa in the south-west of the country and a few whites and Asians in the cities.[71] About 30% live in urban areas. The capital Maseru, located near the Western border, is the only big city and much of Lesotho's economic activities are concentrated there. With about 30.000 km² Lesotho is approximately the same size as the Republic of Moldova in Eastern Europe. Topographically, large parts of Lesotho consist of rough mountain ranges that reach up to 3400m. The country is completely encircled by South Africa. Due to its location, Lesotho is also called the "Kingdom in the Sky" or the "Roof of South Africa".

Even though they are declining, fertility rates are still high. Population growth almost came to a standstill due to the devastating effects of HIV/ AIDS. Life expectancy has decreased to 35,6 years. In 2003 the estimated average HIV infection rate was 29%. While the estimated numbers are lower for the remote mountainous areas, the prevalence is much higher in the capital where 42% of pregnant mothers attending antenatal clinics were infected. There are an estimated 100.000 AIDS orphans in the country. 80% of the population has access to primary healthcare. In comparison only 57% have access in average of Sub-Saharan Africa. Still, the services to a large extent lack the necessary resources to cope with the spread of HIV/ AIDS.[72]

After the introduction of free primary school education in 2000, first year enrolment increased significantly. Mainly due to a lack of teachers and facilities the quality of

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[67] UNDP 2003 (HDI)
[68] WDI 2005
[69] UNDP 2003 (HDI)
[70] Former number by UNDP 2003, latter number by GoL, BoS 2003
[71] EIU 2005a:14
[72] For all data in this paragraph see EIU 2005a:16; HIV infection rates of population aged 15-49; Number of orphans: Thahane 2006:3

the education is low. Despite improvements in recent years, vocational and post-secondary education is still insufficient. Only two percent of youths between 18 and 20 is currently in tertiary institutions. The only university, the National University of Lesotho, accommodates merely 1700 students per year. Lesotho has a relatively high literacy rate of 82%.[73]

Agriculture's share of GDP has decreased from 50% in 1973 to only about 15% in recent years. Only 13% of land is arable. Still, for about half of the domestic labour force agriculture is the primary source of livelihood but most is subsistence farming only. The HIV/ AIDS epidemic further deteriorates productivity levels. Severe droughts and poverty repeatedly led to famine.[74] Population pressure, overgrazing and excessive cutting for firewood cause losses of topsoil. Erosion constitutes a serious environmental problem and reduces the land available for cultivation.[75]

The economy is heavily dependent on the big neighbour. South Africa dominates the Southern African Customs Union (SACU) with Botswana, Namibia, Swaziland and Lesotho. A common monetary area is established with the same group of countries except Botswana. The Loti, Lesotho's currency, is pegged at par with the South African Rand, limiting scope for national monetary policy. 85% of imports originate in South Africa that also provides the most important source of wage employment for the Basotho. Remittances from about 50.000 migrant workers in South African gold mines account for about 20% of the GDP, but recruitment is declining.[76] Recent economic growth was stimulated mainly by a boom in the garment industry and the realisation of the first phase of Lesotho Highlands Water Project (LHWP). Based on preferential market access to the US in the framework of the African Growth and Opportunity Act (AGOA) Lesotho attracted (mainly Chinese) investment in the clothing and footwear sector, boosting export oriented manufacturing. Following the removal of quotas for Asian producers in the beginning of 2005 and the subsequent high levels of low cost competition, employment in the sector declined more than 20% to only about 40.000 people. However, the coincidence of currency depreciation contributed to stabilisation of the sector. The other major source of growth was the implementation of the LHWP

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[73] See EIU 2005a:15; World Bank 2005:7
[74] See EIU 2005a:21
[75] See EIU 2005a:17
[76] See World Bank 2005:14 (data for 2003/04)

which aims to provide water for the rapidly growing urban agglomeration around Johannesburg and Pretoria. In a joint venture with South Africa large dams were built in Lesotho's highlands. Construction began in the late 1980s. The project that cost several billion USD enabled Lesotho to sell water to South Africa and to become independent from South African electricity imports. Aside from the realisation of this project rural infrastructure was improved, prospects for tourism were developed and a significant number of jobs was created. Also a recently reopened diamond mining project boosted exports. According to an IMF assessment a number of macroeconomic indicators improved recently but business development remains widely inhibited by administrative procedures that are far more complicated than in neighbouring South Africa. Despite recent improvements, the road and telecommunication infrastructure are lagging far behind as well. In 2002 there were only 13 telephone lines per 1000 inhabitants which were operational.[77]

The biggest challenge for development remains the HIV/ AIDS pandemic which affects almost every household and increases vulnerability to extreme poverty and food insecurity. Families cannot compensate the loss of their breadwinners. Thus HIV/ AIDS drastically reduces household incomes and depletes assets which must be used to cover medical and burial costs. Social safety nets and traditional mechanisms erode. Poor households are not able to cope with transitory crop failures and food insecurity. Children drop out from school because they need to care for the sick and work to generate income. Facing the alarming HIV/ AIDS data, the recent worsening of Lesotho's human development indicators is no surprise.[78] HIV/ AIDS has become the number one challenge to growth and prosperity.[79]

4.1.2 Political System

The Kingdom of Lesotho is a constitutional monarchy. The legislature consists of a bicameral Parliament. The lower house of parliament, the National Assembly, is comprised of 80 members who are elected on a constituency basis; and, after constitutional amendment in 2001, additional 40 members were elected by proportional representation. The upper house, the Senate, has 33 members, 11 of

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[77] For data and figures in the paragraph see EIU 2005a
[78] See UNDP 2004:2
[79] World Bank 2005:iv

which are nominated by the king who is advised by the Prime Minister. The remaining 22 members are the principal chiefs of Lesotho.[80] The last national elections took place in 2002, the legislative period lasts 5 years. Head of state is King Letsie III, who succeeded to the throne in 1996. Administratively, the country is subdivided into 10 districts and the capital city Maseru.

Lesotho, former Basutoland, became independent from Great Britain in 1966. Due to struggles over power between leading political figures and the king democracy did not take hold. The country was under military rule from 1986 to 1993 when a new constitution was approved and elections took place. The following years were characterised by enduring political instability and power struggles. The results of the 1998 elections were challenged by the main opposition parties. The Lesotho Congress for Democracy (LCD) won 60% of the popular vote and gained 78 out of 80 seats in parliament which it owes to the first-past-the-post electoral system. Protests prevented the parliament from opening. The political situation was out of control, junior army officers mutinied. In an upsurge of violence 70 people lost their lives and in Maseru's city centre and elsewhere government buildings and businesses burned down. In order to restore public order the Southern African Development Community (SADC) of which Lesotho is a member country sent on request of Lesotho's government an intervention force made up of troops from South Africa and Botswana. Under inclusion of the opposition the Interim Political Authority was installed.

After consensus was reached on an amendment of the electoral code, new elections were held in 2002 and considered free and fair. Again the LCD came in as the dominating force, winning all constituency seats but one and 54,8% of the votes. Gaining 22,4%, the Basotho National Party (BNP) is by far the strongest of the nine other parties represented in the Parliament. Voter turnout was 68%. The introduction of proportional representation significantly increased the inclusiveness but at the same time contributed to a greater party fragmentation. Attempts to split the LCD initially destabilised the government despite its large majority in parliament. But Prime Minister Mosisili increasingly succeeded in controlling the

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[80] See GoL 2006b; GoL 2006c

party, thus stabilising his government whose legitimacy is nowadays not seriously challenged.[81]

In 2005, Lesotho for the first time in history implemented local elections and established local and regional councils as fundament for broader democratic participation. Therefore it can be noted that after the turmoil in 1998 and years of political struggle and instability, Lesotho made significant progress in consolidating democratic institutions. Representative surveys of 2000 and 2005 show a strong increase in citizens' support for parliamentary democracy and the electoral processes over those years.[82] This is a remarkable achievement. Still, issues such as political distrust, gender inequality and the inexperience with multiparty democratic principles continue to strain democracy.[83] Leadership challenges and party divisions mainly occur due to affiliations with certain personalities, not on grounds of policy disputes.

4.1.3 Overall Development Strategy and Objectives

The development efforts of the Kingdom of Lesotho are guided by the National Vision 2020 statement:

By the year 2020, Lesotho shall be a stable democracy, a united and prosperous nation at peace with itself and its neighbours. It shall have a healthy and well-developed human resource base. Its economy will be strong; its environment well managed and its technology well established.[84]

Derived from this general statement and in line with international standards and commitments to donors, a Poverty Reduction Strategy (PRS) was formulated, spelling out a development agenda for Lesotho. The PRS for the time span between 2004-2007 was finalised and endorsed by the World Bank and the IMF in 2005 after long preparation in a complex stakeholder consultation process. It identifies eight priority areas and two critical cross-cutting issues[85]:

    1. Creation of employment opportunities;

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[81] See EIU 2005a; parliament.ls
[82] Gay 2006:2 (In 2000 [2005] democracy was preferable to 24% [51%], elections were supported by 36% [76%])
[83] See UNDP 2004:2
[84] See GoL 2005a:i
[85] See GoL 2005a:xi

2. Improvement of agricultural production and food security;

3. Development of infrastructure;

4. Deepen democracy, governance, safety and security;

5. Improvement of access to health care and social welfare;

6. Improve quality and access to education;

7. Management and conservation of the environment;

8. Improve public service delivery.

The cross-cutting issues relate to

(a) HIV and AIDS; and

(b) Gender, youth and children.

It is not in the scope of this study to critically review the PRS. Still, a brief look into the priority areas might be useful in order to frame the setting in which the decentralisation process in Lesotho is happening.

The creation of employment is seen as the best means of addressing poverty. The proposed strategies to increase wage labour and employment include a number of administrative measures to improve the environment for business and investment. Further, the establishment of a comprehensive social security system is envisaged. Also small, medium and micro enterprises shall be supported directly through trainings, other means of support to business associations and the reintroduction of loans.

The improvement of agricultural production and food security faces a number of limiting factors such as limited availability of arable land, degradation of the soil, erosion and the variability of the climate. Against this background national food self sufficiency is regarded as being unobtainable. Still, the situation is expected to improve through the adoption of more appropriate farming practices, the introduction of improved agricultural technologies, the development of irrigation systems, the decentralisation of public agricultural extension services, enhanced marketing, more efficient and standardised land tenure systems, improved range management by community associations and support for more appropriate animal husbandry such as enhancing veterinary services. The attainment of food security is seen as being strongly connected to the availability of work opportunities from

which people can generate monetary income. But also emergency food distribution for vulnerable groups is foreseen.

As outlined in the PRS the development of infrastructure aims mainly at securing the water provisions for industrial purposes. Further, more households should be connected to electricity. Generally, infrastructure development is hampered by a lack of adequate settlement planning. Infrastructure development strategies therefore include continued labour intensive road construction, development of water resources, water supply and sanitation, streamlining planning and land allocation systems, rural electrification, and creating conducive conditions for private sector investment in the telecommunication infrastructure.

The fourth priority area of deepening democracy, governance, safety and security relates above all to the objective of consolidating democracy and strengthening national unity and stability. This shall be achieved by the further development of formal conflict management structures, the establishment of civic education programmes, the improvement of the legislative efficiency of the Parliament through parliamentary reforms, making the judiciary more independent and transparent, fighting corruption, creating and strengthening structures for public participation in governance through a clearly developed devolution plan, establishing appropriate financial structures for local government and strengthening safety and security institutions.

Progress in improving the access to health care and social welfare has been eroded mainly by growing poverty and the increasing incidence of HIV/ AIDS and associate diseases such as tuberculosis. Critical factors to be addressed within the framework of this PRS priority are the provision of health service facilities, the improvement of health personnel training and their equitable assignment at all levels, the improvement of drug and equipment supply through better management and information systems, the extension of disease prevention and vaccination programs and the provision of nutrition food packages to vulnerable groups.

The introduction of free primary education in 2000 had significantly raised primary enrolment. Within the educational system, priority is therefore given to the expansion of pre-school education, the improvement of the quality of education

through the upgrading of teachers' qualifications and improving the access and quality of technical and vocational education.

Management and conservation of the environment was made priority in order to ensure that today's economic growth and development is sustainable. Increased care for the environment, particularly regarding land conservation and erosion, is regarded as an option to help improve economic productivity. Therefore, the incorporation of conservation techniques into the production processes shall be promoted through trainings. In collaboration with new local authorities range management and grazing associations shall be strengthened. Further, proposed strategies aim at environmental education and the implementation of nature conservation parks.

In community consultations preceding the compilation of the PRS dissatisfaction with the quality of services was expressed. Based on this, the eighths PRS priority is the improvement of public service delivery. Improving financial management and decentralisation in the framework of the Local Government Act is seen as a strategy to increase quality and timeliness of services, to improve staff motivation and to reduce ground for bribery and corruption.

Because of its outstanding urgency the fight against HIV/ AIDS was made a cross-cutting issue. It is suggested to reorganise the coordinating institutions in order to improve efficiency of the national HIV/ AIDS prevention policy. Particular attention should be given to information, education and communication, to effective support systems for affected households and orphans and to the integration of the fight against HIV/ AIDS into sectoral policies, programs and budgets.

The second cross-cutting issue covers actually two issues. First, the lack of gender equality is considered to hamper development, because women, by law, are still not allowed to open a business, own land or file lawsuits. Patriarchal attitudes are commonly held and women are often subject to domestic violence. Second, the difficult situation for many children and youth is addressed. They are the ones who are regarded as being most vulnerable to poverty. Children have to work and as a result fail to gain enough formal education or engage in criminal activities. Proposed strategies to prevent this include institutional reorganisation,

review of legislation, increasing care for orphans and improving reintegration measures for juvenile delinquents.

For the purpose of this study it is worthwhile to take a closer look at how the concepts of good governance and decentralisation are taken into consideration. The PRS lists governance only as one of eight priority areas. Still, it becomes clear that it is not regarded a sector policy only but an issue encompassing political and social relations between the state's powers and the Basotho people in their totality. Good governance is seen as "a pre-condition for eradication of poverty and its pillars are democracy, transparency, accountability and protection for all".[86] Central to this understanding is clearly the political notion of democratic participation. Efficient public sector management is not included since it is considered a separate priority area targeting explicitly service delivery.

In contrast, decentralisation is referred to as a means to both ends. The document specifies indicators of what exactly should be achieved by deepening democracy/ governance and improving public service delivery. However, the only items targeted for the former objective is the rate of livestock theft, the crime rate, the formal existence of local authorities and the number of reported corruption cases. Improved service delivery is to be measured by the time it takes to process terminal benefits of public officers, the waiting time for citizens at authority counters, the delays in disbursement of bursaries and the operation of a complaints register. Without questioning the necessity of improvements in these specific issues, they are still insufficient and of limited relevance to assess democracy/ governance and public service delivery.[87]

Donor agencies working in Lesotho normally give decentralisation and good governance a higher weight in their assistance strategies. So, the World Bank under its general objectives of macroeconomic stability and good governance proposes four Lesotho specific key strategies, of which one is decentralisation, strengthened public service provision and improved monitoring and evaluation.[88] Also UNDP sees in the development of the National Vision 2020 and the PRS above all a contribution to the promotion of good governance. But UNDP's country

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[86] GoL 2005a:58
[87] See GoL 2005a:69;97
[88] See World Bank 2005:v

programme elaborates then solely 'democratic governance' as one of four country priority issues and decentralisation as one strategy within this aspect.[89] For the German development cooperation good governance includes decentralisation as one possible strategy leading to both democratic participation and public sector efficiency.[90]

4.2   Local Governance in Lesotho's History

4.2.1   Local Government Legacies and Traditions

The management of local affairs was an issue before the establishment of local government recently became a political priority. Up until today there has traditionally been a hierarchy of local and regional chiefs loyal to the king who is at the top of the system. In the past the chiefs were in charge of local land allocation and the settlement of arising disputes. The British colonial rule after 1868 tried to undermine the authority of the chiefs and established a National Council that was supposed to replace the national pitso (gathering of the chiefs) but the chieftaincy system continued to exist parallel to the new system. In 1945 the British formed elected district councils but local chiefs were included as ex-officio members. Until 1960 these councils were merely consultative and had little influence. Then they received a limited fiscal autonomy and the power to make by-laws. After independence the councils were suspended for political reasons. In the 1970s they were re-established on village level as advisory bodies to the chiefs. In 1983 the Urban Government Act was passed and subsequently urban authorities were formed. Under military rule so called development councils were established on village, ward and district levels. Chiefs were assigned as chairpersons of these councils which corresponded to each chief's territory. The chiefs were given the task of facilitating the process in which they all would share their powers, however this did not turn out to be very effective.[91]

The new constitution from 1993 then anchors the principle of local self-administration and provides for the creation of local government structures:

Parliament shall establish such local authorities as it deems necessary to enable urban and rural communities to determine their affairs and to develop themselves.

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[89] See UNDP 2004:5;
[90] See BMZ 2002a:6
[91] For the entire paragraph see Thomi 2002: (A2/1)1-6

Such authorities shall perform such functions as may be conferred by an Act of Parliament. (Constitution, Chapter VIII, Section 106 (1))

A Ministry of Local Government (MLG) was established 1994. The legislation preparing the ground for the introduction of local government became effective in 1997. Donors had facilitated the formulation of the local government policy, the government formed an inter-ministerial technical committee. Still, the process was much delayed and then completely halted due to the political events after the national elections in 1998. The 1997 Local Government Act (LGA) still remains, with its more recent amendments, the legislative basis for the newly created local authorities. Institutions, functions and powers of local governments are stipulated therein. The law originally envisaged the formation of five different types of representative local government bodies. Those were the directly elected Municipal Councils (MC), Urban Councils (UC) and Community Councils (CC) and district wise a Rural Council (RC) and a District Development Coordinating Committee (DDCC) composed of representatives from each local council, i.e. MC, UC and CC.[92] There were supposed to be 17-21 local councils in each of the ten districts – a total number of 201. Due to further delay of the aspired local elections the MLG appointed in 2001 interim community councils in this number along with additional 7 urban boards. These structures now replaced the still existing village development councils.

4.2.2 Public Service Delivery on the Local Level before the Recent Restructuring

The practice of public service delivery in the districts did not change significantly during the mandate of the interim councils. They have not yet assumed the functions prescribed to them in the LGA. Government services were continuously provided by the existing branch offices of the central government in the districts. Almost all line ministries were in one way or another represented on district level. Reliable data on staff employed in the districts was not available. Overall state expenditure spent on the district level by the different central government departments in the fiscal year 2005/ 2006 is estimated at 10,8% of overall state revenue. Of this only 1,3% is capital investment and 9,5% is recurrent expenditure.[93] Most relevant for local service delivery was the District Secretariat

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[92] GoL 1997:I
[93] Pfeiffer et. al. 2005:A11; recurrent expenditure without education, pensions and police

headed by the District Secretary representing the MLG in each district. Including all support staff, there were between 90 and 120 people employed in the District Secretariats that were responsible for such diverse issues such as urban and rural development planning, catering for stray stock and administering the allowances for the up to 500 village headmen and chiefs in each district. Besides the MLG, three ministries were implementing parts of their budgets district wise.

First, this applies to the Ministry of Agriculture that operated district headquarters and Agricultural Resource Centres providing their services to surrounding villages in up to four Community Council areas. The number of agricultural staff added up to more than 100 per district. Their tasks included the provision of agricultural extension services for farmers and the monitoring of agricultural activities aiming at identifying needs, improving agricultural practices and food security. Second, the Ministry of Health delivered health care services. 18 Health Service Areas including one "central hospital" are maintained as key institutions of the health system. However, they do not correspond with the areas of the ten districts. Management responsibilities for hospitals and village health posts are shared with the Christian Health Association Lesotho (CHAL). Budgets and staffing varies widely between the districts depending on management responsibility and location of the central hospitals. Third, the Ministry of Forestry and Land Reclamation decentralised parts of its budget directly to the districts. This department deals with forestry and range management issues and with soil and water conservation. Budgets and staffing were comparatively low. All of those three ministries employed a significant part of their district staff directly in some of the villages.

Present on the district level with its own staff and offices but without district wise breakdown of expenditure were the Ministry of Public Works and the Ministry of Natural Resources that operated their departments for Rural Roads, Rural Water Supply and the Water and Sewerage Authority. Tendering for construction works or equipment was handled centrally. Similarly, the Ministry of Education and Training organised the primary and secondary education from the central level, though teachers outnumber all other public servants in the districts. Further relevant services provided in the districts by central government offices were the licensing of businesses (Ministry of Trade and Industry), postal and banking services (Ministry of Communications), immigration and passport services and

police (Ministry of Home Affairs), the operation of court and correctional service facilities (Ministry of Justice) and the disaster management (Prime Minister's Office).[94]

4.3   Cornerstones of the Decentralisation Program

4.3.1   Decentralisation and the Development Strategy

After repeated delays in the implementation of the decentralisation program the Cabinet in February 2004 approved the "Programme for the Implementation of Local Government in Lesotho". Also a time frame was set and funding for the implementation of the local government elections was allocated within the budget of 2004/ 2005. The document defines the broad objectives of decentralisation in Lesotho as:[95]

- To deepen and widen public access to the structures of government;
- To bring services closer to the people thereby improving service delivery;
- To promote people's participation in decision making, planning and implementation of development programmes. This gives the electorate greater control over the development process;
- To promote equitable development in all parts of the country through the distribution of human, institutional and infrastructural resources.

The Government considers the introduction of local government a "pivotal strategy to implementing the PRS and thus the realisation of the National Vision".[96] Spelling out the cited broad objectives, the same document states that with Local Government structures in place, Lesotho will realise her vision because these structures will:[97]

- provide for good governance, ownership and accountability in matters of public policy;
- facilitate democratic control over the development planning process;
- move decision making, resource allocation and local level development planning into the hands of the people;

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[94] For the entire section see Pfeiffer et. al. 2005:8-10
[95] GoL 2004a:2
[96] ibid.
[97] GoL 2004a:23

- provide for equitable distribution of human, institutional, infrastructural and financial resources across the country;
- enhance the effectiveness of developmental activities by creating opportunities for elimination or reduction of duplication in development efforts;
- facilitate sustainability through matching development decisions with local conditions; and
- facilitate greater speed and flexibility of decision making as a result of reduced central direction and control.

In this Cabinet document, decentralisation is not systematically classified in terms of its role within the PRS the current version of which had not been finalised at that time. As noted above, decentralisation in the PRS document was first regarded as a tool to achieve democratic participation corresponding to the fourth PRS objective of deepening democracy and governance and, second, as a means to improve public service delivery in accordance with the eights PRS objective. Therefore, the decentralisation program with its above cited objectives fits well into the PRS. The implementation is expected to take place in 3 phases, a transition, a development and a consolidation phase. However, the stated time frames for the expected outputs of the step by step implementation proved to be too ambitious or unrealistic. The implementation of the decentralisation program remains closely interlinked with the Public Sector Improvement and Reform Program (PSIRP). While addressing the improvement of financial management and accountability beyond the sphere of local governance the PSIRP elaborates and provides budgets for single tasks in the framework of the decentralisation program such as local capacity building measures and internal policy harmonisation requirements in the central government.

4.3.2　The Introduction of Local Government – an Overview

Looking into the substance of the Cabinet's decentralisation program, it is above all the change in envisaged local government structures that has to be noted. Of the three different types of elected local councils envisaged in the LGA only the CC was realised. Depending on its size, a CC is composed of 9 to 13 councillors elected by popular vote and 2 chiefs elected by all gazetted chiefs of the community area. While the UC is abandoned completely there remains only one

municipal council in the country, the Maseru City Council (MCC). The RC is now replaced by the District Councils (DC) composed of two representatives from each CC and 2 chiefs. The DDCC, composed of the DC and representatives of a number of district governance stakeholder groups and institutions, remains a district level advisory body that shall usually meet only once a year. For an overview on the institutional design of local governments see Appendix 1. The determination of the total number of Councils and the redrawing of CC boundaries was left to a Commission on Administrative Boundaries. The issue was finally decided only in October 2004. The number of Councils was reduced from previously 201 to 128 and the MCC. The definition of CC boundaries by the Commission was decided by four criteria that lack precise wording ("access to services", "developmental considerations", "accessibility within councils and across councils", "effect on national constituency boundaries").[98] The Commission's report unfortunately does not elaborate their exact meaning. The redesign of the council structure did not lead to a higher homogeneity of the councils in terms of population size that varies between 1.000 and 14.000 registered voters. The median CC has 4448 registered voters.[99] Still, the total number of CCs was – in comparison to the original draft - reduced by 36%. However, no explanation is given as to why boundaries cut through urban areas like Butha-Buthe and Hlotse for example.

The implementation of the decentralisation program began in April 1st, 2005, when the restructuring of the district level administration began to take effect with the assumption of office of the new DAs and Chief Executive Officers/ District Council Secretaries (DCS) recruited by the MLG. Due to the short notice reshuffling of community boundaries, the Independent Electoral Commission (IEC) did not manage to implement the Local Government Elections before this date and announced finally that the Local Elections would be held on April 30th, 2005.[100] The elections were generally accepted as free and fair. 60% of candidates for the 1.279 CC seats ran as independents. But the ruling party, the Lesotho Congress for Democracy (LCD) gained 76% of the seats. The different opposition parties won only 5% of the seats while the rest went to independents. 53% of elected

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[98] GoL 2004e:12
[99] Own calculation based on IEC data. Exact population numbers are not available. The last census in 1996 was compiled according to different community boundaries.
[100] See EIU 2005b:12

Community Councillors are women. Overall turnout was with only 30% very low. This refers in particular to the city of Maseru where only 8% cast a vote.[101]

Boundaries in many cases cut through urban areas and are often not corresponding to national constituencies and principal chief areas. The size of CCs now varies considerably from 1.000 to 14.000 registered voters. Exact population numbers will be available only after the evaluation of the 2006 population census.

5   Lesotho Decentralisation Program: Strategy and Implementation

This chapter takes up the analytical framework developed in chapter 3. The indicators are grouped in three efficiency and three participation indicators. The sections for each indicator comprise of three parts. First, a short introduction is provided that outlines some general conditions relevant for the indicator. The second part is devoted to the subsections for each criterion. Where appropriate, these subsections address both the design and the implementation of the aspects relevant to the respective criterion. In the third part the findings relating to an indicator are summarised.

5.1   Efficiency Indicators

5.1.1   Management of the Decentralisation Process at the Centre

Given the records of delays and postponements in introducing decentralised local government in Lesotho one might on the one hand immediately doubt the capability of the government to manage a decentralisation process. The 1993 constitution calls for the establishment of local authorities. Many years have passed since then and not much has happened until recently. On the other hand, knowing about the political instability at the centre of the young nation and the challenges to the legitimacy of its government in those years, it is comprehensible that this government did not make the establishment of decentralised political structures a priority. Disturbances were not in the first instance about regional or ethnic differences. No one seriously demanded the splitting up of the small nation, so decentralisation was not likely to be part of the solution to the prevailing problem of political instability. Therefore, one might argue, the country was not ripe for far-reaching restructuring of the local-central relations until the situation on the

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[101] GTZ 2005

national level calmed down and the government consolidated its powers after the democratic elections in 2002.

Display of Commitment and Leadership

As the responsible line ministry the MLG took the lead in the formulation of the decentralisation policy. The issue was on their agenda practically from the outset, the formation of the Ministry in 1994. Though the Local Government Act was enacted and a lot of studies were implemented in the 1990s the process gained momentum only in 2002 when an Inter-Ministerial Task Force was set up to prepare implementation. Many issues were brought up. Government documents state central government responsibilities within the decentralisation process. These include:[102]

- Development of national policies and establishment of standards for Local Councils in their community development endeavours;
- Monitoring of local authority work regarding its alignment with national plans and policies;
- Support of local authorities with funding and expertise;
- Make local authorities to be accepted as creditable agencies of development;
- Decentralisation of some of central government functions and responsibilities to the local authorities.

Within this framework the responsibilities of the Minister of Local Government are defined as:[103]

- Establishment and facilitation of the functioning of local government authorities;
- Assisting local authorities to lead the communities effectively in development;
- Coordination of policies between the two levels of government.

Key issues such as the provision of financial resources, the setting of standards and the devolution of functions are identified as central government tasks. The first

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[102] GoL 2004f:19-20
[103] ibid.

item in the list of MLG responsibilities clearly assigns a leadership and coordination role to the Minister of Local Government.

In practice, by appointing a high ranking Inter-Ministerial Task Force the Cabinet expressed its support for the decentralisation process. Another sign of broad backing for decentralisation within the government is the integration of decentralisation objectives into an overall development strategy in documents such as the PRS and the PSIRP (see 4.1.3). This fact earns attention also because these documents are compiled by the Ministry of Finance and Development Planning (MFDP) which is in each regard a key ministry for the implementation of decentralisation. Still, the inter-ministerial cooperation, particularly between the MLG and the MFDP, was not very efficient. A joint working group assigned with the determination of fiscal aspects, the Fiscal Decentralisation Task Team, did not become operational. Subsequently, no coordinated and coherent approach to fiscal decentralisation was agreed upon (see 4.4.3). At the same time, the MLG showed great determination in the preparation and implementation of the local government elections that were pushed through against a lot of criticism and political opposition (See 4.5.2).

Provision of a Regulatory Framework

It was just mentioned, that the central government identified the provision of national standards and regulations as one of its main tasks. The legislative basis for the establishment of local governments and the devolution of functions is the Local Government Act (LGA). The act stipulates the institutional design of local authorities and a general framework for their work. A full legal review of the provisions made in the LGA is beyond the scope of this study. The main thrust of criticism is directed at the definition of functions for CCs and DCs (details will be elaborated later in this chapter). The ascribed competences seem to be insufficient and overlapping in large parts.[104] In addition, the implementation of all those functions requires a multitude of complementing regulations and legal adjustments. To name just one example, overall financial regulations on how to keep accounts are essential for the day-to-day work of local governments. Procedural rules need to be prescribed. Further, the assignment of competences

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[104] See Pfeiffer et.al. 2005:A8

in certain policy areas necessarily relates to other sectoral policies that have to be adjusted to take into account the role of local governments. Before the amendment in 2004 the LGA in section 95 contained a not very helpful general clause that provisions of this Act prevail over other laws in the event of inconsistencies or conflicts. Identical provisions were made in the potentially conflicting laws such as the Environment Act.[105] Compilations of what has to be done legally are included in the Cabinet approved Programme for the Implementation of Local Government (2004) and in the respective PSIRP component but both seem to refer only to single aspects of decentralisation. Interrelations of legal procedures and the adequate timing of measures tend to be neglected. A comprehensive coordination of procedures preparing the legal ground for the decentralisation process is not recognisable. Exemplary for this is the fact that financial regulations for Local Governments were drafted in the MLG without consultation of the MFDP that is in charge of state finances and public sector reform.

Mechanisms for Financial and Technical Monitoring of Local Governments

The LGA establishes a number of control mechanisms for local authorities. In describing these mechanisms, this section will focus on possibilities for direct supervision by the central government. Mechanisms promoting local self control of authorities will be elaborated on in section 4.5.2. The LGA as amended in 2004 empowers the Minister of Local Government to:

- Declare Community Council areas (Section 3; 83);
- Ensure conformity of District Development Plans to the National Plan through the District Planning Unit (Section 30);
- Amend by regulation the schedules of the act (referring to the functions of local authorities; Section 32);
- Stop local government by-laws from becoming effective through rejection of approval without the obligation to give reasons (Section 44);
- Review regularly statements of receipts and disbursements on the Communities' bank accounts (Section 51; 60);
- Limit the borrowing of Councils and reject borrowing that exceeds the total CC income of the preceding two years (Section 52);

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[105] See ibid.; also GoL 1997:(VIII/ 95)

- Regulate powers of local authorities to impose and levy rates and to publish a list of items that can be subject to taxes or service charges (Section 56; 57);
- Implement audits once a year and an extraordinary audit whenever the Minister wishes (Section 63);
- Suspend Councillors, to dissolve the Council after inquiry procedures and to appoint an administrator to a Council in case of refusal, failure or inability of the institution (Section 65);
- Make rules of procedure for guidance of Councils (Section 66);
- Appoint a Local Government Service Commission and through this Commission a Local Government Service Tribunal (Section 75); and
- Make any regulations giving effect to principles and provisions of the LGA (Section 84).

Section 4.5.3 of this paper will discuss whether these authorisations limit local self administration. When addressing merely the issue of central government's legal possibilities to control the activities of local governments, the conclusion is unambiguous. The LGA provides sufficient powers to the Minister of Local Government in order to ensure reasonable utilisation of public funds. However, in the list of government responsibilities cited above, the local government supervision function with regard to monitoring of financial procedures is not listed as a priority task of the central government in the decentralised system. Concerns over macroeconomic destabilisation through fiscal decentralisation are not articulated in the reviewed government documents.

The effectiveness of the local government control mechanisms cannot be assessed yet. Local authorities only gradually assume their functions. Only since the beginning of the current financial year in April 2006 the Councils have their own budgets. Administrative staff was just recruited. The forthcoming implementation of supervision and control through the MLG is above all challenged by the Ministry's own failure to timely produce the necessary regulations for local authorities. Only in June 2006 the Fiscal Decentralisation Task Team decided, which financial regulations will be applied for the local authorities.[106] The problems of the central government to establish a functioning

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[106] See GoL 2006a:10

audit system for its own accounts further undermine the credibility of the supervision and control mechanisms. Despite the existence of the basic legal provisions that reflect the intention of strict supervision, the implementation of the latter will be difficult under these circumstances.

Summary

Summing up the findings on the "Management at the centre"-indicator it can be said that after long lasting hesitation and delays there is now broad general support and commitment for the implementation of the decentralisation process. The driving force for implementation is the MLG that was vested with a bunch of important powers to lead the process and to intervene in its arrangements in order to enable a proper functioning of the newly created local governments. However, in practice the coordination and cooperation within the central government so far was insufficient to provide a regulatory environment conducive to a smooth start of the local authorities. The MLG seems to lack capacities to use its powers. Further, based on how the central government describes its own role, one can doubt whether the supervision function of the central government enjoys the necessary priority in the implementation.

5.1.2 Policy Planning and Implementation Capacity of Local Governments

When talking about the capacities of the local governments in the first instance one has to be aware of where they were starting from. In the framework of the current decentralisation policy these structures were established more or less from scratch. The local government administration, i.e. the apparatus under the control of the District Council Secretary (DCS)/ Chief Executive Officer and the officers and employees working with the Community Council Secretary (CCS)/ Town Clerk[107], does not stand in the tradition of any predecessor institution, it is completely new. Other institutions involved in governance on the local level like the traditional chieftaincy system and the deconcentrated central government branch offices of the District Administration remain in place parallel to the Councils and their administrations (see Appendix 1). On the one hand, the situation of creating new structures leaves much room for innovative and adjusted institutional responses to existing needs without constraints and legacies taken over from a

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[107] Alternative designations according to LGA

predecessor. On the other hand, while many tasks and responsibilities of the local governments are not new, the District and Community administrations will have to find their roles in the interaction with the existing and relatively consolidated other institutions that are supposed to give up certain competences in favour of the "newcomer". This context should remain a constant deliberation on the capacity of local governments.

Availability of Competent Staff

The Cabinet's Decentralisation Implementation Programme aims to equip the Councils with the relevant and competent human resources for performing the assigned functions.[108] The LGA in section 74 establishes a specific legal category for local government staff, namely the "Local Government Service" in contrast to the regular "Public Service" referring to central government staff. With the devolved functions according to the schedules of the LGA the respective staff is to be transferred from the deconcentrated branch offices of the line ministries to the DCs and CCs, respectively. Additional staff is to be recruited. The LGA names the CCS, the DCS and support staff for both of them with qualifications in financial management.[109]

First recruitments took effect in April 2005 when Community and District Council Secretaries assumed office. Simultaneously, the MLG collected data on numbers and qualifications of existing staff in the districts from the different line ministries and identified the positions to be transferred. Without changing the practice in the field, countrywide 3.262 former line ministry staff were transferred in October 2005. Salaries and operational budgets for these officers were assigned from the line ministries to the District Councils only at the beginning of the fiscal year 2006/ 2007.[110] Other line ministry staff in the districts performing functions not considered local government responsibility remained as part of the central government in the Public Service. This refers to approximately 1.800 officers who report through the DA to the line ministries.[111] Additionally, there are 11.800

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[108] See GoL 2004a:7
[109] GoL 1997:(50)
[110] See Pfeiffer et.al. 2006:9-11
[111] Estimated number based on provisional data compilations of MLG's Human Resource Department, excluding teachers

teachers and 400 judiciary staff whose transfer to the CCs was suspended for the time being.

A second round of recruitment for the local governments came into effect in April 2006. Since that month each DC has besides the DCS also an Administrative and a Finance Manager and a Human Resource, a Senior Legal and a Procurement Officer. To support the CCS each CC received an Accounts Clerk, a Clerical Assistant and 5 support staff such as bewys writers (already since 2005), cleaners and messengers. In total, for DCs and CCs in 2005 and 2006 1.104 people were newly recruited.[112] Starting from the 3.262 transferred staff fulfilling functions defined as local government competences, the new recruitments increased the staff dealing with local affairs by 34%. The recruitments were implemented by the Local Government Service Commission equally for each DC and CC irrespective of their size. Box 2 shows that local authorities in districts with small CCs thus employ significantly more personnel relative to population than local authorities in districts with bigger CCs. For an overview on local government personnel see Appendix 2. Particularly due to the recruitment practice for the Community Councils the average qualification in the Local Government Service remains low. 50% of the CC staff belongs to the lowest salary grade reflecting low qualification. Among the DC staff only 25% fall into this category. Box 2 shows the shares of all salary grades. Insofar the recruitment practice is contradictory to the PRS that explicitly emphasizes the problems of a bottom-heavy service for the quality of service delivery.[113]

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[112] See Appendix 2
[113] See GoL 2005a:92
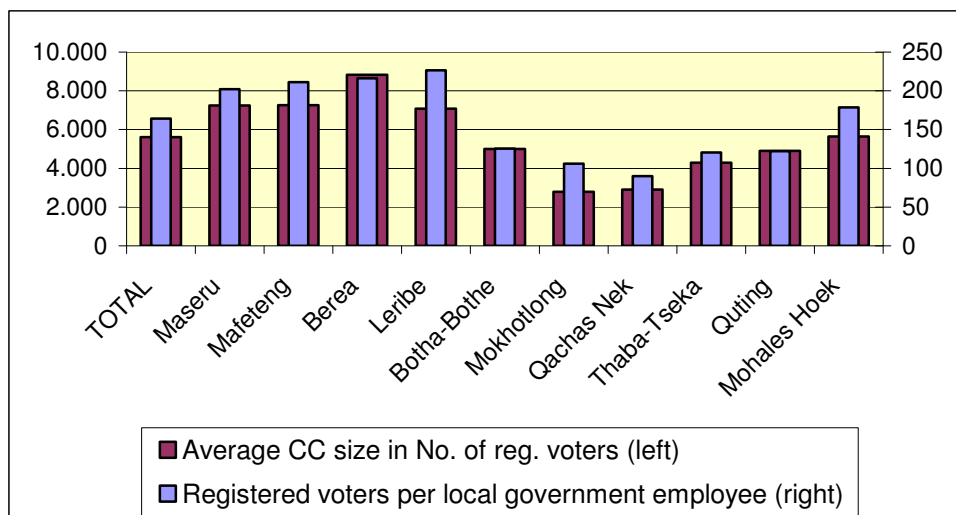
Box 2: Number of Registered Voters per Local Government Employee (see App. 3)
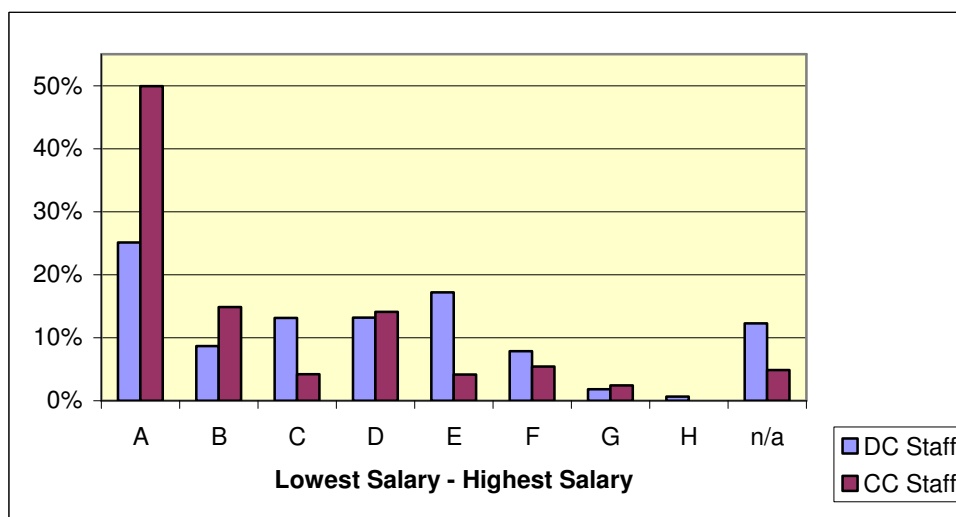
Box 3: DC & CC Staff – Share of Salary Grades (See App. 2)

Though fulfilling public tasks in local affairs management the chiefs do not belong to any of the Services. The chieftaincy system remained administratively untouched by the reorganisation in the framework of the decentralisation process. As before, the District Administrations disburse chiefs' allowances.

The salaries in the Local Government Service are about 40% higher than in the Public Service. For high qualified staff such as the senior DC management personnel this seems to be justified in order to attract them to work also in remote places.[114] So called "mountain allowances" are common in the Public Service as well. The rationale for paying higher salaries to low-qualified personnel is unclear

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[114] See Pfeiffer et.al. 2006:9-11

since it boosts local government recurrent expenditure without improving the quality of the service.

Senior DC and DA positions including the DCS and the DA were competitively tendered. Their contracts are limited in time and include performance based remuneration components. The majority of Community Council Secretaries are university graduates with BA degrees in public administration, management or related majors, but often do not have professional experience. Assuming their office in April 2005 they were confronted with very poor working conditions such as missing office facilities and several month delays in salary payments. Information on the upcoming implementation of further decentralisation measures such as transfer of staff to their authority trickled down to them only erratically. Until September 2005, all CCS from the whole country received only a five-day-training for all of them together.[115]

Management systems for horizontal and vertical coordination

The situation analysis of the PRS recognises that weakly managed administrative systems and poor internal cooperation and communication are creating inefficiencies resulting in poor service delivery. In the first instance, the introduction of local governments per se increases the number of administrative units, thus requiring interaction between a larger number of institutions. Still, in the now established system of local government institutions (Appendix 1) this problem is addressed. Certain coordination mechanisms and functions are imminent. While the CCs channel the flow of information from and to the villages and formulate priority needs, the DCs integrate and harmonise the expectations from the CCs to a coherent district policy. The central government's activities on the district level are coordinated by the District Administrator. At the same time the line officers in the District Administration are closely connected to their parent ministry on the central level.

The harmonisation between the central and the local government's policies is ensured on the one hand by technical support and supervision and on the other hand by the DDCC that additionally takes into account input from other district level governance stakeholder groups. However, the roles and functions of the

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[115] Based on consultations of nine CCS from four different districts, see Appendix X

DDCC are unclear at best. Provisions of the LGA and the role description given in the Cabinet's Decentralisation Implementation Programme are contradictory. While the former requires the DDCC's approval to district development plans (Section 81) the latter calls the DDCC only an "advisory body". In any case only the members representing the DC would have voting power, so it is not clear why the deliberations cannot be implemented in a special session of the DC but require an own body. In addition to that, the role of the District Planning Unit (DPU) has to be specified. Comprising different senior line officers from the District Administration the DPU is supposed to provide planning services to the Councils and to ensure the conformity of the district plan with the National Plan. The DPU according to the LGA has to finalise the DDP "having regard to the recommendations by the Council".[116] This provision degrades also the District Councils to advisory bodies. Without clarification, the cooperation of the different tiers of government on development planning is likely to be hampered by disputes over competences.

The coordination of the districts is happening in the current system merely in the central government. An institution horizontally harmonising the DCs and representing their entirety on the central level is missing.

Technical equipment for policy implementation

The Decentralisation Implementation Programme refers also to the necessity of infrastructure provisions for the newly established Councils. While the DCs are supposed to use the existing administrative facilities at the district level, "small administrative structures" shall be established for CCs. Office and meeting space and basic office equipment such as desks, chairs and filing cabinets are defined as minimum requirements.[117] Besides the fact, that this seems to be insufficient to effectively fulfil any functions, the document fails to specify how even this minimum should be realised. According to the allotted time frame the facilities should have been established in the first quarter of 2005.

In reality the situation was different. Until September 2005 few CCs had a permanent office with their own table and chairs. Utilized facilities mostly belong to

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[116] GoL 1997:(30)
[117] See GoL 2004a:16

other institutions like agricultural facilities, courts, clinics, chief's houses or churches. In many cases there is no electricity and no telecommunications service. In some remote CCs there is no adequate housing for the CCS. Due to these circumstances several CCS are based in district towns. In the district towns normally each relevant line ministry has its branch offices. Therefore plenty of government buildings with different intensity of utilisation exist though they are often far from each other. The DCs do not yet have their own buildings and normally share small facilities with the DA. In the framework of the devolution process a transfer of assets including office buildings combined with a redistribution of existing facilities might ease the situation for the DCs. However, until September 2005 this was not envisaged.

Summary

Before concluding on the policy planning and implementation capacity of the newly established local authorities, it should be pointed out that the decentralisation process initiated an inter-ministerial compilation of data on numbers and qualifications of the locally available human resources that the country obviously had not seen before. This seems to be an important basis for any policy intending to improve service delivery and efficiency. It was conditional for the large transfers of staff. The way of recruitment on the district level attracted qualified staff to the new institutions. Performance incentives were established. On the community level the situation is different. Recruitment of largely unqualified personnel exacerbated the extremely bottom heavy structures. CCS' capacities for appropriate management of the staff assigned to a CC seem to be overstrained. During the transition phase the flow of information to the affected staff on the procedures was insufficient. The new institutional design is developing a framework enabling vertical and horizontal cooperation of different institutions and tiers of government. However, the regulations established to formulate the District Development Plan as a central tool for policy making have to be clarified take into account democratic legitimacy of decision making. On CC level, widely inadequate technical infrastructure clearly is a limiting factor for efficient and effective work of the newly created administrative units.

5.1.3   Fiscal decentralisation and administrative efficiency

The Decentralisation Implementation Programme declares the financial dimension of decentralisation a fundamental principle of the entire process. As indicated earlier there are no traditions of implementing public funds independent from the national budget. Fiscal decentralisation is a completely new approach for Lesotho, though in some of the deconcentrated branch offices of the central government experiences with autonomous budgeting exist.

Provision of Resources for Local Governments

Sections 47-66 of the LGA stipulate the general framework for local government finances. The Council's "Fund" (budget) is constituted by all revenues of a Council, i.e. own revenues from levies and fees, donations, gifts and grants and sums made to the order of the Council by the National Assembly. However, the Cabinet acknowledges that "notwithstanding the powers of local governments to levy taxes as a source of Council income, central government will remain the primary financier of local government through a grant system."[118] Except a grant position for MCC similar to past years, the state budget for the first year of local government, the financial year 2005/06, had not made any provisions reflecting fiscal decentralisation. Only in the current financial year had the Councils received grants covering the cost of personnel, allowances for Councillors and some operation costs. These allocations were made subject to the salary entitlements of the transferred staff and the number of Councillors.[119] Due to the big range of CC size the budget allocations for CCs per capita vary significantly in this system. Small Councils seem to benefit most. However, the transfer of financial resources to the local authorities is not yet finalised. A number of affected line ministries reported difficulties in disaggregating the costs of functions and personnel transferred to the local authorities.[120]

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[118] GoL 2004a: 5
[119] See 4.4.2 and Appendix 2
[120] See GoL 2006a:4-9
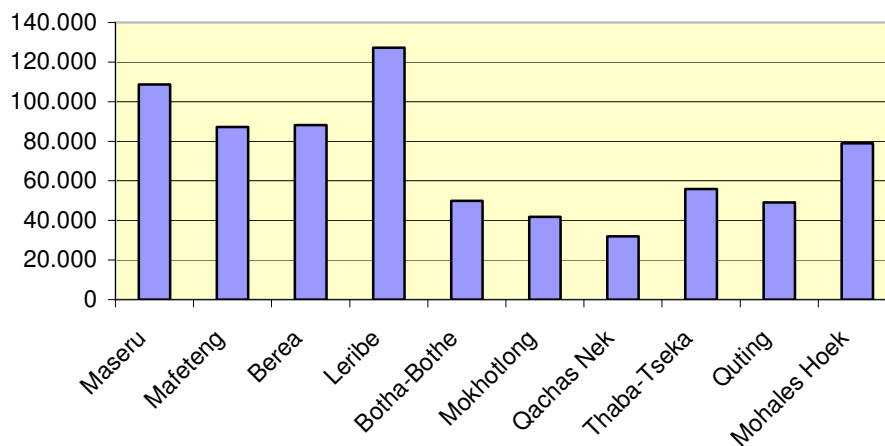
Box 4: Districts by Numbers of Registered Voters (See App. 3)

■ Average CC size in number of registered voters (left scale)
■ Recurrent CC budget allocation (2006/07) per reg. voter (right scale)
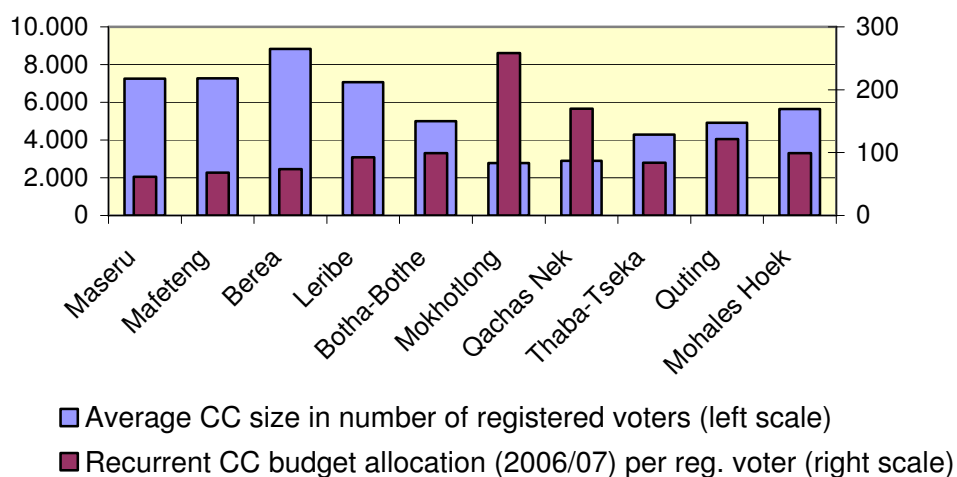
Box 5: Average CC Size in Registered Voters versus Recurrent Budget Allocation to CCs per Capita (See App. 3)

The Fiscal Decentralisation Task Team, a joint working group of the MLG and the MFDP, after its reactivation in spring 2006 agreed on a method to allocate capital budgets to the Councils. The national budget includes a title "Development Fund for Councils" for this purpose. 75% of the amount will be distributed according to each CC's share of population. Lacking reliable population data, the number of registered voters will be the basis for this allocation. The remaining 25% of these development funds are distributed according to a CC's share of Lesotho's surface. The MLG originally preferred a distribution based on the comparative development and poverty level of a CC. However, reliable CC statistics on poverty do not exist

and indicators would be easier to manipulate for political reasons. Therefore donors suggested this easy and transparent allocation formula.[121] More pressing than the allocation formula is actually the low amount of the capital budget. The designated sum amounts only to 10% of the funds transferred for recurrent expenditure, i.e. salaries, allowances and operation. Over the long run, donors are expected to provide additional funds for this purpose. Additional investment in the districts is implemented by the central government's sector programs, e.g. in the water sector. Those funds are not transferred to the local authorities for technical reasons. The decision on the design of a comprehensive system of intergovernmental transfers is still pending. Supported by donors the Government of Lesotho envisages the establishment of a Local Government Finance Commission or Board that shall be in charge of allocating funds to the CCs. Incentive structures for community development projects shall be provided with donor support by a District Development Fund.[122]

Revenue Generation

The LGA, section 47, lists possible revenue sources for local governments. These include:

- fines and penalties;
- rates, taxes, duties, fees and other charges levied under authority of the act;
- all sums realised by sales, leases or other transactions;
- all revenue derived by the Council from any property vested in the Council, or by the administration of any utility services; and
- all donations, gifts and grants to the Council in the course of the exercise of its powers, duties and functions.

However, in the past significant revenues were not brought in from any of these sources. Property rates were effective only in Maseru. Revenue from fees collected by the MLG in the districts is negligible.[123] Therefore, at least for the time being the potential to raise funds locally must be rated low. In rural areas extreme poverty further limits the possibilities for collecting revenues. Collected revenue at

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[121] See GoL 2006a:2; also Pfeiffer et.al. 2005:18
[122] See Pfeiffer et.al. 2006:12
[123] ibid.

the local level, such as pound and grazing fees, sanitary and refine fees, market fees, community hall and public toilets, is currently not properly deposited in a bank. These monies are often kept in cash.[124]

Cost Efficiency

The institutions of local government serve the purpose of bringing services closer to citizens thereby improving the level of provision, i.e. the effectiveness of the services. Cost efficiency in production of services is not explicitly made an objective in the Cabinet's decentralisation program. Also for the Administrative Boundaries Commission this issue obviously did not play an important role. As elaborated in section 4.3.2 the accessibility of services seemed to be the key criterion even though the type of those services was not specified. Section 31 of the LGA stipulates that each CC shall be a "body corporate", i.e. an own legal personality employing administrative staff headed by the CCS. According to the provisions of the LGA the CCS and any of two officers specially authorised by the Council for that purpose shall sign all orders or cheques for payments from the Council's account. This implies that each Council has at least two staff beside the CCS with appropriate financial management competence. However, permanently being present in the Community Council area the CC staff might indeed organise and coordinate the public service provision more effectively.

The additional recurrent administrative expenditure resulting from the decentralisation programme and the establishment of local governments is considerable. For each of the 128 CCs a secretary and seven assisting staff were newly recruited. Each CC further has to pay allowances for 9 to 15 Councillors. A Councillor's position is believed to be a full-time job. Allowances surpass the salaries of low qualified support staff.

Similar recruitment for CCs of different size led to significant differences in administrative overhead costs of the Councils. The graphs in Appendix 3 show, that districts with small CCs employ many more people in relation to the population size than districts with larger CCs.

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[124] See GoL 2006a:3

Summary

While preparing for the decentralisation process the fiscal implications were largely neglected. Though the intention to complement the political dimension of decentralisation with a financial one is clearly stated in the LGA and in other approved documents, the government did not develop a workable system of intergovernmental transfers. Requirements for proper financial management of local authorities remained unclear. On the one hand the allocations implemented in the financial year 2006/07 show that the government is committed to step forward on the decentralisation issue. On the other hand it seems that the demarcation of community boundaries, the recruitment procedures and the current allocation pattern is a result of a somewhat hasty ad hoc decision making. From the outset small CCs will generate high administrative overhead costs. The obvious alternative of reducing recurrent cost in favour of community investments was not considered.

5.2   Participation Indicators

5.2.1   Preparedness for Participatory Local Democracy

Decentralisation and the establishment of local government in Lesotho is a top-down process initiated by the government and supported by external development agencies. The low turnout in the local government elections indicates that a large share of the population might not be ready for participatory local democracy. Previous experience with participation in local affairs management was generally low but differs regionally. People took up the initiative for example on HIV/ AIDS related activities and organised themselves in support groups for home care. In some regions, partly with NGO support, villagers form associations for rangeland management. Local arrangements on grazing control are widespread and in many cases involve monetary compensation schemes. Fines for cattle grazing in places like cultivated fields are often collected by the local chief or other entrusted persons. In some cases, villagers collected money among themselves to provide an own contribution in government capital projects benefiting the entire community. This was the case for example for small irrigation dams or rural water supply. Misuse of such funds by the entrusted persons was not reported as a problem.

Where these patterns of local affairs management were present, the newly established local governments can build on these experiences. Still, systematic citizen participation involving the joint articulation of political demands is a new concept for Lesotho. In the past, village development committees or similar bodies had very limited authority. For ordinary people the idea of being responsible for local affairs is new. Decisions were always made by a distant bureaucracy or by a local chief whose decision making capacity was legitimised through tradition. Democratic convictions and attitudes are not yet very deeply rooted. However, as recent surveys show, knowledge on the meaning of democracy is increasing and after the first signs of consolidation on the national level the democratic institutions are incrementally supported.[125]

Promotion of a Civic Culture and Local Political Elites

Certainly expectations regarding the contribution of the decentralisation process in strengthening the civic culture should not be too large. It seems to be unrealistic that settled habits and accepted customs can be changed within a short term period. A proper appraisal is difficult. Therefore, the findings in this criterion are particularly tentative.

The government's decentralisation strategy states the goals of widening public access to the structures of government and promoting participation. It includes provisions for a capacity building programme and for the development of a community based planning methodology that is supposed to serve as a key tool for the implementation of participatory planning within the framework of the new local government structures. The establishment of overarching civic education programmes as suggested in the PRS is not part of the decentralisation policy. The budgeting for training courses and capacity building was non-transparent. The national budget of 2005/06 did not include budget items for this purpose. Instead, the MLG used funds earmarked for investment.[126]

The preparations of the Local Government Election included significant efforts to sensitise the public and to educate voters. However, the effectiveness of these campaigns was reduced by the uncertainty on the tasks and responsibilities of the

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[125] See Gay 2006:1
[126] MLG Financial Controller 29/09/05, see Appendix x

incoming Councillors. Due to the fragmentary regulatory framework it was widely unclear what the Councillors would do after the elections and how the system should function. Still, the Afrobarometer survey indicates that almost everybody got in touch with the sensitisation campaigns in one way or another. 96% of the respondents had heard of the existence of local governments; 53% agree, that the local government system is closer to the people and that it will include them in decision making more than the central government.[127]

Once the Councillors were elected they were in the focus of the capacity building efforts. Nevertheless, by end of September 2005 all Councillors had attended merely a five-day training together with all other Councillors elected in their district. Many of the elected councillors had been members in the former interim councils or were involved in community activities as described above. Thus voters got to know them. In the Afrobarometer survey conducted three months after the local government elections 33% of the interviewed knew the name of the Community Councillor from their electoral division. Compared to the Prime Minister this awareness seems remarkable. He was known only to 25% of those interviewed.[128] Many Councillors reported that they were asked by the community to run for a Councillor post in the election. Others said that they were just inspired by the sensitisation campaign and that the love for the country and the community would drive their interest in the development of the Council. Most encountered Councillors stated that party membership did not play an important role in the elections.[129] It is more than likely that the promised allowance of LSL 1.000 for Community Councillors served as an incentive.[130] This amount is significantly higher than the average salary of textile workers of about LSL 700 to 800. Councillors understand their positions as full time jobs. Previous occupations were often given up for this activity. However, first allowances were paid only in October 2005, five months after the elections.

With donor support, the government developed a participatory planning methodology. The "Quick and SMART Planning" approach (QSP; SMART – "simple to understand by everybody, measurable, achievable, realistic and time

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[127] See Green/ Chikwanha 2006:50-51
[128] Green/ Chikwanha 2006:19
[129] Talks with groups of Community Councillors 11/09/05 – 07/10/05, see AppendixX
[130] CC chairpersons receive LSL 1200, DC members LSL 1500 and DC chairpersons LSL 1700, confirmed by Councillors, see Appendix X

bound") was piloted in a CC in Qachas Nek District. The roll-out to other districts and CCs started with workshops for the District Planning Units in September 2005. The purpose of the QSP is not the establishment of a fully-fletched micro-regional development plan taking into account spatial, natural resource and settlement aspects. QSP wants to facilitate the preparation of a short-term oriented Community Council Action Plan that can serve as a guideline for the work of the Councillors during the short first mandate period ending already after 2 years in 2007. Furthermore, the QSP aims to facilitate the acquisition of funds required for the implementation of activities and projects. By systematic community consultations actual demands can be identified. The CC then prioritises the needs in a democratically legitimised procedure. This needs assessment is the basis for effective utilisation of investment funds. In this manner the QSP involves a large part of the population because each Councillor is required to call a meeting in her/ his electoral division. Thus interest for community affairs is awakened. In the Afrobarometer survey 73% of respondents declared that they had attended community meetings 'several times' or 'often'.[131] Therefore, it can be assumed that the QSP indeed reaches out to the people. The MLG prepared a variety of printed materials to support trainers and Councillors in implementing the QSP.[132]

Due to their position as official representatives of the state, chiefs are key persons in local governance. However, not all gazetted area chiefs are part of the local councils. CC boundaries are not in line with chief's areas. Therefore those chiefs who are not represented in the Councils in many cases still seem to lack necessary information and guidance on the meaning of local councils for the management of local affairs. They have not been targeted by capacity building efforts.

The capacity of NGOs to promote civic culture and to support democracy education is very limited. The Afrobarometer survey indicates that membership in associations is very low. Only 12% are active members in community development or self-help associations. Membership in business and farmers associations and in trade unions is even lower.[133] A relevant NGO acting nationwide in this field is the

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[131] Green/ Chikwanha 2006:12
[132] See GoL 2005e: 3
[133] Green/ Chikwanha 2006:12-13

Transformation Resource Centre, which for example developed textbooks for pupils and manuals for teachers on the constitution and on local democracy.

Summary

To conclude on the question of preparedness for participatory local democracy it can be said that there is still much to do in order to enable people to constructively take part in the process of local self-administration. There are few traditions to build on. Only a small number of people are experienced in forms of political management and the organisation of joint community activities. When existent at all, these activities normally relate only to the village that people are living in, not to the CC area comprising many villages. The application of the QSP participatory planning methodology is certainly a step to strengthen community initiative and to stimulate community owned development. However, the timing of trainings and capacity building measures was not adequately adjusted to the implementation of the decentralisation process. Lack of information on the side of Councillors and chiefs causes delays that put at risk the prevailing enthusiasm of many local government stakeholders. The ad hoc financing of capacity building and training measures without a separate budget item gives another indication that these issues lacked the necessary priority in the preparations for the implementation of the decentralisation process.

5.2.2 Accountability and Responsiveness of Institutions

Bringing government "closer to the people" is a frequently iterated central motivation of the entire decentralisation process. After having addressed the preparedness of Lesotho's society to take the initiative in local governance, now it shall be analysed whether the local government institutions are prepared to respond to the needs that are articulated by the people. A broad picture on the institutional design of the newly created local authority structures was already drawn. Appendix 1 provides a schematic overview. The originally proposed differentiation of local councils in the three categories of municipal, urban and rural councils was simplified during the formulation process of the decentralisation policy and thus was easier to understand and became more transparent. The other side of the same coin is of course that differences between urban and rural areas cannot be taken into account with only one single type of local council.

Tasks and functions in urban areas might differ significantly from the requirements in rural areas.

Transparency and Access to Information

The Local Government Regulations published in May 2005 require the Councils to work transparently. So, for example, Council meetings should be public and minutes of these meetings should be made available to everybody on request. The LGA, section 44, provides that by-laws of local governments have to be published in the government gazette before coming into force. The regulations further prescribe the duty of Councillors to regularly hold so called pitsos, i.e. public gatherings in the constituencies in order to hear the concerns of the local community and to inform people on the issues discussed in the Council.[134] Additionally, organised civil society associations may voice their concerns at the district level in the DDCC. Thus, the intention to organise a flow of information from the community into the political bodies and vice versa is basically reflected in the design of the local government system. However, the codified rules do not address the access of citizens or local government Councillors to files and documents of the administrative apparatus of the districts and the central government. The Councillors shall monitor the work of the staff under the Council and the implementation of the approved plans. Still, their individual or collective rights to query are not defined yet.

The practice of this in communities shows that minutes are taken in the Councils but in the absence of technical equipment distribution even among the Councillors themselves is hardly possible. Facing the widespread lack of any communication infrastructure even the calling of a meeting can be a serious logistic challenge. Invitations must often be carried by people who are coincidentally on their way to the village where a Councillor lives. In many CCs permanent office and meeting facilities are not available. This makes it more difficult for people to approach their CC directly. The encountered Councillors confirmed the implementation of pitsos in their electoral divisions. Such gatherings are normally coordinated with chiefs. This is the way information on local affairs is transmitted. Local media such as radio stations or newspapers do not exist. 75% of the respondents in the

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[134] GoL 2005b:(14)

Afrobarometer survey have never access to television. 68% get never news from newspapers, only 20% read newspapers more than once a month. Radio is the medium with the best outreach. 68% get news from a radio more than once a month.[135] Local information is scarce in the national stations.

Elections and Representation

Facing the difficulties in distribution of information the conduct of the local government election should receive due attention. Free elections presuppose access to information about the candidates and the given alternatives. After community boundaries were determined only in October 2004, preparation of the voter lists and candidate nominations took place under a very tight timetable. The time frame for sensitisation and campaigning was short. The legal basis for the election provided the Local Government Election Act which was approved in 1998. In a remarkable amendment to the Act in 2004 the male-dominated National Assembly reserved 30% of the seats solely for female candidates. Due to the first-past-the-post electoral system, the government had to select arbitrarily electoral divisions where only women were allowed to run. After it was legally challenged this provision was upheld in both instances by the High Court. As a result of tough deadlines and the pre-determination of the sex of the admitted candidates it happened, that in some of the electoral divisions either no or only one candidate could run for office. Apart from that, the Transformation Resource Centre assumes that many women were encouraged to run by the 30% quorum. Thus the quorum should have increased the overall number of candidates and the choice for the voters. Where the elections had to be cancelled completely, new elections were organised in May and June 2005.[136]

The local government elections are the primary mechanism in which people can express their satisfaction or dissatisfaction with "the accounts" of the political leadership in their local Council. Though the 2005 local elections were the first ever multi-party local elections in Lesotho, it is obvious that this mechanism started to work. Many of the candidates presented themselves with their good "accounts" from previous community activity. In total, 3.896 candidates ran for the

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[135] Green/ Chikwanha 2006:9
[136] See TRC 2005:4

1.279 Councillor posts.[137] These numbers indicate that voters in many places were able to choose between alternatives. The term of office was reduced for the first Councils from five to only two years in order to conduct the next elections simultaneously with the national elections. Facing the capacity limitations of the local authorities this might be too early to present any substantial accounts to the electorate. On the other hand the allowances for the Councillors are high enough to justify an early re-decision on who deserves to be a people's representative.

Despite the negative experience made on the national level with a pure first-past-the-post electoral system it was opted to use this system at the local level. Thus inclusiveness of the system is low and opposition or fringe groups are likely not to be represented in the Councils. On the other hand direct accountability relations between the constituencies and their representatives are strengthened. At least in rural areas the virtues of this system might well prevail because constituencies are widely homogenous in terms of socio-economic status and ethnicity. The enthusiasm shown for the elections was much higher in rural than in urban areas. The turnout in the latter was much lower. The role of political parties is somewhat unclear. Councillors in many cases emphasized that party membership is irrelevant in the Councils. However, election statistics indicate the absolute dominance of the LCD that nominated 26% of the candidates but gained 76% of the Councillor posts whereas independent candidates and opposition parties lost ground.

The problem of low inclusiveness is even more relevant in the case of DCs. The members are nominated by majority decisions in the CCs. Thus even opposition groups that successfully placed their candidates in a few electoral divisions completely lack representation at the district level. The problem was slightly litigated but not solved by the Minister's intervention in May 2005. She decreed that opposition parties constituting at least 25% of a CC can send an additional representative to the DC. After the 2005 election this is the case in five CCs nationwide.[138] Still, in this system the predominance of the ruling LCD is manifested. Strong opposition is unlikely to emerge. The development of political alternatives depends on the pluralism within the LCD.

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[137] GTZ 2005
[138] GoL 2005c:507-508

In consequence of the heterogeneity of the CC size the liaison between the voter and the Councillors is of very different intensity. A Councillor in a small community represents fewer voters than a Councillor in a big community where a single ballot subsequently weighs less. The significance of this difference is shown in box 6. In Berea one Councillor on average represents more than three times as many voters than a Councillor in Mokhotlong. Broken down to the community level, the contrast is even more salient. A Councillor in the smallest CC in Lesotho, Pae-La-Itlhatsoa (J04), Mokhotlong District, stands for 94 registered voters while in Lesotho's biggest CC Khomokhoana (C15) located in the Leribe District the voter-councillor relation is 1.630 to one.[139]
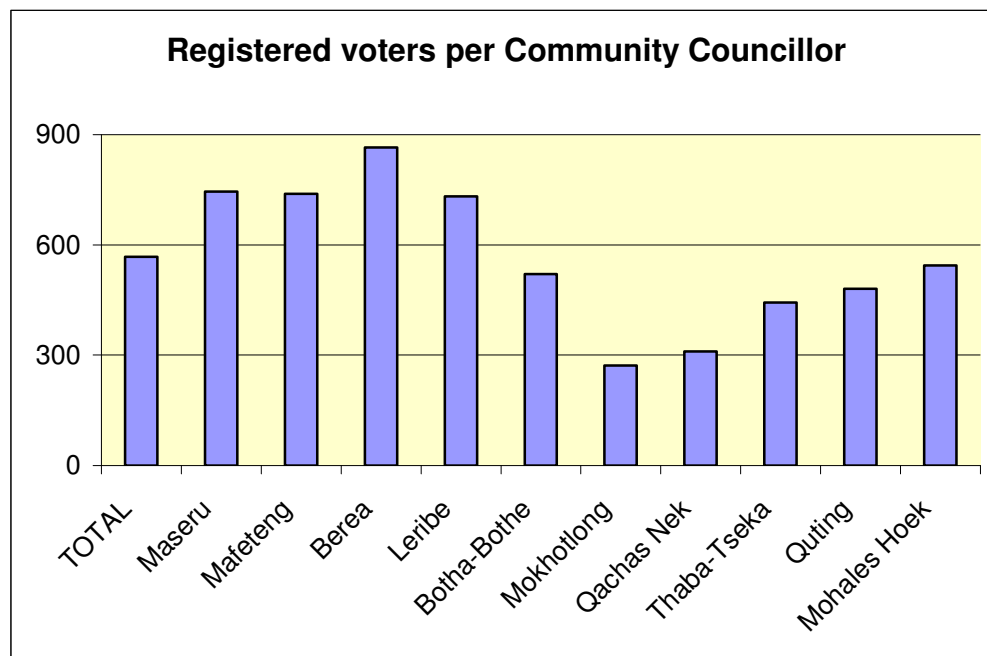
Box 6: Registered Voters per Community Councillor (Average in Each District; See App.3)

Aside from the elections no direct democratic mechanisms such as petitioning or referendums have been institutionalised.

Summary

The findings on accountability and responsiveness of institutions are somewhat ambiguous. First of all, thanks to the establishment of local governments the flow of information between the citizen as a consumer of public services and the administrative staff delivering those services has certainly improved. Councillors

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[139] Calculation based on IEC election statistics

are very close to the communities. They can raise issues on the community or the district level and address an administration that is less fragmented than before. Regulations theoretically ensure transparent procedures within the Councils. However, the lack of a basic office and telecommunication infrastructure in fact limits the transparency. Furthermore, citizens and Councillors lack instruments to monitor and control the work of the administration. Taking into account a number of difficult preconditions the first ever multi-party local government elections were implemented successfully. Enough candidates were nominated. Local democracy was exercised for the first time and the decentralisation process got attention all across the country. Still, the design of the CC boundaries and the electoral system have already revealed some weaknesses. The urban population seems much less attracted by the local government system. The turnout was lower there. In the bigger CCs in urban areas the voter-to-councillor relation is much higher. As a result the local government is not as close to the people. A single vote weighs significantly less than in rural CCs. The electoral system creates strong accountability relation between a Councillor and its constituency. On the other hand opposition groups are marginalized. For them it seems almost impossible to gain representation on district level. A one-party District Council might in the long run support patronage and further weaken the control of the district level administration.

5.2.3 Competences of Local Governments

The Cabinet's Decentralisation Implementation Programme states the aim of promoting development through distribution of resources and decision making power. This implies the devolution of relevant competences to the local governments. The challenge is to find the right means to this end. This section therefore addresses the process of the competence transfer and their relevance.

Transfer process

The Decentralisation Implementation Programme outlines three implementation phases:[140]

- A 2 year transition phase (2004-5), leading to the election of the District Councils and Community Councils, and the devolution of some functions.

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[140] GoL 2004a:6

- A 5 year development phase (2006-11), where additional functions are decentralised.
- A 5 year consolidation phase (2012-16), where operation of local government is refined, and efficiency and effectiveness are improved.

A staged approach takes into account the time that is needed to enable the newly created authorities to develop the necessary capabilities. The implementation began with the recruitment and the formal establishment of the new administrative structures in April 2005 followed by the Local Government Election in the same month. In the following months the Councils met for their first meetings, some trainings for Councillors and for Council Secretaries were conducted. The transfer of staff came into effect in October 2005, for that financial year still without budgets. With the beginning of the financial year 2006/ 2007 in April 2006, budgets for personnel and parts of operation costs were transferred to the DCs. At the same time newly recruited staff assumed office in the DCs and the CCs. So far, the step-by-step expansion of local authorities took place.

However, talks with local government stakeholders on the ground conveyed the impression that the process to a big extent lacked predictability. Implementation decisions often were taken in an ad hoc manner on the central level. Affected staff received the notifications on their transfer and first information on its implications only in September 2005. Heads of line ministry departments in the districts were not involved in the process. The Inter-Ministerial Task Force already in May 2004 prepared a Report on the Proposed Functions for Local Authorities over the Period 2004-09.[141] The report specifies the very broad and imprecise provisions of the LGA on the functions and competences and lists for each Ministry a breakdown of functions to be decentralised in phases. However, a timing for the devolution is not suggested and the staff transfer finally happened in one big bang.[142] A manual book used for training of Councillors and local government staff in the chapter on functions of local authorities refers only to the schedules of the LGA deemed imprecise by the Task Force report.[143] There seems to be a problem of elusive functions of local authorities according to the law on the one hand and practical activities of the local Councils that are somewhat detached from the envisaged

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[141] GoL 2004g
[142] With the exception of teachers
[143] GoL 2005e:19

functions on the other hand. This refers for example to the QSP activities. Thus responsibilities are formally devolved and continuously implemented but not dealt with in the Councils.

Substance of Powers

Section 5 of the LGA in two lists ("schedules") specifies very broadly the tasks and functions of local government. While the first schedule refers to tasks that shall fall under the responsibility of DCs, the second names the functions under the authority of the CCs. The First Schedule lists the following matters:[144]

1. Control of natural resources (e.g. sand, stones) and environmental protection (e.g. dongas, pollution).
2. Public health (e.g. food inspection, refuse collection and disposal).
3. Physical planning.
4. Land/ site allocation.
5. Minor roads (also bridle-paths).
6. Grazing control.
7. Water supply in villages (maintenance).
8. Markets (provision and regulation).
9. Promotion of economic development (e.g. attraction of investment).
10. Streets and public places.
11. Burial grounds.
12. Parks and gardens.
13. Control of building permits.
14. Fire.
15. Education.
16. Recreation and culture.
17. Roads and traffic.
18. Water resources.
19. Fencing.
20. Local administration of central regulations and licences.

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[144] GoL 1997:(I/5)

21. Care of mothers, young children, the aged and integration of people with disabilities.
22. Laundries.
23. Omnibus terminals.
24. Mortuaries and burial of bodies of destitute persons and unclaimed bodies.
25. Public decency and offences against public order.
26. Agriculture: services for the improvement of agriculture.
27. Forestry: preservation, improving and control of designated forests in local authority areas.

The second schedule lists the following matters as competences of CCs:

1. Control of natural resources (e.g. sand, stones) and environmental protection (e.g. dongas, pollution).
2. Land/site allocation.
3. Minor roads (also bridle-paths).
4. Grazing control.
5. Water supply in villages (maintenance).
6. Markets (provision and regulation).
7. Burial grounds.

The LGA then in section 42 allows Councils to make or to adopt by-laws regulating the issues under their responsibility. By-laws include the option of imposing penalties and fines. Likewise the payment of allowances to Councillors shall be subject to a by-law. The introduction of taxes and rates is subject to limitations as may be specified by the Minister (LGA, section 56-58).

The provisions in the schedules are ambiguous because all seven matters in the second schedule overlap with the first and clarification is left open to regulation by the Minister. On the one hand this ambiguousness is conducive because districts remain flexible to take care of certain issues if a CC is not capable to find adequate solutions. Larger CCs in urban areas are likely to develop stronger capacities to handle the competences than small rural CCs. On the other hand, this confusion might easily lead to disputes over competences between CCs and their DC. This risk points to another weakness of the LGA. It fails to specify even rudimentary regulations for dispute resolution. This concerns not only the relations

between CCs and DCs but also potential conflicts between the Minister and a Council on the approval of a by-law. By-laws do not take effect until they are approved by the MLG. This is a very restrictive and time consuming procedure. Furthermore, neither the LGA nor the Decentralisation Implementation Programme makes any provisions regarding the competence to decide on the size of a Council's administration. The Act (section 38) merely stipulates that the salary, allowances and conditions of service of an executive officer of a Council shall be determined by the Local Government Service Commission (LGSC), established by the LGA (section 67). Likewise an elaboration of the rights of the Councils to approve the budget is missing.

As noted earlier, for the time being the MLG decided to recruit staff equally for each CC and DC. Staffing is not adjusted to the needs. No choice is left for the Councils to shift funds from the recurrent to the capital budget. The LGSC is responsible for the personnel of the local authorities. While it seems reasonable to ensure countrywide equal conditions for local government servants, it makes no sense to exclude the local authorities from nominating Commission members. The LGA puts this competence solely into the hands of the MLG and Councillors or Council employees are explicitly banned from membership. A similar problem exists with regard to the Local Government Service Tribunal that is supposed to deal with appeals against decisions of the LGSC. According to the LGA, section 75, the members of the Tribunal are appointed by the Commission after consultation with the Minister. Neither local authorities are involved nor is the Tribunal impartial under these conditions.

Competences of the Councils will have to be clarified also in relation to the DA. The issue of development planning was already addressed in Section 4.4.2. According to section 30 of the LGA, the District Planning Unit under the DA "finalises the District Development Plan", though physical planning and promotion of economic development are competences of the local authorities as stipulated in the schedules of the same Act.

On the community level, the functions of the chief should be separated from those of the Councils. By tradition, chiefs help the King to rule the country. They have to "contribute towards stability, safety, peace and tranquillity of people under his/ her

charge."[145] Chiefs are the custodians of the Basotho culture and traditions. Only a few of their functions shall be listed here:[146]

- To help people identify lost items including livestock;
- To uphold the rule of law, to prevent crime and to charge offenders;
- To protect community development projects; and
- To keep records of birth, death and marriages of his/her people.

Thus chiefs deliver important services to the public. The Decentralisation Implementation Programme aims to make the institution of the Local Area Chief supportive to the modern institutions of local government. In practice, only few disputes over competences between Councils and chiefs were reported. This concerned for example land allocation which was until recently another function of the chief. Chiefs remain key persons in local governance. Their involvement in the Councils seems to be reasonable because disagreement of a chief might easily hamper the functioning of local community projects.

Summary

Summing up the findings on the issue of local government competences it can be said that the main problem is the impreciseness and incompleteness of the provisions of the LGA. Local authorities still lack the sovereignty over the budget expenditure which is an essential core competence. The freedom of choice of the Councils is significantly restrained. Further, local authorities do not have sufficient influence on human resource issues. They are not adequately represented in the Local Government Service Commission and in the associated Tribunal. No provisions are made for the case of arising disputes over competences with other institutions such as the MLG, the DA or the chief on the community level. Currently the MLG retains decisive influence on the businesses of local self-administration. Progress in the incremental extension of capacities and competences is visible. However, a transparent agenda and a consistent concept for the devolution process are missing. Processes are managed more in an ad hoc manner. The challenge seems to be to make the Councils proactively dealing with the competences and choices they have.

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[145] GoL 2005f:18
[146] ibid.

6   Conclusion

Chapter 3 developed and described the indicators that structured the analysis of Lesotho's decentralisation process in chapter 5. On the one hand the intentions and strategies of the designed decentralisation programme were addressed. On the other hand also the practical implementation of the envisaged policies was analysed. The task of this section is now to integrate these findings to an overall assessment regarding the contribution of decentralisation to good governance.

6.1   Indicator Assessment I: Efficiency

6.1.1   Summary of Findings

EFFICIENCY INDICATORS		
Management of the decentralisation process at the centre	**Policy planning and implementation capacity of LGs**	**Fiscal decentralisation and administrative efficiency**
Display of commitment and leadership - overall government support; inclusion in PRS - MLG as lead ministry	*Availability of competent staff* - large staff transfers to LGs managed by MLG - establishment of competent DC secretariats - large and low profile CC administrations	*Provision of resources for local governments* - no clear intergovernmental transfer system in place - implemented allocations based on staff numbers
Provision of a clear regulatory framework - weak regulatory environment for smooth introduction of LG, lack of coordination with other ministries	*Management systems for horizontal and vertical coordination* - clear flows of information and reduced fragmentation on district level - unclear role of DDCC; lack of coordination among DCs	*Revenue generation* - in rural areas no significant own revenue can be generated
Mechanisms for financial and technical monitoring of LGs - so far low demand (autonomy of LG's still low) - MLG has necessary legal powers but procedures still unclear	*Technical equipment for policy implementation* - district level: good, but reorganisation not finalised - CC level: insufficient; in many places most basic infrastructure missing	*Cost efficiency* - Process of boundary demarcation without consideration of administrative efficiency - high administrative overhead cost particularly in small CCs
➔ MLG is powerful driving force but leadership capacities are limited	➔ Good working capacity of DCs; CCs weak despite staff intensity	➔ Fiscal and cost efficiency implications of decentralisation were so far neglected

Table 2: Efficiency Indicators – Summary of Findings

The findings of the previous chapter on the efficiency indicators are presented in the adjacent table 2. It was found that the MLG plays the key role in the management of the decentralisation process at the central level. The MLG has wide discretion in providing the regulatory environment for the establishment and

the functioning of local governments. It is the driving force in the process. However, so far legal provisions are widely imprecise or incomplete and often not well coordinated with other stakeholders such as the MFDP. Questions of fiscal decentralisation a long time remained unregarded. While DC offices seem to have the potential to develop good working capacities, small and rural CCs have poor infrastructure and generate high administrative overhead costs.

The implications of these findings for efficiency in the public sector are not unambiguous. Thanks to the decentralisation policy the public service delivery is now less fragmented then it was before. In the past each line ministry organised its services more or less independently from each other. The DCs seem to develop a capable administration with competent staff. The system of institutions is well designed to coordinate public service delivery by the different tiers of government. The close link to the Councils reduces the cost of information for the service providing administrative units. In conclusion, the policy planning and implementation capacity on district level is likely to strengthen the public sector efficiency.

The remaining efficiency indicators show rather converse effects. For the time being, the central government did not manage the decentralisation process optimally. This refers less to the first criteria of commitment and leadership. Embedded in the PRS and backed by Cabinet decisions, decentralisation is a national policy priority. The broad general government commitment is conducive to implement decentralisation policies. However, the MLG was not fully able to fulfil the envisaged leadership functions as central management unit. It lacked capacities to develop a regulatory framework facilitating the smooth start of operations of the created local authorities. Legal provisions are widely imprecise or incomplete and often not well coordinated with other relevant stakeholders such as the MFDP. The third analysed criterion is of little relevance at this point of time. So far there was no need for effective implementation of monitoring mechanisms because local authorities did not execute significant autonomous economic activities. Subsequently, also the macroeconomic stability is not immediately threatened by local governments. The MLG has the necessary legal powers to introduce monitoring and control mechanisms but procedures were discussed only

after the first financial year of the local authorities had already started. Therefore, one can doubt whether the supervision already enjoys the necessary priority.

After fiscal decentralisation was defined a "fundamental principle" of the decentralisation policy, the achievements in this area are particularly disappointing. The design of the local authority structures, i.e. the demarcation of community boundaries and provisions for financial management capacities in the LGA, did not consider fiscal and cost efficiency aspects at all. Large differences in the size of CCs will make it difficult to achieve comparable local government capacities and a similar quality of service delivery. Though local governments were established, concepts for intergovernmental transfer systems remained elusive. Possibilities for generating own revenue were created. If at all, these sources will have the potential to relieve budgets only over the long run. However, despite the poor preparation, the fiscal decentralisation gained momentum when in spring 2006 budgets were systematically allocated. With this move the government showed its willingness to proceed. Unfortunately, these provisional arrangements were not guided by concerns of overall efficiency in the public sector. Resources were allocated without consideration of real local needs. Thus the administrative apparatus has grown without an improvement in service delivery.

The partly improved policy planning and implementation capacity was already addressed in the beginning of this section. The large staff transfers from the line ministries to DCs and CCs pave the way for an integrated service delivery by local authorities. Resources are pooled and, at least over the long run, synergies can be expected. However, the considerable number of 1.232 staff was recruited additionally for the created CC and DC offices. When compared to the number of staff dealing with local affairs issues before the decentralisation, this is an increase by 34%. On the district level the need for a competent coordinative management unit is fully comprehensible. Contrariwise, the functions of the recruited unqualified CC staff are completely unclear, particularly as the Councils often lack basic operation infrastructure and budgets. The strategy to recruit equally for each CC irrespective of the size is unreasonable. The same is true for the payment of relative high salaries to abundant low-qualified staff. Resulting from these recruitment patterns the recurrent expenditure of small CCs is, relative to the size,

extraordinarily high. As long as the allocation of the recurrent budgets remains subject to the number of staff, there is no incentive to reduce the administrative overhead.

6.1.2 Interpretation of Findings

The decentralisation process led to an enormous 34% growth of the local administration by number of staff. Additionally, it should be taken into account, that 1.279 elected Councillors receive salary-like allowances. So, in total, the number of people on the payrolls of local authorities has increased even by 73%. Parallely to the local authorities, the state still maintains the chieftaincy system. Nevertheless, significant improvements in the service delivery were hardly realised. On the district level there is potential for a higher productivity. Once consolidated, the created politico-administrative structures are likely to improve coordination and management. On the community level the productivity of the Community Council Secretariats will remain low. Basic operation infrastructure is missing, the available staff is low qualified (with the exception of the CCS) and the management capacity is poor. Facing on the one hand the additional personnel emoluments for the recruited staff and on the other hand the low investment activities, the overall efficiency of the administration so far became worse during the implementation of the decentralisation policies.

This consequence was not intended. The Decentralisation Implementation Programme and the PRS state the objectives of improved public service delivery and effectiveness. However, targets on the size of the administration or on the relation of investment and recurrent expenditure are not specified. Details of fiscal decentralisation were not elaborated in an early stage. This indicates that, from the outset, efficiency aspects did not enjoy a sufficient priority in the formulation of the decentralisation policy. As a result, Lesotho faces the risk of an "explosion" of public spending by local governments.

6.2 Indicator Assessment II: Participation

6.2.1 Summary of Findings

The findings on the participation indicators are summarised in the adjacent Table 3. As in case of the efficiency indicators, not all criteria point to the same direction. The first indicator is the preparedness for participatory local democracy. Missing

traditions of participatory local democracy were a difficult starting point for decentralising functions and responsibilities to the local level. Within the framework of the decentralisation policy the necessity to sensitise people was recognised. Particularly during the preparation of the local government elections large parts of the population were reached by campaigns in one way or another. At least, a large share of the population was aware of the introduction of local authorities and its basic meaning.

PARTICIPATION INDICATORS		
Preparedness for participatory local democracy	**Accountability and responsiveness of institutions**	**Competences of local governments**
Promotion of a civic culture and local political elites - few traditions of local political management - chiefs are key persons - capacity building lacked priority and started late - progress in participatory planning through QSP	*Transparency and access to information* - lack of technical means hampers transparency of information - lack of monitoring and control instruments for Councillors, e.g. guaranteed access to files	*Transfer process* - staged extension of LG capacities is implemented - ad hoc decision making; no transparent agenda for devolution
	Elections and representation - successful conduct of elections - strong accountability relation between constituency and Councillor - LG structures not appropriate for urban areas - Electoral system marginalizes opposition	*Substance of powers* - imprecise regulations - lack of choice for LGs, so far no budget sovereignty - lack of impartial dispute resolution scheme - administrative LG tasks so far disconnected from Council decisions
➔ Decentralisation enhances low level of political capacities	➔ Decentralisation strengthens accountability and but representation is unequal and not inclusive	➔ Devolution is proceeding but so far LGs lack essential policy choices

Table 3: Participation Indicators – Summary of Findings

In order to facilitate broad public participation, the government developed a participatory planning methodology as a way to systematically collect information on the needs of all parts of the population. Certainly, the efforts to promote participation were not perfect. Timing of the activities was not well-adjusted to the elections and the establishment of the Councils. Still, the efforts were considerable and the decentralisation process definitely enhanced political capacities and introduced participatory elements in policy making. Much is left to be done. The emerging local political elites did not receive enough attention. Trainings were not

organised timely. The development of essential capacities of holders of public posts was initially neglected.

The findings for the second indicator first of all point at developments that are decidedly conducive to extended participation of the population in local decision making. With the successful implementation of the local government election a strong accountability mechanism was established. Notwithstanding this considerable achievement, the design of the electoral system has some important shortcomings. The low inclusiveness and the resulting weakening of opposition and minority groups manifest the one-party dominance. Political alternatives will hardly develop. Thus people might quickly loose excitement for elections and participation or even get frustrated. This problem of flawed representation is particularly relevant for urban areas where each Councillor has to represent a bigger and more heterogeneous constituency than in rural areas. Apart from the elections, some rules for transparent procedures within the political structures are prescribed. This refers for example to the public access to minutes of Council meetings. However, implementation of transparency in procedures is often complicated by a lack of technical means such as copy machines. Rules for accessing information of the local administration are missing so far. This refers to rights to access files or to demand reporting by an executive officer. Therefore, the Councillor's monitoring and control function cannot be adequately exercised.

The findings on the third indicator, the competences of local governments, are very central to assess the effectiveness of participation. The overall question is, whether the local Councils have the powers to make the decisions that are relevant for the development of their community. Only a year after the elections the expectations on the quality of the present decision making should not be too high. However, a clear devolution agenda is missing and the definition of local authority competences in the LGA is imprecise. Still, since the election the extension of capacities on the local level made some progress. Therefore one can hope for further steps that put real competences into the hands of the Councils. For the time being this room for autonomous decision making is very limited. Councils do not have budget sovereignty. In case of disputes with other institutions the MLG is always the last instance. There are few real choices to make so far.

6.2.2 Interpretation of Findings

The decentralisation process introduced a set of institutions that form the basis for the exercise of local representative democracy. Insofar, the establishment of local governments was an essential move opening the door for widened public access to state institutions and participation. The creation of democratically legitimised Councils that represent citizens and articulate a collective political will is per se a very central achievement of Lesotho's decentralisation policy. The established structures allow people to take part in the management of local affairs. Participation is now playing a much bigger role in the local governance processes. This fundamental positive effect is not annulled by some critical findings of this study.

It is to some extent inevitable that the local Councils so far did not have the chance to exercise their authority. First the Councillors need to understand their role and to develop decision making capacity. Still, if in some of the most relevant issues such as the budget no choice is left for them at all, a fundamental principle of local self-administration is overruled. Without some funds at the free disposal of the local Councils the potential benefits of local decision making, namely the purposeful allocation of resources, cannot be realised.

Closely interlinked with the question of competences of the local Councils is another problem. With the introduction of the Quick and Smart Planning approach the CCs start to compile prioritised "wish lists" of investment projects without regard to the competences they actually have and without clarity on existing resources for project implementation. If those plans turn out to be unrealistic, this might easily lead to disillusionment and disappointment among the Councillors and among the voters. The credibility of local government institutions would suffer. In order to better coordinate the QSP introduction and the transfer of competences to the Councils, a clear and predictable agenda on the transfer of competences and resources is required. This is what the government failed to deliver.

In case of the electoral system the problem did not emerge only during the implementation. Low inclusiveness and flawed representation are imminent in the first-past-the-post electoral system. Dominance of the ruling party seems to be an intended outcome of the election design. Opposition and minority groups are

clearly disadvantaged in this system. This is not conducive to a free competition of ideas. Even though some Councillors emphasised that political party membership plays only a minor role, the election results are unambiguous in this respect. 96% of candidates nominated by the LCD were elected and the party holds 76% of all 1279 Councillor posts.[147] There is no data on party membership of District Councillors. Elected by majority of votes in the CCs the District Councillors are likely to belong almost all to the LCD. Though requiring a considerable part of a Council's resources, the payment of sufficiently high allowances to the Councillors is justifiable for the reason that Councillors shall be able to invest a lot of time to the management of community affairs.

Finally, also the chieftaincy system deserves additional attention. Chiefs had in the past and still have important functions in the villages. They often play an integrating role. Their authority is widely accepted. Therefore it seems justified that chiefs are represented in the Councils though they do not have a democratic legitimacy like the elected Councillors.

6.3   The Relation of Efficiency and Participation

As elaborated in chapter 2 one can expect interrelations between efficiency and participation indicators. Citizen participation and decentralised decision making can enhance efficiency for two reasons. First, citizens' involvement improves the information on the desired services. If this information is utilised, decisions on the allocation of resources will better meet the needs of the respective community. Thus effectiveness is strengthened. Second, service delivery is likely to improve, because the service providers are more accountable to the citizens, i.e. the consumers of the services. This form of dependence on the satisfaction of the population creates an incentive to produce high quality services meeting citizens' expectations. On the other hand, the maintenance of participatory structures and the production of the accounts by the government for the population generate significant costs. Thus efficiency is reduced.

For the case of Lesotho the findings show that the decentralisation process indeed created institutions that are closer to the people and more accountable than they were before. Certainly the local authorities can better understand and integrate the

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[147] Calculated from GTZ election analysis (GTZ 2005)

needs of the population than a fragmented central government administration. In the villages, communities and districts the discussions about development priorities already started. The created democratic legitimacy of development processes is a valuable achievement. However, benefits arise from these efforts only if the resource allocation matches the identified priorities. So far this did not happen in Lesotho. Local decision makers have no scope for distribution of resources because they still lack the competences and the necessary capital budgets. The extraordinarily high costs for the participatory structures and the local administration can be regarded one relevant cause for the lack of investment funds. Thus, these findings support the hypothesis formulated in the introduction. The decentralisation process and the establishment of local governments in Lesotho strengthened democracy and improved citizen participation but so far exacerbated the efficiency of the public sector.

6.4   Decentralisation as a Tool to Achieve Good Governance

First of all, the broad-brush promotion of decentralisation as a development strategy has to be questioned etymologically. The prefix "de-" indicates a pronounced dissociation from and a converse relation to centralisation. Subsequently, a continuum of centrality can be constructed and it would be possible to locate a country on it. Movement in one direction can be considered centralisation, in the other direction it would be decentralisation. Therefore, any process or state of centralisation or decentralisation gives no indication of the absolute standing on the continuum but of a direction of movement. There is no logic in declaring the idea of decentralisation a means of reform or a general objective. This would mean that decentralisation is good per se, no matter where your absolute starting point on the continuum lies. One would strive for the least possible degree of centrality. The idea of finding an appropriate balance between centrality and "de-centrality" is not reflected in the terminology. The debate somewhat lacks the focus on the right degree of decentralisation.

As outlined in chapter 2, international development agencies regard decentralisation as an integral part of good governance. The results of this study question the appropriateness of good governance as a normative concept framing the implementation of decentralisation. Both participatory development and public sector efficiency are core components of good governance. The Lesotho case

supports the view that decentralisation policies can achieve improvements in democratic legitimacy and participation only with concessions to efficiency. Thus the meaning of "good", the normative connotation, becomes imprecise. Good governance does not serve as a yardstick for decentralisation. An assessment of the success of decentralisation would require a normative framework that does not ignore the relation between both objectives.

Despite the elaborated shortcomings of Lesotho' decentralisation process, the author advocates a positive final assessment of the decentralisation process. The establishment of democratically legitimised and participative local governments justifies certain costs. It is worth it. However, serious deficits in the preparation and the implementation of the decentralisation process are excluded from this justification. One can hope that these flaws can be subsequently eradicated.

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A1: Local Governance Institutions

King

Ministry of Local Government

Line Ministries

National level

Principal Chiefs
(22x; Members of the Senate [Upper House of Parliament])

District Council
(10x + Maseru City Council)
2 representatives from each CC + 2 chiefs

District Development Coordinating Committee
DC members, CC Secretaries, DA, members of parliament from the district, principal chiefs, others

District Administrator

District Council Secretary
District Secretariat

District Administration
(incl. Line Departments)

District level

Community Council
(128x)
9-13 councillors + 2 chiefs

Area Chiefs

Community Council Secretary
Community Secretariat

* Technical support and supervision

Village Headmen

Villages/
Electoral Divisions

Community level

A2 (1): Local Government Staff by End FY 2005/2006 and Establishment for FY 2006/2007 per function

	TOTAL	MASERU	MAFETENG	BEREA	LERIBE	BOTHA-BOTHE	MOKHOTLONG	QACHA'SNEK	THABA-TSEKA	QUTHING	MOHALE'SHOEK
DC Staff	2.107	205	182	210	274	219	175	165	270	216	191
Local Government (transfer)	254	20	34	35	25	31	35	12	26	28	8
Local Government (recruited*)	80	8	8	8	8	8	8	8	8	8	8
Agriculture	273	29	16	46	34	26	17	15	46	22	22
Education	174	16	17	15	19	14	12	16	50	15	0
Trade and Industry	157	31	8	19	11	19	8	18	18	17	8
Prime Minister's Office	330	15	34	8	53	41	27	34	41	31	46
Public Works and Transport	438	42	24	34	74	41	36	27	47	57	56
Gender	13	1	3	3	2	2	2	0	0	0	0
Forestry & Land Reclamation	157	19	13	18	21	15	13	11	11	16	20
Natural Resources	231	24	25	24	27	22	17	24	23	22	23
CC Staff (incl. recruitement)	2.269	333	231	198	288	179	220	190	193	186	251
Local Government	406	49	43	39	61	27	38	37	39	27	46
to be recruited by 1.4.06*	640	75	60	50	90	50	75	55	65	50	70
Agriculture	511	82	47	56	45	50	62	51	1	57	60
Health	452	54	43	24	56	49	36	32	74	30	54
Communication	179	40	29	22	30	0	6	10	12	11	19
Public Works and Transport	2	2	0	0	0	0	0	0	0	0	0
Gender	22	22	0	0	0	0	0	0	0	0	0
Forestry & Land Reclamation	57	9	9	7	6	3	3	5	2	11	2
Number of CCs	128	15	12	10	18	10	15	11	13	10	14
Average Staff per CC	18	22	19	20	16	18	15	17	15	19	18
Total DC+CC End FY 2005/2006	4.376	538	413	408	562	398	395	355	463	402	442
DC+CC 2006/2007*	5.571	830	524	433	643	471	531	457	615	515	552

Note: Data has been compiled from the MoLG excel database (HRD). The lines marked (*) have been completed on the basis of additional information received from HRD and LGSC. HRD gives a forecast for the Local Government Service by districts of 5,571 staff and a forecast broken down by Ministries of origin of only 4520 staff. The latter breakdown includes 134 staff from Home Affairs & Public Safety and 118 staff from Employment and Labor, so these numbers are relatively close to the MLG ecel database. The reason for the higher number per district is not clear.

Transfer to CC envisaged	1.024
Justice	640
Education	384

Source: Pfeiffer et.al. 2006:A7

Total DC+CC	4.376
Transferred Line Ministry Staff	3.262
Recruitments	1.104
CC Staff by April '06	640
CC Staff by April '05 (above included in LG)	384
DC Staff 2005 + 2006	80

Own Compilation

A2 (2):Local Government Staff 2006/ 2007 per Qualification

| Salary Grade	A	B	C	D	E	F	G	H	n/a	Total
DC Staff	529	183	277	278	362	166	39	14	259	2107
	25%	9%	13%	13%	17%	8%	2%	1%	12%	100%
Maseru	19	16	36	49	31	16	7	1	30	205
Mafeteng	60	19	17	20	20	17	6	0	23	182
Berea	39	15	19	31	28	14	3	2	59	210
Leribe	79	22	33	36	41	17	4	3	39	274
Botha-Bothe	67	19	42	26	24	16	1	0	24	219
Mokhotlong	53	16	19	20	33	17	2	1	14	175
Qacha's Nek	35	14	26	25	35	12	4	0	14	165
Thaba-Tseka	77	21	41	24	57	27	2	4	17	270
Quting	57	21	22	24	46	16	9	1	20	216
Mohales Hoek	43	20	22	23	47	14	1	2	19	191
CC Staff	1311	390	110	371	109	143	64	0	128	2626
	50%	15%	4%	14%	4%	5%	2%	0%	5%	100%
Maseru	174	64	21	54	32	20	9	0	20	394
Mafeteng	134	38	8	47	9	13	7	0	14	270
Berea	110	37	14	46	9	11	4	0	8	239
Leribe	164	55	16	44	13	19	9	0	18	338
Botha-Bothe	92	31	3	39	4	12	8	0	16	205
Mokhotlong	127	39	6	30	5	15	6	0	12	240
Qacha's Nek	129	27	7	32	5	13	5	0	10	228
Thaba-Tseka	118	28	10	8	10	13	4	0	2	193
Quting	113	29	12	34	8	10	5	0	10	221
Mohales Hoek	150	42	13	37	14	17	7	0	18	298
Total CC + DC	1840	573	387	649	471	309	103	14	387	4733
	39%	12%	8%	14%	10%	7%	2%	0%	8%	100%

Note: Data has been compiled from the MLG (Human Resource Dept.) database. Without teachers; including justice staff. "A" is the lowest grade reflecting the lowest qualification; "H" is highest; grade F requires a BA university degree. N/a includes vacancies of different grades and the new recruited DC staff while the recruited CC staff is included in the respective grade columns.

A3: Local Government Efficiency

	TOTAL	Maseru	Mafeteng	Berea	Leribe	Botha-Bothe	Mokhotlong	Qachas Nek	Thaba-Tseka	Quting	Mohales Hoek
Registered Voters	718.974	108.735	87.163	88.242	127.291	49.952	41.816	31.911	55.836	49.071	78.957
No. of CCs	128	15	12	10	18	10	15	11	13	10	14
Average size of CCs in reg. voters	5.617	7.249	7.264	8.824	7.072	4.995	2.788	2.901	4.295	4.907	5.640
Total LG Staff	4.376	538	413	408	562	398	395	355	463	402	442
Recurrent budget CCs in LSL 1.000	70.539	6.710	5.929	6.494	11.770	4.953	10.799	5.412	4.683	5.972	7.816
Recurrent budget CCs per voter	98	62	68	74	92	99	258	170	84	122	99
Reg. Voters per LG staff	164	202	211	216	226	126	106	90	121	122	179
No. of Councillors	1.266	146	118	102	174	96	154	103	126	102	145
Reg. Voters per Councill	568	745	739	865	732	520	272	310	443	481	545

Note: Numbers of registered voters based on IEC data. Numbers of staff based on MLG Excel Files (excluding teachers and justice staff, see also Appendix 2). Recurrent budget figures taken from Pfeiffer et.al. 2006:12. All figures exclude Maseru City Council.
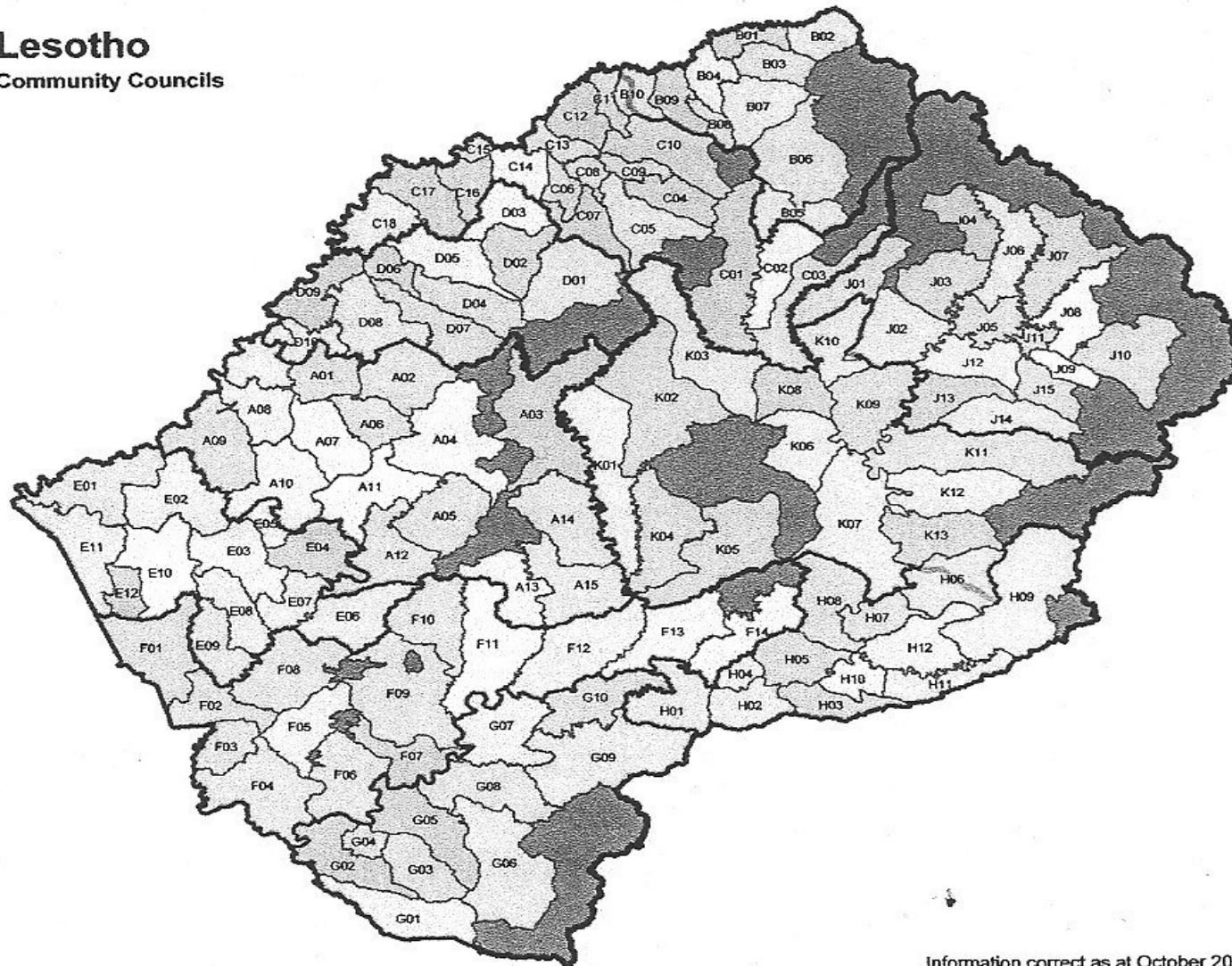
A4 (1): Lesotho Map
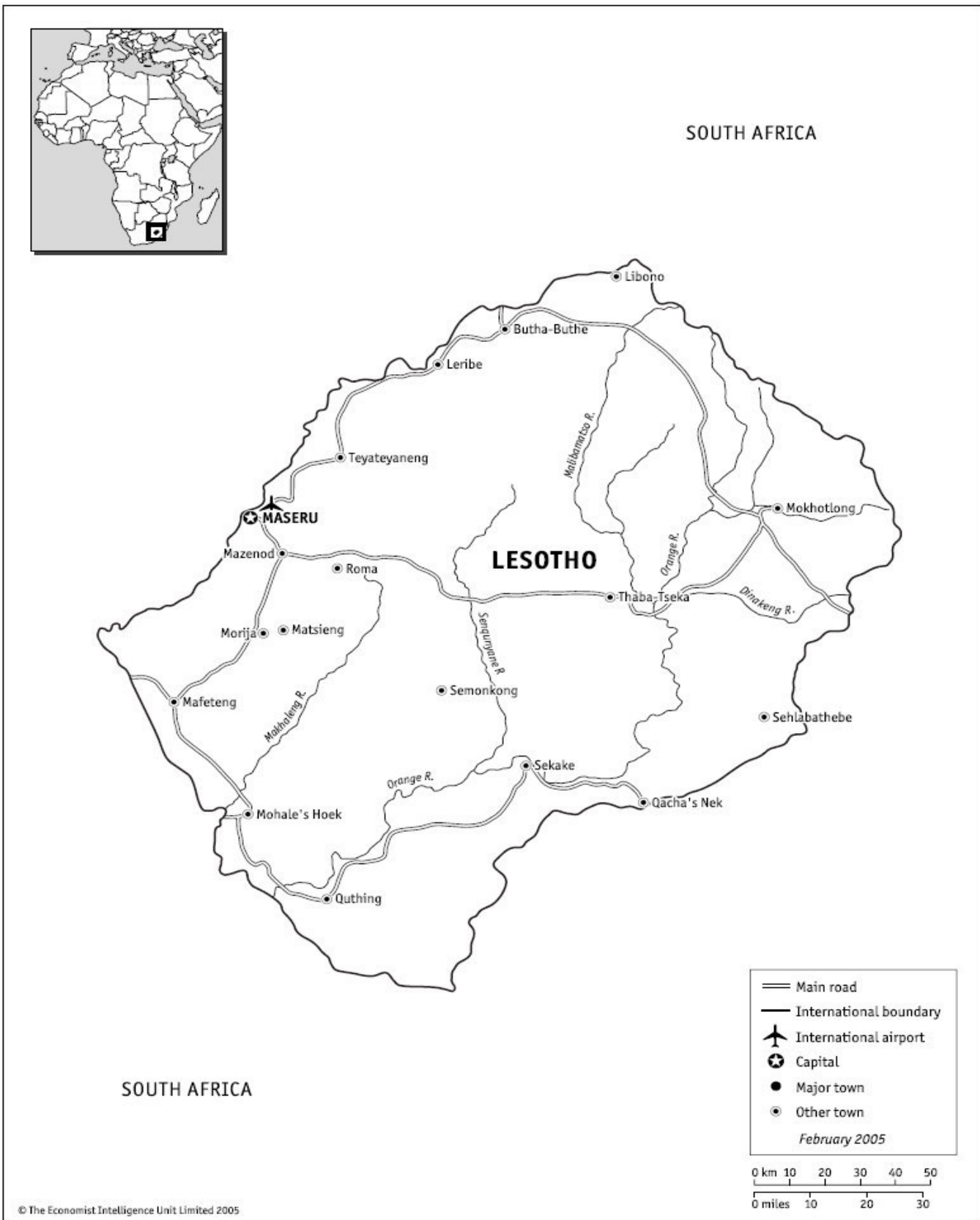
Source: EIU 2005a

A4 (2): Lesotho Map - Community Council Demarcation

Lesotho
Community Councils

A Maseru District
B Butha-Buthe
C Leribe
D Berea
E Mafeteng
F Mohales Hoek
G Quting
H Qachas Nek
J Mokhotlong
K Thaba-Tseka

Information correct as at October 2004

Appendix 5: Study Visit

The following tables list the sequence of activities and all persons contacted during a consultant mission in Lesotho from 12/09/05 to 08/10/05 headed by Dr. Verena Pfeiffer, Senior Public Sector Advisor, Volvendo Consulting, Havelstr. 5a, D-14548 Schwielowsee, Germany. Invited by the Government of Lesotho and the German Development Bank (KfW) the mission prepared a pre-feasibility study on the establishment of a District Development Fund as an instrument of Lesotho's decentralisation policy. The author of this diploma thesis took part in the mission in the framework of an internship as junior public administration expert. The head of the mission agreed to use the acquired data and information for the purposes of this study.

Sequence of Activities

Date	Time	Activity
Mon, Sep. 12		Arrival10.45 Maseru
	14.00	Meeting with Decentralized Rural Development Project (GTZ / DED): Study concept and TC/FC cooperation
	15.30	Meeting with MoLG, Deputy Principal Secretary and Director of Planning
	18.00	Meeting with senior socio-economic expert
Tue, Sep. 13	09.00	Meeting MoLG/GTZ, R. Ahal
	11.00	Meeting senior and junior socio-economic expertx
	14.00	Meeting with MoLG: decentralisation and deconcentration; present staffing; financial monitoring / recurrent cost of local administrations
	16.00	Meeting with LFCD Management Unit
Wed, Sep. 14	09.00	Meeting with MoFDP, Principal Secretary: Scope of DDF / present structure of municipal finance / PSIRP / role of LFCD
	14.00	Dr. Pfeiffer: Meeting local senior financial expert
	15.00	Sperfeld : Transformation Resource Centre
	15.30	Dr. Pfeiffer: Lesotho NGO Association
Thu, Sep. 15	08.00 - 14.00	Berea District / Teyateyaneng: Meeting with the District Council / Secretary, District Administrator, Accountants
Fri, Sep. 16	09.00	Berea District / Teyateyaneng – Meeting with Community Council Maluba-Lube
	12.30	Berea District / Sebatia - Meeting with Community Council Makeoana
	15.30	Maseru: Meeting with MoLG, Director Human Resource
Sat, Sep. 17	09.00	Meeting and discussion of the expert team
	afternoon	Review and completion of survey concept and questionnaires
Sun, Sep. 18		Review of documentation
Mon, Sep. 19	08.30	Meeting MoFDP/GTZ Mr. Wessels
	10.00	Meeting with German Honorary Consul
	11.00	Meeting with UNDP representative

Date	Time	Activity
	14.30	Project presentation in European Donor Coordination meeting EDAL
	15.30	Travel to Mokhotlong
Tue, Sep. 20	9.00 – 13.00	Mokhotlong: Meeting with Heads of Line Ministry Departments in the district and separate meetings with Head of Agriculture/ Food Security, Aids Task Force, District Secretary, District Conservation Officer/ Maloti Drakensberg Transfrontier Project
	14.00	Meeting with CC's of Khalahali and Moremoholo in Bafali Village
	16.30	Meeting with Ministry of Forestry, Mokhotlong branch
Wed, Sep. 21	09.00	Meeting with CC's of Mapholaneng, Pae-Laitlhatsoa, Molika-Liko and Popa in Mapholaneng Court room
	11.00	Travel back to Maseru
	18.00	Maseru: Meeting with German Ambassador
Thu, Sep. 22	10.00 – 16.30	Mohales Hoek: Meeting with DA and senior staff; Separate meetings with Head of Rural Water Supply Dept, Senior Accountant, Head of Rural Roads Dept, LFCD Regional branch staff
Fri, Sep. 23	10.00	Meeting with CC of Teke at CCS office Makilyananeng (Mohales Hoek District)
	13.00	Meeting with CC of Siloe at Chief's Place (Mohales Hoek District)
	17.00	Maseru: Meeting with CHAL director
Sat, Sep. 24		Intermediate evaluation of results, determination of open issues Review of findings / preparation of minutes
Sun, Sep. 25		Intermediate evaluation of results, determination of open issues Review of findings / preparation of minutes
Mon Sep. 26	08.00	Meeting with Water Commissioner
	09.30	Meeting with GTZ/ Rajeev Ahal – review of findings
	14.00-16.30	Meeting with Delegation of European Union
Tue, Sep. 27	09.00	Meeting with Public Finance Management Team (MoFDP/ DFID)
	11.00	Meeting with Financial Controller Office in MoLG
	14.00	Meeting with LAPCA/ NAC
	15.30	Meeting with Deputy Accountant General MoFDP
Wed, Sep. 28	08.30	Meeting with Secretary of Human Resource Task Team
		Preparation of Minutes
Thu, Sep. 29	09.00	Meeting with Financial Controller MoLG
	12.00	Meeting with PS Public Sevice
	14.00	Meeting with the Budget Controller MoFDP
		Preparation of Minutes
Fri, Sep. 30	09.00	Joint meeting with MoFDP and MoLG: Presentation of first findings finalising of minutes, Signature of minutes
	12.30	Briefing Hon. Minister of Local Government
		Departure of Ms Pfeiffer from Maseru 17.20
Tue, Oct. 4		Travel to Qachas Nek (Sperfeld / Ms. Mampho)
Wed, Oct. 5	09.00 – 16.00	Qachas Nek: Meetings with DA, Dept. of Agriculture, Dept. of Forestry/ Land Reclamation, District Planning Unit, Independent Electoral Commission
Thu, Oct. 6	11.30	Visit CC Khomo-Phatsoa, Sehlaba-Thebe (Qachas Nek)
Fri, Oct. 7	10.00	Visit CC (Qachas Nek), Travel back to Maseru
Sat, Oct.8		Departure Mr. Sperfeld from Maseru 08.00

List of Contacted Persons

Institution	Function	Name	Remarks
Ministry of Finance and Development Planning	Principal Secretary	Mr. Moeketsi Majoro, Ph.D	
	Planning Department	Mr. Masasa	
	Economic Planner	Mr. G. Lepolesa	
	Senior Economic Planner	Mr. M. Mpobole	
	Deputy Auditor General	Mr. R. Letsoela	
	Budget Controller	Mr. E. T. Nyepetsi	
	Senior Consultant Public Finance Management Component	Mr. Peter James	
Ministry of Local Government	Minister	Hon. Ms. P.M. Sekatle, MP	
	Principal Secretary	Mrs. M. Matabane	
	Deputy Principal Secretary	Mr. Ntai Makoetje	
	Director Planning	Mr. M.A. Monethi	
	Director Human Resource	Ms. M.J. Majara	
	Director	Mrs. M.Mahooana	
	Economic Planner	Mrs. J. Matete	
	Coordinator MCU	Mr. M. Rammoneng	
	Human Resource Task Team	Ms. Ntsiuoa	
	Act. Financial Controller	Ms. Malesotho	
	Financial Control Officer	Ms. Mokhanso	
	Financial Control Officer	Ms.Maskhosane	
Ministry of Natural Resources	Water Commissioner	Mr. Lesoma	
	Head of Water Sector Policy Planning Unit	Mr. T. Sepamo	
	Technical Advisor to Commissioner of Water	Mr. Graeme Monro	
Ministry of The Public Service	Principal Secretary	Mr. Semano H. Sekatle	
Lesotho Fund for Community Development (LFCD)	Executive Director	Ms. Mamolesan	
	Project Manager	Mr. Lekao	
	Accountant	Mr. Kheta	
	Accountant	Mr. Makapi	Regional Office Mohales Hoek
LAPCA/ National Aids Committee (NAC)	Chief Executive Officer	Mr. K. Sefeane	
Berea District	District Administrator	Ms. B. Ntoampe	
	District Council Secretary	Ms. L. Mabina	
	Economic Planner	Mr. K. Molapi	
Berea District	Economic Planner	Mr. T. Madete	
	Senior District Rural Development Officer	Mr. M.D. Hlasoa	

	District Council Chairperson	Mr. T. Moleko	
	Assistant Registrar	Ms. R. Ramoholi	
	District Council Vice Chairperson	Ms. M. Monyolo	
	Sub-Accountant	Ms. J.M. Kesi	
	Sub-Accountant	Ms. L. Bhepe	
	Senior DA Accountant	Mr. F. Rakhoba	
	Chief (DC member)	Mr. S. Moseme	
	Community Council Secretary Maluba Lube	Ms. L. Jane	
	CCS Tebe-Tebe	Mr. K. Rabuke	
	CCVC Maluba-Lube	Ms. M. Lekhotho	
	Councillor Maluba Lube	Ms. M. Ranka	
	CCS Mapoteng	Mr. T. Rakhooanyana	
	CCS Makeoana	Mr. S. Sekhonyana	
	Councillor Makeonana	Ms. M. Lekomola	
	Councillor Makeonana	Mr. F. T. Putsoa	
Mohales Hoek District	District Administrator	Mr. L. Tlali	
	District Council Secretary	Mr. L. Ramakhula	
	Senior Economic Planner	Mr. M. Mokhesi	
	Senior Physical Planner	Mr. P. Sekhonyana	
	DPU-Advisor/ GTZ/ DED	Mr. B. Schmidt	
	Economic Planner	Mr. G. Heqoa	
	Head of Dept. Rural Water Supply	Mr. T. Hlasa	
	Senior Accountant	Ms. M. Sekese	
	CC Teke		11 CC members
	CC Siloe		12 CC members
Mokhotlong District	District Administrator	Mr. M. Nqoyane	
	District Council Seretary	Ms. Mafeka	
	Administrative Manager	Mr. M. Mpesi	
	Economic Planner	Mr. T. Niholeng	
	District Conservation Officer	Mr. P. Lebesa	
	Head of Dept Agriculture and Food Security	Mr. M. Makau	
	Forestry Dept.	Ms. N. Rantoa	
		Mr. M. Nthimo	
Mokhotlong District	CCS Khalahali	Mr. M. Motlatsi	+ 10 CC members
	CCS Moremoholo	Ms. M. Matsumontane	+ 8 CC members
	CC Mapholaneng		13 CC members
	CC Molika Liko		8 CC members
	CC Popa		12 CC members
	CC Pae-Laithlhatsoa		8 CC members
Qachas Nek District	District Administrator	Mr. M. Mokoto	

	District Council Secretary	Mr. L. Tseane	
	Head of Agric Dept.	Mr. Makhaola	
	District Extension Officer	Ms. Bogoalo	
	Agric Human Resource Officer	Mr. LeMola	
	Irrigation Officer	Mr. Mollo	
	Head of Crops Division	Mr. Motsetsero	
	Head of Forestry and Land Reclamation Dept.	Mr. Matlanyane	
	Forestry Administration Officer	Mr. Ramarov	
	Range-Management Officer	Mr. Chabana	
	Land Use Planner	Mr. Ramosafane	
	Senior Rural Development Officer	Mr. Mpeke	
	Independent Electoral Commission, Local Office	Mr. Thato	
	CCS Khomo-Phatsoa	Ms. Lebofa	+ CC member Ms. M. Motebuli
	District Council Chair	Mr. T. Mohlopha	
	CCS Patlong	Ms. M. Makhasane	+ 10 CC members
GTZ	Programme Coordinator	Dr. Silvio Decurtins	
	Director Country Desk	Mr. E. Weiss	
	Director S.Africa & Lesotho	Dr. K. Hubert	
	Senior Advisor MoLG	Mr. Rajeev Ahal	
	Senior Advisor MoFDP	Mr. Johannes Wessels	
	Advisor Human Resources	Ms. E. Zimmermann	
	Advisor Community Development	Ms. K. Röttches	
German Embassy	Deputy Head of Mission	Mr. Wolfgang Dold	
	Honorary Consul	Mr. Heinz Fiebig	
EU	Deputy Head of Mission	Mr. Daniel Aristi	
	Advisor to the National Authorising Officer	Mr. Jan van Kamp	
UNDP	Deputy Resident Representative	Mr. Ernest Fausther	
Transformation Resource Center (TRC)	Programme Assistant	Mr. B. Manyanye	
	Democracy Educator	Mr. L. Theko	
National University of Lesotho	Dept. Of Private Law	Prof. U. Kumar	
Christian Health Association Lesotho (CHAL)	Acting Managing Director	Ms Ntholi	
Ntafalang Consultants	Director	Ms. M. Molaoa	

Mokorotlo Financial Services Ltd.	Managing Director	L. F. Thotanyana	
PriMove Cons.	Director	Mr. A. Phadins	