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Decentralization for Social Planning in Eritrea

Peter Koehn and Goran Hyden

**Report on the consultancy for UNICEF-Eritrea and the
Ministry of Local Government, State of Eritrea**

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P. Koehn and G. Hyden

Executive Summary

The consultants' report presents an appraisal based upon political/economic/institutional analysis and suggestions for strengthening decentralization for social planning in Eritrea. The data base for the report includes 27 in-person meetings held in Asmara and in the two regions of Gash-Barka and Debub during November/December 1995, Government of Eritrea documents and statistics, and reports prepared by donor agencies.

Decentralization is widely advocated for a number of important reasons. In their preface, the authors distinguish between deconcentration and devolution, discuss the experience with decentralization in post-independence Africa, and recognize the strong tradition of community consultation in Eritrea's history. In Eritrea, decentralization can be linked most meaningfully with community participation and self-reliance.

The appraisal part of the report assesses perceptions, the extent of decentralization achieved to date in Eritrea, linkages at the regional level, staff qualifications, and the political-economy context. The authors also identify the major constraints affecting prospects for further decentralization in Eritrea.

The extent of decentralization to be achieved in Eritrea over the next decade will depend in large measure on the degree of success in addressing and removing these constraints. Part II of the report presents suggestions for strengthening decentralization in this context. The authors consider the over-arching issues of functions, roles, perceptions, and capacity. Recommendations regarding functions, roles, and perceptions are addressed in structural terms - local governments (LGs), line ministries, baitos, NGOs and donors, communities - and in process terms - community mobilization/participation, needs assessment, project identification/selection, planning/budgeting, project implementation, and monitoring/evaluation. The capacity issue is addressed by recommendations for closing the qualifications gap between local government personnel, baito members, and line-ministry representatives and by recommendations for resource distribution and local revenue generation. In the concluding section of Part II, the authors summarize their suggestions in terms of appropriate decentralization phases - initial, intermediate, and advanced. The report emphasizes simplicity, flexibility, and outcomes-based approaches.

In Part III, the consultants set forth specific recommendations for UNICEF-Eritrea that are aimed at promoting decentralized development management for social planning, with a focus on primary health care and nutrition, primary education, safe water supply, and environmental sanitation. For the immediate future, the authors recommend the planning and conduct of a national seminar and training workshop aimed at facilitating the implementation of decentralized planning processes.

Preface

Decentralization is widely advocated for a number of purposes. In some cases, the primary reason is to promote efficient development management; in other situations, the principal goal is to advance popular participation or democratic governance. Decentralization can greatly enhance project implementation by generating enthusiasm on the part of people at the local level through participation and feelings of ownership. In Eritrea, decentralization is particularly rooted in the tradition of community consultation that characterized the liberation struggle and, more recently, the deliberations of the Constitutional Commission (see CCE, 1995a,b). The liberation forces appreciated and harnessed the values of improved strategic decision making, collective commitment, and enhanced motivation that accompanied decentralization in the liberated areas (see Seyoum Haregot, et al., 1993:77).

In terms of development management, decentralization provides an *approach* that generally seeks to locate public decision-making authority and control over resources at lower levels in the administrative hierarchy and/or at sub-national levels of governance. Rather than a single standardized model or blueprint, decentralization encompasses various methods and gradations.

The concept of decentralization can be used to cover widely diverse phenomena. For the purposes of this report, we will focus on territorial/jurisdictional dimensions of decentralization. Two basic forms of territorial/jurisdictional decentralization can be distinguished: deconcentration and devolution. *Deconcentration* refers to the delegation of authority to the staff of a central government agency who are situated outside of the capital. *Devolution* means the legal conferment of powers and functional responsibilities upon formally constituted community-based institutions and actors. One way to understand the principal difference between the two forms of decentralization is by recognizing that "deconcentration describes an intra-organizational pattern of power relationships, indicating the dispersal of power away from the top of the hierarchy to its lower echelons, while devolution refers to an inter-organizational transfer of power to geographic units of local government lying outside the command structure of central government" (Hyden, 1983:85).

Most approaches to decentralization in post-independence Africa have emphasized deconcentration over devolution, with often disappointing outcomes (Hyden, 1983 88-91, Koehn, 1995:73-78). The decentralization challenge for Eritrea is not to seek a static blueprint for adoption, but to identify and pursue the changing mix of deconcentration and devolution that fits unique local conditions and yields desired results. We suggest in the pages that follow that two key attributes for political leaders to seek in this evolving mix are simplicity and flexibility.

In Eritrea, decentralization can be linked most meaningfully to two related objectives that are widely embraced in society: enhanced popular participation (see MLG, 1995) and self-reliance. The specific forms of decentralization introduced over time must be consistent with and reinforce these related objectives; that is, institutional reforms must be closely tied to goals. In order to ensure that decentralization is results-oriented, moreover, the forms put into practice must be evaluated in terms of *outcomes*-based measures. At minimum, in terms of the social services of primary concern in this consultancy, efforts to decentralize must be associated with indicators of improved primary health care/nutrition and of increased access to primary education, safe water supplies and environmental sanitation. An outcomes-based approach also requires attention to the relationship of capacity to performance.

Decentralization for Social Planning

This consultancy report is based upon field work, analysis, and reflection conducted in December 1995 and January 1996. Dr. Koehn, assisted by Ato Tewolde Habtemicael, national consultant, conducted field research in Eritrea in early December. Mr. Turhan Saleh of UNICEF-Eritrea and Ato Mengesteab Tesfay, MLG counterpart for the mission, also provided valuable assistance during the field research phase of the project. Dr. Koehn and Dr. Hyden collaborated on the draft and final reports in late December and January. Ato Tewolde contributed to the discussion of staff qualifications and local personnel administration. The authors acknowledge with gratitude the cooperation they received from numerous sources in Eritrea. This report would not be possible without the contributions of valuable time and effort on the part of key actors in Eritrea.

Terms of Reference

The overall project involves two separate sets of consultants, of which we constitute the first team. The terms of reference for the Koehn/Hyden consultancy (see Annex I for the full TOR) set forth the expectation that this major report would provide a political/economic/institutional analysis that includes (1) an appraisal and (2) suggestions and recommendations. Specifically, the primary TOR states that the first team will:

- I. Provide an appraisal of the extent of progress with decentralization in Eritrea, particularly with regard to social development;
- II. Provide analysis and recommendations for strengthening decentralized social planning within the existing and foreseeable resource envelope in Eritrea.

The secondary TOR, covering field research in Gash-Barka and Debub, can be found in Annex II.

Methods and Materials

This report is principally based upon information regarding decentralization in Eritrea gathered from the following sources:

1. Government of Eritrea policy and program documents;
2. Reports and assessments prepared by donor agencies;
3. Interviews with and data supplied by central government ministry, donor, and NGO personnel;
4. Interviews and data collection in the two regions selected for pilot programming by UNICEF (i.e., Gash-Barka and Debub).

A complete list of the documents consulted is found in the bibliography' for this report. In connection with the TOR for this project, the lead consultant conducted 27 in-person interviews with officials of central ministries located in Asmara, with regional and sub-regional government officials in Gash-Barka and Debub, with line ministry officials in these two regions, and with NGO and donor officials (see Annex III for a complete list of the interviews conducted).

Organization of the Report

The basic outline of the consultants' report closely follows the primary TOR. The first section presents the authors' appraisal, or main findings. The next sections provide suggestions for strengthening decentralized development management and social planning in Eritrea and recommendations for UNICEF-Eritrea programming.

1. Appraisal

This section of the report presents the consultants' main findings with regard to the status of decentralization in Eritrea, particularly as related to social development, at the end of 1995. After assessing perceptions, the extent of decentralization achieved to date, linkages at the regional level, staff qualifications, and the political-economy context, the authors identify the key issues and constraints currently facing Eritrea.

Perceptions

Eritrea is fortunate in that a strong tradition of community consultation exists that is rooted in the liberation struggle. At the national level, we encountered broad commitment to decentralization in principle (also see Fisher and Habteab, 1994:9). National development practitioners understand that, in order to reach and benefit the people, social service delivery systems need to be community-based and to involve substantial community participation at all stages of the development process (MLG, 1995). The center has appointed strong regional governors who are members of the country's Central Governing Council (Seyoum Haregot, et al., 1993:77-78). The recent restructuring from ten provinces to six regions is widely regarded among government officials as a promising step in terms of enhancing the economic viability and long-term resource base of sub-national units. Perceptions of what further decentralization means, both conceptually and in practice, vary considerably at the national level, however. These range from interest in structural reforms that would grant specific functions, revenue-raising capacity, and even personnel to sub-national units to conceptualizations that are limited to the deconcentration of administrative responsibility to field offices of line ministries. The new Constitution is likely to call for the devolution of power within a unitary state as a general principle. The specific content of the next proclamation on local government, to be issued in the next few months, is expected to be particularly revealing about the understanding of decentralization that prevails at the center.

At the regional level, there is interest in further decentralization both among local government officials (especially at the regional governor/deputy governor level) and among most ministry representatives. Relationships among local and central officials generally are positive (Fisher and Habteab, 1994:9). Again, however, variable understanding exists regarding specific decentralization meanings and scope as well as concerning the role of line ministries, local government executive bodies at all levels, the *baito*, and the community. In 1994, a UNDP team reported on "the tendency for functional officers from the ministries (who are working with local governments) to orient themselves toward their parent ministry and not the communities or areas where they are working ..." (Fisher and Habteab, 1994:9). That same year, another UNDP consultancy team found that "provincial officers and *baitos* (councils) are just beginning to think more autonomously without being entirely dependent upon the central government" (Picard, et al., 1994: 20). Concerns over local government capacity and the quality of the data base used in reaching local decisions are frequently expressed.

It is important to point out that these perceptions are by no means unique to Eritrean officials. Studies of decentralization elsewhere have highlighted the conflicting perspectives that tend to exist among officials at different levels in the government system. Such differences often are prompted by structural and capacity factors that can be mitigated by timely interventions. Although newly independent countries in the past typically favored a centralized approach to development management, the peculiar experience of liberation in Eritrea does seem to provide an opening for decentralization that many of the officials we interviewed would not want to see lost.

Extent of Progress

The recent restructuring of ten provinces into six regions and elimination of one layer of sub-provincial government constitute a promising first step toward the creation of strong and viable local governments in Eritrea (see Fisher and Habteab, 1994). The architects of this restructuring are confident that the new regional governments will be headed by governors who will wield considerable influence by dint of their personality, reputation, and political standing. Since they will possess a wider constituency, regional *baitos* also are likely to be more powerful in comparison with their predecessors.

With a few notable exceptions, however, central ministries have not yet evidenced a willingness to transfer staff, functional authority, or financial resources to local governments. While the regional *baito* participates in development planning and influences decisions on project location, central ministries retain control over the number of new project activities in their functional area of jurisdiction each year as well as over all decisions concerning recurrent expenditures. As a result, sub-national expenditure planning occurs in several different and largely uncoordinated places. Again, what our research revealed in this regard is not unique to Eritrea (see, for instance, the parallel 1995 findings reported for Ethiopia in Cohen, 1995:15-16). Studies from other countries indicate that central government ministry officials are reluctant — often for valid technical reasons — to accept decentralization if the manpower working at sub-national levels of government are inadequately trained. How to deal with such reluctance has proved to be one of the major challenges to architects and advocates of decentralization.

Although not yet widespread, there are indications that considerable progress toward decentralization is possible in Eritrea today. One example is the experience of the Zula development program with participatory rural appraisal (discussed in Part II of this report). Another example is the development of the *baito* at the regional (see Seyoum Haregot, et al., 1993:79) and village (see Berhane Woldemichael, et al., 1994:106) levels.

Regional *baitos* have assumed important roles in the development planning process. In Gash-Barka, *baito* committees and the chairman collect information on local needs from lower-level *baitos* and informally from direct contacts with people. After assessing needs, committees make project and locational recommendations (e.g., "a new clinic should be built in X village") that must be approved by the full *baito*. If a proposal is too expensive to be feasible, committees usually "postpone," or table, action on it. The *baito* discusses committee reports, decides on the problems and priorities for each area of the region, and submits a report to the Reconstruction and Development Unit (RDU) of the regional governorate. Although the regional *baito* does not become involved in preparing project cost estimates, it has assumed a major role in needs identification and project siting. The process is quite similar in Debub. In setting priorities in Debub, the regional *baito* employs four criteria: (1) availability of resources; (2) extent of need; (3) (lack of) proximity of existing services; and (4) equitable distribution of services. The *baito* relies on three sources of information in ranking projects for its three-year

development plan: (1) the feasibility study conducted by ministry experts (technical aspects); (2) committee recommendations; and (3) suggestions and recommendations made by the RDU. The baito's plan presents a ranking of projects by site for each sector in case, as is likely, less-than-full funding is received in a given year. When all ranked projects are not funded in a given year, the unimplemented ones are assigned highest priority rankings for the next year. However, the baito still engages in annual planning and does adjust priorities annually.

Links among Institutions at the Regional Level

Based upon the information gathered in Gash-Barka and Debub regions, we conclude that government institutions are linked in two main ways at the regional level. First, the *baito* brings local governments and line ministries together. Indeed, the regional heads of the Ministries of Health, Education, and Agriculture are ex-officio members of the baito. They serve on (and sometimes chair) functional committees of the baito that deal with the subject area of their special concern. By virtue of their subject-matter expertise, professional and educational qualifications, and contacts with headquarters, it is not surprising to discover that line ministry representatives are quite influential in baito deliberations.

All baito actions also are coordinated with the regional governorate through the reporting function. The regional RDU and the regional governor are the principal links between the baito and the local executive branch. This link can best be illustrated by reference to the local planning process. In Gash-Barka, the Head of RDU arranges the final list of regional development priorities by selecting from the baito's list of priorities and the lists of proposed projects submitted by sub-regional government officials (who take line-ministry requests into consideration). In assembling this final list, the Head of RDU relies on the unit's assessment of feasibility (availability of government resources) and its judgement of what are most people's most important needs (based on its knowledge of local health, etc. conditions, the number of people residing in the area, proximity to existing facilities and services, and comparison with other areas). RDU then prepares a justification for each project included in its ranking and submits the final list, along with a capital budget for each project, to the regional governor. Based on his evaluation of this report along with information received from sub-regional administrators, representatives of various line ministries, and other sources, the governor forwards the regional list of projects for the next three years, without ranking but with annual components, to the Ministry of Local Government.

Since fiscal year (FY) 1994-95, provinces have submitted requests without knowing in advance how much funding will be available. In FY 1994/95, Gash-Setit's three-year request amounted to 40 million birr; it received 4 million birr in earmarked central funding for the first year. Seraye province requested 38 million birr in FY 1994/95; it received 5 million birr from the central government. These examples illustrate one of the potential dangers of decentralization. Genuine decentralization can reinforce demands for government services and, therefore, also raise expectations regarding what government should do for society. If the discrepancy between demands and the supply of local services becomes too vast due, for instance, to lack of public financial resources, the legitimacy of the entire decentralization exercise may be called into question.

The second formal linkage is through the coordinating role of the *regional governorate*. To date, the field coordination of ministry and local government activities principally involves the submission of monthly, quarterly, and annual reports (usually copies of reports sent to headquarters) and periodic information-exchange meetings with the governor. Central ministries inform the regional governor when they instruct a field office of their ministry to carry out an activity. Line ministry representatives also

are prone to call upon local government officials for cooperative assistance on projects that require community mobilization (e.g., in the Ministry of Health's immunization campaign in Debub). One recent study reports, however, that "the links from village to district to provincial administrations are still weak with duplication or overlap" (Picard, et al., 1994:20).

In light of its special multi-dimensional mandate, the Commission for Eritrean Refugee Affairs/CERA (now called the Eritrean Relief and Refugee Commission or ERREC) also acts a coordinating body in the field within its area of responsibility. In Tessenai, the regional office of CERA has established multiple coordinating committees by function/service. In returnee refugee affairs, CERA is responsible for informing and coordinating the activities of the Ministries of Education, Health, Agriculture, and Construction, the Water-Resources Department, and local government administration. One independent researcher found that CERA had established schools, clinics, and water-supply facilities in its pilot programs in Gash-Setit that would be "of long-term benefit to the host population and to the returnees," but that coordination in planning and service delivery with line ministries needed improvement (Hansen, 1995:16, 20).

Although not observed during the short field trips, informal coordination undoubtedly occurs at the regional and sub-regional levels. Presumably, most informal coordination is based upon the need to confront common challenges in the field as well as on similar educational, professional, and personal backgrounds.

Political Economy and Decentralization

Decentralization in a society where the resource base is limited poses a special challenge. Given that Eritrea is one of the world's poorest countries, the Government, when committing itself to decentralize, is taking on a task that can only be described as daunting. With four out of every five Eritreans engaged in some form of low-productivity agriculture, the resource base for collecting public revenue is bound to be limited. Moreover, resources are not spread evenly throughout the country. Agricultural output is higher in Gash-Barka than it is in some of the highland regions where high population density and accelerating soil erosion have trapped producers on small farms which often do not generate a subsistence yield, much less the cash needed to purchase inputs required to maintain soil fertility. In addition, the physical infrastructure, at one time one of the best developed in Africa, has been destroyed following years of warfare and neglect. Furthermore, the poor quality of the existing means of communication at present complicates the effort to implement a strategy of decentralization.

The differential resource base calls for a choice between a strategy of development that emphasizes efficiency and one that stresses equity. The first implies that priority be given to those regions that already are relatively well-endowed where the prospects of quick results is particularly high. The demonstration of success is important for government legitimacy and there are other valid reasons for adopting this approach. The second strategy involves a concentration of effort on poorer regions and areas on the premise that they cannot succeed without special attention from central government sources. While this approach might eliminate regional inequalities, it also is likely to be costly in financial terms. Moreover, the risk of central direction at the cost of popular participation could exacerbate the public's sense of dependency on government direction and initiative.

The current effort to strengthen local government by reducing the number of provinces and, at the same time, enhancing executive capacity at the regional level is an appropriate step which, once fully implemented, might yield opportunities for further decentralization in the future. The pursuit of social development is particularly important, but also quite challenging. Health and education – the two most important sectors in terms of social development – occupy a central place in the national development plan. They also constitute sectors to which the population at large easily relates. The challenge for regional and sub-regional officials will be to strike a balance between facilitating and strengthening efforts in these sectors without removing control and interest from the concerned public. This balancing act is crucial when it comes to revenue collection and sharing. One of the choices facing decision makers anxious to promote decentralization is whether to rely upon a general "development levy" as opposed to a fee or contribution for a particular specialized service.

It is almost inevitable that poor countries with a limited local revenue base are inclined to rely on financial support from outside. The experience of other African countries suggests that foreign assistance becomes an important complement to domestic revenue in the national development effort. We also know from that experience, however, that foreign aid can easily become an addictive surrogate for local or national effort. Furthermore, foreign assistance tends to encourage centralized government control rather than decentralization because donor finances typically are routed through the central government treasury. Aware of these dangers and pitfalls, the Government of Eritrea can pursue ways of dealing with external financing that will mitigate the risks and drawbacks of foreign aid. Although the full scope of such an exercise goes beyond the mandate of this assignment, the consultants believe that decentralization, in the long run, will be meaningful to national development only if the government manages to devise means by which control over external funding is exercised in a creative partnership between donors and representatives of both government and civil society in Eritrea. One promising approach, now being tried elsewhere in Africa, is through the legal incorporation of sectoral development funds in such a way that financial sponsors, government officials, and civil society representatives share responsibility for the allocation of development funds on a trilateral basis (see *Autonomous Development Funds*, 1995). We draw attention to this model here in order to alert interested parties in Eritrea to possible further steps that can be taken in the future to strengthen both national and local governance.

Qualifications Gap

Annex IV reveals the existence of a considerable gap in the qualifications possessed by regional government personnel relative to line ministry representatives in the two regions studied. For instance, virtually all of the line ministry professionals have completed some post-secondary education. In contrast, less than half of the regional government department heads employed in December 1995 in Gash-Barka and Debub possessed post-secondary educational qualifications. Substantially lower educational attainments prevail at the sub-regional level, as the data reported for Mendefera show. When current educational qualifications for high-level regional government positions in Debub are juxtaposed against the CPA's estimation of the qualifications required for each position (Annex IV), the seriousness of the gap assumes even greater clarity. In addition, specific regional government staff shortages are reported for engineers, town planners, economists, and statisticians (UNICEF, 1994b:1,3).

Line ministry personnel also have greater access to specialized training programs. Many ex-fighters have filled posts in the local government structure. Although ex-combatants often possess extensive practical rural development experience in the field and "a strong determination and dedication for the job, ... [they] lack the required technical and managerial skills" (MLG, 1994:1; also see Picard, et al., 1994:2, 13, 19). In 1994, a team of UNDP consultants concluded that "human resources in the public sector need to be directed particularly at the local level where services and development activities impact most directly the people of Eritrea." This team identified five crucial inter-related training gaps in Eritrea, including *project management* at the local government level. Specifically, they reported that "provincial and technical personnel do not have sufficient experience, knowledge and skills to identify, design, manage, monitor and evaluate technical projects" (Picard, et al., 1994:ii, 1, 19).

A 1994 Ministry of Local Government study (MLG, 1994:3) concludes that regional *baitos* generally "are composed of elderly people, who have an adequate local knowledge, skills and experience, but lack formal education." In Debub, most *baito* members are farmers. The others are a mix of teachers, civil servants, non-literate members, and traders.

Key Issues and Constraints

Some of the principal constraints on genuine decentralization in Eritrea that have emerged are:

- The impoverished local resource base that prevails outside of Asmara, Massawa, and Assab, and the corresponding limited ability to raise substantial revenues locally.
- Line ministry personnel assigned to regional positions tend to be more qualified professionally relative to comparable LG staff. This qualifications gap creates a challenge for decentralization efforts in that LG personnel typically are not in a position to judge the professional work of line ministries or to cooperate effectively with ministry personnel. It also means that they lack sufficient capacity to increase the local government's revenue base.
- With a few exceptions, line ministries are reluctant to transfer functional authority in the regions to local governments. Concomitantly, central ministries also are not inclined to transfer substantial financial resources to local governments without earmarking.
- A local planning process exists for new capital construction projects. It allows for village-level input and involves line ministry representatives, the *baito*, and local government officials. Needs assessment remains somewhat unsystematic, however, and the locus of decision-making with regard to the operational and human resource aspects of new and existing projects and service delivery activities resides largely outside this planning process and is uncoordinated at the local level. Moreover, a unified planning process involving all key actors at the regional level working toward common objectives is not in place and there is no evidence that relationships between ends and alternative means are explicitly investigated and analyzed during the planning process. Outcomes could be improved by placing greater emphasis on measurable and sustainable improvements in living conditions and strategic options for achieving desired end results rather than focusing on capital construction projects.

- Baitos play an important role at the local level particularly in mobilizing communities for participation in new development projects and in generating local contributions. However, baito members lack crucial skills required for genuine decentralization to become a reality.

In spite of the constraints, a number of encouraging steps are being introduced and considerable movement toward genuine decentralization is possible in Eritrea. There is a widely shared commitment to decentralization in principle. What is required for achieving successful decentralization is the long-term sustainability of such commitments throughout the political system and the adoption of effective implementation approaches, along with a sustained willingness to provide the resources needed to ensure success. Over the next decade, the extent of decentralization achieved in Eritrea will be measured by the degree of success achieved in addressing and removing the constraints identified above.

II. Suggestions for Strengthening Decentralization in Eritrea

This section of the report addresses strategic directions for decentralized development management and social planning in Eritrea. The goals are enhanced delivery of health, education, water, and environmental sanitation services that satisfy the basic needs of outlying populations and result in measurable improvements in living conditions for people living in Gash-Barka and Debub regions. The discussion that follows recognizes the existing resource envelope in Eritrea described above and prospects for future decentralization. The key to further success in strengthening decentralization rests with addressing the constraints identified in Part I.

The short-term, medium-term, and long-term suggestions set forth by the authors in this part of the report are presented in terms of three over-arching sub-national issues: (1) functions, roles, and perceptions; (2) process; and (3) capacity (qualifications and resources). In identifying and recommending strategic directions for consideration, refinement, and adoption, the authors have been guided by considerations of impact on service delivery, cost effectiveness, feasibility, simplicity, flexibility, and sustainability of locally managed processes. The summary section arranges the consultants' suggestions for strengthening decentralization in Eritrea into initial, intermediate, and advanced phases.

Functions, Roles, and Perceptions

The principal actors at the sub-national level in Eritrea are local governments, line ministries, baitos, NGOs, donors, and communities. Within the institutional framework for decentralization currently in place, a clear definition of exclusive and shared tasks and responsibilities among these actors would be helpful. In the short term, this is likely to involve a mix of deconcentration and devolution strategies. Specifically, clarity and commitment need to be secured for two key sets of relations: (1) administrative village-sub-region-region-center; and (2) lateral linkages and coordinated efforts at each level. Then, it will be necessary to ensure that ministers, governors, line ministry representatives, etc., understand the new and evolving relationship between the center and local governments and appreciate the inherent opportunities for progress.



Local Governments

Eritrea is well-positioned to move toward strengthening decentralization under the new regional system. Decentralization in the sense we are using here is realized when increased responsibilities and functional authority are progressively assigned to autonomous units of local government. To the extent possible (i.e., consistent with capacity, performance, and citizen interest), moreover, efforts should continuously be made to move functional responsibilities closer to the people. Structural decentralization needs to be accompanied at the perceptual level by appreciation for flexibility and diversity. This will require widespread attitudinal changes at all levels so that "what is local, and what is different, is valued" (Chambers, 1994b:1450).

To begin with, an assessment should be made of the specific implementation functions to assign to regional governments. In assessing which functions to assign from a list that would likely include primary health care and nutrition, basic education, water supply, environmental sanitation, housing, feeder road construction and maintenance, agricultural, employment, and commercial assistance, land use regulation, natural-resource management, and strategic planning, attention should be given to criteria of comparative advantage (Uphoff, 1986: 16), capacity, and past performance record. These functions, as well as certain powers such as taxation, can be assigned on an exclusive or shared basis, on a special project or blanket basis, and/or on an experimental or permanent basis. In the short term, a gradual approach would opt for shared responsibility among Eritrea's six regions and central line ministries. Over time, as regional governments demonstrate effective performance capacity and confidence in their capacity to deliver certain services grows, shifts can be made from shared to exclusive responsibility and/or from project to blanket assignments. Functional shifts will need to be accompanied by structural rationalization as well as carefully defined job descriptions and position classification exercises that reflect the new assumption of regional responsibilities at the unit level (also see Beshir and Kinfa, 1995:6-7).

Over the long term, the same gradual approach to decentralization can be applied to the sub-regional and administrative village levels (see the recommendations set forth in Fisher and Habteab, 1994:8-9). In both cases, care should be exercised to ensure that local governments are not overloaded with functional responsibilities that exceed their capacity. There are limits to how much can be attained in the name of decentralization at one time. One of the lessons from experience elsewhere in the Third World is that decentralization tends to be most successful where the level of ambition is modest (Cheema and Rondinelli, 1983). It is preferable for sub-national governments to perform fewer functions well than many activities unsuccessfully.

In addition to addressing implementation issues, attention needs to be devoted to enhancing the coordinating role of local government. We encountered considerable concern over decision-making delays in the field. The delays involved in line-ministry communication with the center often retard effective project planning and implementation and impair community and national development. Delegating greater decision-making authority to line-ministry representatives might remove some time constraints, but it is likely to exacerbate horizontal coordination problems. The answer is to assign greater decision-making authority to the regional governor and to regional baitos. Such a step would add important teeth to the coordinating role of local government — which, to date, has been interpreted by line ministry representatives primarily in information-reporting and report-copying terms. To begin with, the newly designated regional governors can be assigned greater coordinating responsibilities and powers;

this would be consistent with expectations that they will exert considerable personal and political influence. A strong governor with generalist credentials might find it advantageous to establish a team of regional administrators and ministry representatives that meet regularly under his/her guidance to resolve budget, implementation, and assessment issues as well as serious local conflicts.

This team-based approach could be managed within a clearly articulated and unified or common regional planning/budgeting/monitoring process with identifiable outputs at each stage (needs assessments, annual development plans, periodic monitoring reports, semi-annual and annual reviews of performance). Prior to the advanced phase of decentralization, attention will need to be devoted to alternatives for selecting local chief executives (regional governors) - popular election, appointment by the baito, etc. - and to the implications of each option for service delivery performance in rural Eritrea.

Line Ministries

With regard to line ministry roles and perceptions, consideration could be given during the initial decentralization phase to specifying areas of shared responsibility for planning and for certain aspects of the delivery of basic services in accordance with the national commitment to pursue a gradual increase in local government capacity to perform these functions. The unified regional planning process suggested above provides an important framework within which to increase cooperation and, over time, to help foster common perspectives among sub-national staff. In the intermediate phase, line ministries could continue to serve in a technical back-up and advisory role in situations where functional responsibilities are transferred completely to sub-national levels of government. Such cooperative experience should encourage the progressive transfer of expertise from line ministry to local government personnel.

Based upon careful assessment of performance in various sectors, it would be useful to issue a proclamation during the intermediate phase that identifies the specific functional areas of *primary* local government responsibility (e.g, primary health care and nutrition, borehole drilling and maintenance, local markets, feeder roads, erosion control, primary education, small-scale agricultural credit schemes) and reserves other functions for central ministries or for shared responsibility. New authority arrangements should specify the role (exclusive and/or shared) of administrative village, sub-regional, and regional levels of government in the delivery of local services. With a reduced scope of responsibility, line ministries can focus their expertise and efforts on development problems that require attention by the center due to their magnitude, complexity, or cross-regional nature. In addition, for the foreseeable future, line ministries would continue to provide local governments with technical performance standards. Such divisions of responsibility between central and local governments would be cost-effective since each regional government need not duplicate the expertise and structural arrangements required to address complex development problems.

During the initial and intermediate phases, local government staff with new functional responsibilities would be advised, trained, and assisted by line ministry representatives. Attention would be devoted to achieving genuine cooperation among all governmental and non-governmental units operating within each region.

As increasing authority is transferred to local government institutions, the orientations of line ministry officials will change and they will respond more often to directives issued by the regional baito and/or governor rather than to central directives from Asmara. The role of line ministries would be restricted to issuing technical standards, offering back-up technical advice, and reviewing the technical

quality of local undertakings. During the intermediate phase, it would be appropriate to consolidate some of the line ministry professional and support staff working in each region within the regional government structure. The transfer of human resources from line ministries to local governments needs to be accompanied by the parallel transfer of requisite financial and material (equipment, vehicles) resources to support the new division of functional responsibility. At first, the transferred staff would become integrated local representations of central ministries rather than continue to function as distinct operational units. By the advanced phase of decentralization, they would be indistinguishable from other LG staff.

Baitos

In Eritrea, elected local councils, or baitos, are widely regarded as a "precious heritage of the struggle period" (MLG, 1995:6). It is expected that the new Constitution will refer to the powers of regional baitos in the context of checks and balances and include provisions regarding participation and representation by the electorate.

The role of the regional baito in Eritrea could usefully be expanded from community mobilization to include greater emphasis on community empowerment. In general, for the immediate future, priority consideration could be given to assisting the regional baito and the village assembly (to be composed of all inhabitants over age 18) so that both institutions offer more effective leadership in local development and in order to enhance opportunities for local self-governance. This effort would be consistent with Eritrean traditions of community participation and provide vital support for current efforts to introduce greater decentralization and community-based development management.

In the short run, emphasis could be placed on enhancing the baito's needs assessment, project selection, and development planning and budgeting capacity in order to strengthen the foundation for the local management of social development (see the specific process suggestions set forth below). The next step could be to locate the baito (through its committee structure) in a lead position with respect to project oversight. Under an intensified decentralization approach, the baito's involvement in project monitoring would include authority to change project direction based upon reported results and learning experience. In the long run, process enhancements could be aimed at the delegation of greater authority over the allocation of funds to village, sub-regional, and regional priorities as identified by the baito and of authority over the operational and human resource allocation decisions (e.g., staffing, salaries) that accompany capital projects. As decentralization progresses, baitos also will require increased local revenue raising authority. The professional staff under direct baito control will need to be expanded as the regional legislative institution's responsibilities increase.

The tension between professional expertise and popular perceptions of policy is another familiar issue in the practice of decentralization. Technically trained government officers tend to exert great influence over policy choice in societies where popularly elected representatives are considerably less trained and educated. It becomes particularly important in such circumstances to ensure that decentralization not be "hijacked" by technically advantaged administrators and used at the expense of views articulated by democratically chosen spokespersons of local communities.

In order to ensure that elected local representatives can perform the legislative role effectively, attention to the capabilities of baito members needs to be given priority. Training programs should commence immediately after the election of the new regional baitos. It is advisable to begin with the baito chair, secretary, and committee heads as well as with village leaders. This group should be



assigned responsibility for sharing what they learn with other baito and community members. The initial stage of training should focus on developing and enhancing policy process skills: objective needs identification, setting and interpreting project selection criteria, development planning, local financing, project monitoring and evaluation. Later on, one innovative and cost-effective method for training baito and village assembly members would be through study visits to other villages and regions in Eritrea. This approach allows local leaders to learn from one another and provides incentives for communities to find solutions on their own. Most of the development gains achieved by one local community in Eritrea can be replicated by others and experience shows that villagers often learn more readily from one another than from professional staff. Along with training sessions, all baito members should be exposed to regular education sessions offered by national and international experts on development issues such as population growth and control, the impact of female education, child survival and development, the importance of environmental sanitation and basic preventive health care principles.

NGOs and Donors

NGOs (both indigenous and international) and donors can play valuable support roles at the local level. Their advice can be useful at all levels of the decentralized system. In the short term, NGOs and donors should be encouraged to support projects based upon systematic local needs assessment that is consistent with baito policy guidelines. Prospects for indigenous NGO-LG capacity-building activity should be explored and pursued when likely to be fruitful for the local community and of mutual benefit. International NGOs and donors can share responsibility for monitoring and evaluating performance on projects they help finance.

Communities

As an April 1995 concept paper on community participation prepared by the Ministry of Local Government notes (p. 5), "decision making must truly be returned to the people, who have both the capacity and the right to inject into the process the richness, including the subjectivity[,] of their values and needs." In this connection, special attention needs to be devoted to developing mechanisms that will induce effective participation at the local level among groups that usually are unorganized and lack influence, including the landless, pastoralists, and poor women. In order to realize the advantages of decentralization, the overall approach must be community-based and involve a commitment to community empowerment. The next section includes specific suggestions along these lines.

Specific Process Suggestions

The key to advancing decentralized development management and social planning in Eritrea lies in introducing process changes that expand residents' access to and participation in institutional decision-making. This section of the consultancy report presents specific local level process suggestions that involve gradual expansion of participation in development planning and decision-making on the part of local governments, baitos, and villagers, and hold out the potential for strengthening the management of social development in rural Eritrea. Six discrete process areas merit attention in efforts to introduce further decentralization in Eritrea: (1) community mobilization and participation; (2) needs assessment; (3) project identification and selection; (4) planning and budgeting; (5) project implementation; and (6) monitoring and evaluation.

Community Mobilization and Participation

Eritrea is fortunate to possess a vital tradition of community mobilization that characterized the liberation movement and has been sustained in the post-liberation period. In the outlying areas, the challenge for effective development management and social planning in the 1990s and beyond is to expand community participation in local decision-making. Therefore, the process of community empowerment includes building people's capacity to formulate and implement local development initiatives, to analyze and choose among alternative approaches, and to realize the benefits of projects that result in improved living conditions. Attention must be paid throughout the community participation process to who is being empowered. In the interest in social equity, efforts must be made to ensure that "the weaker are identified and empowered ..." (Chambers, 1994b:1445).

Within the framework of the new local government system in Eritrea, there is ample room for decentralization measures that will facilitate community mobilization and community participation at the village, sub-region, and regional levels. The first step is to promote community needs assessment.

Needs Assessment

The identification of what is needed, in which priority order, and where projects should be located best arises from within the community itself. Useful methodologies are available for implementation in Eritrea that would ensure the integration of residents' needs assessment with the capacity to deliver possessed by government agencies, NGOs, and donors. Two of the most promising methodologies are *participatory rural appraisal* (PRA) and *sentinel community surveillance* (SCS). PRA emphasizes village-level involvement in needs identification and project selection (see Chambers, 1994a; 1994b). Robert Chambers (1994a:1254) points out that PRA "facilitates investigation, analysis, presentation, and learning by local people themselves, so that they generate and own the outcomes, and also learn." SCS is a more compressed and often somewhat more complicated inter-sectoral methodology that involves households, the community, and service providers.

PRA has been used in Eritrea for some time. In understanding this simple needs-assessment methodology, the experience of the Zula plain on the Red Sea coast is particularly instructive. In 1995, at the initiative of Norwegian Church Aid (NCA), villagers formed four PRA groups in Zula. Anyone from the locality who wanted to belong could join a PRA group. Each group first allocated 100 pebbles, in accordance with member priorities, among nine general problem categories mostly identified by line ministry representatives (with the exception of the category "electricity" added by the Foro group). The results of each group's priority needs ranking are displayed in Annex V.

There are several other simple methodologies within PRA that are well-suited for application by rural populations with low levels of literacy, as in Eritrea. They are capable not only of generating reasonably reliable assessments of needs, but also of promoting collective action and monitoring of results (for applications in Kenya, see Juma and Ford, 1992:190-192). A wide range of these methods have already been applied in rural parts of the country as part of a joint MOE/UNICEF study on girl child education.

With UNICEF support, SCS started in Central America in the 1980s. Subsequently, according to the summary briefing note of key points covered at UNICEF's SCS workshop for the East and Southern Africa Region held at Mbarara, Uganda, in June 1995, it has been used extensively in 28

countries - including 8 in Sub-Saharan Africa. SCS constitutes a mix of quantitative measurements based upon epidemiology that calculate relative risk and qualitative research techniques that probe why the estimated levels have evolved over time. By emphasizing community involvement in and feedback regarding a preliminary analysis of the data collected, SCS enhances community participation and ownership. The expected duration of the preliminary analysis and feedback phase is half-a-day per site. During this phase, the simple and integrated mix of SCS methodologies (short and focused questionnaires, easy-to-use software, combined with qualitative and participatory techniques) "...allows for production of quick and meaningful....preliminary findings to be presented to the community immediately after the data has been collected..." (UNICEF briefing note).

In short, SCS inventories community assets and links the identification of known priority problems to community felt needs. A helpful outcome of SCS is the immediate feedback it generates for communities, planners, and decision-makers at various levels. Although the rapid implementation cycle of SCS, its mix of quantitative and qualitative methods, and its reasonable learning threshold for survey techniques mean that the methodology also can be useful for purposes of project monitoring and evaluation by local government and regional line-ministry staff, this type of objective approach to needs assessment is particularly valuable at the project identification and selection stage.

Project Identification and Selection

Genuine and effective decentralization requires community participation in project identification and selection. The initial identification of projects that will effectively address local problems, needs, and obstacles to development usually requires substantial technical expertise, although the knowledge of local conditions possessed by the inhabitants of an area often is crucial in avoiding inappropriate approaches and in adapting generic approaches to unique circumstances and environments. This suggests that technically skilled local government officials (initially both regional and sub-regional LG staff and line ministry representatives) should assume primary responsibility for identifying project options and alternative approaches. Before a final list of project alternatives is prepared, however, the feasibility of each option should be explored with local community leaders as well as with knowledgeable NGO representatives and other resource persons. Valuable suggestions that arise from the grass roots should be added to the final list of project alternatives. After all, locals often know much more about the conditions of implementation or the suitability of particular technologies than government staff are aware of, as considerable experience with agricultural development shows.

Eritrean communities have demonstrated that, provided the right methods are utilized, they are capable of assuming primary responsibility for project selection. Let us return to the PRA methodology used in Zula to illustrate this point. In this case, each of the three PRA groups that identified agriculture as a priority need received a new set of 100 pebbles. This time, each group allocated their pebbles according to agricultural problem areas that corresponded to project interventions (see Annex VI). Repair of the Foro Dam ranked first among two of the three PRA groups. In Zula, the results of these annual rankings by PRA groups are forwarded to a local community council that is composed of village representatives, who either are traditional elders or are appointed by the traditional elders, and of district government officials. The local council forwards the community's project priorities to a coordinating committee (see Annex VII). The Zula coordinating committee is composed of line ministry representatives, representatives of ERRA and the National Union of Eritrean Women, and donors active in the area. The coordinating committee is not able to alter the priorities submitted by the local community council. Its project selection role is limited to ensuring that requests fit within national policy

guidelines. Thus, the coordinating committee can refuse to approve a project if it falls outside government policy, but it cannot require or request that the local community council or PRA group reorder its priorities. In the case of the Foro Dam repair proposal, for instance, the coordinating committee agreed that the project was vital for the economic survival of the communities. However, it approved projects lower on the list rather than the top priority because sufficient money to fund the required repairs to the Foro Dam is not yet available and because of technical uncertainty over the feasibility of the project.

The NCA-Zula approach to project identification and selection possesses many features that can be widely applied in the context of rural Eritrea. In fact, the Zula development model is similar in many respects to the approach currently used by the regional baito in Gash-Barka and Debub. The consultants suggest that the project selection role of the coordinating committee in Zula be performed by the regional baito in Gash-Barka and Debub. This will have the advantage of relying on a single, more democratically selected institution for project selection decisions. PRA rests on the conviction that local residents best know their own needs and situation. In order to make this community-based approach work, therefore, the regional baito must be committed to accepting the project priorities forwarded from lower levels. Other changes in current procedures would be required. This approach assumes, for instance, that the baito can select project options that are not necessarily preferred or given priority by the implementing agencies (LGs, ministries, NGOs, or donors). Moreover, baitos must be granted authority to pursue inter-sectoral projects, to emphasize projects within a particular sector in a given year, and to attach recurrent expenditures to new capital projects. *see*

Given the extremely limited resource base that regional governments will have to work with in Eritrea for the immediate future, it does not seem reasonable or realistic to expect that community needs alone will drive the selection of local development projects. Clearly, tradeoffs will need to be made based upon financial and other considerations. For this reason, it is essential that each project option be accompanied by a capital- and recurrent-cost (and anticipated revenue) estimate along with a technical feasibility assessment. Both types of estimate will need to be prepared by RDU and/or line-ministry officials and should be made available from the time of project consideration by the local community council (or village).

In addition, as the paramount elected community decision-making body, each regional baito should consider setting general guidelines for project selection that are linked to a specific share (or range) of the development budget. These guidelines would establish and identify each baito's approach to development and would provide the electorate with a basis for assessing the performance of their representatives and for holding them accountable for their development decisions. Regional variations in development strategies attributable to baito project selection guidelines could later serve as a basis for comparative assessment of outcomes.

Project selection guidelines can be approached from more than one perspective. One list of possible decisional criteria includes sector, objective, method, type of expenditure, beneficiaries, and location (Koehn, 1990:198-219). Of these, sector is the most commonly utilized criteria. A regional baito could issue guidelines for project-selection that embody sectoral priorities. To illustrate, a baito might establish the following financial guidelines by principal sector: education (25% of total available new capital and recurrent expenditures for the period), health (20%), agriculture (15%), public-housing schemes (10%), water supply (5%), transportation (5%), environmental sanitation (5%), administrative inducements (4%), economic growth (4%), recreation (4%), culture and community development (3%).

Although commonly used, exclusive reliance upon sector yields little information of value to policy-makers and planners interested in the impact of development-project decisions on prospective local beneficiaries, specific geographical areas, social welfare, economic growth, natural resources, the local environment, and other factors. Thus, each baito should consider adopting multi-dimensional guidelines that reflect criteria that members agree are especially important in shaping decisions about plan priorities in light of local conditions. In addition to sector, the baito's criteria could be drawn from the following 12 categories:

(1) *Principal objective*

- environmental protection and resource conservation
- production and exchange of economic goods
- provision of health care
- environmental sanitation and preventive health measures
- infrastructural development (includes roads)
- education and human resource development
- administrative support
- revenue generation
- law and order
- aesthetic value
- recreation

(2) *Environmental impact*

- depletion of the local natural resource base
- enhancement of the local natural resource base
- no net positive or negative impact on the local natural resource base

(3) *Project sustainability*

- high probability of long-term maintenance and sustainability
- modest probability
- small probability
- no likelihood of long-term maintenance and sustainability

(4) *Principal type of expenditure*

- construction
- salaries
- benefits
- supplies
- communications
- travel
- equipment
- maintenance, repairs, replacement parts

- vehicles
- land (rent or purchase)
- property (rent or purchase)

(5) *Cost-sharing provisions*

- > 50% total project cost from community contribution
- 1-49% from community contribution
- no community contribution

(6) *Principal project method*

- labor-intensive
- capital-intensive

(7) *Principal type of beneficiary*

- baito members and/or government staff
- public

(8) *Principal intended beneficiaries*

- landless
- pastoralists
- settled poor
- middle-income
- wealthy

(9) *Principal gender bias*

- male
- female
- none

(10) *Principal age bias*

- children
- young adults
- 21-55
- elderly
- none

(11) *Principal settlement bias*

- urban
- rural
- both (none)

(12) Principal *location bias*

- subregion A
- subregion B
- subregion C
- A & B
- B & C
- none
- village/urban district A
- village/urban district B
- village/urban district C
- A & B
- B & C
- none

This easily comprehended and simple-to-apply approach to project selection would take cognizance of and explicitly recognize the multiple policy issues and value choices involved in development planning and enable community decision makers to balance or assign differential weights to sectoral, locational, socio-political, employment generation, basic needs, and other important considerations (also see Chambers, 1978:212, 217). The regional baito would perform the coordinating role of ensuring that the final list of approved projects for the following year satisfies the percentage (or range) breakdown embodied in its guidelines for all of the criteria of priority concern. This implies that, for ease of understanding and decision-making, each baito should restrict itself to a maximum of three or four criteria per year. Locating a project in one's own area would constitute, at most, only one of the multiple criteria employed by baito members. Villages or local community councils would remain free to propose projects based upon local needs, but they would be advised to take the baito's guidelines seriously in order to maximize prospects that their proposals will become part of the final approved regional plan. Obviously, proposals that satisfy more than one of the priority criteria for the year would have the greatest chance of being adopted by the regional baito.

Every project proposal submitted to the baito would be required to carry a straight-forward written justification that is based not only on systematic community needs assessment, but also identifies the project's expected impact in terms of the baito's predetermined priority categories. The RDU of the regional government can assume initial responsibility for allocating proposals according to principal impact categories. The RDU's decision should be subject to challenge by a village or local community council. An appeals process that involves line ministry input should be established to resolve conflicting interpretations of principal impact based upon the merits of each case. To minimize such conflicts, however, the RDU should prepare and disseminate in advance of project selection a document that explains how common projects (e.g., feeder roads, primary schools) will be categorized. In light of its simplicity, baito members and regional government staff could be quickly trained to employ the impact-cost-analysis methodology set forth here and the procedure could be implemented almost immediately as part of the decentralized project selection process in Eritrea.

Planning and Budgeting

Decentralized planning in rural Eritrea should allow for cross-sector projects and community input at multiple levels. Project priority setting should view development in broader terms rather than equating it with construction projects, should be integrated with annual recurrent as well as development budgeting, and should be placed under the baito and regional government. Approaches should be simple, and aimed at (1) allowing baito members, with guidance from local government and line ministry officials, to make popular decisions on policy and project directions that reflect local needs and demands and the priorities set by elected baito representatives, (2) improving integrated development planning by local government personnel and line ministry representatives, and (3) enabling the evaluation of compliance with policy decisions at the implementation stage in terms of pre-established criteria and outcome indicators.

The type of regional planning process envisaged would be guided by short-, medium-, and long-term objective setting that is linked to specific and realistic outcome measures and supported by systematic review and comparative assessment of alternative strategies for attaining objectives. Desired outcome measures can include increases in immunization rates, reduced infant and child mortality, increased primary school enrollment and completion rates, improvements in academic performance, expanded access to safe drinking water and environmental sanitation. Budgeting would be integrated with a set of interventions that address the pre-determined objectives. Mechanisms also need to be put into place that will allow baitos to participate in budget decisions that might involve staff downsizing or program cutbacks that impact regional government services.

It would be helpful for regional baitos to begin by exercising control over the small development fund raised locally. The baito would be responsible for balancing the annual development plan budget based upon project cost estimates supplied by local government specialists at the project identification stage and decisions reached by the baito at the culmination of the project selection process. Baitos should consider ways of encouraging the adoption of proposed projects that would generate income from the services rendered that could be used to offset operating and maintenance costs (MLG, 1995:12). As baitos gain experience and demonstrate their capacity to act responsibly, additional revenues can be transferred from the center to baito control for the purpose of local development planning and budgeting. By the end of the intermediate decentralization phase, baitos and regional governments should be experienced with a unified planning process that produces annual regional development plans.

Project Implementation

In the initial phase of decentralization, responsibility for project implementation should remain attached to the government unit that possesses the required capacity to effectuate delivery. In most cases, line ministries will be involved given the superior technical qualifications of their staff. However, regional and sub-regional governments should be assigned gradually increased responsibility for project implementation (including authority to sub-contract with private firms) as long as this is consistent with national policy. Central ministries would provide clear technical standards accompanied by hands-on training and practical advice to guide local government implementation efforts. In the intermediate phase, project implementation might involve exclusive areas of responsibility (for instance, the construction and operation of village health stations) or shared responsibility with a ministry whereby, for instance, the local government handles one aspect of an immunization project (e.g., community mobilization) or

implements water supply projects that only require certain minimal technology or expenditures below a cut-off figure. Increased local government responsibility will require increased capacity. This requirement, in turn, most likely will entail the gradual absorption of line ministry staff within the regional government structure with consequent effects on the staffing and functions of ministerial representation at the sub-national level.

Where appropriate, local government authorities, local community councils, baitos, PFDJ branches, and PRA groups should share in mobilizing the work force (village teams or groups of teams) and local materials required for project implementation. The recruitment of locally selected/monitored and partly compensated paraprofessionals who are trained and given back-up support by regional and sub-regional government personnel can be a valuable asset at the implementation stage (see Esman, 1991:56). The sustainable implementation of projects with long-term objectives (i.e., most education, health, water-supply, and environmental sanitation undertakings) requires that communities possess ownership and a sense of responsibility for operation, maintenance, and ensuring the continuation of useful outcomes. To achieve these goals, attention needs to be devoted to institutionalizing respected grassroots governing bodies (boards, committees, etc.) for local projects.

The regional governor should bear overall responsibility for coordinating project implementation, for ensuring completion of each undertaking, and for project outcomes. This role includes sorting out misunderstandings, overcoming delays and barriers, resolving blockages, and facilitating continuous progress. The governor could ensure that any revenues realized in the process of project implementation (for example, user fees) are returned to the baito.

Monitoring and Evaluation

Information gathering, monitoring, reporting, and evaluation should be guided by the types of development criteria and outcome measures listed above. A simple system of monitoring and evaluation for assessing progress, constraints, and opportunities at the local level in Eritrea should be developed and put in place. The process should allow for rapid alterations in plans, approaches, and budgets when necessary based on implementation experience and on the information gathered.

In the short term, regional government (RDU) staff can be responsible for coordinating information on all local projects and reporting monthly to the relevant baito committee on the status of implementation activity according to easily understood financial and outcome indicators. Villages and PRA groups also should be involved in reporting on the professional work performed by ministries and local governments. Monitoring and evaluation would be the responsibility of appropriate baito committees. This function could be delegated to responsible grassroots boards and committees. Baito committees would report findings quarterly to the full regional baito on each project assigned to their jurisdiction. Deviations from the baito's adopted criteria and budget and/or from expected impacts would be noted in the quarterly report. The regional baito would possess authority to vote changes in project direction, approach, and/or budget based upon the committee's quarterly evaluation report and recommendations by the regional governor. The baito and the RDU could cooperate in preparing semi-annual and annual reports that assess the status and progress (or lack thereof) of individual projects in terms of outcome measures and provide a summary evaluation of all local development activity in terms of the criteria adopted for the annual plan as a whole. These reports would form the basis for the

regional governor's annual report to the center and to interested donors. By the end of the intermediate phase, the regional baito might employ its own staff for project monitoring and project evaluation purposes since these are legislative (planning and oversight) as well as executive (assessment and adaptation) functions, and representatives of line ministries could serve in an ad hoc advisory capacity rather than as committee members/heads.

Next Steps

The most pressing process need is to establish simple, but more systematic, planning and coordinating mechanisms at the local government (especially regional) level. UNICEF should focus immediate attention on this issue under the guidance of the MLG. The desired outcome is the identification of improved and simplified cooperative processes for development planning, budgeting, monitoring, and evaluation that will strengthen the baito's role in establishing priorities and create effective links between line ministries, regional governments, and sub-regional bodies in developing plans that reflect local priorities and improve the management of social development in rural Eritrea. Specific mechanisms for coordinating line ministry and other organizational involvement throughout the region should be developed by the next set of consultants.

Capacity Issues

In efforts to strengthen decentralization for development management and social planning, the capacity of local institutions assumes critical importance. In particular, attention needs to be devoted to empowering community participation in policy-making and in the supervision of development planning and implementation (addressed above), to ensuring the managerial and technical competence of local personnel, and to providing an adequate financial resource base at the local level (Esman, 1991:53). At the national level, the MLG needs to assume the key leadership role in guiding and enhancing these three dimensions of LG capacity in Eritrea.

Addressing the Qualifications Gap

Addressing the qualifications gap requires a major, multi-year human resource development program. It will depend upon the presence of a national commitment to undertake a systematic local government staff upgrading program that extends from the regional governor down to the level of the administrative village executive. The initial goal would be for regional government personnel to reach or surpass, within five years, the professional qualifications (other than experience) currently held by line-ministry personnel serving in the regions. In many instances, this will require hiring new staff (preferably from the local area) who possess 12th grade school-leaving credentials or post-secondary education. In the recruitment of qualified LG staff, careful attention will need to be devoted to issues of (1) adequate and affordable housing in outlying areas; (2) hardship or topping-up pay, such as through the proposed Rural Employees Deployment Fund (see MLG, 1994.2-3.6), and (3) providing attractive opportunities for career advancement within the region(s). For those with 12 years or less of formal education, Picard, et al. (1994:36) strongly recommend basic education "especially in written and spoken English language, mathematics, law, general management, and government." Regional and sub-regional governments also should take full advantage of the certificate courses to be offered by the Eritrean Institute of Management (EIM) in cooperation with Asmara University commencing in June 1996. EIM courses in project management, personnel management, and financial management are likely to be particularly relevant (see Picard, et al., 1994:42).

A specific local government staff training program should be planned in stages and should commence as soon as the new regional governments are staffed and all appointees are on seat. The most useful approach would first identify precise process needs under the newly decentralized system and then provide differential initial (and annual in-service) training for LG and line ministry officials that is tailored to the roles that each cohort of trainees are responsible for performing. The first stage should address improving the key administrative and management skills required by regional government personnel who will be looked upon to execute the functions expected of the new units; these are likely to include needs assessment, SCS and PRA techniques, micro planning, project identification, project costing, revenue raising and investment, budgeting, cost-effective sub-contracting, statistics, monitoring, evaluation, and long-range/multi-sectoral strategic planning. Regional governors and deputy governors would participate in "seminars and workshops on policy formulation and organizational development ..." (Picard, et al., 1994:22). At the same time, line ministry staff would receive training in decentralization, community empowerment and participation, intergovernmental relations/communication/negotiation. In general terms, this training would place project management within the local government context (Picard, et al., 1994:13, 20).

At the end of the first stage training program, both line ministry and LG trainees would share a firm grasp of the project cycle, basic grassroots development principles, the benefits of decentralization, options for promoting public and private entrepreneurship and partnerships, and of the ways in which donors and NGOs work in terms of the development, management, funding, monitoring, and evaluating of collaborative projects (Picard, et al., 1994:19-21). The second stage should address the development and refinement of technical skills in critical functional areas that correspond with the responsibilities that local governments will increasingly shoulder. The required specializations are likely to involve engineering, surveying, data collection and analysis, preventive health care, environmental sanitation, land use, agricultural extension, and bore-hole drilling and maintenance. The third stage would address both administrative and technical skills at the sub-regional level. Finally, the training program would address administrative village level needs. Wherever possible, training should be offered by MLG staff who are trained as trainers through special EIM programs and should include on-going mentoring of junior officers by senior officers.

To advance progress toward decentralization in the human resource area further, the Government of Eritrea could move technically qualified and experienced line ministry staff to the regional and sub-regional governments. This would immediately reduce the qualifications gap that interviewees identify as a major constraint on the successful implementation of decentralization and, at the same time, be consistent with the desire to weigh the Eritrean civil service in favor of the countryside (Picard, et al., 1994:31). Such a move would involve apparent and potential costs. Initially, at least, technical staff working for regional and sub-regional governments will require back-up advice and support. Moreover, if headquarters institutions are depleted of their most proficient technical staff, they might be less effective than they are at present.

During the intermediate phase of decentralization, each regional civil service could be headed by a director of human resource development (HRD) who is an employee of the regional government. Newly transferred ministry staff would become members of the regional civil service. Each regional director of HRD would follow guidelines issued by the Central Personnel Agency (CPA) and look to the director of the CPA for professional training and advice. After providing technical assistance and training to regional personnel administrators regarding recruitment and selection, the CPA could delegate authority to hire mid-level administrative and technical staff to the regional governments. Vacancy announcements

would be advertised and interviews conducted locally. In the advanced phase, all LG employees would be selected and promoted by regional government human resource officers. The CPA could remain involved by conducting periodic recruitment audits to ensure that professional personnel administration practices are being followed.

In addition, consideration should be devoted during the intermediate phase to assessing the advantages and disadvantages of establishing a nation-wide local government service and/or a unified government civil service that treats officers who work for central and local government agencies equally. Equal conditions of employment are particularly important in order to raise the status and professional qualifications of public administrators working in the regions. An extensive study of the complex issues involved, including the devolution of authority to LGs to hire and promote their own staff, will need to be conducted and acted upon prior to the advanced phase of decentralization in Eritrea.

The provision of training in local languages for baito members and village-level leaders also is essential for successful local capacity-building. Local citizen representatives can and should be prepared through carefully designed training programs for the responsibilities they will be asked to assume as decentralization efforts progress. The goal is to enable local residents to perform effectively in their interest articulation, community leadership, policy analysis, policy formulation, policy-making, project selection, and monitoring/evaluation roles. For instance, a key element in empowering people to take responsibility for their own development is promoting their capacity to collect, analyze, and act on basic data. Community leaders also should receive training in simple needs identification and prioritization techniques, project selection, micro planning, project monitoring, and in the importance of process inclusiveness. In short, baito members and local beneficiaries need to understand and know how to access and operate within the project cycle (see Picard, et al., 1994:19, 39). In addition, baito leaders would benefit from training in ways and means of generating resources locally, including feasible revenue-earning projects. The exchange of study visits among baito members and community leaders can foster rapid learning and innovation in the realm of revenue generation.

In view of the turnover rates that typically exist among elected officials, training programs for baito members most likely will need to be repeated at relatively frequent intervals. This situation underscores the importance of systematic evaluation of training methodologies and outcomes from one course to the next.

Financial and Material Resources

Ultimately, local resource constraints will be addressed by dynamic economic growth. To the extent that the consolidation of provinces into six new regions will enhance economic viability at the sub-national level and promote economic growth, some of the forces intended to address this constraint have been set in motion. Rural investment incentives offer one means of developing the private economy in outlying areas (see Seyoum Haregot, et al., 1993:78). For the immediate future, shortages of public resources can be addressed by flexible combinations of local incentives and central grants.

Regional governments in Eritrea already have taken the initiative in raising their own revenues. The amounts raised locally are not large, but the experience has been important. Attention will need to be devoted at some point in the future to establishing a clear demarcation between distinctive and shared regional government and national government (Ministry of Finance) tax sources. This demarcation should

be based upon systematic research that is sensitive to the need to identify feasible and reasonably productive revenue sources at the local government level that are not inconsistent with national development policies and strategies.

Currently, two per cent of locally raised revenue is being retained for allocation to development projects by the baito in consultation with the regional governor, taking national priorities into account. In comparative perspective, this percentage is quite modest. Under Tanzania's decentralization program, for instance, the goal was to retain 15 per cent of locally collected revenue at the village level to cover both capital and recurrent expenditures. To be sure, regional authorities did not always allow villages in Tanzania to retain the full amount, but the local funds available did allow for some meaningful project activity at the community level - especially in the health and education fields. Interviews with sub-national officials and country-wide statistical data indicate that revenue recently retained at the local level in Eritrea has been used primarily for the construction of housing and offices for government employees. While government housing and office projects might indirectly benefit the local population, the scale of this effort has largely exhausted possibilities that non-governmental actors at the local level could pursue any type of development initiative of their own with such funds.

We recommend that the percentage of local revenue retained at the village and locality levels be raised so that there is a tangible connection between taxation, on the one hand, and public expenditure for additional and expanded social services on the other. We see this as an important step toward legitimizing decentralization and promoting local responsibility for development. The down side of such a move is that less money would be available to the center for allocation to regional and sub-regional governments. Serious efforts would have to be made simultaneously, therefore, to contain the recurrent expenditures of decentralized government structures.

Given the variation in revenue base among the regions, it might be helpful to create a graded system so that central government grants-in-aid initially are issued in relation to the relative poverty of a region; that is, the poorer the region, the larger the grant-in-aid. Alternatively, a grant-in-aid program could be established on a matching basis, so that, for instance, success in raising local revenues is rewarded by greater central funding. In the long run, the introduction of an untied system of central revenue allocation to autonomous LGs deserves thorough and objective study and national consideration of specific alternatives.

During the initial decentralization phase, we recommend that the central government devise a formula for financing local government which is differential in that it gives a large share of central-government aid to poorer regions and areas, while including incentives for assisted entities to "graduate" from dependence on grants-in-aid. One incentive could be access to public credit. Thus, the better-off a region becomes, the greater its ability would be to secure loans from banks and other credit institutions at favorable terms and/or to float revenue bonds. For purposes of sustainability, enhanced creditworthiness is more important to local development than is access to central government grants-in-aid. In the advanced phase of decentralization, local governments should be in a position to compete directly and with high success ratios for resources provided by donors from sectoral development funds without relying upon ministry approval or assistance.

Social development stands to benefit from financially empowered local governments in Eritrea's regions. Further study is needed into other ways in which financing can be developed to respond to the differential capacity of various local government units - including user fees and entrepreneurial activity.

While the principle of simplicity is important, so is flexibility. Rigid bureaucratic adherence to a particular formula can result in more harm than benefit. Sensitivity to the different needs of the country's local government units at all levels is necessary, therefore, when it comes to putting fiscal decentralization into practice.

Summary

In this report, the authors have argued for a deliberate approach that takes into consideration that decentralization is a difficult and contentious exercise. Even if the political will to decentralize exists at all levels of government, the challenge of making decentralization a reality will demand political sensitivity and administrative flexibility.

In the sections immediately above, the authors presented suggestions for strengthening decentralization in Eritrea in terms of (1) functions, roles, and perspectives; (2) processes; (3) qualifications; and (4) resources. The main proposals are summarized in the discussion that follows with reference to considerations of timing. We group the principal suggestions into three decentralization phases: (1) initial; (2) intermediate; and (3) advanced.

Initial Decentralization Phase

The *initial* phase of decentralization in Eritrea would concentrate on preparatory actions, the introduction of new processes, experimental sharing of service delivery functions, increased resource sharing by the center, training that addresses priority human resource capacity needs at the LG level, and attentive monitoring and assessment of results within a learning/adjustment/action framework. The goal is to establish a firm foundation for successful decentralization in Eritrea. The expected time frame for completing the initial phase would be between two and four years. Progress is likely to vary from region to region.

The principal components and outcomes of the initial phase would include:

- undertake initial assessment of central and local government exclusive and shared functional responsibilities according to outcome indicators (see, e.g., UNICEF, n.d.:217-18);
- establishment ^{of} a unified regional planning process;
- sharing of service-delivery tasks e.g. needs assessment, community mobilization, implementation, monitoring;
- dissemination of clear technical standards by line ministries; provision of training and advice to LG counterparts;
- strengthened baitos through application of improved skills within the existing framework of activities (needs assessment, project selection, monitoring);

- formulation and initiation of a long-term sub-national HRD program;
- enhanced coordinating role and powers of regional governors.

Intermediate Decentralization Phase

The *intermediate* phase would emphasize central/local partnership in sub-national planning and service delivery. It would be characterized by further strengthening of local actors (community groups, baitos, sub-national governments) and the progressive transfer of increased responsibility to them. The goal is to promote reliance upon local level institutions for basic service provision and innovative grassroots initiatives and to allow central government structures to concentrate on large-scale, technically complex, and cross-regional undertakings. The approximate time frame for completion of the intermediate decentralization phase would be between five and ten years. Progress is likely to vary from region to region.

The principal components and outcomes of the intermediate phase would include:

- continued operation and improvement of the unified regional planning process and formulation of comprehensive regional development plans;
- increased emphasis on grassroots needs assessment and prioritization;
- progressive transfer of functional authority for basic service delivery from line ministries to regional governments; gradual transition from line-ministry co-delivery to technical back-up;
- rationalization of regional government structural organization at departmental (unit) level;
- assessment of performance outcomes and follow-up action on lessons learned;
- expansion of baito roles in development planning and budgeting, resource allocation, and oversight;
- increased resources and clearly defined framework for financing local government;
- enhanced local resource mobilization;
- implementation of central government revenue allocation and grant-in-aid programs that transfer financial resources and equipment to regional governments;
- expanded coordination and decision-making role for regional governors;
- permanent transfer of some line ministry personnel to regional government departments;
- recruitment of qualified LG staff, regional governments recruit and select mid-level staff;

- realization of training objectives set forth in sub-national HRD program;
- undertake comprehensive study on the advisability of creating a nation-wide LG service and/or a unified government civil service.

Advanced Decentralization Phase

The *advanced* decentralization phase would involve the establishment of strong local governments that operate, within the scope of their jurisdiction, independently of central controls. The principal components and outcomes of the advanced phase would include:

- strong regional governments -
 - local planning for specified functions;
 - local control over resource allocation;
 - significant local resource mobilization;
 - local responsibility for delivery of basic services;
 - local control over staff selection, promotion, and discipline at all levels;
 - local executive, legislative, and judicial institutions staffed and operating effectively;
- establishment of a nation-wide LG service and/or a unified government civil service;
- in-service training primarily a local government function;
- inter-regional cooperative arrangements;
- creation of strong village-level baitos;
- selective decentralization of functions, decision-making, staff, and control over local resources to sub-regional and village levels.

III. Recommendations for UNICEF-Eritrea

To promote decentralization for social planning in Eritrea, UNICEF should consider the following actions:

1. In cooperation with the Ministry of Local Government, provide immediate support for the development of specific and sustainable *local planning process improvements* at the regional level that will strengthen the management of social development in the areas of primary education, primary health care and nutrition, water supply, and environmental sanitation. Timetable: 1996
2. Work with the Government of Eritrea to plan and organize a *national seminar and training workshop on implementing decentralization for social planning* in the manner identified in (1) above. Timetable: 1996



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3. In cooperation with the Ministry of Local Government, *support the introduction and implementation of process changes* designed to advance community participation and mobilization in Gash-Barka and Debub. Timetable: 1997
4. Work with regional baitos in Gash-Barka and Debub in *carrying out initial needs assessment and identification, project selection, and development plan budgeting exercises*. Timetable: 1997
5. Provide *targeted investments in human resource development and support for community-identified priority social needs in Gash-Barka and Debub*. Timetable: 1997-2000

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