Institutional setting of decentralised government in The Netherlands

The role of support organisations

By Marike Noordhoek
Maria Zwanenburg
INSTITUTIONAL SETTING OF DECENTRALISED GOVERNMENT IN THE NETHERLANDS

- THE ROLE OF SUPPORT ORGANISATIONS -

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PREFACE

This research has been carried out to provide the counterpart countries Bangladesh, Zambia and Bolivia in the SINPA programme an insight into the characteristics of:

(i) Organisations that support local government in policy formulation and evaluation and
(ii) Organisations that play an intermediary role between citizens and local government in the Netherlands.

Support organisations appear to be very helpful in assisting local governance processes by providing specialist knowledge, independent analyses or as an intermediary. The impact these organisations have in democratic processes and policy making is discussed throughout this document. An attempt is given to structure Dutch support organisations according to their institutional, legal and financial profile. Limitations and advantages of each organisational framework (ranging from foundation, association to private entity) are discussed per organisation in chapter four. From these case studies we can see that some tasks and functions can be offered against a competitive quality by support organisations, enlightening the portfolio of local governments.

For gathering this information, interviews have been held with representatives from support organisations on the one hand and with municipal representatives on the other hand. In addition a literature study has been done, mainly including Dutch material, since the role of support organisations has been heavily discussed over the last couple of years.

The authors feel that this article can assist SINPA counterpart organisations in their discussion how to build sustainable local capacity for effective planning and management of urban development.

Marike Noordhoek and Maria Zwanenburg

Institute for Housing and Urban Development Studies
CHAPTER 1: Introduction

1.1 Background of the SINPA programme

From 1998 onwards, the Institute for Housing and Urban Development Studies (IHS) has been involved in the SINPA programme (Support for Implementation of National Plans of Action) funded by the Netherlands Directorate General for Development Co-operation together with the cities of Tangail, Santa Cruz, Kitwe and the Governments of respectively Bangladesh, Bolivia and Zambia.

The overall goal of the SINPA programme is to help implement National Plans of Action and the Habitat Agenda by building sustainable local capacity for effective planning and management of urban development. More concretely, the programme aims to assist local government and its partners in capacity building for action in the broad areas of governance, participatory planning, poverty reduction, housing and basic services and local environmental management. SINPA focuses mainly on the relation between local capacity building organisations (universities, professional organisations, NGOs) on the one hand and local government and civil society organisations on the other, so as to improve capacity in a manner that will be sustainable locally.

Decentralisation, understood as devolving responsibilities and budget to sub-national government levels, is a new phenomenon in Bangladesh, Bolivia and Zambia. Of those three, Bolivia is the only country where a decentralisation process is actually being implemented. One of the main obstacles in this process is the lack of capacity of local governments to carry out the new tasks. But not only should local government redefine itself, civil society organisations will also have to relate in a different way to local government and vice versa. This is especially relevant in the case of universities, non-governmental organisations (NGOs) and professional organisations that can use their capacity to improve local urban management.

In the countries where SINPA is active, capacity building for urban management is mainly seen as training for local government staff. SINPA tries to broaden this concept of capacity building in two ways:

1. Through offering training, advisory services and policy oriented research for local government and civil society organisations
2. Through specifying the role of local capacity building organisations (universities, professional organisations, certain non governmental organisations) in providing training, research and advisory services for urban management.

In this sense, SINPA stresses the importance of the role of local capacity building organisations in strengthening the local government - civil society - private sector cooperation in policy development and evaluation. However the question remains how these efforts can be institutionally sustainable after the SINPA project ends. In other words, how can local capacity building organisations internalise the SINPA programme and keep offering training, advisory services and research?
In order to further develop the SINPA approach towards capacity building for urban management, the programme counts with a practical research programme to explore different practices in urban management and capacity building in countries other than Bangladesh, Bolivia and Zambia. As part of this programme, the role and institutional framework of Dutch agencies that offer support to local policy formulation and evaluation for planning and management of urban development was assessed. It is meant as an inspiration for the SINPA counterparts in Bangladesh, Bolivia and Zambia in their process to find a sustainable institutionalisation of the SINPA effort.

1.2. Research objective and methodology

1.2.1. Why do this research?

The aim of this research is to facilitate the country programmes (Zambia, Bolivia and Bangladesh) of SINPA in the process of improving urban management capacity in a manner that will be sustainable locally. The three countries initiated this process by bringing together existing local development partners and capacity building institutions so as to improve capacity. With this research new ideas and lessons learned can be taken into consideration for lightening the heavy tasks put on municipal shoulders, by providing ideas in creating new institutions in SINPA countries helpful in assisting local government with urban management issues.

This specific research will be a case study on the role of capacity building and advisory organisations for urban management in The Netherlands. The emphasis will be on policy formulation and planning related issues rather than on implementation of policies.

1.2.2. Research methodology

The study focuses on organisations and institutions that:

- Assist Dutch municipalities in their urban management/development related issues
- Assist citizens or citizen’s organisations in their relation with municipal government

With concrete examples of organisations as departing point, this paper gives an overview of the various institutional forms as encountered in the Dutch context. In order to obtain this information the following methods were used:

- A desk review of literature on urban management within Dutch municipalities and the administrative set-up of concrete institutions and organisations involved.

- Semi-structured interviews with representatives of urban management affiliated institutions and organisations assisting municipalities with urban management issues.
The guiding questions for the interviews were:

1. For what type of policy related issues do Dutch municipalities, or departments within municipalities, ask for support and what type of issues do they manage on their own.
2. For what type of issues in their relation to municipal government do Dutch civil society organisations ask for outside support?
3. What type of services do “support institutions” offer and do they operate on a demand driven or a supply driven basis?
4. What are the different institutional frameworks that exist among the “support institutions” and the advantages and disadvantages of these.

The types of services considered are training, advisory services and applied research. In terms of the organisational nature of the institutions the following constructions were considered:

- Internal to the municipality (e.g. specialised research departments)
- Between municipalities (e.g. the Dutch association of municipalities; platforms of municipalities)
- National state platforms for local governance
- Semi-public; non-profit foundations
- Citizens’ organisations providing advisory services
- Private consultancy companies
- University faculties

1.2.3. Conceptualisation of definitions

The most cited definition of an institution is probably the one formulated by Uphoff (1986): “Complexes of norms and behaviours that persist over time by serving collectively valued purposes”. It is possible to make a distinction between concrete (government, schools, law courts etc.) and abstract (the law, unwritten social rules in a community, the market system etc.) institutions. In this research we will only take into consideration concrete institutions involved in the urban development setting. Examples in the context of this research are the Ministry of VROM and urban management departments within the municipalities itself.

An organisation can be defined in general as a complex of people and/or groups that, according to commonly agreed rules and procedures, strive to realise one or more pre-set objectives. An organisation does not have to be formal. Examples in the context of this research are the Bestuursacademie and the Quality Platform Municipalities.

Urban management can be defined as the process of development, execution, coordination and evaluation of integrative strategies – with the help of other relevant urban actors, reckoning with private sector goals and public interests in the framework of higher government policies – in order to identify, create and exploit potentials for sustainable economic development (Bramezza and Klink, 1994, p. 6).
The institutional framework in which administration occurs may be as diverse as a business firm, labour union, church, educational institution, or governmental unit. In this research we will also examine public-private partnership (PPP) modes, the involvement of NGO’s and community based organisations (CBO’s) and other institutional forms of administration.
1.3. Structure of the paper

Global trends such as globalisation and decentralisation result in major changes of local governments throughout the world. Lack of adequate knowledge and skills of local civil servants or lack of staff and other resources are often seen as the main obstacles for local governments to be up to date with these transitions. The main aspects of these changes and of the need of support for local government will be explained in Chapter Two.

The Netherlands is a country with considerable experience in decentralisation. Municipal government is relatively autonomous and deals with a large package of tasks and responsibilities. Some interviewees suggested that this is exactly the reason why the Netherlands has such a large community of support organisations that offer their services to the municipal government. In order to have a better understanding of the Dutch public sector, some background information is given in Chapter Three.

Chapter Four presents the results of the interviews in eleven institutional portraits. Main conclusions will be drawn on the advantages and disadvantages of the different institutional forms. In Chapter Five an overview will be given of the current debate on the dangers of external support for democratic governance and on control mechanisms that should be put in place in order to limit power and influence of external support organisations. The final Chapter Six presents the general conclusions and recommendations.
CHAPTER 2: Global Reforms Calling for Support

2.1 Global reforms

On a global level the role of local government has changed rapidly over the last decades. Obviously these changes have their impact on the internal management of public services. Jackson (2001, p. 19) rightly indicates that change has to be managed, organisational cultures have to be changed, and that new skills and competencies have to be learned and acquired if public services are to deliver the benefits that their users expect. What have been the main global reforms over the last decades affecting local governments’ internal management?

First the transfer of central government’s responsibilities to lower levels of government in order to meet local needs and circumstances and not wasting resources is usually defined as decentralisation. The concept of decentralisation though has various forms, varying between decentralisation of governmental activities on the one hand (administrative deconcentration) to decentralisation of governmental functions along with financial responsibilities (institutional devolution) on the other. According to Turner and Hulme (1997: p. 174) most developing countries have introduced policies that concentrate power and decision-making and weaken local arenas for political debate under the banner of decentralisation. In addition the authors mentioned above state that serious devolution has been rare, and deconcentration or the establishment of mixed authorities have been the favoured modes for leaders of developing countries. Nevertheless, both forms of decentralisation have consequences for the role local authorities can and do play.

A second conventional reform is that, where possible, governments should enable and regulate the private and community sectors or arm’s-length public agencies rather than directly provide services (Batley, 1999, p. 761). Involvement of the private sector and civil society organisations in urban development projects requires different forms of urban management. The cycle from formulation towards implementation of urban development policies hence becomes more and more a multi-actor process, involving different actors in each stage. Moreover, the European Union’s Urban Development Guidelines (draft version) indicate that:

“A dynamic and responsive system of local government is essential for both civil society and the private sector to constructively develop. A robust civil society and private sector can assist a local government’s effort to build up financial, institutional and infrastructural capacities for the sustainable development of cities and towns. Local governments should therefore enable, facilitate and encourage development of civil society and the private sector. National governments need to provide the framework and actively support the building of local capacity”.

Linked to the above, Jackson (2001, p. 21) indicates that ultimately the public sector has a new role of acting as a broker in the creation of value. The public sector should search
for optimal complex network relationships that are based upon co-operation and participation rather than competition and control.

The definition of the third reform has been clearly phrased by Weikart (2001, p. 359): “New Public Management (NPM) assumes that government should be run as a business and is based on a set of interrelated principles applied to reduce the costs of government by encouraging privatisation and managed competition of government services”. Reducing the size and scope of government is one of the main characteristics of new public management potentially affecting the total organisational structure.

Fourthly, the global plea for good governance urges local authorities to become more inclusive, open, transparent and to develop an accountable system for decision making. Inefficient and ineffective urban management together with poor urban governance were seen as causes for many urban problems during the Habitat II Conference in Istanbul. Elements of good governance are participation, strategic vision, rule of law, transparency, responsiveness, consensus orientation, effectiveness and efficiency, equity building and accountability.

Last but not least, local authorities are highly affected by globalisation movements, increasing access to technological developments. Urban management processes have benefited from technological developments and from liberalisation of the information technology and communication market.

2.2 Support organisations

All reforms indicated in paragraph 2.1 affect the internal (strategy, structure, systems, management style, organisational culture and staff performance) and external (mission, outputs, inputs) organisational elements of local authorities. Local authorities are subject to a lot of changes in their organisation on top of their daily management tasks.

In the Netherlands local government is increasingly making use of “support organisations” to deal with the increased pressure and new knowledge required for all these reforms. In the context of this article support organisations are regarded as entities assisting local government in local policy formulation and evaluation for planning and management, including platforms, foundations, university faculties and private consultancy companies. The use of support organisations is regarded as necessary in order to react to changes and to keep up with the pace of social and technological developments. Public authorities making use of these support organisations do contract out a particular activity or part of an internal process. External contracting of local governments’ tasks/responsibilities is done for a limited period with a predefined budget under ownership of local authority.

1 “The urban governance focus differs from the broader governance agenda, which has tended to concentrate on macro-levels, while urban governance focuses on the meso-levels. At the city level, good governance is not only concerned with good urban management but also with other dimensions such as political, contextual, constitutional and legal dimensions” (Van den Dool en Van Etten, 2001).

2 Privatisation lies outside the framework of this article since it involves a change in ownership.
In Chapter Three we will discuss the increased use of support organisations in the Dutch context and subsequently provide profiles of support organisations in Chapter Four.

Obviously contracting out can take different forms. The level of the organisation where assistance is requested can differ per assignment. Sometimes external support is needed in a project, sometimes in existing positions, either for a fixed-term, short or long term period. In the figure below different forms of contracting out are mentioned by Van Hout (2001) based on empirical research.

*Table 1 Different forms of contracting out (Van Hout, 2001)*

| Level in the organisation | • Temporary employment and detachment  
|                          | • Temporarily management  
|                          | • Interim management  
| Position                 | • In projects  
|                          | • In existing positions  
| Recruitment              | • External managers (freelance or company)  
|                          | • Internal managers (departmental or interdepartmental)  
| Management responsibility| • Temporarily employment/detachment  
|                          | • Advisory/consultancy  
|                          | • Process management  
|                          | • Interim management  
| Duration                 | • Long-term contract  
|                          | • Fixed-term management  
|                          | • Interim management  

CHAPTER 3: Case of the Netherlands

3.1 Government and decentralisation in the Netherlands

3.1.1. Central government

The Dutch Parliament (or "States-General") consists of two chambers: the Upper House, with 75 members elected by the members of the provincial councils; and the Lower House, with 150 members elected directly by the people. All Dutch nationals aged 18 or older may vote and stand in elections for the Lower House of Parliament.

The monarch, the ministers, and Parliament all take part in the legislative process. All primary legislation has to be passed by both Houses of Parliament. The Constitution lays down that elections to both Houses must be held every four years. Parliament may deliberate and take decisions only if more than half its members are present. Decisions are taken by majority vote.

The primacy of Parliament manifests itself in two key features of the Dutch system of government. First, Parliament alone ensures that legislation is compatible with the Constitution; no court is entitled to do so. And second, the government cannot govern without Parliament’s support; the government has executive power but is accountable to Parliament for exercising it. Once a government has been formed, the Prime Minister makes a policy statement to the Lower House, which then votes on it. If the government wins this vote, it can begin its work. If not, Parliament may pass a motion of no confidence, after which the government will resign and the monarch will dissolve Parliament and call a general election.

There are three tiers of government in the Netherlands: central, provincial, and municipal. Central government concerns itself with issues of national interest. Provinces and municipalities are tiers of local government. In addition, there are water boards, responsible for local water management.

The Netherlands is divided into twelve provinces. Provincial authorities are responsible for environmental management, urban planning, energy, social work, sport, and cultural affairs. Each provincial authority consists of a provincial council, a provincial executive, and a Queen’s Commissioner.

3.1.2 Local government

There are currently 548 municipalities in the Netherlands, though for reasons of efficiency their number will fall in the next few years, with many small municipalities being merged or else assimilated into larger ones. Municipal authorities are responsible for water supply, traffic, housing, public-authority schools, social services, health care, sport, recreation, and culture.
Each municipal authority consists of a council, a mayor, and an executive (comprising the mayor and aldermen). Municipal authorities are subject to scrutiny by the province and central government, though in practice this power is used sparingly. Municipal councils are elected directly by local residents for a four-year term. Foreign nationals legally resident in the Netherlands for at least five years are also entitled to vote in municipal elections. Nationals of EU Member States are entitled to vote in municipal elections as soon as they are resident in the Netherlands. Each municipal council appoints several aldermen from among its members. The size of the council and the number of aldermen depend on the size of the population. The mayor is appointed by the province’s Queen’s Commissioner for a six-year term.

The water boards are one of the oldest democratic institutions in the Netherlands. Some date back to the Middle Ages. Water management is very important, since half the Netherlands lies below sea level. Like central government, provinces and municipalities, water boards are public-law bodies. They build and maintain dams, dikes and locks, check water flows and levels, and maintain water quality. Water board executive councils are elected by property owners in their localities.

The Netherlands is changing the structure of how it governs itself. More and more powers and duties are being devolved from central government to the provinces and municipalities. The aim is to reduce bureaucracy and the distance between government and individual citizens. Urban municipalities with more than 100,000 residents may now restructure themselves to devolve some powers and duties to city districts within them, each district having its own council - though only Amsterdam and Rotterdam have done so up to now.

Provinces and municipalities have two sources of income: central government funding and income they raise themselves. Most central government funding comes in the form of special-purpose grants, with central government prescribing how they should be spent. In addition, municipalities receive block grants from the Provinces or Municipalities Fund, which they may spend as they see fit. Municipalities raise less income themselves than they receive from central government. Their own sources of income include property tax, court fees, and local charges (for instance on parking). They may also raise income through charges such as dog licences and tourist tax.

3.2 Need for support at local government level

By many interviewees it was indicated that support is needed to complement knowledge of local government in specific niche areas. The pace of global developments requires an increase in skills and knowledge at all levels of society, local government being no exception. For some municipalities it is not efficient to develop internal capacity in all subject areas. Some developments appear to be hypes and others only need limited manpower resources. In these cases local government often decides to hire capacity from outside.
A second flow of demand can be seen when local government is in need of an independent intermediary party, for example to solve issues between the municipality itself and a neighbourhood. An independent organisation can be very helpful if the relation between local government and one of its target groups has been distorted. External support can be required for bringing together stakeholders or repairing communication processes in an impasse.

The third area where external capacity is requested by local governments is when it appears that a change process is necessary in the internal organisation. It is often very difficult or even impossible for a member of local government to guide an internal change process. Most civil servants are educated in a specific field and cannot occupy a neutral position.
CHAPTER 4: Institutional forms for support to local governments in the Netherlands

4.1. Introduction

For this paper we interviewed several institutions supporting local government. The intention is to offer the reader an overview of the organisational form, institutional history, field of work, expertise and characteristics of these organisations. A two-page profile is included in this chapter for each organisation.

In the table below a summary is provided of the support organisations interviewed and their organisation embedding.

*Table 2 Overview of support organisations in the Netherlands*

<table>
<thead>
<tr>
<th>Origin</th>
<th>Example</th>
<th>Current organisational form</th>
<th>Outreach</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td><em>Bestuursacademie</em> BNG</td>
<td>Foundation</td>
<td>National</td>
</tr>
<tr>
<td></td>
<td>KCGS</td>
<td>Association</td>
<td>National</td>
</tr>
<tr>
<td></td>
<td>OL2000</td>
<td>Foundation</td>
<td>Large cities</td>
</tr>
<tr>
<td></td>
<td>NPI</td>
<td>Foundation</td>
<td>National</td>
</tr>
<tr>
<td></td>
<td>PON Department for Social Research, Municipality Rotterdam</td>
<td>Foundation</td>
<td>Provincial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Semi-private</td>
<td>Local</td>
</tr>
<tr>
<td>Association of Municipalities</td>
<td>SGBO</td>
<td>Limited company</td>
<td>National</td>
</tr>
<tr>
<td>Civil society</td>
<td>IPP</td>
<td>Foundation</td>
<td>National</td>
</tr>
<tr>
<td>Private sector</td>
<td>Twijnstra &amp; Gudde</td>
<td>Private firm</td>
<td>National</td>
</tr>
<tr>
<td>University</td>
<td>IVAM</td>
<td>Limited company</td>
<td>National</td>
</tr>
</tbody>
</table>
# Bestuursacademie (College of Public Administration)

<table>
<thead>
<tr>
<th>Established:</th>
<th>Around 1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission:</td>
<td>Support in quality improvement of local governments through “learning by learning”</td>
</tr>
<tr>
<td>Organisational Form:</td>
<td>Foundation</td>
</tr>
<tr>
<td>Outreach:</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>Services offered:</td>
<td>Vocational training, in-company training and advisory services</td>
</tr>
<tr>
<td>Staff:</td>
<td>50 advisors</td>
</tr>
<tr>
<td>Clients:</td>
<td>Local government</td>
</tr>
<tr>
<td>Budget:</td>
<td>15 million Euro</td>
</tr>
<tr>
<td>Financing agencies:</td>
<td>None. In the nineties subsidy through taxation by local government.</td>
</tr>
</tbody>
</table>

## History
After the Second World War municipalities in The Netherlands made the first initiatives to professionalise their organisations, among other things to join forces in offering vocational training for their employees. Around 1950/1960 almost each province had its own Bestuursacademie. These institutes have been merged in the nineties, presently there are four Bestuursacademies: North, East, South and West. This year the branches in the North, East and West will merge into one organisation. Bestuursacademie South will merge with a polytechnic in the same area.

## Mission and services offered
The Bestuursacademie is strengthening local government representatives in their professional careers through vocational training, in-company training and by providing advisory services. In short “learning by learning”. Training courses of the Bestuursacademie can be grouped into three categories:

1) executive level courses  
2) policy level courses  
3) function-specific courses.

The length of courses varies from one week to two years. They exist in the following subject areas: jurisdiction; tax; finance; information technology; education; personal affairs; social affairs, environment, spatial planning and social housing and welfare.

Advisory assignments are mostly in the field of organisational support, institutional strengthening and change management.
Organisation and finance
The Board of Management will formally head the organisation after the merger planned for later this year. The general director is accountable to the Board of Management. The formal organisation is divided into five departments each covering a specific subject field. These departments are:

1) Position-specific (certified vocational courses)
2) Population (welfare, etc.)
3) Territory (including urban planning, etc.)
4) Means (financial, personnel services, etc.)
5) Organisational development (advisory services, human resource development, management, communication).

Staff is divided over the three branches (North, East and West), headed by a branch manager.

About 35% of the total turnover (Euro 15 million) comes from in-company training, 55% from regular courses and about 10% from advisory projects. In the nineties the Bestuursacademies used to receive a subsidy from its members (the local governments), which charged inhabitants through taxation. This common regulation is no longer applicable, encouraging striving for quality.

Advantages and limitations of the organisational framework of the Bestuursacademie
The long existence of the Bestuursacademie can be both seen as an advantage and as a disadvantage. The historic ties with local government show continuity, constant quality and involvement. On the other hand the Bestuursacademie is sometimes regarded as being a somewhat stuffy organisation.

To safeguard the historic close ties with local government, an association has been established, offering special treatment to its members by offering for example refresh symposia.
# Bank for Dutch Municipalities (BNG)

<table>
<thead>
<tr>
<th>Established:</th>
<th>1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission:</td>
<td>To conduct the business of banker on behalf of public authorities</td>
</tr>
<tr>
<td>Organisational Form:</td>
<td>Government owned enterprise, statutory two-tier company under Dutch law</td>
</tr>
<tr>
<td>Outreach:</td>
<td>European Union</td>
</tr>
<tr>
<td>Services offered:</td>
<td>BNG provides financial services ranging from loans and advances and funds transfer to consultancy and electronic banking</td>
</tr>
<tr>
<td>Staff:</td>
<td>406 staff members in the year 2000</td>
</tr>
<tr>
<td>Clients:</td>
<td>Local authorities, housing, health-care, educational and cultural institutions and public utilities</td>
</tr>
<tr>
<td>Budget:</td>
<td>The authorised capital of BNG is 500 million guilders (227 million euros), divided into shares.</td>
</tr>
<tr>
<td>Shareholders:</td>
<td>The State of the Netherlands, provinces, municipalities, water control corporations and other public bodies</td>
</tr>
</tbody>
</table>

## History
BNG was founded in 1914 on the initiative of the Association of Dutch Municipalities, in order to provide the most advantageous loans to the Dutch public sector. Since then, BNG is a fully government-owned enterprise (50% Dutch central government, 50% local government).

BNG acts as the principal Dutch public sector agency. Lending is limited to central and local governments, state-owned entities and state-guaranteed institutions within the European Union. Lending to borrowers outside BNG's core Dutch public sector business is limited by internal guidelines to a maximum of 15% of total assets.

## Mission and services offered
The mission of BNG is to conduct the business of banker on behalf of public authorities. Public authorities in The Netherlands are for example local territorial authorities such as municipalities and provinces, water boards, state-backed housing associations, municipally-owned mortgage funds and utilities, operational authorities such as police corps and health care.

BNG offers the following services: taking in and lending monies, granting credits in other ways, providing guarantees, arranging the flow of payments, conducting foreign exchange transactions, acting as advisor and broker in the issue of and trade in securities.
and other assets for third parties, as well as to incorporate and to participate in other enterprises and/or legal persons.

BNG owns the company OPP, which traditionally assists BNG clients in the realisation of their spatial planning. OPP was established for risk-bearing participation in development projects, but also to assist municipalities in the management of risk capital and of public private partnerships. OPP fills in this knowledge-gap, since municipalities do not longer have sufficient knowledge about these type of exploitations and are therefore often the weaker partner in a public-private partnership.

Organisation and finance
BNG is the sole paying agent in The Netherlands appointed and authorised by Royal Decree to process most types of payments that occur between the Dutch Central Government and the municipalities. Although it has no monopoly on public sector finance, BNG is the market leader with a market share of over 30% in Dutch public sector finance and over 50% in municipal finance alone.

BNG is a statutory two-tier company under Dutch law. 50% of BNG's equity is directly owned by the Dutch central government. The other 50% is owned by more than 90% of the Dutch municipalities and 11 of the 12 provinces, and a water board.

Even though BNG operates independently and without a formal guarantee by the Dutch State, the government is directly represented on the Supervisory Board; officials from both the Ministry of Finance and the Ministry of the Interior and Kingdom Relations are members. The role of a supervisory board in the Netherlands is an important one, combining the responsibilities of both operational supervision and strategic input. Whilst the Executive Board has day-to-day responsibility for the management of BNG's activities, the Supervisory Board is there to provide this team with advice and support alongside an explicit supervisory function.

Advantages and limitations of the organisational framework of BNG
Changes in the present stakeholder structure are not expected and the government's strong commitment to its current holding was evidenced by its participation in the most recent issue of shares in 1990 in order to maintain its 50% stake. The central government's 50% stake has been held since 1921 and there have only been two share transfers among lower tier governmental entities in BNG's entire history. Recently, the Cabinet voiced plans to lay down BNG's public duties in more explicit regulation.

OPP services are exclusively available for BNG clients. Being 100% owned by BNG, OPP transmits an image of a neutral and reliable partner.
KCGS – Knowledge Centre for Large Cities

<table>
<thead>
<tr>
<th>Established:</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission:</td>
<td>Provide information to urban managers in order to solve problems in larger urban areas</td>
</tr>
<tr>
<td>Organisational Form:</td>
<td>Foundation</td>
</tr>
<tr>
<td>Outreach:</td>
<td>25 large cities in The Netherlands</td>
</tr>
<tr>
<td>Services offered:</td>
<td>Information provision via the web-site, newsletter and seminars; development of a best practices database and execution of research activities</td>
</tr>
<tr>
<td>Staff:</td>
<td>7 staff members</td>
</tr>
<tr>
<td>Clients:</td>
<td>25 larger cities, ministries</td>
</tr>
<tr>
<td>Budget/turnover:</td>
<td>-</td>
</tr>
<tr>
<td>Financing agencies:</td>
<td>50% national government; 50% municipal governments</td>
</tr>
</tbody>
</table>

History
The Knowledge Centre for Large Cities (KCGS) is an initiative of 8 ministries and 25 cities that have the label “large cities” (not only referring to the number of inhabitants but also to the level in which certain big city problems are manifest). The joint initiative is a reaction to the demand for more overview of and more accessibility to existing information on urban management issues. The trend to establish “knowledge centres” started around 1995. To a certain extent the KCGS builds on the experience of sectoral knowledge centres within the ministries. An example is the knowledge centre for public private partnerships within the Ministry of Finance.

Mission and services offered
The mission of KCGS is to assist urban managers with little time and a great need for information by providing an overview of existing knowledge and by making this knowledge accessible.

KCGS informs itself on current thematic issues in the 25 cities by attending their meetings and by recording individual requests. It makes overviews of existing research and of “best practices” in these thematic areas. KCGS produces a bi-monthly newsletter in which a top-5 of selected research and a top-5 of selected best practices appear. Both research and best practices are made accessible through summaries in which the main procedures, results and conclusions are described.

Other services that KCGS is planning to offer are:
- “Communities of practice”: virtual communities around certain thematic issues in which practitioners from different cities can discuss with each other and with academics.
- Research programme that will fill the gap between the academic research programmes and the agenda of the 25 cities
- Masterclasses: short courses for high level civil servants.
KCGS does, in principle, not work on a direct individual request for research from one of the cities. In such case it will provide information on existing research and practices. However, if frequent requests are made on a specific issue, this issue will be incorporated in the KCGS agenda.

**Organisation and finance**

KCGS is a foundation with a board in which the representatives of the 25 cities have a majority. Financial contribution is divided 50 – 50 between the eight ministries and the 25 municipalities. Municipalities contribute according to their number of inhabitants.

KCGS has a relatively small team of seven staff members and an office in The Hague. Staff members communicate frequently via the Internet with their clients.

**Advantages and disadvantages of the organisational framework of KCGS**

The advantage of the organisational form of KCGS is mainly in the ownership structure. The municipalities pay, not only for the services they receive, but also for the mere existence of KCGS. This forces KCGS to be practice oriented and to know what the problems are that practitioners deal with. An additional advantage is the bridging function between the larger cities and sector ministries.

The disadvantage of the model is that individual cities would like to see personalised services against their contribution. This in spite of the agreement to produce a service package for the collective.
Public Counter 2000 (OL2000)

| Established:   | 1996 |
| Mission:       | To assist public agencies with the implementation of the one-stop-shop principle for public services |
| Organisational Form: | Foundation |
| Outreach:      | The Netherlands |
| Services offered: | Advise, knowledge management and development of new instruments to support the implementation of the one-stop-shop for public services |
| Staff:         | 15 staff members |
| Clients:       | Public agencies |
| Budget:        | € 2,4 million |
| Financing agencies: | Subsidised by the participating ministries |

**History**

In recent years public and private organisations have increasingly focused on structuring their operations to take account of their environment. In the services sector in particular there has been a shift from ‘product-oriented thinking’ to ‘customer-oriented thinking’. Whereas the internal (production) logic of the provider was the central factor until recently, the development and delivery of products and services is increasingly revolving around the customer. The vocabulary associated with this change includes expressions such as ‘process redesign’, ‘service transformation’ and ‘the customer comes first’.

In the late eighties, the urgency of ‘environment-oriented structuring’ was also acknowledged in the public administration sector. The Ministry of the Interior instituted the ‘public sector service centres’ project. The aim of this project was to improve the quality of the service by integrating the different counters or services. The aim was to ensure that members of the public would no longer be sent from pillar to post. The OL2000 project builds on the results of this project.

**Mission and services offered**

At present, a debate has arisen in various sectors about the fragmentation of public services. Loss of efficiency and effectiveness means that we must take a fresh look at how the provision of public services is organised. From the position of the customer, fragmentation is the root problem that must be tackled first. The separation of front and back offices and the collective provision of services in the front office would seem the appropriate response.

OL2000 assists public agencies in offering demand driven and integrated public services by creating one contact point between government and client for related services, in short
called the “one-stop-shop”. The mission of OL2000 is to assist public agencies with the implementation of the one-stop-shop for diverse public services. This client-oriented approach can be reached with the use of telephone, Internet and a physical meeting point.

Staff members of OL2000 are involved in more than thirty pilot-projects aiming at the implementation of the one-stop-shop for public services. Presently OL2000 is involved in three clusters of projects under the co-ordination of diverse ministries:

OL2000 is presently developing the “OL-toolkit” containing a basic package of instruments that can assist public agencies with the transformation towards more client-oriented delivery of services. OL2000 as well archives all OL2000 developments in a knowledge database, a virtual meeting point and collective memory for public agencies. Besides these activities, OL2000 offers workshops, develops new instruments, develops handbooks and offers initial advise to start up the transformation process.

*Organisation and finance*

The programme OL2000 is a joint initiative of the Ministry of Interior, Ministry of Health, Welfare and Sport, Ministry of Housing, Spatial Planning and the Environment, Ministry of Economic Affairs and the Association of Netherlands Municipalities. OL2000 receives subsidy from the ministries involved in the programme.

The programme office OL2000 is one of the nine programmes managed by ICTU, the public implementing organisation for information and communication technology. ICTU co-ordinates diverse information and communication technology programmes of individual public agencies in order to bundle strengths. Representatives of the involved ministries and one representative of the Association of Netherlands Municipalities are represented in the board of ICTU.

*Advantages and limitations of the organisational framework of OL2000*

The programme OL2000 officially runs from 1996 to 2002. The programme used to be placed under a department of the Ministry of Interior, but has been conversed into a foundation. In this foundation several programmes on e-government work together and share their resources. However not yet sure in what organisational form the concept of OL2000 will be continued, it is clear that there is an ongoing need on behalf of the public agencies to receive assistance in the transformation process becoming a more client oriented entity. To assure sustainability of the programme OL2000 assistance will not be placed under the responsibility of the municipalities itself. Local elections influence the composition of the municipal staff and therefore obstruct continuity. Present thoughts are to continue the OL2000 concept as an independent foundation, either on national level with local teams as back up with certified OL2000 consultants or linking OL2000 to the activities of the Association of Netherlands Municipalities.
NPI Noord-Holland

<table>
<thead>
<tr>
<th>Established:</th>
<th>After World War II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission:</td>
<td>To make local governments more sensitive for social issues and to strengthen civil society for participation</td>
</tr>
<tr>
<td>Organisational Form:</td>
<td>Foundation</td>
</tr>
<tr>
<td>Outreach:</td>
<td>Province of Noord-Holland (2.5 million inhabitants)</td>
</tr>
<tr>
<td>Services offered:</td>
<td>Research, development, training and project management in all fields of public policies. Specialised in interactive policy formulation</td>
</tr>
<tr>
<td>Staff:</td>
<td>14 staff members</td>
</tr>
<tr>
<td>Clients:</td>
<td>Provincial government, municipal governments, civil society organisations</td>
</tr>
<tr>
<td>Budget:</td>
<td>€ 1,300,000</td>
</tr>
<tr>
<td>Financing agencies:</td>
<td>Subsidies by provincial government, direct payments by clients</td>
</tr>
</tbody>
</table>

History
The Noord Holland Participation Institute (NPI) has its origin in the Provincial advice council for society and development established after World War II. The council was a political organisation with the objective to redevelop and restructure Dutch society. NPI, depending on the provincial government, was established as an implementing agency of the council and continued when the council ceased to exist. The history of NPI is similar to that of PON Noord-Brabant.

Mission and services offered
The mission of NPI is to make local governments more sensitive for social issues and for the participation of civil society organisations on the one hand, and on the other hand, strengthening these civil society organisations for participation in local policy making.

NPI offers research, development, training and project management in different fields of public policy. NPI always involves the population with a direct interest in the policies/projects in question. Interactive policy formulation is the speciality of NPI. Municipal authorities seek assistance of NPI if they want to initiate an interactive policy formulation. But more often, assistance of NPI is requested if decisions taken by local government are not accepted by the population affected. Occasionally, civil society organisations invite NPI to guide an interactive policy formulation process. Governments of medium sized municipalities are the most common clients.

NPI never replaces local government in its role in policy formulation. It guides the process, involving local government officials, with the aim to generate practice in local governments. So far, few local governments engage in interactive policy making. On the
other hand, the benefits of interactive policy should not be overestimated. It is not applicable to all circumstances, nor are outcomes necessarily better than outcomes of non-participatory processes.

Organisation and finance
NPI is an independent foundation that receives a base subsidy from the provincial government. This subsidy used to cover up to 90% of the operations. Recent changes in resource allocation at all levels of government make NPI more dependent on the market, forcing acquisition of direct contracts with municipalities.

Concerning the remaining subsidy, the provincial government has become a closer partner, in the sense that activities to be carried out with provincial subsidy should be negotiated with the provincial authorities. NPI has lost its considerable freedom to set a research and policy agenda. Its independence has to be negotiated over and over again in meeting the budget allocation. To a certain extend NPI has to comply with the provincial agenda rather than with its own.

Advantages and disadvantages of the organisational framework of NPI
The fact that NPI is an independent semi-governmental provincial organisation makes it a reliable partner for municipalities. NPI is often contracted as an independent third partner in the interactive policy making process and has confidence from both local government and civil society organisations.

The increased dependence on direct contracting and the increased influence of provincial politics make that this independence is at stake.
PON Noord-Brabant

| Established: | 1947 |
| Mission: | To contribute to social welfare in the province of Noord-Brabant |
| Organisational Form: | Foundation |
| Outreach: | The Province of Noord-Brabant: 70 municipalities; 2.4 million inhabitants |
| Services offered: | Research and development for social policies |
| Staff: | 40, mostly researchers and social policy advisors |
| Clients: | Provincial government, municipal governments, specialised local public agencies |
| Budget: | € 2.3 million annually |
| Financing agencies: | Subsidies by provincial government, municipalities and direct payments by clients |

History
The Provinciaal Opbouworgaan Noord-Brabant (PON) was created in 1947 as one of the many provincial reconstruction institutions established after World War II. These institutions were a national government instrument for the restructuring of Dutch society. PON had the objective of social development alongside the post-war industrialisation process. For the economic development process as such other organisations were established.

National government financed these provincial social development institutions until 1980 when government decided that national reconstruction was completed. At that point PON proved to be well rooted in the Noord-Brabant provincial society and institutional environment. Therefore the provincial government, influenced by the public opinion, took over the national governments’ responsibility to safeguard PON’s existence. PON is one of the few provincial reconstruction institutions that survived until today.

Mission and services offered
The mission of PON is to contribute to a better, more just, society in the province of Noord-Brabant and to the welfare and the wellbeing of its population. PON offers research and development services in the field of social development. All research is policy oriented and conclusions are indicative for new social policies to be developed by municipal or provincial government. PON can also initiate innovative practices in social development, based on research results, in partnership with local governments, specialised agencies and civil organisations. These have the form of pilot projects, which
will be eventually carried through and developed into general policies by partner organisations. PON currently concentrates on the following thematic clusters:

- Health and healthcare
- Youth and the elderly
- Housing and welfare
- Social and cultural development
- Sustainability

**Organisation and finance**
PON is an independent foundation. The board of directors is composed of representatives of different organisations. The Institute employs over 40 professionals, of which some are more research oriented and others more policy development oriented. PON receives Euro 1.6 million in state subsidies, of which 1.4 million comes from the provincial government. Until 1998, this was an exploitation subsidy and PON had a great level of freedom as to how to spend this amount. Nowadays, however, the province subsidises activities rather than the institution. The 3 million covers roughly 2000 working days, of which 500 are for assignments by the provincial government itself. The other 1500 days have to be spent on research and developmental activities in the different thematic clusters of which the contents have to be negotiated with the province. These 1500 days can be spent on own initiative or days can be used for special requests from civil organisations that fit into the programme outlined together with the province.

PON generates a yearly income of Euro 700,000 through direct assignments, mostly from municipalities and institutional bodies. PON itself has no aspiration to grow into a commercial advice office. Rather it continues in its specific niche in the public domain that has been created over the years of its existence.

**Advantages and limitations of the organisational framework of PON**
The main advantage of the organisational structure of PON is its independence combined with its link with the public sector (the province). This construction has allowed PON to create a sound reputation as a reliable independent partner in social policy development in Noord Brabant. The fact that PON has been committed to the development of the province since the end of World War II is highly appreciated by local authorities and they often prefer PON over hit-and-run commercial advisors.

As a result of its status, PON is relatively limited in spending its budget. This limitation pertains to the programmes and projects the Institute is involved in and which follow largely the political and policy agenda of the provincial authority.
Rotterdam Municipality: Department of Social Research

<table>
<thead>
<tr>
<th>Established:</th>
<th>After the Second World War, 1945</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission:</td>
<td>To provide research data to</td>
</tr>
<tr>
<td></td>
<td>municipalities to plan their</td>
</tr>
<tr>
<td></td>
<td>strategy accordingly</td>
</tr>
<tr>
<td>Organisational form:</td>
<td>Semi-private organisation within</td>
</tr>
<tr>
<td></td>
<td>the municipality of Rotterdam</td>
</tr>
<tr>
<td>Outreach:</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>Services offered:</td>
<td>Academic quantitative and</td>
</tr>
<tr>
<td></td>
<td>qualitative research related to</td>
</tr>
<tr>
<td></td>
<td>social deprived urban areas and</td>
</tr>
<tr>
<td></td>
<td>its inhabitants</td>
</tr>
<tr>
<td>Staff:</td>
<td>20 staff members of which 13</td>
</tr>
<tr>
<td></td>
<td>persons are involved in research</td>
</tr>
<tr>
<td>Clients:</td>
<td>Municipality of Rotterdam,</td>
</tr>
<tr>
<td></td>
<td>provinces, ministries, other</td>
</tr>
<tr>
<td></td>
<td>municipalities and labour</td>
</tr>
<tr>
<td></td>
<td>unions</td>
</tr>
<tr>
<td>Budget:</td>
<td>1.1 million Euro per year</td>
</tr>
<tr>
<td>Financing agencies:</td>
<td>20%-25% from Rotterdam</td>
</tr>
<tr>
<td></td>
<td>municipality and the other</td>
</tr>
<tr>
<td></td>
<td>share from the market (40%</td>
</tr>
<tr>
<td></td>
<td>other municipalities and 35%-40%</td>
</tr>
<tr>
<td></td>
<td>from other parties</td>
</tr>
</tbody>
</table>

History

The sub-department Social Research is part of the Social Affairs and Employment department of Rotterdam municipality, having 1600 employees in total. The origin of the Social Research department lies in the post-war rehabilitation of the city. At that time all big cities showed severe damage. The inner city of Rotterdam had been bombed and inhabitants desperately needed government assistance to build up their lives. The department started its first activities with a limited number of staff members, mainly focusing on rebuilding the city, paying special attention to the poorest inhabitants. The city had not only to be physically reconstructed, its inhabitants also had to be rehabilitated. The psychological angle in dealing with rehabilitation makes place for a more socio-geographic orientation in the 1960’s. Since the end of the 1970’s, Dutch social anthropologists, sociologists and geographers with research experience in large cities in Latin America start to dominate the Centre, applying their research experience in Rotterdam’s poorer neighbourhoods. After half a century the Social Research department has an important task in providing data for policy making at municipal level. Rotterdam and Groningen are the only two Dutch municipalities that have an internal bureau for social policies research.
Mission and services offered
In Rotterdam 80,000 persons (40,000 families with an average of two persons per household) are dependent on state subsidy to survive. Of this number 70% does not have the Dutch nationality (out of 30% on city level). The mission of the Social Research Department is to conduct research among this low-income group in order to advise the municipality on innovations in social policies. To this end the centre carries out research for the municipality in the following fields:

- Monitoring of the status of poverty and poverty reduction policies
- Evaluation of employment policies and recommendations for new policies
- Immigration and integration of minorities
- Neighbourhood development and community participation

The Social Research Department pays special attention to the following groups:

- Inhabitants dependent on state subsidy
- Elderly people (> 65) depending on a combination of pension and state subsidy
- People that used to be dependent on state subsidy but due to economic growth managed to find a job (this is a risk group, potentially falling back on state subsidy in times of recession causing demoralisation among this particular group)

Feedback to policymakers takes place through;

1. A publication of the research and research results
2. Explanatory and discussion meetings with responsible politicians and civil servants

Organisation and finance
The Social Research department is a sub-department of the Social Affairs and Employment department of Rotterdam municipality. The Social Research department has a total income of 1,1 million Euro per year. The Social Research department receives a fixed subsidy (20% to 25% of total income) from Rotterdam municipality to execute assignments (mainly from the Social Affairs and Employment department). The other part needs to be acquired on the market. On average 40% is covered by assignments of other municipalities in the Netherlands and 35% to 40% by other parties (provinces, ministries, labour union). The Social Research Department can be called a semi-private organisation, having its own yearly account. Its staff members are civil servants on the payroll of the municipality. For all assignments above 18,000 Euro a tender procedure will be put into place, having a minimum of three parties competing against each other. For these tenders, main competitors are universities and commercial research offices.

Advantages and limitations of the organisational framework of the Social Research Department
The Social Research Department needs to acquire 75% to 80% of its income on the market. This is not a very secure situation. Each year an active acquisition plan needs to be put into place. On the other hand the competitive environment the department is operating in forces its staff to deliver a high quality and to offer a sharp price. The
department is free to collaborate with other institutions and outsource work if proved to be more efficient. The Social Research Department of Rotterdam municipality has a close working relationship with the University of Utrecht. A university staff member is paid by the Social Research Department for two days per week mainly involved in the field of planning, control and coaching. This is seen as a win-win situation where the university provides input on recent theoretical developments and the Social Research Department offers a more pragmatic insight.

The biggest advantage of being a research institute internal to the municipality is the access to municipal data banks, in this case especially to those of the social security department. Access to these data would be extremely difficult for “outside” researchers, but are essential for the monitoring of the urban poverty situation.

A second advantage is the feedback to responsible politicians and civil servants. For them it is easier to accept advise and recommendations from colleagues, especially from a long time established division, than from outside advisers. Being internal to the bureaucracy facilitates communication over a longer period of time, while outside advisers would normally produce a report and leave.

The disadvantage of an internal service of this nature is maintaining the independent position vis a vis superior staff and responsible politicians. For a large municipality like Rotterdam it is more economical to have an internal research bureau for social policies than to outsource all the research projects. For smaller municipalities it might be impossible to maintain such service.
Established: 1964
Mission: To collect information and to provide advice with which the position and functioning of local government can be improved, strengthened and renewed
Organisational Form: Private limited company since January 2001
Outreach: Public agencies
Services offered: Provides services and products that are of relevance for local government in general and municipal government in particular
Staff: 70 staff members
Clients: Ministerial departments, municipalities, Association of Netherlands Municipalities and other public agencies
Budget/turnover: -
Financing agencies: Income received from commercial assignments

History
All municipalities in the Netherlands are a member of the Netherlands Association of Municipalities (VNG), which was founded in 1912 and consists of 500 employees. In 1964 VNG added a research department to the existing structure assisting its members with in-depth information and new knowledge. Around the 1990s this research department shifted the attention from doing policy research only by adding advisory services and building expertise in organisational change to its portfolio. The revision of its activities appeared necessary since clients requested on top of research assistance in implementation. On the other hand expansion appeared necessary in order to be able to compete with competitive organisations. After a reorganisation within VNG, SGBO became a private limited company in January 2001, VNG holding all shares.

Mission and services offered
In general SGBO collects information and provides advise with which the position and functioning of local government can be improved, strengthened and renewed.

The provision of services is divided in four clusters:

1) Administration and Organisation
2) Regulation and Environment
3) Social security and Employment
4) Care, Welfare and Education
Within these clusters staff in the first place draws a picture of developments in this area at local level. Opinions of involved stakeholders (citizens, politicians and civil servants) are included in this research. Based on this research SGBO provides the advise either to continue in the present way or to implement some changes. Research and advice are always closely linked in all services SGBO is offering.

SGBO aims to offer innovative and pro-active services by developing new instruments supporting municipalities on national or individual level. The instruments are often standardised and tailor-made for a specific step in the policy cycle, addressing analyses and implementation. Instruments are developed to enable municipalities to use these instruments independently against low costs. Examples of this are the benchmarking and monitoring instrument to measure staff performance, an instrument to sound out citizen opinions and a quick-scan to do an internal organisation analysis.

**Organisation and finance**
SGBO established in 1964 as a department of the Association of Netherlands Municipalities expanded very rapidly in the 1990s. After a reorganisation at the end of the '90s, SGBO became a private limited company in January 2001. The Association of Netherlands Municipalities is holding 100% of its shares. SGBO is acquiring commercial assignments from agencies involved and interested in local governance. About 50% of its assignments is coming from ministerial departments, 30% from municipalities, 10% from the Association of Netherlands Municipalities and the other 10% from other public agencies.

The turnover of SGBO is part of the annual profits as made public in the annual report of the Association of Dutch Municipalities listed under the budget line research.

**Advantages and limitations of the organisational framework of SGBO**
For municipalities there is no threshold to lay a claim on SGBO’ services and information, all being a member of the Association of Dutch Municipalities. The holding structure sometimes makes it difficult to compete with the big commercial advisory offices. Although being a private limited company the close relation with the Association of Netherlands Municipalities is sometimes seen as an entanglement of interests. Due to this, departmental assignments of ministries sometimes pass by and are offered to competitors.
Institute for Public and Politic (IPP)

| Established: | 1994 |
| Mission: | Promotion of political and social participation |
| Organisational Form: | Foundation |
| Outreach: | The Netherlands |
| Services offered: | Dissemination of information and knowledge and the design of new methods |
| Staff: | 35 staff members |
| Clients: | Public agencies and private organisations |
| Budget: | - |
| Financing agencies: | Subsidy of the Ministry of Health, Welfare and Sport (40%) and commercial activities (60%) |

History
IPP, established in 1994, has its origin in several non-governmental institutions active in the field of citizenship science and citizenship formation. Those institutions received a 100% subsidy from the Ministry of Health, Welfare and Sport. In 1994 these institutions have been merged, under guidance of this ministry, which resulted in IPP. IPP is a foundation that depends for 40% of its budget on subsidies by the ministry and for 60% on direct assignments by clients (municipalities, provinces, ministries, eventually through EU funding).

Mission and services offered
IPP promotes and organises debates and develops new forms of communication between citizens, politicians and civil servants in order to promote political and social participation. IPP pays special attention to citizens that are social-economically deprived, women and youth groups.

Dissemination of information and the development of new communication methods belong to the core tasks of the institute. IPP focuses on seven main areas: 1) politics and society 2) youth 3) interactive policy making 4) local social policy 5) new media 6) international and 7) diversity.

IPP is for example frequently involved in rehabilitation projects at local level where stakeholders need be brought together at the start of the process to ensure participation and sustainability of the plans proposed. In this advisory process IPP is monitoring the interaction between the participants closely working together with the municipality that put the request forward. The knowledge available within IPP is for a lot of public agencies and private organisations not always required and therefore not necessary to institutionalise within its own organisation. Often, however, IPP’s task is to guide
experimental processes. In these cases civil servants will always be involved to assure future application of knowledge.

IPP offers its services mostly to medium sized municipalities (40,000-100,000 inhabitants). Larger municipalities often have the expertise required within their structure, while smaller municipalities have such small-scale operation that outside advice is not justified.

**Organisation and finance**

IPP is a national organisation, not linked to any political party. The institute receives subsidy from the Ministry of Health, Welfare and Sport covering 40% of its activities. Besides, IPP generates income from assignments executed for public agencies and private organisations.

The organisation has a board with a maximum of seven members. The board members represent as much as possible the diverse political and social dimensions of Dutch society. Board members meet approximately five times a year, responsible for the approval of the activity plan and the year account. The activity plan is based on the priorities as formulated by the Ministry of Health, Welfare and Sport, but sufficient independence exists to develop own initiatives.

IPP is member of the network organisation Knowledge Network Social Policy, a joint initiative of local, provincial and national organisations active in the field of social infrastructure an initiative of the Ministry of Health, Welfare and Sports to create an overview of existing knowledge and make it more accessible. Competition and rivalries between institutions in this network are an obstacle to achieve this objective.

**Advantages and limitations of the organisational framework of IPP**

The activities IPP is involved in do have a regional, provincial or national character. Social and political participation is not limited to municipal boarders. Seen from this point of view covering a broader area is complementary to an organisation aiming to promote political and social participation in different sectors. In spite of the fact that IPP is often involved in municipal projects, decentralisation of its activities is not an option. The further decentralisation of finance streams, however, would jeopardise certain national activities.

The independent position of IPP allows it to link different initiatives and provide independent advise upon demand. Working under the umbrella of the Ministry of Health, Welfare and Sport is an advantage in the sense that IPP policy is linked and supported from the national level. Even though IPP receives subsidy from the Ministry it operates as a total autonomous organisation.
IVAM Environmental Research

<table>
<thead>
<tr>
<th>Established:</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission:</td>
<td>Positive contribution to sustainable development</td>
</tr>
<tr>
<td>Organisational Form:</td>
<td>Limited company under the University of Amsterdam (UvA) holding</td>
</tr>
<tr>
<td>Outreach:</td>
<td>The Netherlands and international</td>
</tr>
<tr>
<td>Services offered:</td>
<td>Research and consultancy on sustainable development</td>
</tr>
<tr>
<td>Staff:</td>
<td>40 staff members</td>
</tr>
<tr>
<td>Clients:</td>
<td>The Netherlands: governmental organisations, executing agencies and private companies</td>
</tr>
<tr>
<td></td>
<td>International: European Union, World Bank, OECD and the UN</td>
</tr>
<tr>
<td>Budget:</td>
<td>1.600.000 Euro</td>
</tr>
<tr>
<td>Financing agencies:</td>
<td>Income 100% from client fees</td>
</tr>
</tbody>
</table>

History
The IVAM Environmental Research Institute used to be a research department of the Faculty of Environmental Science of the University of Amsterdam (UvA). Eight years ago it was transformed into a limited company, as part of the UvA holding, the University being the only shareholder.

Mission and services offered
IVAM Environmental Research offers research and professional advice in the fields of:

- Sustainable building
- Energy
- Liveability
- Cleaner production
- Environment oriented product development

For their clients the department of sustainable building offers amongst other services:

- Formulation of general environmental policy plans and sustainability plans. Such formulation involves technical advice as well as process guidance.
- Professional advice on specific environmental issues, for example on environmental standards for new buildings.
- Development of environmental management tools

Civil servants involved in environmental management mostly deal with these issues from a generalist perspective. Sometimes very specific advice is required to assist civil
servants in their work. IVAM Environmental Research is one of the organisations to offer this advice.

*Organisation and finance*

IVAM is a limited company, the University of Amsterdam being the only shareholder. The construction of being a company as part of a bigger holding and not being direct part of the UvA has special advantages: an efficiently organisation and administration.

IVAM does not receive any income from the UvA, while part of the profit flows back to the university. IVAM has a staff of 40 persons. IVAM uses a mix of methods for the acquisition of work. It uses a lot of publicity, also by publishing articles on environmental policy issues in the newspaper. This method demonstrates a mix of public relations and concern for the environment.

*Advantages and disadvantages of the organisational framework of IVAM*

The advantage of being a company in a university holding over being an ordinary commercial consultant company is that IVAM Environmental Research want to conduct innovative research. Furthermore it can conduct independent scientific research.
Twijnstra Gudde Management Consultants

Established: 1964
Mission: To explore opportunities and new ideas for improving management of its client organisation based on a human approach
Organisational Form: Private firm
Outreach: The Netherlands
Services offered: Advisory services, interim management and management recruitment
Staff: About 450 staff members
Clients: Public and private sector
Budget: -
Shareholders: Employee partnership

History
In the early sixties, Mr. Twijnstra and Mr. Gudde started a technical office, mainly focusing on project management of large building projects in the public and the private sector. During the execution of these projects they learned that bottlenecks often could be traced down to organisational problems within client organisations. From this moment onwards Twijnstra Gudde developed from a technical office to an organisational advisory firm, as it is still today.

Mission and services offered
Twijnstra Gudde is working for the success of its clients. In a sustainable relationship opportunities are explored and new ideas implemented. Personal commitment with the people in the client organisation is part and parcel of the approach.

Twijnstra Gudde is offering project management, programme management and interim management services. The organisation is specialised in the market segments public sector, private sector and the health sector. Employees manage complicated projects and change processes taking into regard the interrelation between human talent, information and communication technology and the build environment.

Organisation and finance
Twijnstra Gudde is clustered in the following seven practice areas:

- Building Consultancy & Management
- City/Urban Development & Infrastructure
- Public Sector
- Business Community
- Information and Communication Technology
- Human Talent & Change Management
Interim Management, Project Management & Management Recruitment

Project, programme and change management is dealt with in every practice area. In the framework of this publication we focus on the practice area Public Sector. The markets of the practice area Public Sector can be divided in central government, local government, public control and safety, education and the health sector. The main services of this practice area are doing a quick scan analysis, human development, evaluation, organisation development.

Projects are acquired on a competitive basis, mainly through existing networks but as well through tender procedures and active marketing.

**Advantages and limitations of the organisational framework of Twijnstra Gudde**

The main advantage of Twijnstra Gudde being a private firm is their independent position. The organisation is very market oriented since not dependent on earmarked subsidies. Representatives of the practice area Public Sector do not have a stake in public decision-making and therefore can function very well on an intermediary position.

The relatively expensive services as compared to subsidised advisory offices can be seen as a limitation.
CHAPTER 5: Strengths and limitations of the institutional framework for local government support in the Netherlands

Based on the presented profiles it is possible to draw some general conclusions on the optimal institutional framework for support organisations. We should however take into regard that a limited number of support organisations are represented in this research and therefore only general recommendations can be provided, applying for the Netherlands.

The following general observations can be given:

1) Government rooted organisations (foundations and associations) are regarded as more trustworthy by local government

In fact all foundations and the one association represented in this article have been established or initiated by government organisations. The Bestuursacademie for example came into being after municipalities joined forces in the field of training for civil servants. OL2000 is part of a broader government initiative to integrate new information technology developments within local government. Also IPP, NPI and PON can build on government support based on their historic roots. The activity plan of IPP for example is based on the priorities as formulated by the Ministry of Health, Welfare and Sport. It can be said that government rooted organisations’ mission in most cases is to support local government functioning, either through intermediary assistance or through direct assistance. It is therefore not surprising that local governments often prefer the assistance of government initiated institutions, being their priority clients.

2) Government rooted organisations are better informed than private firms on the organisational and institutional embedding of local governments

Representatives of local government are often closely involved in setting priority areas for government rooted organisations, either via earmarked subsidies (IPP, OL2000, NPI and PON) or through its membership (KCGS, BNG and Bestuursacademie). This dependency and therefore exchange of information creates an advantage for government rooted organisations, being exposed to internal and external issues affecting local government.

It is as well often the case that former civil servants take up a position in one of these government rooted organisations and vice versa (for example KCGS and OL2000). The exposure to the internal organisation elements of local government makes it easier to fully understand government functioning. Private firms on the contrary are often seen, according to some of the interviewees, as more detached (so-called “hit and run” bureaus). They might be interested in the assignment, but not concerned about the impact of their work within local government.
3) **Financial dependency on government does not stimulate the drive for quality**

A constant guaranteed stream of income makes organisations “lazy”. A competitive environment forces organisations to deliver good quality. Targets need to be set and certain quality and quantity standards need to be reached in order to keep up with the competitors. In some cases tender procedures are established to acquire assignments, offering transparent evaluation standards. Now government rooted organisations become more independent and fulfilling an expert role themselves, government subsidies can be decreased. However without the initial government support the foundations and association represented in this article would never have reached its present capacity and reach. Citizens for example have always funded the *Bestuursacademie* through tax contribution, allowing the organisation to develop its competence over years. This structure was strongly supported by all Dutch municipalities securing a professional education of its staff. Since more organisations nowadays offer training for civil servants and the *Bestuursacademie* is a solid institution, the tax contribution will be abolished.

On the other hand, state subsidy is the only means through which support organisations can also attend demands from civil society organisations. Larger projects presented by these organisations can only be attended if in accordance with the earmarked subsidies of organisations like PON, NPI or IPP. Commercial oriented organisations like IVAM can only attend smaller requests on a non-commercial basis. The trend towards market orientation by government based organisations can endanger the, already limited, support to civil society organisations and the development of their relation with local government.

4) **Private organisations are more independent than government rooted organisations**

The financial independent position can be seen as one of the main advantages of private firms. Private firms have developed in a specific niche area on own resources. Many private firms, at least Twijnstra Gudde, are not only offering its expertise to government organisations but as well to private sector entities. From this we can conclude that private firms are less familiar with the internal and external organisation elements of local government, having clients in different sectors. However since private firms are per definition not government affiliated, they have the rare advantage to take up a completely independent position in an intermediary process between citizens and government or in any advisory process. Except that they represent their own interests.
CHAPTER 6: Role and limitations of support organisations, current debate

6.1. Current debate on the role of external support

Local government assisted by support organisations is a regular seen phenomenon in the Netherlands. Increasingly local governments lean on external expertise for sustainable policy making. A logical development taking into regards the pace of global developments affecting local government in all countries. However, one could ask what the limitations of outsourcing are. Over the past years a discussion emerged in the Netherlands on the influence of external knowledge and support on public policy making. It is felt that support organisations are more and more involved in policy development and even decision making. Due to this development support organisations are cynically called the "Sixth Force". After the fourth force (bureaucracy) and the fifth force (media) it is thought that external support mechanisms do have political influence. Critics of contracting out do raise four main arguments (van Hout & Foederer, 2001):

a) Economic: costs and effectiveness
b) Juridical: key tasks of government and legitimacy
c) Power politics: dependency of other actors
d) Information: leakage of knowledge

a) Economic: costs and effectiveness

About 500 million guilders (27 million euros) per year have been spent on support to Dutch ministries over the last couple of years. About the same amount has been spend at provincial and municipal level. These amounts are increasing every year. The discussion on contracting external support and knowledge focuses very much on the assumption that external support is too expensive in relation to its benefits. However, no clear picture can be given about cost effectiveness. In the first place, due to a lack of transparency in budgets, no exact figure can be given for expenditures on external support. Secondly, there are no extensive data available on the quality of the work delivered by external agencies. A survey by VNG revealed that in 90% of the cases, municipalities are happy with the results of external support. Recently, the local auditor's office of Bergen op Zoom investigated 23 projects involving external support. The criteria: (1) the quality of the advice, (2) has the advice been used/implemented. In only 4 cases projects rated positive on both criteria (van der Lans & van Kouwen, 2001). Etty (2001) argues that external support will mostly be used for items that represent secondary political interest and/or hypes expected to be short term. This has a positive impact (no need to hire fixed staff for short-term hypes), and a negative impact (results of external support have higher risk of not being implemented) on cost effectiveness.

b) Juridical: key tasks of government and legitimacy

It is important to distinguish the core competencies of local government. Which tasks and responsibilities local government should deal with in order to guard its public mandate and democratic control? Which developments are no hypes but solid changes in local policy making and therefore need capacity within local government
organisations itself? Especially the example of external support organisations preparing the new immigration law in The Netherlands urged the discussion about this specific subject. Etty (2001) suggests that the outsourcing of policy making of "secondary importance" creates time for civil servants to deal with core issues. However, a mayor change in legislation can hardly be seen as "secondary importance". If preparation of legislation is not the exclusive mandate of government, then what is? This is a question not easy to answer. Van Hout & Foederer (2001) argue that in every case in which contracting externally is an option, the subject should be evaluated as to see whether it belongs to a core task or a secondary task. If civil servants and/or chosen representatives lack knowledge to carry out or control core tasks, then government will loose legitimacy as democratic government.

c) Power politics: dependency on other actors
How democratic is government, if the democratically chosen government is more and more dependent on external, private sector and non-governmental agencies? How big is their influence on final decision making? Although contracts stipulate what the limits of the responsibilities of the external support agency is, it cannot be denied that they strongly influence the elected decision-makers.

d) Information: leakage of knowledge
Contracting out does normally not contribute to an increase in knowledge within the public agency. Transfer of knowledge is only considered when specified in the contract with the external support agency. This is generally not the case. The fact that knowledge remains within the external agency is especially problematic if the information is essential for the public agency, e.g. when concerning a core task (see point 2). Public agencies should therefore be aware of what type of knowledge they want to acquire from external agencies and specify this in the contract.

Another problem related to this field are the so-called "revolving door civil servants" (Van der Lans & van Kouwen, 2001): civil servants who leave the public service to work for a private consultant, only to be hired back by their old departments against a much higher consultant fee. This represents a loss of knowledge from the public to the private consulting sector and a high price for the public sector to get this knowledge back.

6.2. Results of the interviews

The highlights of this debate have been discussed with the representatives of the support organisations interviewed for this paper. In the following section, their view on these four arguments will be presented.

a) Economic: costs and effectiveness
All interviewees indicated effectiveness as one of the main reasons to contract support organisations. In some cases, especially in smaller municipalities, it is just not viable to hire a new staff member. Instead an external consultant is given the job,
often for a limited time period. A lack of effectiveness can appear when no clear terms of reference is given to the consultant. This can lead to duplication of efforts if a second support organisation is hired to clear up the job of the first one, as was indicated by some of the respondents. Furthermore it was mentioned that municipalities tend to ask for only one offer in stead of comparing price/quality of several support agencies.

b) Juridical: key tasks government and legitimacy

It was indicated indeed that in some cases support agencies have a stake in policy formulation and even are involved in decision making processes. KCGS indicated that this is a result of "policy addiction": politicians and public discussion ask for policy interventions in almost every aspect of society. Government cannot possibly deal with this overkill on its own. Some interviewees reflected on whether their work should not be one of the core tasks of local government. IPP suggested that local governments should have more own expertise in the field of participation, while IVAM noticed the formulation of a municipal environmental plan should not be left to an external consultant.

c) Power politics: dependency on other actors

Knowledge is power. Keeping this in mind it is very well possible that a contracted person takes over the lead and creates a power situation, local government becoming the dependent party. The opinions of the interviewed differ when we talk about the executive staff of municipalities. Civil servants in larger municipalities are considered as very capable, but with a too large portfolio to deal with every detail themselves. They are equal discussion partners and able to stay in control of work carried out by external support. For smaller municipalities some say that executive staff is as capable as in large municipalities, others experienced a lack of knowledge and being unsure about the field of work. This raises the risk of a too large influence of external support organisations.

The entity that is really at risk is the municipal council. The general opinion is that the capability of the average municipal council is low. Councils tend to ask for external support, for example in the form of research and counter research, when members feel unsure about the decision to make. On several occasions it was suggested that external support or citizen's participation in policy making is used to legitimate policy bypassing the council.

d) Information: leakage of knowledge

Leakage of knowledge can happen easily if no transfer of information, capacity building or coaching takes place during the advisory process. It is important to maintain the knowledge developed and to institutionalise new developed processes or tools. The transfer of knowledge needs to be done by the consultant, however supported and requested by the local government it self. Most of the organisations interviewed have the generation of knowledge as specific task, e.g. through research. However, few of the interviewees consider active transfer of knowledge towards the client as one of its tasks. KCGS and OL2000 are organisations that specifically deal
with information and knowledge improvement, using innovative methods. KCGS mentions that the temporary character of external support is an obstacle to capacity building within public organisation. It obviously takes away the need, but capacity building processes are also more long term than the average consultancy.

The phenomenon of the 'revolving door civil servant" was recognised, but also balanced by the interviewees. BNG and Twijnstra Gudde see the phenomenon as problematic. Others experience staff mobility as being two-way. (Local) governments loose staff to external support agencies and vice versa. In general this is seen as positive, since it contributes to mutual understanding.

6.3 Final comments

The four above-mentioned arguments criticise the actual role of external support in public policy. Although concern should exist, and is also expressed to some extend by the organisations involved in this study, one could ask if this view on external support is not too negative. Van Hout & Foederer (2001) argue that this negative view, as presented by public agencies, "reflects their perception of their own role in public management". This perception consist of a central position for public organisations in public management and a strong internal orientation ignoring interdependency with non-public agencies. External support is therefore not seen as a structural resource, but as a temporary deviation. However, this does not stroke with the reality of governance that is more transitory towards a multi-actor approach in policy making. In paragraph 2.1 (global reforms) and paragraph 3.2 (need for support) developments have been indicated explaining the need for contracting external knowledge and skills under the ownership of local government.

If contracting out is seen as a structural solution instead of a rescue solution, resources do not matter as such. The use of support agencies is not a trend, but should be seen and judged as part of an important institutional development: the increasing transition in public governance.

Setting clear conditions (transparency and democratic control) and formulating indicators to measure quality and quantity at any time are therefore very important to ensure quality improvement every time an external support organisation has been contracted. Detailed recommendations for creating these conditions are given in chapter seven.
CHAPTER 7: Conclusion and Recommendations

7.1 Conclusion

The Netherlands has a wealth in organisations that support and advice local governments (and non-governmental organisations to a far lesser extend) in policy making. It is suggested that the relative autonomy, also financially, in which local governments operate in The Netherlands is the main reason for the existence of these many organisations. It is a phenomenon that has grown up around a decentralised government, but it has also itself been stimulated very much by government, at national, provincial or municipal levels.

Most support organisations in the Netherlands are deeply rooted in public governance. They function as an intermediary between citizen and local government or as an advisory body to local government only, ranging from foundations to fully privatised firms. For local governments these organisations appear to be very useful to assist in strengthening internal organisation elements. In general it can be said that local governments have two reasons for hiring external experts: 1) a lack of knowledge in a certain field and 2) a lack of capacity. In most of the cases the assistance of support organisations is therefore seen as a welcome option.

None of the interviewees raised the concern of support organisations becoming a “sixth force” taking over policy making and therefore jeopardise democratic standards. Good governance per definition requires involvement and participation of other institutions than local government. Participation of support organisations should therefore not be seen as a force endangering democratic standards, but as a development that can stimulate a democratic decision making process.

Since assistance by support organisations is not a beaten track for most local governments, clear protocols, regulations and benchmarks need to be formulated. It is exactly here that local governments run the risk of spending too much money for low impact. Civil servants should develop skills to formulate a clear terms of reference for the support organisation, facilitate the advisory process, set financial limitations and set clear measurable objectives. A transfer of information during the advisory process is of utmost importance in order not to reinvent the wheel each time.

The organisations initial established by (local) government itself appeared to have the most advantages in the Netherlands. These government rooted organisations (foundations or associations) have been established by government because the additional value was recognised. This is an important starting point. The missions of the government rooted organisations have been formulated by government themselves, apparently being a hot item on the agenda. Here we can mention the example of OL2000, initiated by government to cope with the international pressure for information technological developments within public institutions. Government rooted support organisations have some advantages above private firms: familiarity with internal and external elements of local government and a position of trust and initial financial support.
From this we can conclude that the initiative to set an enabling environment for support organisations to develop is in hands of (local) governments themselves. Obviously existing organisations do have an important role in awareness raising of certain issues, offering added knowledge and linking up with government initiatives. But developments should be linked to each other. Support organisations will not survive if the field of work is not an agenda point of local government.

7.2. Conclusions for SINPA partner countries and cities

What do these general conclusions mean for the countries where SINPA is active. Government rooted support organisations as presented in this study are very much a product of the Dutch context. (Local) governments that encourage and finance the establishment of non-governmental organisations with the purpose to support local governments is a practice unheard of in other national contexts. However parallels can be made with the SINPA partner countries and cities.

Bolivia

Bolivia counts with organisations and institutions that have certain characteristics in common with the local, government rooted organisations in The Netherlands. These characteristics are:

- Being embedded in a local situation by being present in and contributing to a local society.
- Having, or being able to build a relation of trust with local government, based on mutual recognition of roles.

Since decentralisation is high on the agenda in Bolivia, institutions with these characteristics could play a more important role in support to local government and local governance than they do nowadays. One can think of local universities, NGOs and professional organisations. These institutions are largely present in SINPA partner city Santa Cruz de la Sierra, but at this moment they are not involved in co-operation with municipal government.

Contrary to the Dutch situation, Bolivian national government keeps the decentralisation process and the subsequent strengthening of local governments very much in its own hands, through very explicit laws and regulations, guidelines and technical assistance by the ministry for decentralisation. This created the impression that decentralisation is an issue of government only, and that civil society can be involved if explicitly indicated by law. Potential local support organisations are not encouraged to take whatever role in relation to local government and local governance. This is indeed not very different, although far more pronounced, than the Dutch discussion on the role of support organisations as depicted in chapter 6. Is their involvement a temporary deviation from an all-government process, or a transition towards pluriformity in policy actors. Decentralisation law in Bolivia could be expanded towards the involvement of potential
support organisations as a stimulus for these institutions to act and take a role in the
democratisation process.

The financial implications of support for local governance; who is going to pay for the
service, is an important obstacle to the development of such a role by potential local
support organisations. Bolivian municipalities gain an increasing importance as locus for
development policies. This means that more and more development funds will be
channelled through municipal governments, without local politicians and civil servants
necessarily having the knowledge and capacity to deal with these new responsibilities. It
would be recommendable for municipal governments to have alongside the budget for
policy implementation, a budget for advice and training of municipal staff. This could be
a stimulation for potential support organisations to develop services in that direction.

Zambia

Contrary to Bolivia, Zambian support organisations do not have many characteristics in
common with local government rooted organisations in The Netherlands. Although
Zambia counts support organisations rooted in central government, it only counts with
one local, government rooted organisation, the Local Government Association of Zambia
(LGAZ). But as the local governments in Zambia are not being funded by central
government and are struggling to pay salaries, they don’t have money to support the
LGAZ, which financially depends on local governments.

The support organisations in Zambia merely focus on training civil servants, and to a
lesser extent engage in research and advisory services. Although central government
rooted training institutes in principle would be able to build a relation of trust with local
government, based on mutual recognition of roles, they are still too expensive for local
governments. Also local governments do not really know that they can use these support
organisations for assistance in policy formulation, which is again caused by lack of
finance and qualified staff.

Zambia’s need for support organisations, although to a different extent, does have
characteristics in common with the Dutch situation (chapter 3). First of all Zambian
councils lack the specialist skills and capacity to formulate policy and plans in a number
of governance areas. Furthermore they need support in communication, participation and
information exchange with civilians. Thirdly, especially applicable in the Zambian
situation there is the need for advice in changing the internal organisation of councils.

Zambia’s decentralisation policy has been under discussion since 1995 and the policy
document has been with the Cabinet since 1999 but still has not been passed.
Decentralisation means both administrative and fiscal decentralisation, but the former
government has been lacking the political will to materially reform local government.
The new government, elected late December 2001, so far seems slow in making progress
in the decentralisation process. Under the prevailing legislation the minister of Local
Government has considerable power over the local authorities. Local authorities have to
ask permission for most decisions, especially for those concerning finance. At the same time it is encouraging to note that the new minister has made pronouncements towards a review of the current funding arrangements, as well as the other elements of the decentralisation policy. Towards this end he is bringing some pieces of new legislation before the Cabinet the outcome of which is still uncertain.

There is a tendency in Zambia to look at central government to initiate and assist support organisations. It would be preferable if all stakeholders: central government, councils, and central/local government training institutes themselves would aim to strengthen these support organisations. The Donor Coordination Forum of Zambia and NGO’s, which do not directly support policy formulation, could be approached to assist in enabling councils capable to initiate and use support organisations. They could also help to build the capacity of support organisations like training institutes, civil society organisations and universities in respect of research and advisory work. Especially the role of the Local Government Association of Zambia (LGAZ) deserves to be strengthened, as this will benefit both the councils it represents and the government in its coordinating role towards the councils. In addition LGAZ could raise awareness of the existence and capacity of support organisations amongst local governments.

Bangladesh

Bangladesh has a number of organisations that operate outside the government and play important roles (in cases almost dominant roles) in local economic and social development. Several of these NGO’s, who tend to work nationwide are pretty well funded, often from international funds. Most NGO’s have started as idealistic organisations whilst a number of them have become large organisations themselves, with a vested interest in their own long term survival. Whilst doing commendable work several have developed large commercial activities which keep them afloat (mobile telephones, property development). Others have been created simply in response to the availability of subsidies and sponsor funds. The tendency for many of them is to operate quite separate from local government and to become entities by themselves. Many of the NGO’s have sprung up in response to a weak functioning government – often labelled as inefficient and corrupt. In the process only few NGO’s are sincerely attempting to help Local Government to get its act straight; many rather create and foster parallel structures. Interestingly, many NGO’s employ former civil servants, either retired or lured away by better conditions of pay. A common way is also to get senior civil servants on lien to serve in international organisations and local NGO’s. In the process the NGO world tends to strengthen all the time, which oddly creates a vested interest amongst them to keep government weak. Given the lure of post retirement jobs, many civil servants will tend to co-operate in the interest of future or part-time employment and fringe benefits. As such the power of NGO’s sector is large although there is severe competition amongst them for available funds.

Much more idealistic and poorly funded NGO’s are found at local level. As became apparent during the SINPA work in Tangail most are desirous to sincerely contribute to local development and may be seen as strong expressions of a civic sense. During the
project period it became clear that Local Government could make much better use of these organisations, who are very sincere, but who need to be given their rightful place. From comparative studies it emerged that Local Governments in Bangladesh vary a lot in their capacity and attitude to make use of this major resource, enlightened leadership being a major factor.

After NGO’s a major resource proved to be the CBO’s or para’s; more organisations such as the various professional and vocational associations proved major potential sources to be harnessed, if only approached and managed properly. What is lacking on the whole are support organisations that can help Local Governments to make this happen. A small start has been made in SINPA and a few comparable projects – which has attracted major interest of the Bangladesh Government.

At the central government (Local Government Engineering Division) there are several efforts ongoing to strengthen local government through such projects like the Small Towns Infrastructure Development Projects and its institutional strengthening components. These institutional strengthening components however tend to come as “add-on’s” to pretty large investment programmes rather than starting points. They are also project bound and not continuous. These projects may be seen as largely external loan driven, with a large pressure to spend and reach physical targets, rather then nursing local government through a process of becoming self-sufficient. In the process of this local investment, Local Government is rarely in a position to select themselves consultants and other support organisations. A project which takes improved governance as a starting point is the UNDP/UNCHS at the LGED called "local partnerships for urban poverty alleviation project". It will be interesting to see how that project will contribute, whereby time must be allowed for local processes of change to mature.

On the whole a main problem is that Local governments - when given a chance - tend to perpetuate the prevailing picture of corruption and nepotism, which has been the continuing argument to keep local works largely under central supervision. In a way irresponsible local handling is then playing in the hands of those who wish to perpetuate maximum central control.

However taking as the long term vision the development of responsible and transparent local government for all, there is a great need for support organisations that help LG to indeed graduate into such more responsible organisations. Few organisations in Bangladesh do at present exist that can take up such change agent roles. Our own partner RADOL has remained as small as it was and has not been able to form alliances to pool sufficient resources to keep SINPA type of activities going.

On a positive note there is a strongly expressed desire amongst the local citizenry, which of late has managed to express itself in an increasingly vocal manner. Another positive note is the development of an increasingly independent press both locally and nationally, whilst citizens increasingly develop international awareness through work and family ties abroad as well as through access to international TV channels.
SINPA experienced a ground swell of such emotions whilst operating at Tangail. It may assumed that Bangladesh finds itself in a gradually emerging evolution towards broader democratic functioning, which both stems from the present economic modernisation and internationalisation as well as the original spirit that has led to the creation of the sovereign state of Bangladesh.

The capacity to make use of this momentum in the form of support organisations is still very small. Unfortunately also a lot of local talent leaves the country in search of better opportunities. Further, local governments are tied hand and feet for lack of own funds and as such can do hardly anything in terms of hiring external support. At present they can only bet on the benevolence of the sponsoring community (almost exclusively foreign funded).

In the course of the SINPA project key capacity building organisations have been identified, part of whom are government funded (universities and training institutes), and part of whom depend on the “market” (individual and corporate consultants, Centre for Urban Studies).

The increased use of such support organisations by Local governments themselves can be foreseen to be generated in mainly the following ways:

1. Direct support from foreign donor community
2. The creation of special purpose NGO with the right mission and vision
3. Enhanced income position of local government which will enable them to decide themselves on external support.

In the last case, awareness will need to be created amongst local governments of what support organisations can do for them, and how these can be properly used. It would be interesting if such support organisations could be set up/initiated as a joint initiative of the local governments of Bangladesh, bearing in mind the positive experiences in the Netherlands. The Institute for Local Self Government in India may act as an example, albeit the lack of resource base of Indian local governments does not also allow that organisation to become the innovative change agent kind of activities as would basically be required.

7.3 Recommendations

In Chapter 6 we concluded that involvement of local support organisations means a transition towards a more pluriform way of policy formulation. However in the process of this transition appear certain pitfalls, also largely described in Chapter 6, that mainly concentrate on the following questions:

1. How to increase efficiency and effectiveness of support organisations contributions?
2. How to maintain a transparent and democratically controllable process?
For the first point it is wise to formulate regulations and clearly define the involvement area of the consultant. It is therefore very important for the respective local government to nominate a person from the organisation who is guiding the advisory process and knows what is happening. This person should know how to formulate clear terms of reference with measurable objectives as to be able to control the process. Support organisations themselves are taking initiatives to guide local governments also in this issue.

The next step towards quality control is a (national) databank and benchmarking system on the quality of support organisations. Government could stimulate support organisations to obtain international quality standards (ISO’s). This would be an indication for local governments when contracting, however it does not take away the necessity for local government to have clear objectives and terms of reference and to control the advisory process.

Transparency and democratic controllability could increase by having municipal regulations for outsourcing of policy formulation advice. These regulations should be known by municipal executive staff (civil servants) and by council members. This would include a separate entry for outsourcing and advice in the municipal budget. In many of the interviews, the municipal council was mentioned as the weakest point in control over the outsourcing process. However, the council is a key actor when it comes to democratic control. The regulations should therefore include how council members should be involved in the relation to external support, with the objective to improve democratic control over these relations. This will ask a considerable, at least initial, time investment from the side of council members.
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Annex 1: Interviews

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