# Resource Guide on Decentralisation and Local Government

**Compiled by Zoë Scott and Munawwar Alam**
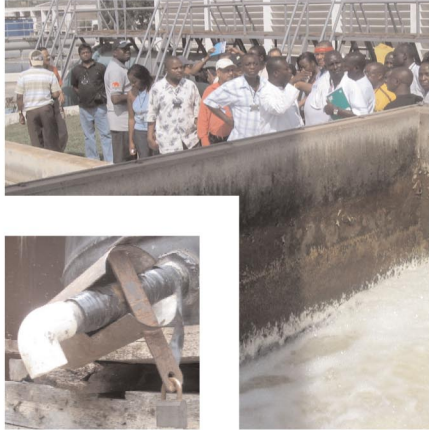
Commonwealth Secretariat

# Resource Guide on Decentralisation and Local Government

## Commonwealth Secretariat Local Government Reform Series Number 3

Compiled by

### Zoë Scott and Munawwar Alam

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Governance and Social Development Resource Centre

# Foreword

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*Resource Guide on Decentralisation and Local Government* is the third title in the Commonwealth Secretariat Local Government Reform Series. Books in the series offer guidance on various aspects of local government reform to public sector policy-makers, senior managers at central and sub-national levels, as well as students and researchers in public administration with an interest in local government issues. Each volume distils contemporary thinking and international good practices from around the Commonwealth.

Research is an important component of the Secretariat's governance work. Policy investigations contribute to informed decisions taken by policy-makers. Our policy research in local governance outlines choices for member governments rather than presenting categorical solutions. We also endeavour to provide cutting-edge research that concerns the design, implementation and review of public policies and that contributes to broader development goals. As political context is integral to policy making, this *Resource Guide* focuses inter alia on the changing role of small, post-conflict and fragile states in the Commonwealth.

The current debate over the type and extent of decentralisation, to a large extent, revolves around country-specific structural and managerial issues. In recent times, decentralisation has seldom been smooth sailing. Local government reforms pose new challenges in governance and public administration. Decentralised local governments often need to perform new tasks that are more complex and sometimes politically sensitive.

This publication shares guidance on designing, implementing and evaluating decentralisation reforms and good practices in local government. It also synthesises current debates on the impact of decentralisation and local government on poverty reduction, service delivery and conflict, as well as providing links to cutting-edge research and recent case studies. The publication includes summaries of key text that are linked to an extended summary in the alphabetised appendix.

Our aim is to strengthen local government reform strategies and processes, so that Commonwealth governments can make more informed policy choices about decentralisation. The Secretariat will continue to support Commonwealth member governments by advancing knowledge of these and other public sector reforms.

I am grateful to the Governance and Social Development Resource Centre for its valuable contribution to this compilation and for its collaboration with the Commonwealth Secretariat. This resource is available online through our website and CFONet and is published in book form particularly for the benefit of our member countries.

**Max Everest-Phillips**
Director
Governance and Institutional Development Division

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# Introduction

## Types of decentralisation

Decentralisation is a broad term, which is frequently used to refer to very different forms of government. Decentralisation can be described as the transfer of power from central government to lower levels of government. This can include responsibility for planning and management of various government functions, as well as resource-raising and resource allocation.

There are three main types of decentralisation:

1. **Administrative** decentralisation refers to the transferring of authority, resources and responsibilities from central government to field offices and agencies. These lower levels of government remain wholly accountable to the delegating body, although there may be some scope for local citizen participation.

   *Deconcentration* is the main form of administrative decentralisation and refers to the transfer of power to central government officials who are dispersed and relocated across the country, for example Provincial Governors or District Officers, and local offices of central ministries. Hierarchical accountability is maintained between the local units and the central government. It is often seen as the first step for countries wanting to pursue decentralisation.

   *Delegation* is another form of administrative decentralisation which refers to the transfer of authority and responsibility from central government to specialised agencies at the local level, such as a hospital board or local project implementation unit. These units are mainly still accountable to the delegating central ministry.

2. **Political** decentralisation is the transfer of power to lower levels of government, which are elected by local citizens (in various ways) and which have some degree of local autonomy. Such local governments are therefore downwardly accountable to citizens rather than to central government. It is sometimes referred to as democratic decentralisation. Political decentralisation requires a constitutional, legal and regulatory framework to ensure accountability and transparency.

   *Devolution* is the main form of political decentralisation and refers to the transfer of substantial responsibility, decision-making, resource and revenue generation to a local government that has a significant degree of local autonomy. These

devolved units are normally independent legal entities and fully elected. It is generally seen as the most comprehensive form of decentralisation.

3.  **Fiscal** decentralisation is not really a separate form of decentralisation – instead it is more accurately described as the financing mechanisms that underpin all forms of decentralisation. It refers to the transfer of funds, and sometimes revenue-raising powers, from central government to lower levels of government. Resource allocations are often negotiated between the central and local units based on various factors, for example interregional equity, availability of resources and local financial management capacity. Adequate financial resources are necessary for local government to fulfil its responsibilities, therefore effective fiscal decentralisation is vital for the success of any form of decentralisation.

In any particular country there are likely to be both deconcentrated and devolved systems, operating in parallel, e.g. centrally appointed district officers and elected local governments within the same locality. There may also be agencies with delegated powers, for example local offices of national social action programmes. These parallel structures can and often do lead to conflicts and uncertain lines of accountability. The situation becomes even more complex in countries that have multiple tiers of subnational government.

## Donor evaluations

The following donor multi-country evaluations provide an overview of decentralisation reforms globally and offer some broad lessons learned.

*   World Bank, 2008, 'Decentralization in Client Countries: An Evaluation of World Bank Support, 1990–2007', World Bank, Washington DC.
    http://wwwwds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/09/16/000333037_20080916044226/Rendered/PDF/454080PUB0Box311PUBLIC10Aug07102008.pdf

*   European Commission, 2007, 'Supporting Decentralisation and Local Governance in Third Countries', EC-Europa, Brussels.
    http://ec.europa.eu/europeaid/what/governancedemocracy/documents/decentralisation_local_governance_refdoc_final_en.pdf

*   OECD DAC, 2004, 'Lessons Learned on Donor Support to Decentralisation and Local Governance', OECD, Paris.
    http://www.oecd.org/dataoecd/46/60/30395116.pdf

## Other resources

Please see the final chapter on 'Relevant Organisations and Resources' for further suggestions.

- The Commonwealth Secretariat has several publications that relate to the topic of decentralisation and local governance. These can be purchased or downloaded at: http://publications.thecommonwealth.org/local-government-145-c.aspx

- The GSDRC Gateway Guide on Decentralisation and Local Governance highlights the most useful, credible and up-to-date online resources and organisations working on decentralisation and local governance in a development context. http://www.gsdrc.org/go/gateway-guides/decentralisation-and-localgovernance

- McLoughlin, C., 2008, 'Reviews of Decentralisation and/or Subnational Government Support Programmes', GSDRC Helpdesk Research Report, Governance and Social Development Resource Centre (GSDRC), Birmingham, UK: http://www.gsdrc.org/docs/open/HD561.pdf

- Center for International Earth Science Information Network (CIESIN): The Online Sourcebook on Decentralization and Local Development
The CIESIN Online Sourcebook on Decentralization and Local Development is a collaboration between the Food and Agriculture Organisation (FAO), World Bank, United Nations Development Programme (UNDP) and three European donors. It contains an overview of key themes relating to decentralisation and a number of country case studies. It also explores issues in programme design and offers guidance on the RED-IFO model on decentralisation designed to support decentralisation policy-making and evaluation.

# 1
# The Changing Role of the State

Throughout the twentieth century, the role of the state has undergone significant changes. In the West, the demands for social and economic reconstruction after the Second World War led to the emergence of welfare states that assumed responsibility for protecting the relatively poor, equalising opportunities to health and education services, creating state-owned enterprises and managing macro-economic cycles. For the developing countries that became independent in the 1950s and 1960s, this was the model of the state they aimed to follow. During the 1970s there was growing concern over the capabilities of the state and public administrations in developing countries to undertake these responsibilities. The rise of neoliberal thinking and the development of New Public Management approaches in countries like the UK and New Zealand in the 1980s and 1990s led to an emphasis on the role of the market and a bias against public provision and state expansion.

Another major change to the role of the state has been caused by globalisation, leading to increased inter-dependence of states and changes to the concept of state sovereignty. The state has also been impacted by the rise of democratisation across the world and a growing emphasis on citizens as the source of legitimate state authority. This has given impetus to the recent trend for decentralisation and an emerging recognition of the importance of government at the local level.

## The role of the state

**Batley, R., 2006, 'The Changing Role of the State in Development', Chapter 1 in eds. Nickson, A. and Alam, M., *Managing Change in Local Governance*, Commonwealth Secretariat, London**
This short chapter reviews the development of the state from the beginning of the twentieth century to the present day, arguing that the state currently has fewer directly performed functions and works more in partnership with other actors. The wisdom of transferring the Western model of the 'extended' state to newly independent countries in the 1950s and 1960s is debated, along with the imposition of neo-liberalist ideals, in relation to minimising the state, during the 1980s and 1990s. In the last decade there has been a renewed concern with building state capacity and ensuring the effectiveness of public administrations, mainly via the

'good governance' discourse. The author argues that states in developing countries now need the capacity to move beyond focusing on creating a professional, merito-cratic bureaucracy to also taking on the more managerial roles of partnering, promoting and regulating other actors.

*Available at:* http://publications.thecommonwealth.org/managingchange-in-local-governance-411-p.aspx

## New Public Management

Throughout recent decades there has been a focus on 'streamlining the state' and creating professional public sector institutions. In the 1980s, following structural adjustment programmes, public administration reforms focused on 'downsizing' the public sector, primarily through job reduction, retrenchment and other attempts to control salary costs. From the 1990s onwards there has been an emphasis on 'New Public Management' reforms, first instigated in Western, developed countries and later transplanted to many developing countries. They encompass a broader set of reforms aimed at 'building up' the civil service, for example decentralisation, performance assessment, benchmarking, regulation, monitoring and sound financial management.

**Nickson, A., 2006, 'The Factors Driving Government Reform', Chapter 2 in eds. Nickson, A. and Alam, M.,** *Managing Change in Local Governance,* **Commonwealth Secretariat, London**
The roles played by the World Bank and the IMF in promoting Structural Adjustment Programmes in the 1980s led to the 'withdrawal of the state' and a downsizing of the civil service. This short chapter argues that this paradoxically led to a requirement on the public administrations of developing countries to perform more complex roles. As the role of the state has shifted away from direct delivery of services, it has had to become adept at the regulation and enabling of multiple other actors, including the private sector, NGOs and lower tiers of government.

*Available at:* http://publications.thecommonwealth.org/managingchange-in-local-governance-411-p.aspx

**Batley, R. and Larbi, G., 2004, 'Changing Approaches to Public Sector Management', in** *The Changing Role of Government: The Reform of Public Services in Developing Countries,* **Palgrave, Macmillan**
What is the theory behind the new trends in public service reforms? What are the pragmatic rationales for change? This study by the International Development Department at the University of Birmingham reviews both the theory and practice of public service reform, including neo-classical and new institutional economic theories. It describes the more pragmatic rationales for change in the management of public services and provides an overview of the new approaches to public sector management.

**McCourt, W., 2002, 'New Public Management in Developing Countries' in** *New Public Management: Current Trends and Future Prospects,* **ed. K McLaughlin, S Osborne and E Ferlie, Routledge, London**
Why has the scale of the implementation of New Public Management (NPM) in developing countries been only modest? Where it has been implemented, what has the experience shown? In what form is NPM applicable on a wider scale? This paper from the Institute for Development Policy and Management addresses these questions, highlighting the importance of adapting the NPM model to meet the needs of governments and their political contexts.

## Citizenship and state legitimacy

One striking feature of the modern state is the concept that citizens are the primary source of legitimate state authority. This understanding has led to an increase in measures to promote participation, accountability to citizens and democratic institutions, particularly at the local level.

**Eyben, R. and Ladbury, S., 2006, 'Building Effective States: Taking a Citizen's Perspective', Development Research Centre, Citizenship, Participation and Accountability, Institute of Development Studies, Brighton**
How can a citizen-centred approach to development build effective states by improving relations between state and society? This paper from the Development Research Centre on Citizenship, Participation and Accountability, gives an overview of current debates and analyses citizens' own views on these issues. It argues that a state's legitimacy is strengthened by civic participation, which often grows up around local issues, and can be empowered through donor support.

**Grugel, J., 2002, 'Democratization and the State', Chapter 4 in** *Democratization: A Critical Introduction,* **Palgrave, United Kingdom**
What type of reform is necessary to build a democratic state? Why do a number of developing countries find it difficult to bring about democracy by holding elections? This chapter from *Democratization: A Critical Introduction* examines the type of institutional reform that democratisation should involve. It argues that reforms so far have stopped at the introduction of minimal democracy, and therefore failed to produce fully democratic states. The reasons for this failure include weak state capacity, authoritarian legacies and the imperative of economic reform.

## External actors

It is clear that over the last 50 years, the role of the state in developing countries has been shaped significantly by both multi- and bi-lateral external actors providing advice and resources. Donor support for good governance and 'state-building' interventions continue to shape the development of the state in developing countries. The resources below highlight the impact of external forces on the state and the need for donors to recognise their political role and ensure the appropriateness of their interactions.

**Harrison, G., 2004, *The World Bank and Africa: The Construction of Governance States*, Routledge, London**
What are 'governance states'? How has the World Bank been instrumental in their creation in Africa? This book coins the term 'governance states' and describes the World Bank's role in their creation in Africa, using the cases of Tanzania, Uganda and Mozambique. The intimate involvement of the World Bank in the internal politics of these states is critiqued, as is the Bank's methodology and prospects for the future of governance states.

**Leftwich, A., 2008, 'Developmental States, Effective States and Poverty Reduction: The Primacy of Politics', United Nations Research Institute for Social Development (UNRISD), Geneva**
How can donors promote the emergence of states that facilitate poverty reduction? This paper from the United Nations Research Institute for Social Development (UNRISD) highlights the importance of politics in state formation and poverty reduction. Political processes shape the effective and developmental states that nurture the institutions needed to deliver poverty reducing growth and social welfare systems. Donors therefore need to support political processes and collaboration among local political players to help them create these institutions and effective states.

# 2
# Designing and Strengthening Local Government

The specific design of decentralisation and local government (LG) differs in every country. Structure and organisation are affected by the historical, social and political context. In some countries there are a mixture of types of decentralisation and different institutional arrangements within a single country.

The resources below detail practical options for local government design as well as considerations for those wanting to strengthen LG through specific capacity building work.

## Designing LG structure

Major challenges in the design of decentralisation reforms are allocating responsibilities between levels of government, designating territorial jurisdictions, establishing electoral arrangements, designing internal management structures and creating appropriate accountability mechanisms.

The generally accepted view is that a sector or function is a prime candidate for decentralisation if:

- local demands for a service differ across localities

- there are no substantial economies of scale associated with the service

- there are no substantial spillovers of costs or benefits from the service

- the service is amenable to at least partial local financing through taxes or charges

- local governments have the capacity to deliver the service

- the service is not meant to provide substantial redistribution of income or wealth

It is not possible to say that certain services should always, or should never, be decentralised. The resources below suggest that the specific context for reform is important (a one-size-fits-all approach is not appropriate) and that countries may need to take an incremental approach.

Because decentralisation entails changes in institutional arrangements it affects power relations. It therefore typically creates two groups: those who benefit and are therefore likely to support reforms, and those who are likely to lose out politically or economically, and therefore may attempt to undermine the process.

**Olowu, D., 2003, 'Local Institutional and Political Structures and Processes: Recent Experience in Africa', *Public Administration and Development*, vol. 23, pp. 41–52**
Has decentralisation produced appropriate intergovernmental relational mechanisms for supporting strong and effective local governance? Has decentralisation led to the creation of effective self-governance structures at the community level? This paper by the Institute of Social Sciences (ISS) looks at the recent experience of democratic decentralisation in Africa.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=688

**Turner, M., 2003, 'Issues in the Design of Decentralisation', in Schoeffler, P. and Turner, M., 'Local Level Governance in the Pacific', State, Society and Governance in Melanesia Discussion Paper 2003/7, Australian National University, Canberra**
How can the design of decentralisation programmes be improved? This study published by the Australian National University argues that good decentralisation design processes that address fundamental questions and are fully aware of political realities can lead to developmental gains. Although the initial design is very important, it is only the first step in the process of decentralisation and the promotion of good governance at the local level.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3324

There can often be a vast difference between the intended design of local government and what actually happens on the ground. This may be because of political interference or because of local level capacity constraints.

**Andrews, M. and Schroeder, L., 2003, 'Sectoral Decentralisation and Intergovernmental Arrangements in Africa', *Public Administration and Development*, vol. 23, pp. 29–40**
In the context of the key service sectors of primary health care and rural roads in sub-Saharan Africa, should decentralisation be used in the assignment of these services? How should decisions be made about which services to decentralise? When factors such as economies of scale or the need for nationally integrated and coordinated services like the road system are considered, how far should the decentralisation process be taken? This paper from the World Bank Institute and Syracuse University assesses these and further questions.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=720

## Central/local relations

Ensuring good working relationships between central and local level government, and between tiers in a multi-tier system, is important for effective operations. Unfortunately, case studies often describe central/local relations as characterised by mistrust. A common source of tension arises from the level of control exerted by central government and the accountability expected of local government. Case studies describe local governments complaining of excessive control from central units, onerous accountability mechanisms, inadequate resourcing and political interference, all ultimately undermining the decentralisation of power. However, central government does have to retain involvement in LG affairs to ensure adequate accountability and proper use of resources. Designing accountability and co-ordination mechanisms to ensure balanced, harmonious central/local relations is therefore a difficult, but important, task.

**Crook, R., 2003, 'Decentralisation and Poverty Reduction in Africa: The Politics of Local-Central Relations', *Public Administration and Development*, vol. 23, pp. 77–88**
Are decentralised forms of government necessarily more responsive to the needs of the poor, and thus more likely to pursue pro-poor policies? Evidence from a selected group of sub-Saharan African countries, examined in this contribution to Public Administration and Development, suggests that the answer depends on politics. The general regime and relations between local and central government are key factors in determining whether decentralisation helps reduce poverty.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=659

**Panday, P. K., 2006, 'Central-Local Relations, Inter-Organisational Coordination and Policy Implementation in Urban Bangladesh', *The Asia Pacific Journal of Public Administration*, vol. 28, no. 1**
What happens to policy implementation when the process suffers from problems of co-ordination? This article from the Asia Pacific Journal of Public Administration focuses on how central-local relations in Bangladesh create inter-organisational co-ordination problems that affect the implementation of policies in urban governance. In the Rajshahi City Corporation (RCC), the central-local relationship is determined by the political identity of the mayor. Competing pressures and demands of local autonomy and central control are weighted in favour of centralisation at the expense of local autonomy and initiative.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3323

**Wunsch, J. 2001, 'Decentralization, Local Governance and Recentralization in Africa', in *Public Administration and Development,* vol. 21, pp. 277–288**

Why have decentralisation reforms in Africa not produced the expected results? What causes the strong counter-current towards 'recentralisation'? Over the past 15 years, many African countries have invested in political and administrative reform aimed at increasing local governance. However, a reluctance of actors at central level to relinquish resources and decision making power to local entities has created a reverse current towards 'recentralisation'.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=237

## Local level human resource management

Effective management of human resources at the local level is critical for effective LG performance. There must be clear arrangements with central government for line management responsibilities, control over recruitment, performance assessment and the power to dismiss employees. There are three principle models:

- Local governments recruit and manage all staff – this is common in developed countries but rare in developing countries.

- Central government appoints senior staff and local governments appoint junior staff. This may help to ensure that competent staff are appointed at the local level and prevent discrimination against nonlocals, but it can undermine local accountability and create conflicts.

- Some form of Local Government Service Commission (LGSC) that oversees the appointment of local government staff (and perhaps transfers between local governments) The role of the LGSC may be directly involved in the appointment, promotion and transfer of staff, or more indirectly involved via monitoring of human resource management practices of local governments.

**Green, A., 2005, 'Managing Human Resources in a Decentralized Context', Chapter 7 in ed. World Bank, *East Asia Decentralizes: Making Local Government Work,* World Bank, Washington D.C.**

What are the implications of decentralisation for human resource management? How have governments in East Asia addressed the issue of civil service management in relation to decentralisation? Using case studies, this book chapter from the World Bank examines human resource management in decentralised contexts. It argues that human resource management should be seen as a central component in the design of decentralisation rather than a separate stand-alone process.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3360

**Evans, A with Manning, N., 2004, *Administrative Decentralization: A Review of Staffing Practices in Eight Countries*, World Bank, Washington D.C.**

What impact do different dimensions of managerial control have on administrative decentralisation? What lessons can be learned from the paths taken by countries with relatively high levels of administrative decentralisation? This unpublished paper prepared for the World Bank examines staffing and managerial control within the context of decentralisation. Based on case studies of decentralisation in Benin, India, Indonesia, Mexico, Pakistan, the Philippines, Poland, and Uganda it proposes a framework for analysing managerial control.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3380

**Lodge, G. and Kalitowski, S., 2007, 'Innovations in Government: International Perspectives on Civil Service Reform', Institute for Public Policy Research London**

What are the challenges confronting civil services around the world? This paper from the Institute for Public Policy Research (IPPR) surveys several case studies from developed countries to identify a variety of international approaches to civil service reform. Some common challenges include: enhancing accountability; improving policy-making; developing institutional memory; building staff expertise; and promoting joined-up government. Meeting these challenges requires clarifying the roles of ministers and officials, opening up policy-making, capturing innovation and narrowing the gap between the centre and frontline delivery services.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2776


## Building capacity

It is important that each level of government has sufficient capacity to carry out the responsibilities transferred via decentralisation reforms. Local governments are often criticised for having weak capacity, for example in the areas of public financial management or planning. Initiatives to assess and develop capacity are therefore important parts of decentralisation strategies.

**UNCDF, 2005, 'Building Local Government Capacity to Achieve the Millennium Development Goals: A Practitioner's Guide from UNCDF Experience in Least Development Countries', United Nations Capital Development Fund, New York**

How can local development programmes (LDPs) build the capacity of local governments and local organisations in order to improve their performance? This guide from the United Nations Capital Development Fund presents lessons and guidelines for local government capacity-building in development programmes. It addresses LDP strategy, financing strategy, local public investment expenditure management,

and accountability, communications and information. This summary focuses on chapter five of the guide, 'Capacity Building'.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3358

**UNDP, 2008, 'Capacity Development', Practice Note, UNDP, New York**
What are the core capacity issues in a development context? How can external partners support countries' efforts to build on these to achieve development goals? This Practice Note, written by the United National Development Programme (UNDP), addresses these issues, drawing on examples from a range of developing countries. It sets out key entry points for UNDP and other external actors to promote capacity development (CD) arguing that UNDP should focus primarily on supporting key cross-cutting capacities.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1870

**Hadingham, T., 2003, 'Decentralisation and Development Planning: Some Practical Considerations', Department for International Development (DFID)**
How can high level strategic thinking and local participation be brought together for optimum outcomes? How can the different dynamics of national Poverty Reduction Strategies and decentralisation work together effectively? This report, commissioned by the Infrastructure and Urban Development Department of the UK Department for International Development, identifies ways in which planning systems can integrate national strategic goals with the outcomes of local participatory processes.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=980

## Case studies

- Duncan, R., 2004, 'An Overview of Decentralisation and Local Governance Structures in the Pacific Region', paper presented to the Pacific Regional Symposium 'Making Local Governance Work' organised by the Commonwealth Local Government Forum Pacific Project, Fiji, 4–8 December, 2004.
  http://www.usp.ac.fj/fileadmin/files/Institutes/piasdg/governance_papers/duncan_decentralisation.pdf

- Nickson, A., et al, 2007, 'Global Reports on Decentralisation and Local Democracy: Asia-Pacific', United Cities and Local Government
  http://www.citieslocalgovernments.org/gold/Upload/gold_report/03_asiapacific_en.pdf

- Fjeldstad, O-H., et al., 2006, 'Local Government Reform in Tanzania 2002–2005: Summary of Research Findings on Governance, Finance and Service Delivery', Research on Poverty Alleviation (REPOA) Brief 6, October, REPOA http://www.gsdrc.org/go/display&type=Document&id=2612

## Other resources

- GSDRC topic guide on civil service reform in developing countries http://www.gsdrc.org/go/topic-guides/civil-service-reform

- World Bank webpage on Administrative Decentralisation http://www1.worldbank.org/publicsector/decentralization/admin.htm#3

- Royal Tropical Institute (KIT) dossier on Capacity Development for Governance and Decentralization http://www.kit.nl/smartsite.shtml?ch=FAB&id=30333

- EuropeAid, 2007, 'Supporting Decentralisation and Local Governance in Third Countries', Tools and Methods series, Reference document 2, European Commission, Brussels. http://ec.europa.eu/europeaid/what/governancedemocracy/documents/decentralisation_local_governance_refdoc_final_en.pdf

# 3
# Fiscal Decentralisation

In order for local governments to be able to embrace the potential of decentralisation in terms of poverty reduction, enhanced participation and improved local service delivery, they have to be adequately resourced. Fiscal decentralisation therefore involves important decisions about the assignment of central and local responsibilities as well as how these expenditure responsibilities should be financed. It is not solely about the transference of financial resources from one layer of government to another, it is also about the extent to which local authorities are able to make decisions themselves over the management and use of devolved resources and local revenues, and about how they account for those resources.

## Guidance on fiscal decentralisation

The following documents are good introductions to the issues of fiscal decentralisation in developing countries:

**UNDP, 2005, 'Fiscal Decentralisation and Poverty Reduction', UNDP Primer, UNDP, New York**
How can fiscal decentralisation contribute towards reducing poverty and achieving the Millennium Development Goals (MDGs)? This primer from the United Nations Development Programme (UNDP) outlines the main principles of fiscal decentralisation and examines the links between fiscal decentralisation and poverty reduction. It argues that a well crafted set of intergovernmental fiscal relations are vital for ensuring that decentralisation can contribute to poverty reduction.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3359

**Tanzi, V. 2001, 'Pitfalls on the Road to Fiscal Decentralization', Economic Reform Project Working Paper no. 19, Carnegie Endowment for International Peace**
In recent years pressures for greater fiscal decentralisation have increased in many countries. Is decentralisation really the right route to take? Are there alternatives which can better address the same objectives? This paper from the Carnegie Endowment for International Peace considers issues around fiscal decentralisation, including potential drawbacks and possible alternatives.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=425

This Commonwealth Secretariat book contains chapters on many elements of fiscal decentralisation and good public financial management at the local level:

Devas, N., Alam, M. et al., 2008, *Financing Local Government*, Commonwealth Secretariat Local Government Reform Series, Commonwealth Secretariat, London. http://publications.thecommonwealth.org/financing-local-government-472-p.aspx

## Expenditure and revenue assignment

The first consideration in fiscal decentralisation is the clear assignment of functions and responsibilities among different levels of government. There is no 'best' method for assigning expenditure responsibilities as design will be influenced by historical and political contextual factors. However, a commonly used principle is the 'subsidiarity principle' (see chapter on Designing and Strengthening Local Government) which states that government functions should be assigned to the lowest level of government that is capable of efficiently undertaking this function.

It is generally thought that functions best retained by central government are the provision of nation-wide services, for example defence, and initiatives aimed at income redistribution. Functions best allocated to local government include those with regional or local benefits e.g. hospitals, primary education, local roads, markets, water supply and sanitation.

In several developing countries contradicting or missing legislation has led to overlapping of responsibilities, which reduces service efficiency. Having clear, unambiguous expenditure assignment between central and local levels sets a vital foundation for other important aspects of fiscal decentralisation, such as revenue assignments and intergovernmental transfers.

**McLure, C. and Martinez-Vazquez, J., n.d. 'The Assignment of Revenues and Expenditures in Intergovernmental Fiscal Relations', World Bank Institute, Washington DC**

How should responsibility for expenditure be assigned among different levels of government? Which revenue sources should be assigned to subnational government? This paper from the World Bank Institute examines the principles and difficulties of expenditure and tax assignment. It argues that fiscal decentralisation requires a clear assignment of functional responsibilities among different levels of government, together with sufficient budgetary autonomy for subnational governments.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3382

## Local revenue administration

Local governments in developing countries often lack the capacity to efficiently collect and manage revenues. In addition, incomplete information on the tax base, poor compliance and weak enforcement mean that the level of local taxes collected is generally low. Local revenue administration in developing countries therefore needs support, including in the areas of information collection for assessment purposes, data inputting infrastructure and integrated financial management systems. Attention must also be paid to strengthening compliance via public information and public relations campaigns aimed at consensus building and creating incentives for paying taxes, not just punishments for non-compliance.

**Odd-Helge Fjeldstad, 2004, 'To Pay or Not to Pay? Citizens' Views on Taxation in Local Authorities in Tanzania', Working paper no. 8, Chr. Michelsen Institute, Norway**

Can tax compliance be established in poor countries without an extensive and costly enforcement apparatus? This research in Tanzania by the Chr. Michelsen Institute suggests that this question is important because governments, seeking power on the basis of popular consent, face restrictions in their use of coercion in tax collection. The study concludes that the challenge for local government taxation in Tanzania is to raise domestic revenues from consenting citizens.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1026

**Kelly, R. et al, 2001, 'Improving Revenue Mobilisation in Malawi: Study on Business Licensing and Property Rates,' Final report to the Government of Malawi, UNDP and UNCDF, Lilongwe, Malawi**

How can the Malawian Government develop a strategy to improve the ability of local assemblies to mobilise locally generated revenues such as property rates and business licences? This research from Duke University covers issues related to the tax base, valuation, classification, tax rates, assessment and billing, collection, enforcement and taxpayer service. It concludes that the revenue base information is incomplete, collections are low and enforcement is virtually non-existent. Policy needs to be fine-tuned. However, the primary obstacle to successful local revenue mobilisation is weak administration.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3322

## Local revenue sources

Local governments often struggle to collect adequate levels of revenue from local taxation. The most common forms of local taxation in developing countries are property tax and business or service taxes, which come in many different forms. Charges on

services such as water provision, markets and waste management are also important sources of local revenue.

The following resources offer practical advice on how to maximise local revenue collection and how to design appropriate and efficient taxation systems.

**Blore, I., Devas, N. and Slater, R., 2004, 'Enhancing Tax Revenues', Chapter 4 in** *Municipalities and Finance: A Sourcebook for Capacity Building,* **Earthscan, UK**
How can municipalities enhance tax revenues? What scope is there for propoor reform of local taxation? This chapter from *Municipalities and Finance: A Sourcebook for Capacity Building* uses case studies to address these questions by focusing on property tax and business or service taxes. It is advisable to concentrate on a few innovations at a time within a strategic plan. This requires: continuity in staff capacity; an appreciation of the best political sequencing of reforms; and an economic model that is acceptable to the taxpaying public. The best way of making municipal public finance pro-poor may be to ensure that local taxes do not impinge unnecessarily on the poor, while using tax revenues to extend access to essential services.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3378

**Blore, I., Devas, N. and Slater, R., 2004, 'Exploiting Charges', Chapter 5 in** *Municipalities and Finance: A Sourcebook for Capacity Building,* **Earthscan, UK**
How can local governments implement user charges for services that do not exclude or overburden the poor? This chapter from *Municipalities and Finance: A Sourcebook for Capacity Building* suggests that charging need not impact disproportionately on the poor. Charges can accommodate fluctuating incomes through billing criteria such as prepayment meters and phased payments. It may be helpful to view the poor as good repeat customers who have periodic problems of service purchase. Corruption should be addressed through processes such as organisational culture change which supports selfpolicing and peer pressure. Local government associations could request more liberal charge regulations and policies from central governments.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3379

**Bahl, R., Smoke, P. and Solomon, D., 2003, 'Overview of the Local Government Revenue System' in eds. Bahl, R. and Smoke, P.,** *Restructuring Local Government Finance in Developing Countries: Lessons from South Africa,* **Edward Elgar Publishing, UK**
How effective is the local government revenue system in South Africa? Research from Georgia State University finds that local governments have access to tax bases that are productive, and urban councils finance a significant share of their budgets from their own resources. However, rural councils lack resources and are more dependent on intergovernmental transfers. Reforms to existing sources of revenue and the

adoption of new ones should be based on decisions made about the assignment of powers and functions and about the government's goals for fiscal decentralisation. *Full summary available in alphabetical appendix or online at:* http://www.gsdrc.org/go/display&type=Document&id=3339

## Intergovernmental fiscal transfers

There is no simple, universal pattern for successful intergovernmental fiscal transfers (IFTs). Transfers are needed where it has been decided that a local government should be responsible for the provision of a service for which it does not have adequate fiscal capacity. 'Vertical fiscal imbalance' is the shortfall between the expenditure functions assigned to a local government and the revenue-raising authority given to them. This problem is amplified where there is a multi-tier structure of subnational government. 'Horizontal fiscal imbalance' arises from differences between the financial capacity of a local government and the demand for public services within their jurisdiction, for example a subnational government in a poor area will be able to raise less revenue from taxes and user charges but faces a similar, or possibly greater, requirement for service provision than a richer municipality. These financial gaps are filled by IFTs. Transfers can be used as a method of 'equalising', or making up for the disparity between the revenue raising abilities of wealthier regions in comparison to poorer ones. A good transfer system must be designed so that it is transparent, not prone to political manipulation, easily understandable, equitable, predictable and delivers resources in a timely manner.

Many local governments in developing countries are highly dependent on IFTs – although statistics vary, many receive more than 80 per cent of their finance in this way. Some researchers have criticised IFTs for undermining accountability relations between local government and their citizens and for causing service inefficiencies due to soft budget constraints. However, a lack of suitable local revenue sources, particularly in poorer, and rural areas, means dependence on transfers is essential. The design and implementation of transfers so that they provide the right incentives to local governments is therefore critical. A number of countries have adopted semi-independent local government finance commissions to advise on the design of IFTs.

**Bird, R. and Smart, M., 2001, 'Intergovernmental Fiscal Transfers: Some Lessons from International Experience: Lessons learned on Intergovernmental Fiscal Transfers', paper prepared for Symposium on Intergovernmental Transfers in Asian Countries: Issues and Practices, February, Tokyo**
What can be learned from international experience of intergovernmental fiscal transfers? Research from the University of Toronto suggests that the most critical aspect of intergovernmental transfers is their effect on policy objectives. The incentives that transfer systems create for central and local governments determine whether the results of transfers will be good or bad.

Those receiving transfers need a clear mandate, adequate resources and sufficient flexibility to make decisions. They must be held accountable for results. Transfers have to be properly designed to satisfy these conditions.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3309

**Sen, T.K. and Trebesch, C., 2004, 'The Use of Socio-Economic Criteria for Intergovernmental Transfers: The Case of India', Working Paper no. 10, National Institute of Public Finance and Policy (NIPFP), New Delhi**

How does the intergovernmental transfer system operate in India? How appropriate are the various socio-economic criteria? What features are desirable for the Indian transfer system? This paper by the National Institute of Public Finance and Policy, New Delhi, examines the transfer system in India from the perspective of the Finance Commission. It finds that an overarching consideration is that of incentives built into the system: the safest being one that bases transfers on variables completely outside the control of recipient governments.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1147

The following two donor reports are very in-depth studies of the theory and operational practice of IFTs, including case study material.

*   Eds. Boadway, R. and Shah, A., 2007, 'Intergovernmental Fiscal Transfers: Principles and Practice', Public Sector Governance and Accountability Series, World Bank, Washington D.C
    http://siteresources.worldbank.org/PSGLP/Resources/Intergovernmental FiscalTransfers.pdf

*   Eds. Smoke, P. and Kim, Y., n.d., 'Intergovernmental Fiscal Transfers in Asia: Current Practice and Challenges for the Future', Asian Development Bank
    http://www.adb.org/Documents/Books/Intergovernmental_Fiscal_Transfers/ default.asp

## Subnational borrowing

As decentralisation is advancing in many developing countries, the issue of local government borrowing is gaining importance. In a number of countries, subnational governments have growing opportunities to borrow from financial institutions or international donors. However, this is constrained by the limited sources of local revenue available to local governments to facilitate loan repayment. Inadequate regulation and control of subnational borrowing is also an issue of concern, and in some countries, most notably in Latin America, excessive borrowing by local government has been damaging to macroeconomic stability.

**Plekhanov, A. and Singh, R., 2007, 'How Should Subnational Government Borrowing Be Regulated? Some Cross-Country Empirical Evidence', IMF Staff Papers, vol. 53, no. 3, International Monetary Fund**

How effective are borrowing constraints on fiscal balances? This paper, published by the International Monetary Fund, analyses panel data in order to assess the most effective borrowing constraints for containing local fiscal deficits. It concludes that no single institutional arrangement is superior under all circumstances. Institutional characteristics, particularly the degree of vertical fiscal imbalance, the existence of any bailout precedent, and the quality of fiscal reporting will affect the suitability of certain arrangements.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3336


## Case studies

- Iversen, V. et al, 2006, 'Private Tax Collection – Remnant of the Past or a Way Forward? Evidence from Rural Uganda', *Public Administration and Development*, vol. 26 no. 4 September pp. 317–328:
  http://www.gsdrc.org/go/display&type=Document&id=2546

- Yemek, E., 2005, 'Understanding Fiscal Decentralisation in South Africa', Institute for Democracy in South Africa (IDASA), Pretoria
  http://www.gsdrc.org/go/display&type=Document&id=1496

- Majumdar, M. and Banerjee, I., 2004, 'Delegation to Devolution: West Bengal', MIDS Working Paper no. 185, Madras Insititute of Development Studies, Chennai
  http://www.gsdrc.org/go/display&type=Document&id=1239


## Other resources

- World Bank course on Fiscal Decentralization and Local Governments, held in New Delhi, December 2002:
  http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ SOUTHASIAEXT/EXTSAREGTOPPRISECDEV/EXTSAREGTOPDECEN TRALIZATION/0,,contentMDK:20259862~pagePK:34004173~piPK:340037 07~theSitePK:496900,00.html

# 4
# Participation and Accountability

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One of the key arguments in favour of decentralisation is that it can improve participation; as government is 'closer to the people' citizens are more likely, able and empowered to participate in political life and government is therefore held to better account. The resources below consider the impact of decentralisation on political participation and outline key mechanisms to improve participation and accountability at a local level. Several resources focus on the participation of groups who are often excluded from local political processes, in particular women.

## Decentralisation and participation

The document below explores the impact of decentralisation on popular participation.

**Manor, J., 2003, 'Local Governance', paper prepared for Swedish International Development Cooperation Agency**
When it works well, democratic decentralisation has many virtues. It almost always stimulates greater popular participation and civil society activity; it also increases transparency and uptake of government services and enhances accountability. Most crucially, strong decentralised systems can make government more responsive. However, it seldom works well, with successful examples being limited to Bolivia, the Philippines, a number of Indian states and a handful of other cases. Nonetheless, this report concludes that in most cases democratic decentralisation does bring improvement to LDCs to some extent.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=649

## Improving participation

There are various methods of promoting the participation of excluded groups in local governance. They fall under two broad categories:

1.  promoting the representation of excluded groups in local government, including in leadership positions, for example via these formal mechanisms:

- Party list quota system: political parties are bound to ensure that a percentage of their candidates are from minority or disadvantaged groups. This mechanism has rarely been used.

- Reserved seats for appointed representatives: a quota for appointed members of minorities or socially disadvantaged groups.

- This mechanism is used in several countries (e.g. Papua New Guinea). It has been criticised, however, for being ineffective in increasing the influence of excluded groups. This is because those appointed often end up being a 'mouthpiece' for those who selected them.

- Reserved seats for elected representatives: used as the basis for quotas in local government elections. This mechanism has also been adopted in several countries (e.g. India, Pakistan and Uganda).

2. promoting the participation of excluded groups in local meetings to discuss planning, budgeting and development projects. This includes activities throughout the project cycle, from planning to implementation to monitoring e.g. participatory budgeting.

These resources explore the design and implementation of these two broad approaches to participation in a development context.

**UNDP, 2008, 'Designing Inclusive and Accountable Local Democratic Institutions: A Practitioner's Guide', Regional Initiative – Local Democracy in Asia, UNDP, Thailand**

How can fair representation be promoted in societies that are deeply divided along ethnic, religious, caste and class bases? This study from the United Nations Development Programme looks at local democracy in Asia. It argues that evidence from the design of systems for representation and elections in divided societies suggests that an appropriately crafted framework can help nurture the accountability and commitment of political parties, while an inappropriate system can harm the process of democratisation. While focus is often on electoral systems, the choice between direct and indirect representation to higher tiers, the functioning of political parties and other elements usually have a stronger impact on the inclusiveness and accountability of the democratic institutions.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3320

**Gaventa, J., 2004, 'Strengthening Participatory Approaches to Local Governance: Learning the Lessons from Abroad', Logolink**
What mechanisms exist to enable citizens' participation in local government? What strategies could strengthen participatory governance? This paper from the National Civic Review surveys approaches to citizen engagement worldwide and examines the

institutional, legal and political elements necessary to promote participatory governance. It argues that greater citizen engagement can address issues of poverty, social justice and the democratic deficit, and stresses the importance of developing both the voice of citizens and the receptivity of governments.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1993

**Wong, S. and Guggenheim, S., n.d., 'Community-driven Development: Decentralisation's Accountability Challenge', The World Bank, Washington**

How have community-driven development (CDD) projects contributed to the effectiveness of decentralisation reforms? This paper from the World Bank surveys CDD programmes in Indonesia, Cambodia and the Philippines to assess how far this approach improves accountability, service delivery and regulatory frameworks in local government. It argues that CDD presents great opportunities for enhancing civic participation, state responsiveness and cost-effective service provision, although, as a new development approach, it requires further evaluation.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2000

**Logolink, 2004, 'Resources, Citizen Engagements and Democratic Local Governance: A Topic Guide', Prepared for the International Workshop on Resources, Citizen Engagements and Democratic Local Governance, Porto Alegre, Brazil, 5–9 December, 2004**

How can citizens become engaged in local budget policies? This guide from Logolink presents practical examples of local social activist engagement and suggests proposals for what can be done in the future. It argues that budgets are a political tool of government and have far-reaching consequences. They should be planned and implemented in ways that are inclusive, that facilitate political debate, transparency and meaningful participation, that ensure efficient implementation and allow governments to be accountable.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3361

## Women

Several studies note that local government is typically dominated by men, which is likely to lead to the marginalisation of women's concerns and priorities. While the mechanisms outlined above have increased the participation of excluded groups, much of the literature stresses that the participation of women and social disadvantaged groups is still weak. This is often because they lack information about meetings or development projects; lack understanding of planning and budgeting; and/or lack of confidence in speaking out. There is a need for capacity building and training workshops to allow excluded groups to properly participate in local governance meetings.

While efforts to increase the representation of women in office have proved beneficial in places, many obstacles remain that prevent them from either performing well in office, or from being recognised when they do perform well. Many of those elected enter office unprepared, without proper knowledge and skills. Often, women's subservient social position, lack of political experience and expertise and lack of public support undermines their ability to positively impact local government. Further, while representation of women has been effective in breaking taboos and increasing the acceptance of women in the public sphere, there are still persistent perceptions of women as weaker leaders, leading to disapproval regardless of outcomes.

**Beall, J., 2005, 'Decentralizing Government and Centralizing Gender in Southern Africa: Lessons from the South African Experience,' United Nations Research Institute for Social Development (UNRISD), Occasional Paper 8, Geneva**

Decentralisation is often thought of as an important way of increasing women's political participation. How well has this strategy worked in Southern Africa? This paper from the United Nations Research Institute for Social Development reviews the regional issues in Southern Africa through a study of five countries, especially focussing on South Africa. It argues that decentralisation holds real opportunities for women. However, the neo-liberal thrust of decentralisation policies and the tendency of local power holders to retain access to resources and decision-making has undermined women's advancement.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1667

**Johnson, D., Kabuchu, H. and Vusiya, S., 2003, 'Women in Ugandan Local Government: The Impact of Affirmative Action',** *Gender and Development,* **vol. 11, no. 3, pp. 8–18**
Since the mid-1990s, the Ugandan government has introduced legislation to ensure that women are represented on local councils. What has changed as a result of this affirmative action? This article for *Gender and Development* looks at both the positive and negative impact of women's presence in local government. It finds that although there is now greater acceptance of women community leaders, their influence over public decision making remains limited.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=913

**Duflo, E. and Topalova, T., 2004, 'Unappreciated Service: Performance, Perceptions, and Women Leaders in India', Poverty Action Lab, Boston**
How do women leaders of 'reserved' Indian village councils perform in office, and how is their performance perceived? This paper studies the impact on the performance of policy-makers of reserving randomly selected village council leadership positions for women and on voters' perceptions of this performance. Villages reserved

for women leaders have more public goods, and the measured quality of these goods is at least as high as in nonreserved villages. Moreover, villagers are less likely to pay bribes in villages reserved for women. Yet residents of villages headed by women are less satisfied with the public goods received.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3353

## Accountability

Improving participation and voice in policy-making is insufficient on its own – effective accountability mechanisms are also required to ensure that the voices of those who are encouraged to participate are not ultimately ignored. There are various types of local level accountability mechanisms. Democratic elections are the most obvious form of ensuring accountability as local government officials have to be responsive to local pressures or risk not getting re-elected. Other mechanisms vary and are context specific, for example participatory performance assessments, participatory budget expenditure tracking, report cards for service delivery and regular public meetings between representatives and their electorate.

**World Bank Institute, 2005, 'Stocktaking of Social Accountability Initiatives in the Asia and Pacific Region', the World Bank Institute Community Empowerment and Social Inclusion Learning Program (CESI), World Bank Institute, Washington DC**

What can be learned from social accountability initiatives in the Asia and Pacific region? This World Bank report summarises a review of such initiatives. It finds that social accountability tools are not confined to the public expenditure management cycle, and that initiatives that use advocacy and information strategies are more successful than those that do not. While governments sometimes take the lead in promoting accountability, different groups involved in social accountability mechanisms can link together in advocacy chains to hold the state accountable for pro-poor service delivery. Ultimately, government and civil society must collaborate.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3363

**Crawford, G., 2009, 'Making Democracy a Reality? The Politics of Decentralisation and the Limits to Local Democracy in Ghana',** *Journal of Contemporary African Studies,* **vol. 27, no. 1, pp. 57–83**

Has decentralisation enhanced local democracy in Ghana? This article from the *Journal of Contemporary Africa Studies* focuses on the relationship between decentralisation and local democracy through a case study of Ghana. Increased democracy through decentralisation has not occurred, and there are significant democratic deficits in decentralised government. These findings suggest that the key to enhanced

local democracy is the strengthening of downward accountability mechanisms, although such reforms will not be easily achieved.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3288

## Case studies

- Narayana, D., 2005, 'Institutional Change and Its Impact on the Poor and Excluded: The Indian Decentralisation Experience', OECD Development Centre, Working Paper no. 242, OECD, Paris
  http://www.oecd.org/dataoecd/16/13/34359085.pdf

- Devas, N. 2002, 'Local Government Decision-making: Citizen Participation Local Accountability, Examples of Good (and Bad) Practice in Kenya', Building Municipal Accountability Series, International Development Department, University of Birmingham, Birmingham:
  http://www.gsdrc.org/go/display&type=Document&id=229

- Blair, H., 2000, 'Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries', *World Development*, vol. 28, no. 1, pp. 21–39.
  http://www.gsdrc.org/go/display&type=Document&id=637

- Work, R., 'The Role of Participation and Partnership in Decentralised Governance: A Brief Synthesis of Policy Lessons and Recommendations of Nine Country Case Studies on Service Delivery for the Poor', UNDP, New York.
  http://www.undp.org/governance/docs/DLGUD_Pub_participationandpart-nershippdf.pdf

## Other resources

- Haider, H., 2008, 'Participation of Excluded Groups in Local Governance', GSDRC Helpdesk Research Report, Governance and Social Development Resource Centre (GSDRC):
  http://www.gsdrc.org/go/display&type=Helpdesk&id=468

- GSDRC Topic Guide on Voice and Accountability:
  http://www.gsdrc.org/go/topic-guides/voice-and-accountability

- Logolink: Learning Initiative on Citizen Participation and Local Governance
  http://www2.ids.ac.uk/logolink/index.htm

- The International Budget Partnership: http://www.internationalbudget.org/
  This website contains material on budgeting and accountability and subnational levels and on participatory budgeting.

# 5
# Monitoring and Evaluation

Building strong monitoring and evaluation (M&E) mechanisms within the context of decentralisation and local government is critical for ensuring accountability, efficiency and effectiveness. Donors, researchers and development practitioners are increasingly focusing on the development of tools that can be used at a local level to strengthen M&E capacity. The creation of participatory M&E tools is key to engage local citizens in M&E, thereby improving local accountability processes. The resources below include tools, operational guidance and case studies.

## M&E at the local level

There are various challenges for successful M&E processes within local government. Firstly, M&E systems need to be developed that actually promote change and learning at the level of operation, rather than just being exercises for the benefit of higher levels of government or for the sponsoring institution. This requires systems for feeding back M&E findings to local level officials and ensuring that suggested changes are subsequently made. Secondly, M&E capacity at a local level needs to be strategically built. That includes measures to stimulate interest in M&E, improvement of statistical literacy across staff and the development of procedures for information collection and dissemination.

**Loquai, C. and Le Bay, S., 2007, 'Building Capacities for Monitoring and Evaluating Decentralisation and Local Governance: Experiences, Challenges, Perspectives', In Brief no. 19, European Centre for Development Policy Management (ECDPM)**

How can donors and developing countries track the progress of decentralisation while making development more participatory and relevant to local populations? This brief from the European Centre for Development Policy Management suggests that greater efforts be made to build local capacities for monitoring and evaluating decentralisation and local governance. It argues that involving local actors in monitoring and evaluation will both facilitate the decentralisation process and improve the performance and legitimacy of local governments.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3289

**Maina, B., 2005, 'Monitoring and Evaluation of Support to Decentralisation and Local Governance: Kenya Case Study', European Centre for Development Policy (ECDPM), Management Discussion Paper No. 61, Maastricht**

Support to democratic decentralisation and local governance has become an important area for European development co-operation. Why is assessing the impact of support to decentralisation still a considerable operational challenge for aid managers and their partners? This paper from the European Centre for Development Policy Management explores the ways to improve monitoring and evaluation (M&E) in relation to decentralisation in Kenya. It concludes there is a need for an unambiguous policy framework and for learning by doing.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1472

## M&E tools and operational guidance

Several of the resources below identify participatory tools and approaches for M&E.

**Hilhorst, T. and Guijt, I., 2006, 'Participatory Monitoring and Evaluation – A Process to Support Governance: A Guidance Paper', report to the World Bank, Royal Tropical Institute (KIT), Amsterdam**
Strengthening meaningful participation and empowerment of citizens and improving the quality of governance at the local level are essential for effective poverty reduction. This Royal Tropical Institute (KIT) guidance paper explores how a Participatory Monitoring and Evaluation (PM&E) process can enhance participation, empowerment and governance in World Banksupported projects and programmes. PM&E is not constructed as an instrument for 'control' but focuses on improving the quality and direction of joint development initiatives and local governance.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3306

**UNCDF, 2005, 'Participatory Monitoring & Evaluation at District and Local Level: Mechanisms, Evidences and Practices (MEP),' April, 2005, Consolidated review of case studies, best practices and regional experiences launched on GovNet, PovNet, Evalnet and Net, UNCDF**
This United Nations Capital Development Fund working paper examines participatory monitoring and evaluation practices at district and local level in Mozambique. Its aim is to test the usefulness of a selected set of qualitative and quantitative indicators in providing insights into local level poverty processes. It finds that such indicators, when collectively designed and appropriately combined, can provide policy-relevant information on wideranging issues covering the dynamics of poverty and associated processes at the local level.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3362

**Hutchinson, P. and LaFond, A., 2004, 'Monitoring and Evaluation of Decentralization Reforms in Developing Country Health Sectors', Partners for Health Reform plus, Abt Associates Inc., Bethesda M.D., US**

Monitoring and evaluation of decentralised health sectors in developing countries are hampered by lack of good data and research design, and by the scope of reform. This paper, published by Abt Associates, presents a conceptual framework for health sector monitoring and evaluation, and identifies key indicators with which to measure decentralisation results. More comprehensive reviews of country decentralisation programmes in the health sector would be enhanced by developing new indicators and improving research designs and data collection.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3303

## Case studies

• Dery, B. and Dorway, A., 2007, 'Ghana: District-based Poverty Profiling, Mapping and Pro-Poor Planning as a Monitoring and Evaluation Tool', Bamako: MATCL, REDL, SNV, ECDPM:
http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/1197C9B5FE648029C1257551005525F9/$FILE/SNVGhana%20Poverty.pdf

## Other resources

• The European Centre for Development Policy Management ran a research project from 2005–07 on 'M&E Support to Decentralisation and Local Governance'. Project information, reports, case studies and other publications are available at: http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/7732def81dddfa7ac1256c240034fe65/c47067a3cd17610ec125710900432c53?OpenDocument

• GSDRC Gateway Guide on M&E http://www.gsdrc.org/go/gatewayguides/monitoring-and-evaluation

• McLoughlin, 2008, 'Community Monitoring of Service Delivery', GSDRC Helpdesk Research Report, GSDRC:
http://www.gsdrc.org/docs/open/HD508.pdf

# 6
# Decentralisation and Development

Decentralisation is generally pursued because of the positive impacts proponents argue that it can make on local and national development, including poverty reduction and the achievement of the MDGs, rather as a goal in itself. These include:

- Improved allocative efficiency because local government is thought to be more sensitive to local priorities than a geographically distance central government

- Greater responsiveness to citizens

- Increased revenue collection via local taxes and charges

- Stronger accountability

Recent research has questioned these assumptions, using empirical research to show that there is often a vast gap between the expected and the realised benefits of decentralisation. A review of the literature in this area shows that decentralisation has had a mixed effect on development. The potential benefits listed above are often not realised because of the following risks to decentralisation:

- Elite capture

- Loss of revenue through non-compliance and insufficient transfers from central government

- Corruption

- Weak administrative and management systems

- Low level of citizen participation

- Inadequately trained staff creating low capacity

The resources below explore how the context and design of decentralisation can mitigate against these risks and maximise the potential benefits of decentralisation.

## Decentralisation and poverty reduction

With the vast majority of developing countries currently engaged in some form of decentralisation, it is important to ascertain the impact of reforms on poverty alleviation.

Whilst decentralisation does not directly impact on poverty, it can have indirect impacts via service delivery, citizen participation and economic development. However, the following resources show that decentralisation has not yet had a clear positive impact on poverty reduction in many countries. To reduce poverty, decentralisation must be carried out in an environment characterised by the following:

• Strong political commitment by elites and central government to poverty alleviation

• Adequate resourcing of local government, both with human and financial resources

• Strong administrative and managerial systems and capacity

**Jutting, J., Corsi, E. and Stockmayer, A., 2005, 'Decentralisation and Poverty Reduction', Policy Insights no. 5, OECD Development Centre, OECD**
What are the key determinants of pro-poor decentralisation? This briefing note from the OECD's Development Centre discusses theoretical and actual links between decentralisation and poverty and highlights lessons for donors. The implementation of a coherent decentralisation strategy, along with indicators to monitor progress, is a promising tool to improve capacities and institutional quality at the local level. However, the link between decentralisation and poverty reduction is not straightforward and outcomes are significantly influenced by country specificities and process design. Donors should improve policy coherence and co-ordination and be more aware of the political economy of decentralisation as a change process.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3364

**Scott, Z., 2009, 'Decentralisation, Local Development and Social Cohesion: An Analytical Review', GSDRC report to the European Commission, Governance and Social Development Resource Centre, University of Birmingham, UK**
There is a vast difference between the purported benefits of decentralisation and its actual effects on service delivery, economic development and social cohesion. This analytical review, published by the Governance and Social Development Resource Centre, discusses the nature, extent and impact of decentralisation in developing countries. Decentralisation cannot be considered the solution to all local service delivery and economic development issues, and should not necessarily be standard policy in all development contexts.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3381

**Vedeld, T., 2003, 'Democratic Decentralisation and Poverty Reduction: Exploring the Linkages', Forum for Development Studies, No. 2, Norwegian Institute for International Affairs (NUPI) and Norwegian Association for Development Research, Oslo**

What are the links between democratic decentralisation and poverty reduction? This paper from the Norwegian Institute of International Affairs (NUPI) finds little connection between democratic decentralisation and poverty reduction in the short-term. It is only under certain conditions – for example when extended participation or accountability mechanisms are adopted – that decentralisation will work to respond to local demand and reduce poverty. Social formation and political culture strongly mediate relationships between political agencies and determine outcomes.

*Full summary available in alphabetical appendix or online at:*

http://www.gsdrc.org/go/display&type=Document&id=3372

## Elite Capture

Much of the recent literature on decentralisation emphasises the danger of elite capture. This occurs when political elites (powerful, wealthy groups who dominate local political life) are able to take advantage of new opportunities to enhance their existing power and wealth. Decentralisation reforms can be undermined in this way, and so result in benefits for the few rather than developmental outcomes for the majority.

Without mechanisms to curb elite capture, decentralisation can have a negative impact on equity and, by extension, poverty reduction. Resources on this topic emphasise the importance of ongoing political economy analysis to help design reforms appropriately and ensure effective implementation. Strong accountability mechanisms are also critical, alongside the development of participatory political structures, civic education and public information campaigns.

**Cammack, D., 2006, 'Neopatrimonial Politics, Decentralisation and Local Government: Uganda and Malawi', Overseas Development Institute, London**

What is the impact of domestic politics on democratic decentralisation in 'hybrid' African states? This paper from the Overseas Development Institute (ODI) argues that the unique political logic that governs policy-making in these states distorts the implementation of these reforms, resulting in outcomes detrimental to development and governance objectives. It concludes that donors must improve their tools for analysing and understanding the structural features of countries prior to intervening and, in some cases, must embrace reforms that are generally effective, if not universally equitable.

*Full summary available in alphabetical appendix or online at:*

http://www.gsdrc.org/go/display&type=Document&id=3337

**Krishna, A., 2003, 'Do Poor People Benefit Less from Decentralisation?', Paper presented at the 2003 American Political Science Association, Philadelphia, August 27–31, 2003**

What safeguards can help facilitate more equitable and participatory decentralisation? This study from Duke University examines the village councils in two states of northern India and finds that participation and influence within the councils do not depend on wealth and social status. However, education and information empower traditionally excluded groups to participate more often and effectively in the processes and benefits of local government. Policies that enable people to educate themselves, particularly about their rights and processes of local governments, should precede or accompany decentralisation.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3340

**Ndegwa, S. and Levy, B., 2003, 'The Politics of Decentralization in Africa: A Comparative Analysis', World Bank, Washington D.C.**

How does politics affect the implementation of decentralisation processes? This paper from the World Bank examines evidence from several African case studies and finds that decentralisation is essentially a political process in which many actors influence the path of reforms. It concludes that reforms must pursue a politically-sensitive approach in which coalition-building and accountability mechanisms feature as prominently as technical analyses and interventions.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3299


## Climate change and decentralisation

The field of development studies in increasingly focusing attention on environmental issues and the impact that they can have on development. Of particular concern is the negative impact of climate change on the lives of the poor in developing countries. Local government has a critical role to play in developing climate change mitigation and adaptation strategies that are relevant to the local context and are therefore more likely to result in sustained behavioural change at both an individual and community level. Developing countries are at the greatest risk from climate change related disasters, including flooding, landslides and heatwaves. However, LGs in developing countries often suffer severe capacity constraints which impacts upon their ability to plan, implement and manage risk mitigation strategies. The resources below emphasise the need for LGs to act decisively and mainstream mitigation and adaptation strategies across all LG functions.

**Deri, A. and Alam, M., 2008, 'Local Governments and Climate Change',
Discussion paper, Commonwealth Secretariat, London**
How can local governments address climate change and its effects? This discussion
paper from the Commonwealth Secretariat suggests that local governments can play
an important role in mitigating the causes of climate change and adapting to pre-
dicted challenges through local level policy and citizen engagement. Financial and
other capacity development mechanisms need to be diversified to support local gov-
ernments in this role.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3307

**Satterthwaite, D., 2008, 'Climate Change and Urbanization: Effects and
Implications for Urban Governance', United Nations Expert Group Meeting on
Population Distribution, Urbanization, Internal Migration and Development,
UNDESA, New York**
How can municipal governments in low- and middle-income nations to prepare for
and adapt to the increasing risks posed by climate change? This paper, published by
the United Nations Department of Economic and Social Affairs, indicates that most
adaptation to the likely climate change-related dangers over the next few decades fits
well within a local development agenda. There needs to be a significant increase in
development funding to help local governments adapt to climate change challenges.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3375

## Case studies

- Johnson, C. et al., 2007, 'Does Devolution Deliver? Institutional and Political
  Dimensions of Self-help Programmes in India', IDS Bulletin vol. 38, no. 1,
  Institute of Development Studies, Sussex, UK.

- Okidi, J. and Guloba, M., n.d., 'Decentralization and Development: Emerging
  Issues from Uganda's Experience', Economic Policy Research Centre, Kampala,
  Uganda:
  http://www.gsdrc.org/go/display&type=Document&id=2912

# 7
# Local Service Delivery

Theorists argue that decentralisation can bring benefits for service delivery via improved decision making and allocative efficiency (as local government are more sensitive to local priorities), increased revenue collection (as local government will be able to collect new local taxes and improve the collection of user charges) and generally improved administrative efficiency. However, recent studies show that these expected benefits have not always been realised and that elite capture, weak administrative capacity, poor participation, inadequate accountability mechanisms and low levels of revenue collection, coupled with under-financing from central government, have all meant that significant gains in service provision have not yet been seen. Given that service delivery is a primary vehicle for local development, the importance of improvements in developing countries cannot be underestimated.

## Impact of decentralisation on service delivery

These resources demonstrate the mixed impact that decentralisation has had on local service delivery.

**Ahmad, J. and Devarajan. S, 2005, 'Decentralization and Service Delivery', Policy Research Working Paper no. 3603, World Bank, Washington D.C.**

Dissatisfied with the systematic failure of centralised approaches to delivering local public services, a large number of countries are decentralising responsibility for these services to lower-level, locally elected governments. What problems have been encountered with decentralising service delivery and how can these challenges be overcome? This paper provides a framework that explains both why decentralisation can generate substantial improvements in service delivery and why it often falls short of this promise.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1428

**Fjeldstad, O-H., et al., 2006, 'Local Government Reform in Tanzania 2002–2005: Summary of Research Findings on Governance, Finance and Service Delivery', Research on Poverty Alleviation (REPOA) Brief 6, October, REPOA**
What impact has Tanzania's Local Government Reform Programme (LGRP) had on governance, finance and service delivery? Have public services been improved? This briefing by Research on Poverty Alleviation (REPOA) summarises research on the

programmes' progress in six local councils. Despite developments in decision-making processes, accounting and service delivery, it is clear that devolution takes a long time to achieve and that sustainable change will require continued effort, commitment and leadership.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2612

**Conyers, D., 2007, 'Decentralisation and Service Delivery: Lessons from Sub-Saharan Africa', IDS Bulletin vol. 38, no. 1, Institute of Development Studies, Sussex, UK**
To what extent does decentralisation improve the quality of public service delivery? This article published by the Institute of Development Studies explores the evidence on the impact of decentralisation on service delivery in sub-Saharan Africa and offers some general lessons. It finds that decentralisation has not yet had a significant positive impact on the quality of public services in the region. However, this is due primarily to the wider policy environment rather than to the ineffectiveness of decentralisation per se.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2731

**Robinson, M., 2007, 'Does Decentralisation Improve Equity and Efficiency in Public Service Delivery Provision?', IDS Bulletin vol. 38, no. 1, Institute of Development Studies, Sussex, UK**
To what extent does decentralisation produce improvements in service delivery for the poor? This paper from the Institute of Development Studies argues that political and institutional decentralisation do not currently contribute to increases in either equity or efficiency. However, a poor record on service delivery so far does not rule out scope for improvement. The challenge for proponents of democratic decentralisation is to specify methods by which equity and efficiency can be achieved under decentralised forms of service delivery.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2782

## Decentralisation and education

The following resources are sectoral studies, which give operational guidance on designing, implementing and evaluating education reform.

**UNESCO, 2007, 'Educational Governance at Local Levels', Policy Paper, Division for the Promosion of Basic Education, United Nations Educational, Scientific and Cultural Organisation (UNESCO), Paris, pp. 7–37**
Can decentralisation improve education and its governance? This United Nations Educational Scientific and Cultural Organisation (UNESCO) booklet provides a

Policy Paper on implementing educational decentralisation, followed by Evaluation Guidelines to evaluate progress at country level. It finds that if decentralisation is to succeed, then it must be planned and funded at all levels and its stakeholders trained at all levels. Equally it must adhere to the fundamental principles of human rights: participation, non-discrimination, transparency and accountability.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2948

**Gershberg, A. and Winkler, D., 2004, 'Education Decentralization in Africa: A Review of Recent Policy and Practice' in Levy, B. and Kpundeh, S. eds. *Building State Capacity in Africa: New Approaches, Emerging Lessons,* World Bank Institute, Washington DC**
What has been the African experience of education decentralisation? What lessons can be learned from the African experience in the wider context of international experience? This research, by the World Bank Institute, looks at that devolution of educational finance to subnational governments. It examines the vitally important role of the community school. Finally, based on lessons learned in the international arena it gives recommendations on how best to make the transition from the centralised to the decentralised delivery of education.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1503

**McCarten, W. and Vyasulu, V., 2004, 'Democratic Decentralisation and Poverty Reduction in Madhya Pradesh: Searching for an Institutional Equilibrium', *Development in Practice,* vol. 14, issue 6, pp. 733–740**
Can successful decentralisation outcomes occur in an environment characterised by highly unequal wealth distribution, semi-feudal social structures and low literacy? This article from *Development in Practice* reviews decentralisation in Madhya Pradesh (MP), an Indian state that emerged as an institutional design leader in the 1990s. While the first phase of MP decentralisation led to new institutions, changed political structures and improved governance, initial successes are no guarantee that future institutional adaptation will be successful.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3352

## Decentralisation and health

The resources below specifically focus on decentralisation of health services. Particular challenges in this sector include ensuring integration of health referral systems, managing 'moonlighting' (where health service staff undertake lucrative private work at the expense of their availability for public sector work), the need for strong regulation and supervisory systems to build public trust in health provision and creating participatory health programmes.

**Lopez Levers, L., et al., 2007, 'A Literature Review of District Health Systems in East and Southern Africa: Facilitators and Barriers to Participation in Health', Duquesne University, Counselling for Health International (CHI) Trust and Pennsylvania State University for the Regional Network for Equity in Health in East and Southern Africa (EQUINET), EQUINET Discussion Paper no. 40, Harare**

What are the facilitators and barriers to community participation in district health systems (DHSs) in sub-Saharan Africa? This literature review by the Regional Network for Equity in Health in East and Southern Africa (EQUINET) explores evidence on community voice, roles and participation at district level. The analysis is based on case studies in six countries: Botswana, Lesotho, Namibia, Rwanda, Swaziland and Tanzania.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2624

**Golooba-Mutebi, F., 2005, 'When Popular Participation Won't Improve Service Provision: Primary Health Care in Uganda', *Development Policy Review*, vol. 23, issue 2, pp. 165–184**

Community participation in decision-making is seen as vital for promoting service delivery and ensuring accountability for social provision. Can devolution and participation succeed, however, where weak state structures are unable to provide an adequate regulatory capacity? This paper, compiled for *Development Policy Review*, examines Uganda's early experience of establishing new health care structures. It highlights various obstacles to sustainable reform and details the conditions required for improved service delivery through increased participation over the long term.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=1411

## Decentralisation, water and sanitation

Effective decentralisation of water and sanitation services involves addressing issues such as how to devolve greater powers to water users and their local representatives, how to increase greater participation in water management and how to build transparent and accountable mechanisms for resource allocations. Resources on this topic emphasise the importance of the local context, timing, sequencing, adequate financing and the devolution of responsibilities in reality, not just in rhetoric. An issue of concern is how to manage the competition for water resources between domestic users and businesses. In poor areas there is a particular need to protect against the dominance of large-scale commercial farmers who are better able to articulate their needs, due to greater technical knowledge and fewer resource constraints in attending meetings.

**UN-HABITAT, 2003, 'Changing Perspectives and Roles in Urban Water and Sanitation Provision: Privatization and Beyond', in *Water and Sanitation in the World's Cities: Local Action for Global Goals*, UN-HABITAT, United Nations Human Settlement Programme, Nairobi, pp. 158–189**

How can problems of water and sanitation provision best be resolved? Despite the localised and site-specific nature of many water and sanitation problems, the need for reform in the water and sanitation sector has fostered a search for generic prescriptions. This study from the United Nations Human Settlements Programme (UN-HABITAT) concludes that increasing private sector participation, at least as it has been promoted in recent years, is not going to resolve the problems of inadequate water and sanitation provision found in most urban centres in Asia, Africa and Latin America.

*Full summary available in alphabetical appendix or online at:*

http://www.gsdrc.org/go/display&type=Document&id=915

**Galvin, M. and Habib, A., 2003, 'The Politics of Decentralisation and Donor Funding in South Africa's Rural Water Sector', *Journal of Southern African Studies*, vol. 29, no. 4**

How have donors affected the implementation of decentralisation policies in South Africa? What impact, if any, have they had on the form of decentralisation implemented? This article from the *Journal of Southern African Studies* examines how donors have supported decentralisation in the rural water sector in South Africa. Differentiating between community-oriented and state-centric forms of decentralisation, it finds that while donors claim to support community-oriented decentralisation, in practice they promote statecentric decentralisation.

*Full summary available in alphabetical appendix or online at:*

http://www.gsdrc.org/go/display&type=Document&id=3310

**Mtisi, S. and Nicol, A., 'Representation and Participation in Decentralised Water Management', 29th WEDC International Conference, Abuja, Nigeria**

This short paper from the 29th WEDC conference in Abuja argues that the presence of decentralised water institutions does not necessarily mean greater representation and participation of all stakeholders in water management. Using evidence from Zimbabwe, they argue that participation is limited to those who are wealthy enough to travel to meetings, can communicate effectively and have the technical knowledge to articulate their views effectively. This leads to a bias towards large commercial farmers as opposed to small rural farmers and other domestic water users.

*Full text available at:*

http://docs.google.com/gview?a=v&q=cache%3ADXbQXvjf9qUJ%3Awedc.lboro.ac.uk%2Fconferences%2Fpdfs%2F29%2FMtisi.pdf+%E2%80%A2+Mtisi%2C+S.+and+Nicol%2C+A.%2C+%E2%80%98Representation+and+Participation+in+Decentralised+Water+Management&hl=en&pli=1

## Case studies

- Khan Mohmand, S. and Cheema, A., 2007, 'Accountability Failures and the Decentralisation of Service Delivery in Pakistan', *IDS Bulletin* vol. 38, no. 1, Institute of Development:
  http://www.gsdrc.org/go/display&type=Document&id=2725&source=rss

- Massoud, O., 2009, 'Urban Governance and Service Delivery in Nigeria', *Development in Practice*, vol. 19, no. 1, pp. 72–78.
  http://www.ingentaconnect.com/content/routledg/cdip/2009/00000019/00000001/art00008

# 8
# Decentralisation, Conflict and Fragile Contexts

The study of local government and decentralisation in conflict or fragile situations is a new, relatively small area of research. Much of the general conflict literature focuses on governance at a central level, although a small body of literature is now emerging that considers local level dynamics. Most of this research focuses on the question of whether and how decentralisation and local government impact on conflict or state fragility, primarily addressing the question of whether decentralisation exacerbates or mitigates conflict. Very little has been published that offers practical advice or technical approaches to local government in conflict/fragile environments. Most authors recommend a cautious approach, and some express concern that decentralisation in conflict, fragile or ethnically divided societies may risk intensifying conflict if it is not designed an appropriate way.

## Links between decentralisation and conflict

The resources below all tackle the question of whether decentralisation is good, or bad, for conflict. Most authors on this topic agree that decentralisation and local government can have positive or negative effects on conflict dynamics, depending on the institutional design, socio-political context and the nature of the conflict.

**Siegle, J. and O'Mahoney, P., 2007, 'Assessing the Merits of Decentralization as a Conflict Mitigation Strategy', report to USAID, Development Alternatives, US**

Does decentralisation contribute to social and political stability or does it accentuate ethnic, political and geographic divisions? What types of decentralisation increase and decrease the likelihood of conflict and under what conditions is decentralisation most likely to be successful? This paper from the US Agency for International Development (USAID) presents crossnational analysis and case studies from Colombia, Ghana, the Philippines and Uganda to examine the relationship between decentralisation and intra-state conflict.
*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2646

**Schou, A. and Haug, M., 2005, 'Decentralisation in Conflict and Post-Conflict Situations', Working Paper no. 139, NIBR**

Is decentralisation an effective conflict management tool for both unitary and federal states? This article from the Norwegian Institute for Urban and Regional Research (NIBR) reviews the existing academic literature on decentralisation. It offers recommendations for filling current gaps in the research and identifies mechanisms through which decentralisation can both mitigate and exacerbate conflict. No consistent evidence has shown the benefits of decentralisation in the context of conflict. Experience varies widely between unitary and federal states. Donors and governments need to conduct a variety of new studies in order to examine specific models of decentralisation.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=2773

**Tranchant, J-P., 2007, 'Decentralisation and Ethnic Conflict: The Role of Empowerment', Munich Personal RePEc Archive, Munich**

What effect does decentralisation have on the likelihood and intensity of ethnic conflict? What impact do conditional factors such as the regional concentration of groups have on the relationship between decentralisation and ethnic conflict? This paper from Munich Personal RePEc Archive analyses the effects of decentralisation on ethnic conflict, using a simple model of decentralisation as an empowerment mechanism. It finds that decentralisation reduces ethnic conflict when groups are spatially concentrated and/or have a local majority.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3308

## Policy guidance

Whilst the nature of the exact impact of decentralisation on conflict and state fragility remains unknown, it is clear that local government has a role to play in local level conflict dynamics. The following resources consider how decentralisation reforms can be implemented and local government capacity developed in a way that does not exacerbate conflict. The literature emphasises the importance of having a slow, non-ambitious and carefully sequenced approach that takes account of informal non-state authorities and the local socio-political context. Issues of timing, institutional support and design, and centre-local relations are also covered.

**Jackson, P. and Scott, Z., 2007, 'Local Government in Post-Conflict Environments', report to UNDP, University of Birmingham, UK**

What role does local government (LG) play in post-conflict reconstruction? What are the key issues for LG in post-conflict contexts? This paper, published by the United Nations Development Programme, argues that further research is required on the

role of LG in conflict prevention, particularly on the contextual factors that enable LG to mitigate conflict. Donors should recognise the significance of LG and undertake political economy analysis to ensure that they engage with LG appropriately.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3287

**Kyed, H. M. and Engberg-Pedersen, L., 2008, 'Local Governance in Fragile States', DIIS Policy Brief, Danish Institute of International Studies, Copenhagen**
Comprehensive local government reform is unrealistic in fragile states. This paper, published by the Danish Institute for International Studies, recommends using local service delivery as a point of departure for local governance reform. Strengthening local service delivery will slowly build sound local governance practices that can plant the seeds for more comprehensive democratic decentralisation in the future. Ignoring informal non-state authorities can considerably undermine any effort to reform local governance, whereas exclusive reliance on non-state authorities in service delivery can undermine efforts to strengthen state capacity and legitimacy in local arenas.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3374

**Brinkerhoff, D., 2008, 'Good Enough Governance in Fragile States: the Role of Center-Periphery Relations and Local Government', Paper presented at the 4th International Specialised Conference on 'International Aid and Public Administration', International Institute of Administrative Sciences, Ankara, Turkey, June 23–27, 2008**
How can fragile and post-conflict states stabilise themselves and transition toward socio-economic recovery? This paper was presented at the 2008 International Specialised Conference on 'International Aid and Public Administration'. It argues that developing countries and donors should eschew ambitious idealised visions of good governance in favour of pragmatic approaches aimed at achieving 'good enough governance'. Drawing on evidence from stabilisation efforts in Iraq, it concludes that implementing this new strategy requires looking beyond the centre to the critical role of subnational levels of government in post-conflict reconstruction.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3366

**GTZ, 2006, 'Decentralization and Conflicts: A Guideline', Division 42, Governance and Democracy, GTZ, Germany**
While decentralisation is often seen as an instrument for conflict transformation, little attention has been paid to whether and when it can mitigate or exacerbate conflict. This paper from the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) examines the connections between decentralisation and violent conflicts and consequent implications for decentralisation policy-making and implementation. To avoid unintentional escalation of conflict, development co-operation should

pay greater attention to decentralisation/conflict interactions and strengthen the involvement of central government and civil society.

*Full summary available in alphabetical appendix or online at:*
http://www.gsdrc.org/go/display&type=Document&id=3373

## Case studies

- Diprose, R. and Ukiwo, U., 2008, 'Decentralisation and Conflict Management in Indonesia and Nigeria', CRISE Working Paper no. 49, Centre for Research on Inequality, Human Security and Ethnicity (CRISE), Queen Elizabeth House, Oxford University.
  http://www.gsdrc.org/go/display&type=Document&id=2995

- Green, E., 2008, 'Decentralisation and Conflict in Uganda', *Conflict, Security and Development*, vol. 8, no. 4, pp. 427–450.
  http://eprints.lse.ac.uk/21927/

- Jackson, P., 2005, 'Chiefs, Money and Politicians: Rebuilding Local Government in Post-War Sierra Leone', *Public Administration and Development*, vol. 25, pp. 49–58.
  http://www.gsdrc.org/go/display&type=Document&id=1208

## Other resources

- McLoughlin, C., 2008, 'Decentralisation and Assistance to Sub-national Governments in Fragile Environments', GSDRC Helpdesk Research Report to DFID, University of Birmingham, UK:
  http://www.gsdrc.org/go/display&type=Helpdesk&id=471

- UNDP held a workshop on 'Local Government in Post-Conflict Situations' in Oslo in November 2007. All the workshop papers and presentations are available online:
  http://www.undp.org/oslocentre/overview/workshop_nov07.html

# 9
# Relevant Organisations and Resources

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## Commonwealth Secretariat: Governance and Institutional Development Division

www.thecommonwealth.org/governance

The Commonwealth Secretariat executes plans agreed by Commonwealth Heads of Government through technical assistance, advice and policy development. The Governance and Institutional Development Division (GIDD) has responsibility for the Commonwealth Secretariat's mandate on public sector development. GIDD's work covers the full spectrum of public policy, management, and administration, as well as issues relating to civil society and private sector institutions with public responsibilities. GIDD's in-house advisers provide strategic advice and technical assistance in capacity building and institutional development towards poverty alleviation and sustainable development to meet the specific needs of Commonwealth developing countries.

*For Commonwealth Secretariat local government publications please visit:*
http://publications.thecommonwealth.org/

### United Nations Capital Development Fund (UNCDF) Local Development

http://www.uncdf.org/english/local_development/index.php

This website presents the UNCDF's approach to decentralisation and local development through institutional reform, policy change and capacity building. It includes a substantial collection of policy papers, country project papers, thematic papers and technical reports.

### United Nations Development Programme (UNDP) Democratic Governance Group: Decentralization, Local Governance and Urban/Rural Development

http://www.undp.org/governance/sl-dlgud.htm

This sub-section of UNDP's Democratic Governance programme aims to support donors to help build national ownership, national capacities and an enabling policy environment for effective decentralisation, local governance and urban/rural development. It contains a selection of UNDP guidance notes, toolkits and other publications.

**United Nations Development Programme (UNDP) – Decentralization and Local Governance in Asia and the Pacific**

http://regionalcentrebangkok.undp.or.th/practices/governance/decentralization/

The UNDP Regional Centre in Bangkok supports country offices in decentralisation and local governance programmes. In particular, it focuses on three areas:

- Strengthening local democratic governance

- Achieving the MDGs at the local level

- Decentralised governance in conflict and post-crisis situations

**World Bank: Decentralization and Subnational Regional Economics**

http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXT
PUBLICSECTORANDGOVERNANCE/EXTDSRE/0,,menuPK:390249~page
PK:149018~piPK:149093~theSitePK:390243,00.html

This World Bank thematic group provides a broad overview of the key themes relating to decentralisation and subnational economics with an emphasis on fiscal and administrative decentralisation. Their website includes guidance tools, seminar material and country level data on decentralisation.

**EuropeAid**

http://ec.europa.eu/europeaid/what/governance-democracy/public
administration/index_en.htm

The EU provides assistance to support decentralisation and local economic development. It also supports reform by increasing the quality and supply of social services at local level (i.e. through the construction of schools, medical centres, etc.). The Commission also backs efforts to enhance the accountability of local governments and promote dialogue and partnership with civil society, community-based organisations and the private sector. From 2004 to 2006, the EC invested €831 million in programmes promoting public administration reform and decentralisation in more than 40 countries.

**Commonwealth Local Government Forum (CLGF)**

http://www.clgf.org.uk/

CLGF works to promote and strengthen effective democratic local government throughout the Commonwealth. The CLGF website contains a number of reports and country specific information on decentralisation initiatives, including the *Commonwealth Local Government Handbook*. It also hosts the *Commonwealth Journal of Local Governance*.

**United Cities and Local Governments (UCLG)**

http://www.cities-localgovernments.org/uclg/index.asp

UCLG represents the interests of local governments on the world stage. It advocates democratic local self-government through co-operation between local governments,

and within the wider international community. The website includes a large range of resources including the Global Observatory on Local Democracy and Decentralisation (GOLD), which contains information on local self-government, local authorities and local democracy. UCLG also has regional bodies in Africa, Asia-Pacific, Euro-Asia, Europe, Latin America, and Middle East-West Asia.

### The African Caribbean Pacific Local Government Platform (ACPLGP)
http://www.acplgp.net/
ACPLGP is an umbrella organisation of mayors and representatives of existing local government associations in the Africa Caribbean and Pacific (ACP) countries. The ACPLGP website aims to raise awareness of the role of local government in the Cotonou Partnership Agreement. It includes networking services, tools, good practices and an online library with a substantial collection of publications on local governance issues.

### The Euro-African Partnership for Decentralized Governance
http://www.euroafricanpartnership.org/index.php/component/content/article/1-welcome-to-euro-african-partnership-for-decentralised-governance
The Euro African Partnership for Decentralized Governance aims to contribute to the strengthening of local governance in Africa by facilitating the establishment of relationships between African and European local institutions. The website contains information and documentation from past conferences as well as a number of publications which focus on decentralisation and gender.

### Local Government and Public Service Reform Initiative (LGI), Hungary
http://lgi.osi.hu/
LGI works to promote democratic and effective local government and public administration. It supports local government and decentralisation efforts in eastern Europe, central Asia and selected countries in Latin America and east Asia. The website includes a project database and numerous publications as well as the quarterly local governance brief.

### UN-HABITAT
http://www.unhabitat.org/categories.asp?catid=10
The United Nations Human Settlements Programme, UN-HABITAT, is the United Nations agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.

### UK Local Government Alliance for International Development
http://www.lg-alliance.org/
This alliance of five local government bodies in the UK works to raise awareness within UK local councils of international development issues and to promote the capacity of the local government sector to contribute to international development aims.

## Relevant Commonwealth Secretariat Publications

- Alam, M., ed., 2009, *Decentralisation in Swaziland*, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/214944/decentralisation_in_swaziland.htm

- Alam, M., ed., 2009, *Decentralisation in The Gambia*, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/207684/decentralisation_in_the_gambia.htm

- Alam, M., ed., 2010, *Municipal Infrastructure Financing: Innovative Practices from Developing Countries*, Local Government Reform Series 2, Commonwealth Secretariat, London
  http://publications.thecommonwealth.org/municipal-infrastructure-financing-686-p.aspx

- Alam, M. and Koranteng, R., ed., 2011, *Decentralisation in Ghana*, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/236880/decentralisation_in_ghana.htm

- Alam, M and Nickson, A., eds., 2006, *Managing Change in Local Governance*, Managing the Public Service Strategies for Improvement Series 15, Commonwealth Secretariat, London
  http://publications.thecommonwealth.org/managing-change-in-localgovernance-411-p.aspx

- CLGF/Commonwealth Secretariat, 2005, *Local Democracy and Good Governance in the Caribbean*, Making Local Governance Work Series 1, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/207717/local_democracy_and_good_governance_in_the_caribbe.htm

- CLGF/Commonwealth Secretariat, 2005, *Local Democracy and Good Governance in the Pacific*, Making Local Governance Work Series 2, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/207718/local_democracy_and_good_governance_in_the_pacific.htm

- Commonwealth Secretariat, 2009, *Report of Survey of Councillors*, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/218492/report_of_survey_of_councillors___undertaken_for_t.htm

- Deri, A., and Alam, M., 2008, *Local Governments and Climate Change*, Discussion Paper Series 2, Commonwealth Secretariat, London
  http://publications.thecommonwealth.org/local-governments-and-climate-change-675-p.aspx

- Devas, N.et al, 2008, *Financing Local Government*, Local Government Reform Series 1, Commonwealth Secretariat, London
  http://publications.thecommonwealth.org/financing-local-government-472-p.aspx

- Kiyaga-Nsubuga, J., ed., 2007, *Local Democracy, Good Governance and Delivering the MDGs in Africa*, Making Local Governance Work Series 4, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/2077 19/local_democracy__good_governance_and_delivering_th.htm

- Nickson, A., 2009, *The Global Financial Crisis and Local Government*, Discussion Paper Series 9, Commonwealth Secretariat, London
  http://publications.thecommonwealth.org/the-global-financial-crisis-and-local-government-827-p.aspx

- Sansom, G., ed., 2006, *Better Local Services: Improving local government delivery through innovation and partnerships*, Commonwealth Secretariat, London
  http://www.thecommonwealth.org/document/190896/207683/207709/2077 41/better_local_services__improving_local_government.htm

# 10
# Appendix

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Below are longer summaries of the texts included in the resource guide above, organised alphabetically by first author name.

**Ahmad, J. and Devarajan. S, 2005, 'Decentralization and Service Delivery', Policy Research Working Paper no. 3603, World Bank, Washington DC**

Dissatisfied with the systematic failure of centralised approaches to delivering local public services, a large number of countries are decentralising responsibility for these services to lower-level, locally elected governments. What problems have been encountered with decentralising service delivery and how can these challenges be overcome? This paper provides a framework that explains both why decentralisation can generate substantial improvements in service delivery and why it often falls short of this promise.

In the last quarter century, over 75 countries have attempted to transfer state responsibilities to lower tiers of government. Even when it is not explicit, improving service delivery is an implicit motivation behind most of these decentralisation efforts. Centralisation is commonly associated with service delivery problems because services are consumed locally, resource allocation may not reflect local preferences and through fear of corruption and misuse of funds.

The hope of decentralisation to locally elected governments is that by narrowing the jurisdiction served by a government and the scope of its activities and responsibilities, citizens will find it easier to hold government accountable. Decentralisation is intended to improve outcomes to the extent that physical proximity increases voter information, participation and monitoring of performance. While success or failure is difficult to judge, some common problems associated with decentralisation have begun to emerge:

- The most frequently-cited problem is the lack of capacity at subnational levels of government to exercise responsibility for public services.

- Incomplete decentralisation processes, possibly for political reasons, has led to misaligned responsibilities in some instances.

- While decentralisation was in some cases intended to strengthen the political power of lower tiers vis-à-vis the centre, it has also increased the possibility of political capture within these lower tiers.

- A host of other problems, not associated with service delivery, have served to undermine service delivery in decentralising economies, including the 'soft-budget constraint' which has forced subnational governments into over-borrowing.

- Even where poor citizens can hold politicians accountable, the politician may not, in turn, be able to hold the provider accountable.

Decentralisation is not a one-off policy change, but rather an ongoing process. The end point of accountable and efficient local governments may take decades to achieve. The various instruments of decentralisation, incentives facing policy-makers and politicians and decentralisation processes and relationships are complex and far from being fully understood.

- The assignment of expenditure and financing responsibility between different tiers of government can have a direct impact on service delivery and mismatches occur where political realities and historical legacies have leverage to determine these decisions.

- How subnational governments access financial markets will determine the extent to which such markets will influence the health of the subnational government and its ability to ensure good service delivery.

- Administrative decentralisation invariably claims far less attention than political and fiscal matters and decentralisation proceeds without explicit staffing strategies or public administration reform.

- In the absence of straightforward channels of information transmission, local voters may have little or no information regarding the resource envelope available to their local community and what those resources are intended to provide.

- Even if decentralisation is aimed at improving service delivery, it will be resisted by those who benefited from the previously centralised system.

Full text: http://wwwwds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/05/12/000011823_20050512104803/Rendered/PDF/wps3603.pdf

**Andrews, M. and Schroeder, L., 2003, 'Sectoral Decentralisation and Inter-governmental Arrangements in Africa',** *Public Administration and Development,* **vol. 23, no. 1, pp. 29–40**

In the context of the key service sectors of primary health care and rural roads in sub-Saharan Africa, should decentralisation be used in the assignment of these services? How should decisions be made about which services to decentralise? When factors such as economies of scale or the need for nationally integrated and coordinated services like the road system are considered, how far should the decentralisation process be taken? This paper from the World Bank Institute and Syracuse University assesses these and further questions.

Decentralisation is employed primarily to create more efficient services. If any of the following are true; there are different requirements for a service between districts, large scale implementation of services does not result in cost saving, there is local service-delivery capacity, the service can be funded by local taxation, the service is not specifically intended to provide income or benefits outside the locality then, there is a strong argument in fiscal decentralisation literature that decentralisation should be implemented.

The interests of intergovernmental and bureaucratic politics will inevitably hold back the amount of localised autonomy devolved from central government. It is against national politicians' interests to reduce their power and influence.

- Decentralisation can lead to a regional political threat to central government.

- The move towards a more centralised management of donor funding has held back decentralisation policies.

- Creating effective primary healthcare (preventative care and the treatment of common illnesses) relies on assessing and providing for local requirements.

- Effective primary healthcare reduces the burden on secondary and tertiary healthcare (conditions that are referred on to specialists), providing a benefit beyond its jurisdiction to the central government.

A tension between the theory and its practical application is apparent. Though decentralisation theory gives criteria that, if met, suggest that it would be beneficial, it is not specific enough.

- The need for a 'highly specific analysis of the environment' is a key lesson.

- Some regions cannot finance services from local taxation and charges. Central government needs to take these issues onboard as part of its wider strategy. It can provide an equalising role between regions.

- Decentralisation should be entered into with care, taking into account the actual benefit to the local area, the capacity to carry out work and manage services.

- There are no definite recommendations as to which services should or should not be decentralised. This is because the theory and its practical manifestation differ. Further study is required to ensure the realisation of decentralisation in sub-Saharan Africa.

**Arroyo D., and Sirker K., 2005, 'Stocktaking of Social Accountability Initiatives in the Asia and Pacific Region', World Bank Institute Community Empowerment and Social Inclusion Learning Program, Washington DC**

What can be learned from social accountability initiatives in the Asia and Pacific region? This World Bank report summarises a review of such initiatives. It finds that social accountability tools are not confined to the public expenditure management cycle, and that initiatives that use advocacy and information strategies are more successful than those that do not. While governments sometimes take the lead in promoting accountability, different groups involved in social accountability mechanisms can link together in advocacy chains to hold the state accountable for pro-poor service delivery. Ultimately, government and civil society must collaborate.

Accountability is the ability to require that public officials, private employers, and service providers answer for their policies, actions, and use of funds. Social accountability is an approach, initiated either by civil society or the state, towards building an accountable, transparent and responsive government. The three main motivating factors for social accountability initiatives in the Asia-Pacific region are increased development effectiveness, improved governance, and empowerment (particularly of the poor).

Whereas most previous research on social accountability mechanisms has focused on the role of ordinary citizens and/or civil society participating directly or indirectly in exacting accountability, this stocktaking exercise found that many governments, for example, the Local Governance Development Fund Project in Sirajganj, Bangladesh, have taken the lead in setting up their own mechanisms to involve the public in promoting accountability. Joint state–civil society initiatives have also been undertaken, and many governments institutionalise innovations suggested by NGOs.

Many of the social accountability used fall into the public expenditure management cycle, such as budget analysis, budget formulation, budget expenditure tracking, and performance monitoring. However, other types of social accountability tools such as lifestyle checks, right to information, and social audits and those involving information and communication technology were also being used. Other findings include the following:

- Trying to understand what leads to successful social accountability initiatives is complex.

- One common pattern amongst successful social accountability initiatives is the use of advocacy and communication strategies.

- Inclusion of the poor varied depending on a number of factors including capacity development and social mobilisation, access to information and the internet.

- There is much synergy, complementary activity, and convergence among social accountability groups in India and the Philippines in particular.

Advocacy chains represent gains from pursuing synergy: different groups involved in social accountability mechanisms link together to hold the state accountable for its services that target the poor. These advocacy chains should include the following elements:

- NGOs that conduct fiscal research – Gathering robust and systematic data is imperative.

- Efforts to build the capacity of people's organisations – Some groups demystify the findings of fiscal advocacy reports into bulletins, summary sheets, and briefing kits.

- Ties with the mass media – Activist groups should circulate demystified reports to the general public via the mass media.

- Internet presence – Making fiscal data and performance reports public by posting them on the Internet is vital. In cyberspace, social accountability is exercised not by a single NGO, but by the public at large.

- Use of public opinion surveys – Ultimately, members of parliament, governors, and mayors will have to make policy decisions, but as elected officials, they want to maximise their votes during elections.

- Lobbying and social mobilisation – It is not enough for civic groups to write their reports, for the media to release the findings to the public, and for survey results to be on the side of the reformers. Civil society movements also need to approach policy-makers to present alternatives.

Full text: http://siteresources.worldbank.org/WBI/Resources/Sirker_Stocktaking AsiaPacific_FINAL.pdf

**Batley, R. and Larbi, G., 2004, 'Changing Approaches to Public Sector Management', in** *The Changing Role of Government: The Reform of Public Services in Developing Countries,* **Palgrave, Macmillan**

What is the theory behind the new trends in public service reforms? What are the pragmatic rationales for change? This study by the International Development Department at the University of Birmingham reviews both the theory and practice of public service reform, including neo-classical and new institutional economic theories. It describes the more pragmatic rationales for change in the management of public services and provides an overview of the new approaches to public sector management.

The crisis in the welfare and developmental states during the 1970s and 1980s called into question the post-war consensus on the active role of the state in the economy and led to the ascendancy of neo-liberal economic policies from the 1980s onwards. It was not just the welfare state that was called into question, but also the traditional Weberian model of bureaucracy which came under attack as being slow, inefficient, ineffective and unresponsive to service users. The weaknesses of state bureaucracy led to the search for alternative ways of organising and managing public services and redefining the role of the state to give more prominence to markets and competition. In some developed countries, the shift was in response to a combination of indigenous pressures and demands which generated support for anti-statist approaches. In the case of developing countries, reforms were typically not home-grown and had little local support.

The intellectual arguments for new approaches to public management are rooted in neo-classical as well as new institutional theories, in particular public choice and principal-agent theories. New public management represents a menu of reforms:

- These centre around restructuring to allow for increased managerial autonomy and the introduction of market-type mechanisms within the public sector, and for contracting out to the private sector.

- Whilst new public management may be seen as complementary to traditional public administration, it certainly does not replace it.

- The application of new approaches to public management is not limited to their heartland of developed OECD countries.

- Many developing countries are applying market reforms to their public services in order to improve management in government and the delivery of public services.

However, claims of convergence or of the universality of new public management reforms are unjustified.

- In no country has hierarchical bureaucracy been substantially replaced and in developing countries there is much to do to build the capacity of traditional bureaucracy to meet the preconditions for the implementation of the new management reforms.

- Even within OECD countries, comparative studies show that there are variations in the adoption and application of new public management.

- The extent to which countries adopt management reforms in government may relate to each country's administrative culture and the resistance to change of its established order. Thus the context is important.

- There are mixed experiences in applying reforms. Whilst best practice in the adoption of new apporaches to management can generate improvements in service delivery, more typical is that there are constraints and capacity limitations in applying these practices to the public sector, particularly in developing countries.

**Beall, J., 2005, 'Decentralizing Government and Centralizing Gender in Southern Africa: Lessons from the South African Experience,' United Nations Research Institute for Social Development (UNRISD), Occasional Paper 8, Geneva**

Decentralisation is often thought of as an important way of increasing women's political participation. How well has this strategy worked in Southern Africa? This paper from the United Nations Research Institute for Social Development reviews the regional issues in Southern Africa through a study of five countries, especially focusing on South Africa. It argues that decentralisation holds real opportunities for women. However, the neo-liberal thrust of decentralisation policies and the tendency of local power holders to retain access to resources and decision-making has undermined women's advancement.

Advocates argue that local government is the most accessible level of government for women, and that decentralisation will lead to improved gender sensitivity in service delivery. However, progress is often disappointing as local government is open to informal institutions and relations of power that are hostile and exclusionary to women. Nonetheless, local governance can be an important site for women's empowerment if they are allowed to form movements that are autonomous from the state.

Some southern African governments have gone further in meeting targets for the inclusion of women in political and decision-making structures than any other region apart from Scandinavia. However, it is important to understand something of the context of local governance for women:

- Angola and Mozambique have both been affected by civil wars. In Angola the fundamental ingredients for engendering democratic decentralisation are missing: Men and women's moral, confidence and trust.

- Conversely, in Mozambique there is a long history of commitment to gender equality in the Frelimo government, and an autonomous women's movement has resisted cooptation and been influential in developing women's political participation.

- In Zimbabwe, little has been done to meet targets for women's inclusion. Societal autonomy of women's groups has been denied through repression. They are represented by ruling party women focused on promoting party interests.

- In Zambia, women's participation in national politics has recently improved, though less progress has been made at the local level. Structural adjustment has impacted women's gender responsibilities, giving them little time to participate. Also, local authorities have only rudimentary responsibilities, which lowers incentives for participation.

The South African government's efforts to advance gender equity have been held up as a beacon of good practice. However, women's experience in South Africa has been more complex than this would suggest:

- Although feminist activists woke up late to the strategic importance of the local level in advancing gender equity, progress has been made in ensuring women's real political presence. A key question is whether this translates into engendered democratic decentralisation that addresses gender interests.

- Decentralisation has proceeded along neo-liberal lines, adopting a managerial approach whereby extension of services has been financed by cost recovery. This has especially impacted women, as witnessed by their involvement in social movements opposing such schemes.

- Urban women's organisations have had some success at the local level, although this would not have been possible without policies emanating from the efforts of women at the national level. This suggests that democratic decentralisation is most likely to succeed with a strong central state and intergovernmental co-ordination.

- In rural areas, the political importance of traditional authorities has made the African National Congress reluctant to alienate them. The infiltration of local government by traditional authorities has seriously compromised women's prospects for democracy.

- In conclusion, in Southern Africa the extent to which local government can benefit women is limited by the fact that it is embedded in asymmetrical social relations. Women's organisations have too little societal autonomy to challenge this.

Full text: http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/ 344E133781A2FF4AC12570A70030A651?OpenDocument

**Bird, R. and Smart, M., 2001, 'Intergovernmental Fiscal Transfers: Some Lessons from International Experience', Paper prepared for 'Symposium on Intergovernmental Transfers in Asian Countries: Issues and Practices', Asian Tax and Public Policy Program, Hitosubashi University, Tokyo, February 2001**

What can be learned from international experience of intergovernmental fiscal transfers? Research from the University of Toronto suggests that the most critical aspect of intergovernmental transfers is their effect on policy objectives. The incentives that transfer systems create for central and local governments determine whether the results of transfers will be good or bad. Those receiving transfers need a clear mandate, adequate resources and sufficient flexibility to make decisions. They must be held accountable for results. Transfers have to be properly designed to satisfy these conditions.

Fiscal transfers between governments have long been a dominant feature of intergovernmental finance in many countries. They are neither inherently good nor inherently bad, what matters are their effects on such policy outcomes as allocative efficiency, distributional equity and macroeconomic stability. If, for example, the sole objective of fiscal decentralisation is the efficient delivery of public services, then what matters is how transfers affect the effectiveness and efficiency of public sector operations.

Since circumstances and objectives differ, no simple, uniform pattern of transfers is universally appropriate. Nevertheless:

- The task in transfer design is to get prices right in the public sector in the sense of making local governments fully accountable to their citizens for the actions they undertake.

- The basic tasks assigned to transfers in most fiscal systems are: closing the fiscal gap, equalisation, pricing externalities and achieving political objectives.

- Although some features of intergovernmental fiscal relations are similar across countries, such as the problems of vertical and horizontal imbalance, the solutions depend upon where the country starts and what it is trying to do.

- Three critical aspects of intergovernmental fiscal transfers that need attention in any jurisdiction are the size of distributable resources, the basis for distributing transfers, and the role of conditionality and matching grants.

- Good information is an essential element of any well-functioning intergovernmental fiscal system.

The principal lessons for transfer design that emerge from international experience include the following:

- There is a role for both general purpose transfers and for special purpose matching grants. General purpose transfers should be stable (for example as a percentage of central taxes, adjustable every few years).

- A general purpose grant should take into account both need and capacity, but it should do so in as reliable and transparent a fashion as possible. No conditions should be imposed as to how general purpose grants are spent.

- If it is properly designed, and if local governments have some discretion in tax policy, there is no need to include specific incentive features to encourage additional tax effort.

- Special purpose grants should have a matching component that varies with the type of expenditure and the fiscal capacity of the recipient. Since such grants are for infrastructure, recipients should satisfy technical conditions to ensure that the money is properly spent.

- All local governments should be required to manage financial matters in accordance with standard procedures, to maintain adequate accounts and to be audited regularly and publicly.

- Although central governments should not pre-approve or direct in detail local government budgets and activities, they should maintain up-to-date and complete information on local finances and make such information publicly available.

Full text: http://www.developmentfunds.org/pubs/Intergovernmental%20Fiscal%20Transfers.pdf

**Blair, H., 2000, 'Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries', *World Development*, vol. 28, no. 1, pp. 21–39**

As democratisation has assumed a central role in the developing world over the past decade, democratic decentralisation has also taken on increased importance and donors have been attentive to supporting such initiatives. Democratic local governance (DLG) promises that government at the local level can become more responsive to citizen desires and more effective in service delivery. Based on a six-country study (Bolivia, Honduras, India, Mali, the Philippines and Ukraine) this paper in *World Development* analyses the two topics of participation and accountability.

DLG comprises a number of aspects in addition to participation and accountability – performance in service delivery, resource allocation and mobilisation and degree of power devolution are among the most important. The paper finds that both participation and accountability show significant potential for promoting DLG although there seem to be important limitations on how much participation can actually deliver and accountability covers a much wider range of activity and larger scope for DLG strategy than initially appears.

The study finds that:

- DLG initiatives have encouraged participation and increased representation but have provided little in the way of empowerment and even less in making the distribution of benefits more equitable or reducing poverty.

- However, increased representation offers significant benefits in itself such as demonstrating to children of both genders and ethnic communities that they can aspire to public service.

- Although DLG offers only limited scope for poverty alleviation it can be helpful in promoting more universalistic local development activities that will benefit the weak and vulnerable along with everyone else.

- A wide range of accountability mechanisms is available. However any one or two of these mechanisms, even if operating effectively, seems unlikely to promise sustainable accountability.

This analysis presents several implications for implementing a DLG strategy:

- Given sufficient political will on the part of the central government to keep a decentralisation initiative in place over time, effective DLG can be achieved in a number of ways.

- Many of these approaches will take a long time before they function properly and indeed may never fully do so. In some cases, however, it may be possible to devise a mix of instruments to make up for those that are unlikely to work.

- There is no apparent sequencing of appropriate mechanisms. Some kind of formula would be useful to elaborate the first steps for donors supporting DLG. However, the diversity in contexts may prohibit this.

- Local elites may be even less likely than national elites to target government resources to the poor.

- The benefits of increased representation will take some time to unfold and people new to making public decisions will have a fairly long learning curve before they can shape local public policy to benefit their constituencies.

**Blore, I., Devas, N. and Slater, R., 2004, 'Enhancing Tax Revenues', Chapter 4 in *Municipalities and Finance: A Sourcebook for Capacity Building*, Earthscan, London**

How can municipalities enhance tax revenues? What scope is there for propoor reform of local taxation? This chapter from *Municipalities and Finance: A Sourcebook for Capacity Building* uses case studies to address these questions by focusing on property tax and business or service taxes. It is advisable to concentrate on a few innovations at a time within a strategic plan. This requires: continuity in staff capacity; an appreciation of the best political sequencing of reforms; and an economic model that is acceptable to the taxpaying public. The best way of making municipal public finance pro-poor may be to ensure that local taxes do not impinge unnecessarily on the poor, while using tax revenues to extend access to essential services.

Many poorer or badly managed municipalities collect less than 50 per cent of taxes due. However, some case study municipalities have not only turned around very low collection ratios, but have also changed the way they assess tax and broadened tax bases (all without much legal change) – when central government has not negatively interfered. Reforms in tax collection have usually been accompanied by commitments to rationalise expenditure and improve services.

Sequencing of reform needs to start with what is most controllable (usually tax collection), and then move on to other bottlenecks. A conceptual framework is needed, and criteria for setting priorities should be poverty impact, efficiency, speed of implementation and staff impact. Constraints on the extent to which local taxes can be used for direct poverty reduction measures include tax bargains between taxpayer and municipality, and lack of political commitment.

Many top-down fiscal reforms try to tackle all stages of the tax cycle at once, but to do so is often unmanageable. Limited innovations can be effective. Lessons from the case studies also include the following:

- Annual budgeting makes cash flow within the tax year – and improving the speed of tax collection – very important. Staff need to think in terms of quarterly, monthly or even weekly targets.

- Improved collection management depends on strategic planning and enhanced capacity, in that order. Increasing capacity to improve collection is likely to require a sophisticated publicity campaign (planned together with the collection strategy) to convince the public that sanctions will or may be used.

- Complete commercialisation of the collection function is a high-risk strategy. Blending internal capacity with some external delivery agents might be a more appropriate option.

- Strategies to overcome a shortage of public sector valuers for property tax may involve: using mass appraisal or similar approaches; using self-assessment; and working with professionals in the private sector.

- Strategies for business/services taxes include updating business registers, presumptive assessments and simplification of regulatory requirements.

- To achieve public acceptability, it is important to publicise the tax and deal with objections. Self-assessment provides an automatic publicity mechanism and forces the municipality to engage in dialogue with the community. In managing appeals, speed is the crucial factor.

- In enhancing discretionary revenues, identifying missing taxpayers may be second only to improving collection.

The public can play active roles as sources of information, as monitors of tax collection, and by putting pressure on individuals and firms. Participation in revenue management appears to have worked best in self-assessment initiatives that combine collective dialogue and individual disclosure. Further implications are that:

- Good practice collection strategies link intelligence with action. They plan how the information management system will operate and consider contingencies.

- Internal capacity needs to be improved before too much commercialisation of revenue management is attempted; the municipality needs to be even more expert than an outsource agency used.

- Any collection strategy must be launched and backed by politicians.

**Brinkerhoff, D., and Johnson, R., 2008, 'Good Enough Governance in Fragile States: The Role of Center-Periphery Relations and Local Government', Paper presented at the 4th International Specialised Conference on 'International Aid and Public Administration', International Institute of Administrative Sciences, Ankara, Turkey, June 23–27, 2008**

How can fragile and post-conflict states stabilise themselves and transition toward socio-economic recovery? This paper was presented at the 2008 International Specialised Conference on 'International Aid and Public Administration'. It argues that developing countries and donors should eschew ambitious idealised visions of good governance in favour of pragmatic approaches aimed at achieving 'good enough governance'. Drawing on evidence from stabilisation efforts in Iraq, it concludes that implementing this new strategy requires looking beyond the centre to the critical role of subnational levels of government in post-conflict reconstruction.

Rebuilding or, more often, creating new governance in fragile and post-conflict states, is a key step toward stabilisation, reconstruction, and ultimately the transition to socio-economic recovery and growth. Yet in countries with seriously weakened or collapsed regimes, where conflict is ongoing, such an undertaking is extremely complex. Rather than aspiring to an idealised vision of good governance, these countries and the external actors assisting them should instead focus on reforms that are 'good enough' to stimulate contextspecific, but critical, improvements in political and administrative systems. In determining what is 'good enough governance' for each context, it is important to consider centre-periphery relations and decentralisation, and the role they might play.

Center-periphery relations affect conflict resolution and the societal pacts that are central to achieving stability in post-conflict contexts. A focus on administrative decentralisation misses the role that local level governments may play in helping to build or rebuild political legitimacy in the system. While there is a natural tendency for donors to focus on strengthening national government as the central means to restoring governance in a failed state, there are numerous other governance issues that, for the reasons below, may be addressed better through some degree of decentralisation to political institutions at the subnational level. Local governments can:

- Increase speed of service delivery to citizens

- Address ethnic and/or regional inequities

- Build democratic and conflict management capacities

- Mitigate conflict by avoiding 'winner-take-all' situations

- Allow for 'natural experiments'

- Provide a reservoir of legitimacy.

The case of Iraq since 2003 provides support for including a focus on local government and centre-periphery relations in restoring governance in a conflict-affected society. While it is dangerous to generalise from the Iraqi experience, it does demonstrate many of the problems facing central governments in post-conflict and fragile settings. These governments are often weakly rooted, lacking resources, poor at delivery services, and unable to integrate the various factions into a coherent nation. In as turbulent an environment as Iraq, the relative success of decentralised local governance is instructive and yields some lessons for future efforts:

- Beginning with deconcentration in the short term while creating the building blocks for an institutional architecture will enable devolution in the long term.

- Successful decentralisation depends upon capacity at both the local and central levels.

- Without attention to the politics of decentralisation, reforms may fail to yield the expected increases in efficiency, effectiveness, and equity.

- Achieving 'good enough governance' requires looking beyond the centre to the critical role of subnational levels of government in post-conflict reconstruction.

Full text: http://www.gsdrc.org/docs/open/con65.pdf

**Cammack D., Golooba-Mutebi F., Kanyongolo F., O'Neil T., 2007, 'Neopatrimonial Politics, Decentralisation and Local Government: Uganda and Malawi', Overseas Development Institute (ODI), London**

What is the impact of domestic politics on democratic decentralisation in 'hybrid' African states? This paper from the Overseas Development Institute (ODI) argues that the unique political logic that governs policy-making in these states distorts the implementation of these reforms, resulting in outcomes detrimental to development and governance objectives. It concludes that donors must improve their tools for analysing and understanding the structural features of countries prior to intervening and, in some cases, must embrace reforms that are generally effective, if not universally equitable.

In 'hybrid' states, formal institutions and informal practices interact in constantly changing ways, creating multiple de facto rules and uncertainty for all. Due to under-developed productive capacity and private markets, controlling and milking the state is the principal means of accumulating wealth, creating a system of neo-patrimonial, zero-sum politics in which power is centred on a charismatic leader. Relatively unfettered by modern accountability institutions, this leader and his patronage network are able to use all available political tools to maintain power and legitimacy.

Donors and local reformers have promoted decentralisation as a means to improve public service delivery and promote participatory democracy and decision-making. The results, however, have generally been disappointing. Evidence from Africa illustrates how the political logic of 'hybrid' states has distorted decentralisation reforms, resulting in unexpected outcomes that are often to the detriment of development objectives:

- Rather than promoting the public interest, national and local leaders manipulate formal institutions and reforms to gain access to power and resources, culminating in a decline in democratic accountability and a partial reversal of the devolution of power and funds.

- Current reform trajectories are being instigated by domestic elites, often against the preferences of donors, in an attempt to mould the functioning of this macro-institutional context to their advantage.

- Democratisation is accentuating neo-patrimonial logic by rewarding political strategies that favour short-term political gain, populist policy, patronage and the recentralisation of power over coherent policy-making and long-term development planning.

- Exactly how competition for power plays out and how this influences reform processes depends on the configuration of actors and interests and the structural

and institutional features within which they operate, leading to unpredictable reform outcomes.

New institutions, including democratic ones, cannot be simply or quickly introduced. Existing institutions are deeply entrenched and benefit particular groups in society. Indeed, it seems that informal practices, such as clientelism, are reinforced when the state fails to deliver rights, goods or services. In this context, incremental change is the best that can be hoped for, particularly in the absence of social upheavals that can bring about rapid institutional change. However, donors can facilitate positive progress following certain recommended courses of action:

- Analysis of the historical and structural features of a country and the informal norms that influence the behaviour of different actors in order to understand the likely trajectory of different reforms and their possible outcomes

- Identification of reforms that can forward the interests of both political elites and poor people – this may mean supporting changes that appear 'second best' or indirect and therefore not immediately pro-poor

- Supporting civil society and watchdog groups, which play an important role in curtailing the abuses of the elite in all societies

- Distinguishing between immediate and longer-term objectives, as these may not always be compatible and the actions necessary to achieve them may be different.

Full text:
http://www.odi.org.uk/PPPG/politics_and_governance/publications/GAPWP2.pdf

**Conyers, D., 2007, 'Decentralisation and Service Delivery: Lessons from Sub-Saharan Africa', IDS Bulletin, vol. 38, no. 1, Institute of Development Studies, Brighton, pp. 18–32**

To what extent does decentralisation improve the quality of public service delivery? This article published by the Institute of Development Studies explores the evidence on the impact of decentralisation on service delivery in sub-Saharan Africa and offers some general lessons. It finds that decentralisation has not yet had a significant positive impact on the quality of public services in the region. However, this is due primarily to the wider policy environment rather than to the ineffectiveness of decentralisation per se.

It is difficult to draw any general conclusions about the relationship between decentralisation and service delivery since much depends on the type of service, the type of decentralisation, the way in which it is implemented and the broader policy environment. Most of the weaknesses of local governments are a reflection of the problems of governance in general. Thus, the problems of decentralisation cannot be addressed in isolation and there is a need to be realistic about what decentralisation can be expected to achieve. Notwithstanding, there have been a number of positive changes, including the move to more democratic forms of local governance, recognition of the need for fiscal decentralisation and the many recent attempts to increase citizen participation and downward accountability.

In theory, decentralisation affects the quantity, quality or equity of public services through its impact on the following intermediate variables:

* Access to local information: Decentralisation has the potential to increase access to information about local needs, conditions and priorities, which are then incorporated into local development plans.

* Locus of decision-making power: Decentralisation should localise the power to make and implement decisions, and thus to translate plans into programmes of action.

* Resource availability: Decentralisation may increase the amount of resources available for implementing programmes, especially financial resources.

* Administrative performance: Decentralisation may enhance administrative performance and thus the effectiveness of programme implementation.

In practice, it is difficult to determine a causal relationship between decentralisation and service delivery. Consequently, one should not blame decentralisation for the poor quality of service provision in many African countries. The problems stem from more fundamental characteristics of African states, which hamper any form of service delivery, whether centralised or decentralised.

- The quality of access to local information depends on who participates and on the composition of the institutions to which power is decentralised. No one institution is necessarily better than any other. Effectiveness depends on the type of institution, its structure and composition, on the motivation and capacity of members and on local/national power structures.

- Governments have generally been reluctant to decentralise sufficient power to local level governments to enable them to significantly impact on local service delivery.

- There is little evidence to suggest that decentralisation increases the availability of resources.

- Administrative performance under decentralised systems of governance is generally poor. However, this is, to a large extent, a mirror of administrative performance in the country as a whole, rather than as a result of decentralisation itself.

**Crawford, G., 2009, 'Making Democracy a Reality? The Politics of Decentralisation and the Limits to Local Democracy in Ghana', *Journal of Contemporary African Studies*, vol. 27, no. 1, pp. 57–83**

Has decentralisation enhanced local democracy in Ghana? This article from the *Journal of Contemporary Africa Studies* focuses on the relationship between decentralisation and local democracy through a case study of Ghana. Increased democracy through decentralisation has not occurred, and there are significant democratic deficits in decentralised government. These findings suggest that the key to enhanced local democracy is the strengthening of downward accountability mechanisms, although such reforms will not be easily achieved.

A broadening and deepening of democracy through decentralisation has not occurred in Ghana. The explanation for such a converse outcome for local democracy is summed up in the notion of the 'politics of (de)centralisation'. National governments may implement decentralisation for a variety of reasons, including attempts to extend and strengthen their control at local level or as a means to mobilise support for the ruling party in peripheral areas. The Ghana case indicates that, while the rhetoric of decentralisation talks of making democracy a reality, the actual reality is about the maintenance of central government control.

Partially democratic structures have been created at both district and subdistrict levels in Ghana, with the potential to facilitate local political participation and enhance local government accountability. However, elements of retained central government control are evident.

- Empirical findings from two rural districts show that on the one hand, there was enthusiasm for the principles of decentralisation and relatively high levels of political participation, and local citizens have taken advantage of opportunities to have some input into local political decision making.

- However, a corresponding increase in the downward accountability of local government was not evident, with various shortcomings identified at the local level that undermined and weakened the accountability of elected representatives.

- Local level shortcomings were significant but did not provide a full explanation for the delinkage between participation and accountability. At times they were more symptomatic of wider, national, issues.

- Nationally, democratic decentralisation has been thwarted by a number of structural obstacles in the form of legal, political, administrative and fiscal constraints.

The downward accountability of local government could be strengthened by undertaking various reforms of the national structure of decentralisation. However,

this will be difficult given central government's reluctance to relinquish control over its powers.

- First, the removal of presidential powers of appointment at all levels, and thus the establishment of fully elected representative bodies at district and sub-district levels.

- Second, the introduction of competitive party politics at local level, removing the current anomaly of partisan national elections and nonpartisan local elections.

- Third, a realignment of the powers of the District Chief Executive (DCE) and of Assembly members, including the presiding member, to strengthen the accountability of the executive to elected representatives.

- Fourth, greater representation of women on district and subdistrict bodies is necessary if there is to be greater accountability to half of the population.

- Fifth, two reforms are needed for fiscal decentralisation. One is the untied transfer of a larger proportion of government revenue, while the other entails an increase in the revenue raising powers of local government through the ceding of higher-yielding taxes.

- Finally, these national level structural reforms could then facilitate changes in local practices to strengthen accountability mechanisms and counter the centralising tendency within the district itself.

Full text: http://pdfserve.informaworld.com/718345_731245331_908541468.pdf

Are decentralised forms of government necessarily more responsive to the needs of the poor, and thus more likely to pursue pro-poor policies? Evidence from a selected group of sub-Saharan African countries, examined in this contribution to *Public Administration and Development*, suggests that the answer depends on politics. The general regime and relations between local and central government are key factors in determining whether decentralisation helps reduce poverty.

Advocates tend to associate decentralisation with democratisation and local participation in government, therefore assuming it will lead to greater responsiveness to the poor. But analysis of the process in sub-Saharan Africa shows that this is not always the case. In many countries, ruling elites have used decentralisation to create and sustain rural power bases. This has dissuaded challenges to local elites who are resistant or indifferent to pro-poor policies. Moreover, central governments are often not committed to poverty reduction. To achieve better results for the poor, serious efforts must be made to strengthen and widen accountability mechanisms at both national and local levels.

Little systematic evidence regarding decentralisation outcomes exists. However, the countries chosen – Ghana, Cote d'Ivoire, Nigeria, Kenya and Tanzania – are those which have been best documented. The impact of decentralisation on five categories of poverty reduction is examined:

- Empowerment and policy responsiveness do not automatically follow from greater participation or representation of the poor. They only occur where participation is 'effective' and citizens' voices are heard by those in power.

- Pro-poor growth is rarely created, as local programmes tend to ignore the need for macro-economic investment and regional technical support. Local governments usually lack the power to build important infrastructure.

- Social equity is not an important concern for local governments, which often consist of elites and exclude disadvantaged groups. In a system where patronage networks are entrenched, human development outputs rely on the resources and funding allocation of central government.

- Inter-regional inequality has decreased where poor areas have been allocated new resources. But this can mean diluting resources too thinly, and greater local autonomy may lead to more uneven development.

Decentralisation is most likely to reduce poverty where it is designed by a central government that aims to challenge local elites and has a strong commitment to pro-poor policies. In most countries in sub-Saharan Africa, this will only happen if:

- Central ruling authorities cease to rely on patronage to influence and gain support from local power groups.

- Sufficient trust is built up between central and local governments to justify pushing funds down through decentralised structures.

- There is greater synergy between central and local efforts, with a strong ideological and organisational impetus at local level.

- Regimes abstain from using decentralisation schemes as a means of fragmenting and weakening subnational, regional or ethnic political rivals.

- Real efforts are made to strengthen and broaden accountability mechanisms at all levels of government.

## Deri, A. and Alam, M., 2008, 'Local Governments and Climate Change', Discussion Paper, Commonwealth Secretariat, London

How can local governments address climate change and its effects? This discussion paper from the Commonwealth Secretariat suggests that local governments can play an important role in mitigating the causes of climate change and adapting to predicted challenges through local level policy and citizen engagement. Financial and other capacity development mechanisms need to be diversified to support local governments in this role.

Natural and human-related climate change negatively impact economic and social development. Inaction against climate change can cost between 5 and 20 per cent of global GDP. Additionally, climate related natural disasters have increased five-fold over the last 30 years, most affecting the poorest populations. The effects of climate change are of particular concern in the Commonwealth States where many of the fastest growing cities are on the coast. Additionally, the many low-lying atoll nations face flooding and population relocation issues.

Local level governments benefit from proximity to the community that makes them the most accessible authority when disaster strikes. Additionally, local level government possesses the most up-to-date knowledge on the local environment and population. While international and national climate change policies are still the norm there is increasing attention to the role of local government. For example, the Lake Victoria Commonwealth Climate Change Action Plan of 2007 outlines a framework for prioritised actions, including many for the local government level.

Combating climate change at the local level requires governments to create local climate change plans. Successful plans include both adaptation and mitigation elements.

- Combining spontaneous (based on indigenous knowledge) and planned (based on scientific thought) adaption strategies is an effective twin-track approach. It results in community-wide ownership and commitment to the adaption process thus ensuring more robust climate responses.

- Investing in social capital strengthens the ability of local governments to respond to climate change. Capacity building in terms of human resources, skills, knowledge, planning and negotiation capabilities of individuals and communities is an effective way of leveraging the scarce resources of local governments.

- Climate change preparedness is only effective if it is incorporated into existing local development plans.

Central governments should support the development of local government climate change plans that incorporate both adaption and mitigation elements. In cases of

acute vulnerability and weak central government, local governments should have recourse to international support.

- Focusing on adaption over mitigation can have two benefits. Adaption strategies are often less expensive and may result in mitigation effects. For example, promoting energy saving mitigates the causes and saves financial resources to enable better adaption to the inevitable impacts of climate change.

- Mitigation can be investment intensive and countries can only make efforts according to their means. However, less expensive mitigation mechanisms such as land-use planning and carbon pricing bring high returns on investment, including climate stabilisation.

- The most vulnerable local governments should have access to international funds to cover their adaptation costs through global or multilateral mechanisms and bilateral development assistance.

Full text: http://publications.thecommonwealth.org/local-governments-andclimate-change-675-p.aspx

**Diprose, R. and Ukiwo, U., 2008, 'Decentralisation and Conflict Management in Indonesia and Nigeria', CRISE Working Paper no. 49, Centre for Research on Inequality, Human Security and Ethnicity (CRISE), University of Oxford, Oxford**

How does decentralisation affect local-level conflict dynamics? Decentralisation can be a useful conflict-mitigating mechanism, but can also generate new tensions in communal, ethnic and religious relations. This paper by the Centre for Research on Inequality, Human Security and Ethnicity (CRISE) examines grievances, demands, and identity in the context of decentralisation in Nigeria and Indonesia. Decentralisation processes need to address inequalities between groups and have in-built conflict management mechanisms if they are to improve rather than worsen conflict situations, or to avoid triggering new tensions in previously stable communities.

Indonesia and Nigeria are democratising following authoritarian military rule. Nigeria has a federal system of government with autonomous subnational and local governments, but there was a shift towards political and fiscal centralisation under military rule. Indonesia is a unitary state with a central administration where significant powers have been devolved to district level. Grievances about the nature and extent of centralised rule and horizontal inequalities (inequalities between groups) have long existed in Indonesia and Nigeria. They form a backdrop to the decentralisation programmes.

The relationship between decentralisation and conflict is not linear, but complex. In both countries the case studies selected clusters of decentralised units that had experienced violent conflicts and units that had not:

- Conflict tends to become violent where there are large groups who identify with coinciding rather than cross-cutting group identities, and strong perceptions of unequal access and opportunity around which negative group-based sentiment is mobilised. This can interact with or be exacerbated by decentralisation.

- Decentralisation has responded to longstanding grievances by providing opportunities for the expression of diversity and better attention to local needs. However, several components of its implementation can interact with identity politics and conflict dynamics in the regions.

- Significant structural and institutional change will have ripple effects and can result in new tensions. Poor implementation of the decentralisation process can exacerbate these tensions.

- Decentralisation can: stimulate demographic changes through subnational splitting of administrative units; provide for local autonomy and participation in decision-making; and create incentives for local elites to compete for power and resources by mobilising group identities.

- Decentralisation tends to result in violent conflict where there are large groups who identify with coinciding rather than cross-cutting group identities, and strong perceptions of unequal access and opportunity.

- Decentralisation can mitigate local pressures and promote peaceful management of conflict, particularly where tensions were pre-existing and grievances had already reached boiling point.

It is particular forms of implementation that triggers violent conflict, rather than decentralisation in itself. This is demonstrated by examples of relatively peaceful experiences in the case studies:

- The worst case scenario is when decentralisation is implemented in ways that exacerbate perceptions of injustice and horizontal inequality, failing to extend possibilities for autonomy and self-governance.

- Decentralisation can help reduce conflict by providing self-autonomy and an institutional framework for managing local-level tensions, as long as the process is implemented as promised to local peoples.

- The conflict outcomes of decentralisation depend on the extent to which the implementation and management of new local political, governmental and institution-building processes consider potential conflicts.

- Effective interventions are required to manage social tensions stimulated by de-centralisation, and to channel inter-group tensions into productive outcomes.

Full text: http://www.crise.ox.ac.uk/pubs/workingpaper49.pdf

**Duflo, E. and Topalova, T., 2004, 'Unappreciated Service: Performance, Perceptions, and Women Leaders in India', Poverty Action Lab, Boston**

How do women leaders of 'reserved' Indian village councils perform in office, and how is their performance perceived? This paper studies the impact on the performance of policy-makers of reserving randomly selected village council leadership positions for women and on voters' perceptions of this performance. Villages reserved for women leaders have more public goods, and the measured quality of these goods is at least as high as in nonreserved villages. Moreover, villagers are less likely to pay bribes in villages reserved for women. Yet residents of villages headed by women are less satisfied with the public goods received.

Relative to their share in the population, women are under-represented in all political positions. Many governments are taking active steps to encourage the participation of women in policy-making, notably by establishing quotas for women in parliaments or in local governments. Little is known about the relative performance of women as policy-makers, however, or about how their performance is evaluated by voters.

In 1993, an amendment to the constitution of India required Indian states both to devolve more power over expenditures to local village councils (Gram Panchayats or GPs) and to reserve one third of all positions of chief (Pradhan) to women. Village Councils are responsible for the provision of many local public goods in rural areas.

This paper presents evidence on three aspects of women's performance in office (the quality and quantity of various public goods provided and the likelihood of taking bribes) and on the perception of this performance by the voters in India's village councils. It finds that:

- Women leaders perform better than male leaders in delivering drinking water infrastructure, and perform at least as well in delivering four other public goods.

- Both men and women are significantly less likely to have to pay a bribe to obtain a service if they live in a GP where the position of Pradhan is reserved for a woman.

- Respondents are less likely to declare that they are satisfied with the public goods they are receiving in villages with female Pradhans. This is true for every public good individually, and for female as well as male respondents.

The results suggest that women face an uphill battle in politics. This may explain why women rarely win elections even though they appear to be at least as effective leaders as men along observable dimensions, and are less corrupt. It may also help explain why women are not re-elected once their seats are no longer reserved. Some caution is warranted when user-satisfaction reports are used as a policy tool.

Full text:
http://www.povertyactionlab.org/papers/66_Duflo_Topalova_Unappreciated_Service.pdf

**Evans, A. with Manning, N., 2004, 'Administrative Decentralization: A Review of Staffing Practices in Eight Countries', Unpublished paper, World Bank**

What impact do different dimensions of managerial control have on administrative decentralisation? What lessons can be learned from the paths taken by countries with relatively high levels of administrative decentralisation? This unpublished paper prepared for the World Bank examines staffing and managerial control within the context of decentralisation. Based on case studies of decentralisation in Benin, India, Indonesia, Mexico, Pakistan, the Philippines, Poland, and Uganda it proposes a framework for analysing managerial control.

Administrative decentralisation aims to enable local government: to hold staff accountable, to allocate staff, to manage financial resources and to attract and retain skilled staff. The means to achieve these objectives is to shift managerial control from higher levels of government to subnational government. Key dimensions of managerial control include budget transparency, budget and establishment control, recruitment, career management, performance management and pay policy. Changes in each of these dimensions contribute towards achieving the different objectives of administrative decentralisation.

Assessing the case study countries against the above framework of objectives and dimensions of managerial control reveals a range of decentralisation models. 'Strong decentralisers' tend to have strongly decentralised mechanisms for budget transparency, budget and establishment control, and performance management. Control over recruitment, career management and performance management, meanwhile, are the preferred points of entry for 'intermediate' decentralisers. Across all countries, there continues to be constraints on local control over wages, and the ability to attract and retain skilled staff remains a problem. Finally, administrative decentralisation will vary in its degree according to the extent to which it is in step with fiscal and political decentralisation.

Specific examples of practices from the case study countries include the following:

- *Rapid assessment appraisals* – The Philippines and Indonesia have used rapid field appraisals to provide quick feedback to government and recommend adjustments to decentralisation where needed.

- *Co-ordinating committees* – Some countries have used co-ordinating committees to deal with transition issues. In Mexico, for example, the National Health Council contributed to the relative success of decentralisation in the health sector.

- *Local government associations* – The creation of various 'leagues' of local government units has been a major feature of the shift to local governance in the Philippines.

- *District service commissions (DSCs)* – In Uganda, DSCs are responsible for recruiting staff and providing oversight of personnel practices in local government. They have the potential to promote recruitment of a qualified, professional local civil service.

- *Recognition of excellence* – The Philippines has established awards for innovation in local governance, which has encouraged innovation by local governments and highlights best practices.

The case studies can provide a number of lessons for developing an action strategy for administrative decentralisation, including the following:

- Recognise that some entry points are more feasible. Decentralisers should first think about devolving authority over performance management, career management and recruitment. They should provide local control over staff levels and allocation.

- Build on the entry points by decentralising mechanisms for budget transparency, budget and establishment control, recruitment, career management and performance management.

- Recognise constraints. Centrally-established base wage rates are unlikely to be devolved in the short or medium-term. Independent oversight of recruitment is difficult to establish.

- Recognise that achieving inter-local government mobility for senior staff by creating an open public sector labour market at the local level is institutionally challenging. However, an incremental approach may have a greater chance of success.

Full text: http://www.gsdrc.org/docs/open/PO59.pdf

**Eyben, R. and Ladbury, S., 2006, 'Building Effective States: Taking a Citizen's Perspective', Development Research Centre, Citizenship, Participation and Accountability, Institute of Development Studies, Brighton**

How can a citizen-centred approach to development build effective states by improving relations between state and society? This paper from the Development Research Centre on Citizenship, Participation and Accountability, gives an overview of current debates and analyses citizens' own views on these issues. It argues that a state's legitimacy is strengthened by civic participation, which often grows up around local issues, and can be empowered through donor support.

Unaccountable, 'fragile' states have often been avoided by aid agencies, and efforts to make these countries more receptive to donor funding have focused on state institutions, rather than local social processes or organisations. The 'seeing like a citizen' approach examines citizens' perceptions of the institutions with which they interact.

'Citizen' is an under-used term which should be employed in a political sense that emphasises citizens' rights and their relationship with the state. 'Participation' is a concept increasingly referred to in Poverty Reduction Strategies, but groups still remain marginalised through poverty, language and ethnic divisions. Participation must be accompanied by accountability that recognises the fluid boundaries between state and society and the power imbalances between political elites and poorer citizens.

Various findings are made on the origins and avenues of citizens' participation in the state:

- A sense of citizenship often initiates through belonging to associations at local, rather than state, level. Local Bangladeshi courts and Mexican health groups encouraged individuals to think collectively, while marginalised communities in Nigeria and Brazil viewed themselves as members of families or neighbourhoods, rather than nations.

- Extending state services to individuals is a significant but not sufficient step in promoting a sense of citizenship. Communities also stress the need for dignified, consultative treatment by state actors.

- Citizens' engagement occurs through state-created bodies, civil society organisations (CSOs), self-organised social movements and parallel governance structures, like the Zapatistas' autonomous areas in Mexico. State bodies' effectiveness depends on their inclusiveness and pro-poor commitment; CSOs benefit from local knowledge and a rights focus; and self-mobilised groups may encourage government dialogue or further marginalise excluded individuals.

- Legislation and constitutional provisions have allowed poor people to claim rights in Brazil, South Africa and India, but gaps exist between law and implementation, for instance in Bangladesh.

- Citizens' participation strengthens state accountability and engagement with society. Non-state service delivery, such as oil companies' involvement in the Niger Delta, can complicate accountability mechanisms.

Donors should support local civic participation but avoid distorting indigenously generated processes through external targets or artificial impositions of consensus:

- Donors should promote citizenship by encouraging the extension of basic services in a sustainable manner which respects the dignity of local communities and municipal governments.

- By providing project support and social funds, donors can ensure that state-invited forums are inclusive and committed to pro-poor considerations.

- CSO involvement can be promoted by donor-funded, independently-managed civil society programmes which reassure governments about grass-roots mobilisations.

- Donors should promote self-mobilised movements which hold governments accountable but do not trigger conflict or crowd out marginalised groups.

- Legally enshrined rights, accompanied by judicial capacity development, are essential for state-building, but laws can fail to address poor people's problems or violate their rights.

- Donors should ensure deregulated, foreign interventions in developing economies are accountable and meet poor citizens' needs.

Full text:
http://www.drccitizenship.org/docs/publications/reports/drccitizensperspective.pdf

**Fjeldstad, O-H., 2004, 'To Pay Or Not to Pay?: Citizens' Views on Taxation in Local Authorities in Tanzania', Paper presented at REPOA's 9th Annual Research Workshop White Sands Hotel, Dar es Salaam, 25–26 March 2004**

Can tax compliance be established in poor countries without an extensive and costly enforcement apparatus? This research, conducted in Tanzania by the Chr. Michelsen Institute, suggests that this question is important because governments, seeking power on the basis of popular consent, face restrictions in their use of coercion in tax collection. The study concludes that the challenge for local government taxation in Tanzania is to raise domestic revenues from consenting citizens.

Widespread tax evasion, reflected in persistent public resistance to pay, is seen as part of the problem of raising local government revenues in Tanzania. Dealing with the policy problem of revenue enhancement and tax evasion requires some understanding of the factors underlying the individual's decision whether to pay or evade taxes. However, the views of taxpayers are to a large extent ignored in this policy debate. Tanzanian citizens feel they get little in return for taxes paid. This perception has impacts on their willingness to pay and contributes to eroding peoples' trust in the local government's capacity to provide expected services. Hence, from a policy perspective, it is a major challenge to provide better linkages between tax compliance and service delivery. To improve compliance it is also important to address the broader problem of free-riding. However, the most serious problem is the misuse of tax revenues by council staff (particularly by tax collectors) and councillors.

It is imperative to establish mechanisms to improving the relations between the local revenue administration and citizens.

- To build trust between citizens and the council, information to the public is crucial.

- Co-operation between local government officials, councillors and community leaders in setting common goals might be a crucial trust-enhancing device.

- The problems of non-payment should be attacked on several fronts, including service delivery, better administration and information schemes, and community involvement.

- To achieve this, in depth knowledge and data are required on payment levels for each village and ward.

- Citizens should be encouraged to report defaults such as misappropriation of revenues and services not delivered as promised. The prompt redress of such complaints may help convince people that the local authority means business.

- Initially, it is advisable to link payment directly to visible improvements in services.

For an improved understanding of tax compliance behaviour in local authorities in Tanzania, there is a need for:

- A more thorough examination of the concept of fairness in fiscal exchange.

- Analysis of when user charges are to be preferred instead of general taxes to finance public services.

- Deeper insight into citizens' perceptions of the role of the state, how tax law is administrated, perceptions about enforcement and government trustworthiness.

- Research focusing on taxpayers' rights in situations where the government – and donors – are pressing for increased domestic tax effort.

Full text: http://www.cmi.no/publications/file/?1859=to-pay-or-not-to-pay

**Fjeldstad, O-H., et al., 2006, 'Local Government Reform in Tanzania 2002–2005: Summary of Research Findings on Governance, Finance and Service Delivery', Research on Poverty Alleviation (REPOA) Brief 6, October, REPOA**

What impact has Tanzania's Local Government Reform Programme (LGRP) had on governance, finance and service delivery? Have public services been improved? This briefing by Research on Poverty Alleviation (REPOA) summarises research on the programmes' progress in six local councils. Despite developments in decision-making processes, accounting and service delivery, it is clear that devolution takes a long time to achieve and that sustainable change will require continued effort, commitment and leadership.

The LGRP aims to transfer duties and financial resources from central to local government. Local governments are considered to be better placed to identify needs and public service requirements by encouraging citizens' participation.

In the six councils studied, a majority report improvement in local government service delivery, particularly in primary education and health. However, the accessibility and affordability of clinics and dispensaries produced high levels of citizen dissatisfaction. There was no significant improvement in water supply and accessibility, and half the population in some council districts do not receive adequate water supply services.

There is a need for more efficient and accountable financial management:

• There are no effective instruments and procedures for citizens to use to hold council officials accountable.

• Corruption was perceived as a widespread problem, although many people also have confidence in council officials.

• The fiscal autonomy of rural councils is limited both in terms of revenue and expenditure. The abolition and rationalisation of many local revenue sources has increased rural and urban councils' dependence on central government grants.

• Gaps between budgets and accounts indicate the quality and realism of council budgeting.

• Local government authorities face numerous and competing reporting requirements from central government and are constrained by lack of technical and staff capacity.

Sustained commitment from political, administrative and civic leaders is necessary to achieve the LGRP's objectives. Devolution is a long-term process that should use failures as learning opportunities, rather than as excuses for abolishing reforms. Lessons from Tanzania include:

- Fiscal reporting requirements must be simplified, and a reliable, consistent and updated local database on finances and expenditures is necessary. This requires building capacity at the local and central levels.

- Methods to improve the credibility of the auditing process include: strengthening the Internal Auditor's (IA) office through recruitment and retention incentives, simplifying councils' bank account systems and improving co-ordination between the IA and the Controller and Auditor General.

- Using written and oral methods to present easily understandable budget and accounting information to the public strengthens transparency and accountability.

- Civil society participation in fiscal and financial monitoring can complement formal mechanisms and strengthen the legitimacy of local authorities.

Full text: http://www.cmi.no/publications/file/?2543=local-government-reformin-tanzania-2002-2005

**Fredborg Larsen, H., 2008, 'Designing Inclusive and Accountable Local Democratic Institutions: A Practitioner's Guide', Regional Initiative – Local Democracy in Asia, UNDP, Bangkok**

How can fair representation be promoted in societies that are deeply divided along ethnic, religious, caste and class bases? This study from the United Nations Development Programme looks at local democracy in Asia. It argues that evidence from the design of systems for representation and elections in divided societies suggests that an appropriately crafted framework can help nurture the accountability and commitment of political parties, while an inappropriate system can harm the process of democratisation. While focus is often on electoral systems, the choice between direct and indirect representation to higher tiers, the functioning of political parties and other elements usually have a stronger impact on the inclusiveness and accountability of the democratic institutions.

The framework for representation is an important mechanism that shapes local democracy. The rules and procedures through which votes cast in an election are translated into representation determine the democratic nature of a society. The choice of electoral system itself also determines the extent to which local decision-making bodies are genuinely democratic, inclusive and gender-sensitive. They can influence other aspects of the political system, including the development of political parties. They are important for linking citizens and their leaders to create more political accountability, representation and responsiveness. They also influence the social and economic outcomes of decentralised governance.

No electoral system is perfect, and each has its advantages and disadvantages. What may work in one context may not yield the same outcomes in another context.

- The electoral system has important implications for the way in which local councils conduct their political affairs and the roles and functions that they can perform.

- The balance between representation and accountability is important. Representation ensures that those who are elected reflect the choice of the electorate. Accountability ensures that voters can call their representatives to account for decisions made in their name.

- Concerns for representation focus on proportionality, ensuring that political, gender, minority, regional, population and other concentrations are equitably represented.

- In a democratic society, representation should be inclusive, and accountability vertical and horizontal; however, the type of electoral system in place usually means some kind of tradeoff between these (and other) considerations.

- The two most popular electoral systems used for local level elections in the Asia–Pacific region are First-Past-the-Post (FPTP) and Proportional Representation/PR-List.

- Block Vote systems are also used for local elections in the region.

In order to be more effective in designing inclusive and accountable local democratic institutions in the Asia–Pacific region, it is important to:

- Determine the outcomes of different electoral systems, in terms of who gets elected and how, how different systems are subject to manipulation, and how they affect the machinery of day-to-day local government;

- Understand the ways in which political parties interface with local electoral systems and what the representational outcomes of that encounter are;

- Establish the options of different electoral and representational systems for implementing measures that result in the weak being able to wield power that is proportionate to their numbers;

- Find ways of mainstreaming affirmative action such that it becomes less contentious; and

- Explore the ways in which the legitimacy conferred by local custom and tradition can be harnessed to improve local representational arrangements without diluting fundamental democratic principles and rights.

Full text: http://regionalcentrebangkok.undp.or.th/practices/governance/decentralization/documents/LDIbook.pdf

**Galvin, M. and Habib, A., 2003, 'The Politics of Decentralisation and Donor Funding in South Africa's Rural Water Sector',** *Journal of Southern African Studies,* **vol. 29, no. 4.**

How have donors affected the implementation of decentralisation policies in South Africa? What impact, if any, have they had on the form of decentralisation implemented? This article from the *Journal of Southern African Studies* examines how donors have supported decentralisation in the rural water sector in South Africa. Differentiating between community-oriented and state-centric forms of decentralisation, it finds that while donors claim to support community-oriented decentralisation, in practice they promote statecentric decentralisation.

Through their financial and technical support, donors have influenced the process of decentralisation of the rural water sector in South Africa. Through a range of interventions to raise capacity, provide training, raise awareness and reform institutions, they have helped translate the policy of decentralisation into reality. However, this decentralisation has taken a state-centric form, while recent initiatives to promote a more inclusive community-oriented form of decentralisation have yet to bear fruit. The structural realities of South Africa and centralising tendencies within the government suggest that this goal is unlikely to be realised in the near future. Without strategies to overcome these constraints, participatory development and sustainable delivery in South Africa might have to be postponed for the foreseeable future.

South Africa's post-apartheid democratic government developed impressive policies to introduce local government and deliver services in rural areas. Donors were keen to offer their support. However, instead of providing funds for service delivery, most donors targeted funding towards building government capacity to deliver services. As a result, funding related to the decentralisation of rural water supply focused on three areas:

- Danida, GTZ and DFID focused on strengthening the ability of local government councils to engage in the rural water sector. Except for GTZ, none of the agencies took any special steps to promote a community-oriented form of decentralisation.

- USAID focused on developing institutions for water provision in Bushbuckridge (BBR). The involvement of NGOs in the initiative has been kept to a minimum, resulting in the promotion of a state-centric vision of decentralisation in BBR.

- The EU supported community-oriented decentralisation through budgetary support to the Department for Water Affairs and Forestry. However, evidence suggests that the EU's precondition that local governments must work with NGOs will backfire.

The South African government has implemented, and donors in the main support-ed, a state-centric form of decentralisation. South African government departments are often opposed to working with NGOs. Donors who support decentralisation through the simple provision of funds or technical assistance to governments re-inforce the institutional bias against NGOs. Even when donors and governments actively support community-oriented decentralisation, structural realities continue to act as obstacles:

- The historical absence of local government in rural South Africa means that players are new and lack capacity to act as partners.

- Government departments and donors assign decentralisation programmes to local government and sectoral delivery programmes to line departments or units. This division ultimately inhibits community and civil society participation.

- It may be pragmatic to recognise that a participatory decentralisation policy is not possible at this juncture. A more prudent alternative, however, may be for stakeholders to recognise the structural constraints and devise strategies to over-come them.

Full text: http://www.nu.ac.za/ccs/files/Rural-water-politics.pdf

**Gaventa, J., 2004, 'Strengthening Participatory Approaches to Local Governance: Learning the Lessons from Abroad',** *National Civic Review,* **Winter 2004, pp. 16–27**

What mechanisms exist to enable citizens' participation in local government? What strategies could strengthen participatory governance? This paper from the *National Civic Review* surveys approaches to citizen engagement worldwide and examines the institutional, legal and political elements necessary to promote participatory governance. It argues that greater citizen engagement can address issues of poverty, social justice and the democratic deficit, and stresses the importance of developing both the voice of citizens and the receptivity of governments.

In both northern democracies and southern developing countries, citizens perceive state institutions as distant, unaccountable and unreceptive to the needs of the poor. Both citizen participation – in which citizens 'exercise voice through new forms of inclusion, consultation and mobilisation' – and increased government responsiveness – through institutional change – are identified as remedies to this 'democratic deficit'.

Participatory initiatives have focused on transforming the citizenry from service 'users' to policy 'shapers', by improving methods of policy deliberation and broadening government accountability. Government receptivity can be enhanced by incentives encouraging officials' responsiveness to participatory mechanisms, changes in organisational culture and provisions making participation a legal right.

Various examples exist of participatory governance approaches:

- In the Philippines, local development councils require citizen participation at all municipal government levels. Civil society organisations (CSOs) are permitted to sit on government bodies and citizen representatives are trained in effective participation.

- In Brazil, the 1988 'Citizens Constitution' affirmed public participation in local service delivery as a legal right. The federal government is required to transfer decision-making authority to municipal bodies which have strong civic participation. The Porto Alegre participatory budgeting initiative has devolved many fiscal decisions to the neighbourhood level.

- In Bolivia, the 1994 Law of Popular Participation recognised the importance of existing local organisations, like indigenous communities, and gave citizens oversight over fiscal policy with budget-freezing powers.

- In India, Constitutional Amendments gave local governments – starting at the village level – responsibility for economic development and social justice

planning. They also made councils more inclusive by allocating quotas of seats to women and representatives of lower castes and tribes.

Participatory governance approaches must broaden citizens' access to policy-making institutions, change official attitudes towards citizen engagement and provide incentives to participate, while remaining sensitive to local conditions:

- Community 'voice' can be strengthened by training citizen representatives in leadership skills; building democratic, accountable community organisations; and establishing information-sharing processes.

- Government receptivity can be promoted by training officials to be more engaged with local communities; building in flexible, consultative, transparent policy processes; and enabling local community monitoring.

- Clear 'rules of engagement' allocating rights and responsibilities between government and citizen groups are needed to avoid the re-emergence of old power structures.

- Old, top-down power relationships should be addressed and changed by raising awareness of citizens' rights to mobilise and act collectively. Local context should be respected: the degree of trust, CSO engagement, political support for participation and government openness should be assessed and adapted to individual circumstances.

- Local ownership should be supported by encouraging horizontal scaling up of participatory structures through peer-to-peer exchanges at community and government levels.

Full text: http://www2.ids.ac.uk/logolink/resources/downloads/NCRGaventa.pdf

**Gershberg, A. and Winkler, D., 2004, 'Education Decentralization in Africa: A Review of Recent Policy and Practice' in Levy, B. and Kpundeh, S. eds. *Building State Capacity in Africa: New Approaches, Emerging Lessons,* World Bank Institute, Washington DC**

What has been the African experience of education decentralisation? What lessons can be learned from the African experience in the wider context of international experience? This research, by the World Bank Institute, looks at that devolution of educational finance to subnational governments. It examines the vitally important role of the community school. Finally, based on lessons learned in the international arena it gives recommendations on how best to make the transition from the centralised to the decentralised delivery of education.

African education decentralisation occurs in the context of severe deficiencies in educational access (and quality). However, growing financial resources for basic education, strong country commitments to use additional resources toward that end and monitoring by donors are ensuring that funding for basic education increases and access improves. This has meant that countries are seeking more effective and cost-efficient ways of delivering basic education. Based on international experience, decentralisation is viewed as offering the most effective mode under certain conditions.

African countries exhibit a wide diversity of approaches to decentralisation of education. Three broad strategies include: (1) decentralisation of control over education to regional or provincial authorities; (2) decentralisation to local governments and (3) decentralisation to community schools. While the experience is too recent to know its full effects, the best evidence is consistent with international experience. It shows that moving responsibilities to schools governed by elected school councils can improve accountability and performance. On the other hand, decentralisation to regional or local government provides mixed results highly dependent on: (a) the true decentralisation of budget and personnel authority; (b) the incentives created by intergovernmental fiscal transfers and mandates; and (c) the political power struggle inevitable in decentralisation reforms.

Unlike many regions of the world, much education decentralisation in Africa is a grassroots phenomenon. Community schools have taken root in most countries of the region and governments are increasingly seeing them as effective and cost-effective options for increasing access and quality. In the context of lessons learned from international experience, the African experience of education decentralisation is characterised by the following:

- Weak formal accountability mechanisms. However, informal accountability mechanisms work well in community schools.

- The role of local governments is poorly defined or overlapping. Significant divergence exists between legal statements of roles and reality.

- Parental participation in school councils is often encouraged. The tradition of community schools contributes to parental involvement.

- The role and capacity of principals is not well developed.

- In terms of financial transfers, capitation grants to subnational governments and schools are used increasingly.

- Failure to restructure and reorient ministries is causing them to fight to retain their traditional role.

Numerous questions remain unanswered and unresolved. These include:

- Education ministries should begin actively supporting community schools, not just with finance but also with technical assistance and guidance.

- The assignment of responsibilities across different levels of governments and schools must be clearly defined.

- Monitoring and technical assistance should be provided to help resolve local problems before they become crises.

- Communication and exchange of successful experience should be fostered to shorten the feedback loop and improve community schools.

**Golooba-Mutebi, F., 2005, 'When Popular Participation Won't Improve Service Provision: Primary Health Care in Uganda', *Development Policy Review*, vol. 23, issue 2, pp. 165–184**

Community participation in decision-making is seen as vital for promoting service delivery and ensuring accountability for social provision. Can devolution and participation succeed, however, where weak state structures are unable to provide an adequate regulatory capacity? This paper, compiled for *Development Policy Review*, examines Uganda's early experience of establishing new health care structures. It highlights various obstacles to sustainable reform and details the conditions required for improved service delivery through increased participation over the long term.

Policy debates regarding reforms in service provision frequently emphasise decentralisation and participation as mechanisms for improving quality and accountability. An analysis of health sector reforms and their shortcomings in Mukono District reveals the limitations of decentralisation and participation in securing long-term improvements in service delivery. Due attention to specific cultural and political dimensions are required if administrative and organisational reform aspirations are to succeed.

Following years of dictatorial rule, the National Resistance Movement (NRM) seized power in 1986 and embarked on a sweeping programme of political and economic reform aiming to create a decentralised, participatory, efficient system of local governance. However, plans to improve public health services through popular participation failed to acknowledge the following realities:

- In general, people were disinclined to participate in discussions surrounding public services. Years of oppressive rule had made avoidance of the political sphere mandatory for personal safety and survival.

- Deep-seated mistrust of public officials and institutions created public apathy towards, and cynicism of, public affairs. This further diminished enthusiasm for engaging in the decision-making process.

- Political uncertainty, economic deprivation and the consequent social malaise had created incentives for avoiding over-reliance on state provision, stimulated other forms of social organisation and encouraged self-provision.

- Health worker commitment was poor as a result of late salary payments, transportation difficulties and conflicting priorities based on lucrative engagement with 'private' treatment.

- Professional supervision was rarely enforced through the appropriate channels due to logistical constraints, corruption and general apathy.

With donor assistance, the NRM made significant progress in terms of rebuilding physical infrastructure and delivering medical supplies. However, reforms fell short

of expectations in terms of accountability through popular participation. A number of conditions need to be met before decentralisation and participation brings service delivery results:

- Where the state and its institutions are weak and where political culture and history go against popular participation, efforts to improve service delivery in the long term must, in the first instance, seek to build the capacity and standing of the state.

- Where the collapse of public provision is partly the result of regulatory weakness, supervisory mechanisms must be firmly established to encourage staff commitment and foster popular trust in the system.

- Extra local support is required, particularly in rural areas, to ensure that inhabitants are equipped with the skills, knowledge and self-esteem necessary to make participation meaningful.

- Adequate financial resources must be available to ensure that health workers and supervisors are able and willing to carry out their functions properly.

- Efforts to improve health service quality must be accompanied by information campaigns to provide a foundation for public interest.

**Grant, U. 2002, 'Local Government Decision-making: Citizen Participation and Local Lccountability, Examples of Good (and Bad) Practice in Uganda', Building Municipal Accountability Series, International Development Department, University of Birmingham, Birmingham.**

What constitutes 'good' or 'bad' practice in local government? How can reform promote citizen participation and local accountability? Uganda has been a leading exponent of decentralisation. Reforms have strengthened the capacity of local authorities to deliver services to their residents. This briefing paper from the International Development Department at the University of Birmingham collates some examples of good and bad practice in decision-making and resource allocation at municipal level in seven Ugandan local councils. The case studies highlight the extent of citizen participation and local government accountability in diverse situations. It is concluded that increased participation at local level must be accompanied by a real devolvement of decision-making power and funding, and a commitment to accountability at both central and local government levels.

Constitutionally, there is a real possibility in Uganda for democratic participation and decision-making, from village up to municipal levels. Research into the implementation of these constitutional policies as decentralisation has progressed has highlighted the following findings:

- The multi-level local council system in Uganda has proved successful in bringing the government closer to its citizens

- Conditional grants (such as the Local Government Development Programme) from central to local level have increased, and proved useful in reaching targeted objectives and involving citizens in decision-making

- Local revenue collection has remained weak, even declining as grants have increased

- If competition for funding is too intense, increased participation can lead to conflicts within municipal local councils

- Budget conferences have the potential to increase accountability. Efforts are being made to make these conferences more inclusive and conducive to participation from ordinary citizens

- There are some signs of participation-fatigue and declining participation in local elections.

Ugandans are becoming more aware of what they are entitled to as a right and not as charity. As their voice increases, it is necessary to increase accountability at all levels of government to avoid citizen disillusionment. The case studies suggest the following lessons:

- Regular, free and fair elections are the key to holding mayors and councillors to account

- Budget conferences can be made more inclusive and conducive to participation from ordinary citizens by facilitating specific discussions in small groups, and by bridging the gaps imposed by language

- Greater co-operation between local councils and civil society organisations eases the transition from economic to political empowerment of marginalised groups

- The media is an effective means for informing citizens about available resources and for channelling complaints about local councils.

**Green, A., 2005, 'Managing Human Resources in a Decentralized Context', chapter 7 in ed. World Bank, *East Asia Decentralizes: Making Local Government Work*, World Bank, Washington DC**

What are the implications of decentralisation for human resource management? How have governments in East Asia addressed the issue of civil service management in relation to decentralisation? Using case studies, this book chapter from the World Bank examines human resource management in decentralised contexts. It argues that human resource management should be seen as a central component in the design of decentralisation rather than a separate stand-alone process.

East Asia's experience with administrative decentralisation highlights both the opportunities and challenges of devolving responsibility for civil service management to lower levels of government. Decentralising the management of human resources can improve the responsiveness and resourcefulness of local government. Yet, without careful design, devolution can also bring fiscal imbalances, negative incentives and confused accountability at the local level. There is no single formula for successful civil service management in a decentralised context.

The experience of East Asian countries in managing the capacity, incentives, autonomy and accountability of the subnational civil service provides valuable lessons for other countries:

- Implementation of devolved functions in Indonesia and the Philippines is running up against the limited staff capacity in local administrations. Decentralisation has also affected incentive structures, creating incentives towards overstaffing, for example.

- Decentralisation in the Philippines and Indonesia significantly boosted the authority of local managers. However, limits on local authority have led manages to bypass regulations, risking reduced accountability and vulnerability to corruption.

- China and Vietnam have made training for civil servants a priority, but local administrations continue to lack the capacity to manage resources. Furthermore, incentives are skewed against prudent supervision of local budgets.

- Restricted autonomy in setting staffing and wage levels in China and Vietnam makes controlling administrative expenditure difficult for local managers. Lack of clarity on roles and responsibilities hinders the accountability of local civil servants.

- In Thailand and Cambodia, central governments fear that local administrations do not have the capacity to take responsibility for service delivery. Both countries

have therefore set up decentralised structures without devolving significant authority.

- The limited autonomy of subnational governments in Cambodia and Thailand poses important challenges for local accountability.

The experiences of East Asian countries also highlight several issues that governments must address in designing policies and institutions for administrative decentralisation and sequencing reforms:

- Both centralised control and decentralised management can provide benefits for service delivery. It is critical for decentralisation policy to achieve a rational equilibrium between these opposing but valid considerations.

- The degree to which a country devolves authority for civil service management has implications for uniformity across the civil service. In its ideal form, a country's civil services will be uniform but not unified.

- In devolving responsibilities, central governments must consider the capacity of small civil services to undertake certain tasks, and avoid the proliferation of unviable local administrations.

- While decentralisation can help to build capacity, low capacity at the local level can mean a sharp deterioration in public services. The critical challenge is to maintain momentum towards decentralisation while balancing capacity considerations.

- Countries should consider explicitly the link between civil service reform and decentralisation, in order to avoid replicating national flaws at the local level.

**Grugel, J., 2002, 'Democratization and the State', Chapter 4 in** *Democratization:*
*A Critical Introduction,* **Palgrave, United Kingdom**

What type of reform is necessary to build a democratic state? Why do a number of developing countries find it difficult to bring about democracy by holding elections? This chapter from *Democratization: A Critical Introduction* examines the type of institutional reform that democratisation should involve. It argues that reforms so far have stopped at the introduction of minimal democracy, and therefore failed to produce fully democratic states. The reasons for this failure include weak state capacity, authoritarian legacies and the imperative of economic reform.

There is general agreement that democratisation means more than the introduction of elections, but there is no academic consensus about what reforms, precisely, are required. Democratic states are those governed by the rule of law, through an elected and representative government, with access to decision making for all social groups. Democratisation therefore involves institutional, representative and functional change. Currently attention is focused upon institutional changes (the form of the state), rather than transforming who has influence or what the state is responsible for. States tend to resist a deeper democratisation.

Changes to visible institutions are not sufficient for a full democratisation of the state. Elections and new constitutions do not challenge non-democratic cultures or values.

- Elections are seen as the first stage in democratisation. However, they are often only a step in a round of aid negotiations with the international community.

- The nature of political parties can determine how democratic elections are. The emergence of a strong and competitive party system can depend on the regional, socio-economic and historical context.

- The type of political systems adopted by new democracies has varied. However, to be successful in democratisation the chosen approach must be underpinned by democratic norms and clear constitutional procedures.

- If institutional change is to lead to full democratisation of the state it needs to involve significant reforms. For instance, reforming the police and judicial system is particularly important to strengthen democratic rights.

Institutional change marks the opening of democratisation, but there is no evidence that deeper state reform will automatically follow. In some cases, institutional arrangements developed during transition actually hinder deeper democratisation. There are a number of obstacles to democratisation in post transitional states, which include:

- Nationality problems: Sub-state nationalism can take the form of unequal political, economic, social and cultural rights, which reduce the chances of democracy.

- Poor state capacity: States with insufficient capability will not be able to withstand popular pressure or complete necessary reforms. It is difficult for democratisation to occur without state capacity.

- In addition, developing countries also face the challenge of increasing capacity and delivering more and better services whilst simultaneously responding to the pressures of globalisation.

- Authoritarian legacies: democratisation is unable to break from the past and reforms can be blocked by the influence of the culture, legality, composition and ideology of the state.

- Economic reform: globalisation, indebtedness and protectionism all push developing countries towards economic reform, affecting the process of democratisation.

## GTZ, 2006, 'Decentralisation and Conflicts: A Guideline', Governance and Democracy Division, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Eschborn, Germany

While decentralisation is often seen as an instrument for conflict transformation, little attention has been paid to whether and when it can mitigate or exacerbate conflict. This paper from the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) examines the connections between decentralisation and violent conflicts and consequent implications for decentralisation policy-making and implementation. To avoid unintentional escalation of conflict, development co-operation should pay greater attention to decentralisation/conflict interactions and strengthen the involvement of central government and civil society.

Decentralisation of power to local government can defuse conflicts, since local/regional governments understand local conflict causes, can facilitate minority participation and enable bottom-up reconstruction of states. However, since decentralisation involves redistribution of power, it can give rise to new conflicts. When central government relinquishes competencies through decentralisation and can no longer act as arbitrator, opposing interests can collide. Transfer of fiscal competencies can bankrupt some incompetent municipalities; some regions receive preferential treatment by central government. Decentralisation can also unintentionally foster the cementing of power of local ethnic majorities.

The following determinants of conflict-sensitive decentralisation can mitigate potential conflict during the transfer of power from central to local/regional governments:

- Support by central and subnational elites can help construct a majority decision by parliament to support decentralisation. Ongoing policy dialogue among all stakeholders can help construct its legal framework.

- These elites can also promote ongoing institutional reforms and inform policy dialogue among all stakeholders that will help secure the legitimacy of decentralised roles and responsibilities.

- A strong local elite that actively supports decentralisation can shoulder responsibility for public service delivery and regional development.

- Promoting civil society and its participation in the decentralisation process can foster the settlement of conflict by non-violent means and prevent conflict around issues of corruption and lack of transparency in public administration.

- Decentralisation requires continuing central government leadership and oversight of local and regional administration. Capacity building in order to implement decentralisation is necessary at central, regional and local levels.

- Local/regional authorities need to be provided with reliable income. Attention should be paid to equitable distribution of financial resources between and among regions. Without sufficient financial resources, regional and local authorities cannot perform their newly assigned tasks.

Development actors should pay greater attention to interactions between conflicts and decentralisation to avoid conflict escalation (according to the principle of 'do no harm'). In addition, they should:

- Explicitly promote the participation of civil society and traditional authorities.

- Contribute to creating platforms for non-violent settlement of conflict and alliances for peace.

- Focus more on strengthening central administration operational capacity and advocate additional institutional reforms.

- Support the flow of resources from the central to local level and between regions.

- Pay greater attention to expectation management and termination criteria.

Full text: http://www2.gtz.de/dokumente/bib/07-0148.pdf

**Hadingham, T., 2003, 'Decentralisation and Development Planning: Some Practical Considerations', Department for International Development (DFID)**

How can high level strategic thinking and local participation be brought together for optimum outcomes? How can the different dynamics of national Poverty Reduction Strategies and decentralisation work together effectively? This report, commissioned by the Infrastructure and Urban Development Department of the UK Department for International Development, identifies ways in which planning systems can integrate national strategic goals with the outcomes of local participatory processes.

Development functions in many developing countries are being decentralised, with both risks and benefits. Participatory processes can be a way to articulate local needs and aspirations and identify development interventions at local level. However, capacity constraints can mean that interventions identified through participatory processes are not always strategic in nature, or consistent with national government policy. Three case studies show how the use of planning systems could result in the integration of strategic objectives with the outcomes of participatory processes:

- In South Africa, Integrated Development Plans helped local governments to accept their developmental responsibilities in the post apartheid era. However, participation has not necessarily led to pro-poor outcomes; local stakeholders, especially the poor, are easily excluded.

- Zimbabwe's Integrated Rural Accessibility Planning approach supports the democratisation of communities. It is user friendly and easily implemented, even when local capacity levels are low. Originally to help with planning transport services in rural areas, it generates data for other development sectors.

- In Ethiopia Decentralised Woreda Level Planning is used in the four biggest ethnic regions. The initial phases of the planning process were participatory but local voices got lost in successive policy drafts. The process is shaped by local top-down approaches that see participation as a means of obtaining information.

Development planning systems have the potential to make a significant contribution to poverty alleviation and development activities. Development planning will become increasingly important as a way to bring together priorities articulated in Poverty Reduction Strategy Papers and the needs of local communities. To achieve these goals the following is necessary:

- Appropriate planning systems need to be included at the project design stage.

- Adequate capacity to carry out planning must be developed at all levels of government, within civil society and in local communities.

- The development planning process must be seen to be delivering tangible re-sults, to maintain political interest and build credibility with participating communities.

- Development planning needs extensive investment from the state and a clear commitment to implementing outcomes.

- If the development planning process is to be sustainable, local government and associated stakeholders must be committed to the process. Funding from the local revenue base ensures that local government has a significant stake in the process.

- Further research is needed, particularly to establish which factors contribute to successful decentralisation and how these can be built into the design of devel-opment planning systems.

Full text: http://www.transportlinks.org/transport_links/filearea/publications/ 1_802_Decentralisation%20and%20Development%20Planning%20-%20 Some%20Practical%20Considerations.pdf

**Harrison, G., 2004, *The World Bank and Africa: The Construction of Governance States*, Routledge, London**

What are 'governance states'? How has the World Bank been instrumental in their creation in Africa? This book coins the term 'governance states' and describes the World Bank's role in their creation in Africa, using the cases of Tanzania, Uganda and Mozambique. The intimate involvement of the World Bank in the internal politics of these states is critiqued, as is the Bank's methodology and prospects for the future of governance states.

Governance states are envisaged as a product of social engineering that represent the success of World Bank policies since Structural Adjustment Programmes. However, these success stories raise new contradictions. Governance states are also failing to gain genuine ownership of policies and political independence from the World Bank and other creditors.

The World Bank has been a powerful actor in African politics for many years, most heavily since the 1980s. The Bank's development mandate is embedded in ideals of capitalist progress and is currently focused on reforms that target central government. Where these ideals have been successfully internalised by recipient countries, governance states have been born. Examples from Africa are Tanzania, Uganda and Mozambique, which have reached this common categorisation despite different political trajectories. The key features of governance states are:

- The attainment of 'showcase' status that demonstrates the success and wisdom of World Bank policies.

- The experience of economic growth during the 1990s, a period of decline or stagnation for many other countries in the region. This provides the Bank with justification for its interventions.

- Some form of controlled political transition from difficult situations, which justifies narratives of 'new beginnings'.

- A high level of stability and order relative to the region.

Governance states are characterised by a high level of external influence but under conditions of 'post-conditionality'. Post-conditionality rejects the stark policing of aid in favour of more interventionist and less obviously coercive politics that emphasise terms such as 'partnership' and 'participation'.

- Administrative reform is key to post-conditionality politics and the Bank's governance agenda. It is characterised by the rise of the ministries of finance and public service.

- The donor-state relationship is still characterised by coercion, and dependency on donors. In governance states, the Bank is so intimately involved in policy-making that it cannot be clearly separated from the state.

- The Bank uses the discourse of liberalism to represent its involvement in governance states in a way that largely denies its own power. The language fits with the governance states' image as good reformers.

- Theories of embedding neo-liberal models arose in Europe, where state agencies already existed. It is more complex in Africa, as the Bank's involvement is creating agencies for the very purpose of these reforms.

- The neo-liberal agenda has been embedded in relatively vulnerable governance states, but not in the Bank or the centres of global capitalism. The Bank institutionalises the double standard 'do as I say not as I do'.

- Civil society organisations (CSOs) may contribute to the broader socialisation of reform. But the engagement of CSOs is limited as they champion their donor's agendas, represent elites and cannot fully integrate into governance.

**Hilhorst, T. and Guijt, I., 2006, 'Participatory Monitoring and Evaluation – A Process to Support Governance: A Guidance Paper', report to the World Bank, Royal Tropical Institute (KIT), Amsterdam**

Strengthening meaningful participation and empowerment of citizens and improving the quality of governance at the local level are essential for effective poverty reduction. This Royal Tropical Institute (KIT) guidance paper explores how a Participatory Monitoring and Evaluation (PM&E) process can enhance participation, empowerment and governance in World Bank-supported projects and programmes. PM&E is not constructed as an instrument for 'control' but focuses on improving the quality and direction of joint development initiatives and local governance.

PM&E is about strengthening primary stakeholders' involvement as active participants in interventions. It is about encouraging them to take the lead in tracking and analysing progress towards jointly agreed results and deciding on corrective action. This approach contributes to demand-led planning and decision-making, and improved accountability, when effective communication and feedback loops are in place with programmes and agencies.

Governance is about the process and institutions by which authority and control are exercised. It can be assessed in terms of four qualities: (1) Efficiency and effectiveness with which institutions, rules, and systems operate; (2) Equity of outcomes; (3) Exercise of power, including accountability mechanisms; and (4) Quality of stakeholder interactions.

A PM&E process can enhance local governance and participation in World Bank-supported projects and programmes. For local governance, PM&E can:

- Enhance efficiency and effectiveness – PM&E processes can contribute to results-based management by improving policy-making, facilitating adaptive management, enhancing efficiency of resource use and promoting staff motivation.

- Improve the exercise of power – some characteristics of the exercise of power are openness, transparency, responsiveness, predictability and accountability. Gathering and sharing information and dialogue are key features of PM&E processes, which contribute to openness and transparency.

- Enhance equity of outcomes – ensuring equity of outcomes requires commitment of all stakeholder groups to question the existing distribution of services. It involves an assessment into the responsiveness of projects, service providers, and/or local government as perceived by groups of (potential) users who tend to be marginalised or socially excluded.

- Enhance stakeholder interactions – usually there are multiple stakeholders involved in local development. Well-structured PM&E systems may help

communities and civil society organisation to develop partnerships with projects, office bearers and other stakeholders.

For integrating PM&E into programmes and projects that work with large numbers of communities and micro-projects, a number of factors need to be considered:

- Inviting primary stakeholders to engage in a PM&E process only makes sense when it is focused on activities that are largely within the realm of action of these actors.

- PM&E can contribute to strengthening local governance in multi-stakeholder processes. Again, before deciding on setting up a PM&E process in a multi-stakeholder setting, an analysis needs to be made of the willingness and ability of all key stakeholders to participate and to respond to outcomes.

- Policy-makers have to be persuaded of the value of engaging in a PM&E process before they will support its integration in a programme. Therefore, it is important to demonstrate to policy-makers the value and feasibility of PM&E for the programme under consideration.

- Linking PM&E into project design and budget. Ideally, PM&E should be presented as an explicit part of the overall mission and strategies. The project design should further set out the purpose and scope of the PM&E process, and establish the basis for effective participation by stakeholders.

Full text: http://portals.wi.wur.nl/files/docs/ppme/PME final June 2006.doc

**Hutchinson, P. and LaFond, A., 2004, 'Monitoring and Evaluation of Decentralization Reforms in Developing Country Health Sectors', The Partners for Health Reform*plus* Project, Abt Associates Inc., Bethesda MD, USA**

Monitoring and evaluation of decentralised health sectors in developing countries are hampered by lack of good data and research design, and by the scope of reform. This paper, published by Abt Associates, presents a conceptual framework for health sector monitoring and evaluation, and identifies key indicators with which to measure decentralisation results. More comprehensive reviews of country decentralisation programmes in the health sector would be enhanced by developing new indicators and improving research designs and data collection.

Decentralisation is frequently imposed upon developing countries' health sectors by political and social forces aimed at increasing democratisation, political stability and community participation. Donors often advocate decentralisation as a mechanism to encourage sustainability and promote primary health care. However, developing countries face many obstacles that lead to inefficient and wasteful health service delivery, and inequitable access to health-care.

Health sector decentralisation goals include improved efficiency, equity, accessibility, responsiveness, quality service delivery and, ultimately, improved health of a country's population. This document provides guidance on measuring decentralisation progress towards these goals and addresses issues that frequently stall or lead the process astray.

Monitoring and evaluation are based on a conceptual framework that includes authority, accountability, information and capacity. A sound monitoring and evaluation plan identifies key decentralisation indicators, develops a data needs assessment plan, establishes a research design and collects and analyses data. It addresses the following indicators:

- Changes in the political, legal and institutional frameworks in which the process is set.

- Available financial resources and the extent to which decentralised governments allocate resources across programmes and activities to achieve maximum health gains.

- Organisational changes, including human resources, training and capacity building, drugs, supplies and equipment, operations and maintenance, service delivery and community involvement.

- Outcome measurement, including technical and economic efficiency, service quality and equity and accessibility of the system.

- The level of physical access people have to health systems and the degree to which decentralisation has increased use of systems. Review of existing structures to supervise and manage health facilities, including the level of local involvement in supervision.

The following are recommendations for additional study of monitoring and evaluation processes in health sector decentralisation settings:

- Too little attention is paid to research designs. Efforts should be made to employ scientific methodologies in decentralisation evaluations.

- In some cases, there is a need for new indicators beyond the standard indicators cited here. Data collection tools could also be enhanced, such as by incorporating routine health information systems, household surveys and facility surveys into the database.

- There is a continuing need to strengthen the technical and analytical capacity to conduct monitoring and evaluation processes.

Full text:
http://db.jhuccp.org/icswpd/exec/icswppro.dll?BU=http://db.jhuccp.org/icswpd/exec/icswppro.dll&QF0=DocNo&QI0=278376&TN=Popline&AC=QBE_QUERY&MR=30%25DL=1&&RL=1&&RF=LongRecordDisplay&DF=LongRecordDisplay

**Iversen, V. et al, 2006, 'Private Tax Collection – Remnant of the Past or a Way Forward ? Evidence from Rural Uganda', *Public Administration and Development*, vol. 26, no. 4, September, pp. 317–328**

What is the role and impact of private tax collection under fiscal decentralisation in Uganda? This article, published in the journal *Public Administration and Development*, examines its impact on the nature of fiscal corruption, the challenge of assessing revenue potentials, and the problem of overzealous collection. Based on evidence from six rural councils, it argues that privatisation currently transforms the nature of fiscal corruption by reducing corruption at collection point and transferring it into district administrations.

Following a dramatic drop in revenues generated by the (now abolished) poll tax, district councils in Uganda have increasingly opted for private tax collection, justified on the grounds of improving its yield and efficiency. Historically, the main disadvantage of private tax collection has been overzealous collection, resulting in the deterioration of state-citizen relations.

Examining tendering practices for tax collection contracts reveals evidence of manipulation of the bidding process and of nepotism. Tenders for tax collection at markets use reserve prices, based on estimated revenue potential. These are set by district administrations. Field-teams carried out independent assessments of revenue potentials at six rural markets of varying size and with different main commodities and found:

- A gap between reserve prices and actual revenue potentials that suggests local councils are losing between 25 and 74 per cent of the money they would have gathered if market revenues had been correctly assessed.

- Since assessing the revenue yield of markets during normal years is not difficult, it appears that reserve prices and agreed tenders are set deliberately low, although the mechanisms that generate low reserve prices vary across councils.

- Rather than enhancing local revenue, the private tax collection system transfers a significant proportion of money collected from tax payers into the pockets of tax agents and members of the local elite.

- The individual incentives for local bureaucrats, politicians and tax collectors to collude to protect their vested interests conflicts with the official objective of local revenue enhancement.

- The low level of resources made available for local service improvement as a proportion of taxes collected could have severe implications for state-citizen relations.

- Overzealous collection is not generally a problem in rural Uganda, although if the margins of profit for collectors were reduced, pressure on tax payers could increase.

It is necessary to focus on incentive mechanisms for repairing loopholes in tax collection, in contractual designs and in procedures for reserve price assessment:

- Sensitisation or capacity-building at district administration level is unlikely to resolve existing problems. Establishing an independent body to carry out market assessments would be more effective.

- Clean bidding processes are unlikely in the short-to-medium term. Properly assessed reserve prices would act as a check on bid-rigging.

- Incentive mechanisms that link remuneration of local bureaucrats to revenue enhancement goals could be considered.

- Risks confronting tax collectors, including seasonal fluctuations and trade suspensions, need to be integrated into local council policy.

- Mechanisms for curtailing overzealous collecting include awarding tax contracts to market associations or establishing an effective complaints system.

**Jackson, P., 2005, 'Chiefs, Money and Politicians: Rebuilding Local Government in Post-War Sierra Leone',** *Public Administration and Development,* **vol. 25, no. 1, pp. 49–58**

What are the prospects for decentralisation in post-war Sierra Leone? This paper from the University of Birmingham's International Development Department analyses the interaction between the different elements of local government, finance, and the diamond trade in Sierra Leone and offers guidance for post-conflict reconstruction at a local level. It argues that the reconstitution of the politico-economic networks surrounding diamond extraction outside of local government may lead to the alienation of the same groups that led the rebellion over the last few years.

Decentralisation has been ongoing in Sierra Leone since 2000, culminating in a new Local Government Act, passed in March 2004, and local government elections held in May 2004. Many donor agencies have placed strong emphasis on decentralisation as part of their post-war reconstruction efforts. However, very little has been written so far about the complex interaction between traditional chiefs, modern local government and the illegal diamond trade in Sierra Leone, which have implications for the financial structure of local government under the new system.

There are a number of challenges associated with the establishment of democratic local governance in Sierra Leone. Many of them are linked to the revival of the traditional chiefdom system - itself one of the main targets of the war – as a way of dealing with a severe security problem in the countryside and a collapsed state with very little capacity. Other challenges include:

- The lack of adequate finance mechanisms, both at the local and central level, to support effective and speedy decentralisation.

- Ending the country's tradition of centralism (for example, the retention of existing centrally appointed staff in the new local councils, signalling a continuation of existing practices).

- The role of many chiefs in controlling land and mineral extraction, the use of forced labour and undermining due process for personal benefit.

- The threat posed to the basic trading nexus between local landowners, diamond traders and government officials in the illegal diamond trade, related to the ability and legal right of district authorities to tax and licence mineral production.

- The country's precarious communications and transport networks.

In many ways, Sierra Leone is a special case for decentralisation, with specific lessons to be learned. There is considerable evidence that increasing centralisation throughout the late 1970s and 1980s contributed to the outbreak of war in the 1990s. However, the danger of placing emphasis on the prefix 're' in the reform process,

through words like reconstructing, rebuilding, and rehabilitating, is the possibility of recreating the forces that led to the war in the first place. Further lessons for post-conflict reconstruction at a local level are:

- Understanding the context of decentralisation in terms of local political sensitivities, traditional authority and social structure is critical.

- Misunderstanding the context can affect the relationship between traditional authorities and district councils, particularly when the law does not clearly establish mechanisms for dealing with potential conflicts.

- Restoring traditional authority does not necessarily lead to establishing legitimacy or good governance.

- Going back to a pre-war structure may appear attractive, but may simply reproduce the same conditions that led to war in the first place.

- In order for progress to be made, the chiefdom system in Sierra Leone needs to reform.

**Jackson, P. and Scott, Z., 2008, 'Local Government in Post-Conflict Environments', paper commissioned for the 'Workshop on Local Government in Post-Conflict Situations: Challenges for Improving Local Decision Making and Service Delivery Capacities', Oslo, Norway, 28–29 November 2007, UNDP**

What role does local government (LG) play in post-conflict reconstruction? What are the key issues for LG in post-conflict contexts? This paper, published by the United Nations Development Programme, argues that further research is required on the role of LG in conflict prevention, particularly on the contextual factors that enable LG to mitigate conflict. Donors should recognise the significance of LG and undertake political economy analysis to ensure that they engage with LG appropriately.

LG has the potential to play either a positive or a negative role in both post-conflict reconstruction and preventing conflict. LGs can help to re-establish the presence of the state in the regions and respond more effectively to local conditions. LG is particularly important in PC contexts, since peace often comes to different regions of a country at different times. LG can help to prevent conflict by managing inter-group tensions, increasing representation and participation and improving service delivery. However, it can also exacerbate conflict, since ineffective, corrupt and partisan local political institutions cause frustration, resentment and feelings of exclusion.

Key issues for LG in PC environments include:

- *Political context*. LG reform is a highly political issue and requires an understanding of the political context. PC environments often have strong informal institutions, including patronage networks, which can hinder effective LG.

- *Central–local relations*. Central–local government relations often experience tensions, which are heightened in PC environments and can contribute to conflict.

- *Building legitimacy*. Increasing participation, reducing inequality, creating accountability, tackling corruption, providing services and developing civil society all contribute to building legitimacy. LG has an important role to play in these activities.

- *Institutional structure*. The literature raises questions on appropriate and effective design of LG structures. These include whether to reform LG structures or build new ones and how to incorporate different interests in LG.

- *Sequencing*. There is little consensus around the sequencing of LG reforms or appropriate entry points. The literature suggests that entry points should be determined by local context.

- *Decentralisation*. The literature suggests that decentralisation can bring benefits, but can also bring significant problems. Politically sensitive design of decentralisation reforms is crucial.

Donors should not focus exclusively on central government in PC contexts. While working with LG presents additional challenges, the strength of the central is dependent on the strength of the local, and vice versa. Other policy implications include the following:

- 'One-size-fits-all' policies do not work and PC environments do not provide a 'clean slate'. Interventions must take account of economic, social, cultural and political circumstances and both formal and informal institutions.

- LG reform in PC contexts is not just a technical exercise. LG reform is concerned with the location of power: it is highly political and controversial and can exacerbate conflict.

- Short time horizons are inappropriate for donor interventions in PC states. They increase the risks of relying on inappropriate existing power structures to gain quick results. Donors should not rush to introduce democratic reforms in PC contexts.

- Donors must consider local ownership and build the legitimacy of their interventions to ensure their effectiveness and sustainability.

Full text:
http://www.undp.org/oslocentre/docs08/oslo1107/Annex_4_%20Paper Government_in_Post_Conflict.pdf

**Johnson, D., Kabuchu, H. and Vusiya, S., 2003, 'Women in Ugandan Local Government: The Impact of Affirmative Action',** *Gender and Development,* **vol. 11, no. 3, pp. 8–18**

Since the mid-1990s, the Ugandan government has introduced legislation to ensure that women are represented on local councils. What has changed as a result of this affirmative action? This article for *Gender and Development* looks at both the positive and negative impact of women's presence in local government. It finds that although there is now greater acceptance of women community leaders, their influence over public decision making remains limited.

Uganda's 1995 Constitution and 1997 Local Government Act paved the way for women's inclusion in government decision-making structures. One-third of local council members must be women, and minimum numbers are required for many local commissions and committees. More widely, government decentralisation has shifted decision-making closer to the village level, which should allow women greater influence over local development. In reality, local government elections in 1998 swept many women into politics without sufficient preparation. The long-term impact of their increased involvement on councils is not yet clear. However, a series of interviews with district and community-level officials and civil society groups highlights positive and negative developments relating to affirmative action.

On the plus side, the rise in the number of women on local councils has increased their confidence in, and use of, local courts to tackle problems like abuse. It has led to positive female role models, encouraging women to get involved in community activities and also changing men's attitudes. However, some problems remain:

- The effectiveness of legislation for affirmative action is undermined by a lack of resources to support the relevant ministry and local departments.

- Some women councillors lack the confidence to express their opinions in meetings, causing others to dismiss their potential contribution. They are seen as ineffective or easily swayed. Women's lack of exposure to and understanding of, local government procedures and subjects, which is one of several obstacles to their influencing council outputs, has prevented them from significantly influencing council outputs and budget decisions.

- While some see increased freedom for women as positive, there is also the view that greater community involvement will result in negative changes to cultural norms and traditions.

- Men fear, for example, that their wives will become financially independent and leave them, or that they will become uncontrollable. In this way, an improved status of women threatens men's self-image.

The ability of women to participate actively in decisions about resource allocation must be monitored and supported at local and national government levels. Few specific policy recommendations are given, but the problems highlighted suggest:

- Providing adequate human, financial and technical resources to government institutions working to enable women's political participation.

- Providing education and training so that women can acquire the skills necessary for effective political participation. That might include learning about technical jargon and council procedures.

- Addressing men's fears about greater independence for women and their own self-image during this time of change.

- Tackling entrenched views about the participation of older women, as well as the higher standards and qualifications demanded of women candidates over their male counterparts.

- Helping women overcome barriers to participation, including inadequate finances and time.

**Jütting J., Corsi E., Stockmayer A., 2005, 'Decentralisation and Poverty Reduction',
Policy Insights no. 5, OECD Development Centre, Organisation for Economic
Co-operation and Development, Paris**

What are the key determinants of pro-poor decentralisation? This briefing note from
the OECD's Development Centre discusses theoretical and actual links between de-
centralisation and poverty and highlights lessons for donors. The implementation
of a coherent decentralisation strategy, along with indicators to monitor progress,
is a promising tool to improve capacities and institutional quality at the local level.
However, the link between decentralisation and poverty reduction is not straightfor-
ward and outcomes are significantly influenced by country specificities and process
design. Donors should improve policy coherence and co-ordination and be more
aware of the political economy of decentralisation as a change process.

In theory, decentralisation should have a positive impact on poverty, as it is likely to:
i) make the voice of the poor heard more clearly; ii) improve access to and the qual-
ity of public services; and iii) reduce vulnerability. The reality looks less promising,
however. Based on a review of experiences in 19 countries, an OECD Development
Centre study found that in only one third of the analysed cases did decentralisation
actually lead to poverty reduction. In the majority of cases, decentralisation had no
impact at all. In countries where the state cannot fulfil its basic functions and in
environments of high inequality, decentralisation can increase poverty.

Key factors in achieving pro-poor decentralisation relate to the design and implemen-
tation of the decentralisation reform. They involve four policy domains:

• *Political*: Commitment of the elites/central government as well as the establish-
  ment of a transparent and participative process is crucial. A good information flow
  between local governments and the population enables citizens to participate in
  decision making.

• *Administrative*: A clear division of functions between different actors is needed,
  and time for capacity building at local/regional level should be allowed. The
  devolution of powers can generate 'learning by doing' processes which help local
  governments to build capacity through practice.

• *Fiscal*: A secure resource flow to local governments is crucial. Resources should
  come from both the central government and local taxes.

• *Role of local governments*: Local governments provide entry points for establish-
  ing and improving pro-poor policies, but the central state has a strong role to
  play, especially in environments of high inequalities based on traditional social
  institutions. To have pro-poor impact, decentralisation must be accompanied
  by complementary measures such as investments in education or promotion of

land reform. Following decentralisation, it is important to monitor progress in targeting, participation, service delivery and administrative procedures.

National governments should own decentralisation reforms. To achieve pro-poor decentralisation, commitment from the national elite and the support of the population is fundamental, and sound donor support can substantially assist. Key lessons for donors include the following:

- Policies should be more coherent and action better co-ordinated. Donors have simultaneously supported decentralisation and favoured sectoral wide approaches (SWAPs) that tended to recentralise power. Furthermore, the large focus of aid policies on community-driven projects has frequently led donors to support parallel administrative structures that in some cases have undermined the authority and capacity of local governments.

- Decentralisation is a political process that will create winners and losers. Winners should be made reform champions and losers should have a forum where their complaints are dealt with. Donors should promote reforms on several levels within government – including the intermediate levels that have an administrative and political role – otherwise reforms will not produce sustainable results.

- Donors should promote decentralisation as an instrument for poverty reduction, not as an end in itself.

- Donors should encourage transfer systems with incentives for improved effectiveness as well as help in building sustainable local revenue generating powers.

Full text: http://www.oecd.org/dataoecd/51/19/34425321.pdf

**Kelly, R. et al, 2001, 'Improving Revenue Mobilisation in Malawi: Study on Business Licensing and Property Rates', Final report to the Government of Malawi, UNDP and UNCDF, Lilongwe, Malawi**

How can the Malawian Government develop a strategy to improve the ability of local assemblies to mobilise locally generated revenues such as property rates and business licences? This research from Duke University covers issues related to the tax base, valuation, classification, tax rates, assessment and billing, collection, enforcement and taxpayer service. It concludes that the revenue base information is incomplete, collections are low and enforcement is virtually non-existent. Policy needs to be fine-tuned. However, the primary obstacle to successful local revenue mobilisation is weak administration.

Malawi is in the midst of decentralisation reform. Since 1994, substantial progress has been made on establishing the broad legal and policy framework for decentralisation. The Government of Malawi adopted a new Constitution in 1995 and a Decentralisation Policy and a new Local Government Act in 1998. In September 2000, the Government issued an implementation action plan to guide the devolution process. The plan focuses on the initial five years of the expected ten-year implementation process. Although the basic decentralisation policy framework has been established, the major challenge facing Malawi is in its actual implementation.

Local revenue collection rates in Malawi are low, estimated to range between 20–50 per cent. There are, however, various problems associated with these figures.

- Weak administration, combined with a lack of political will for enforcement, generates a low level of local revenue mobilisation performance.

- Local assemblies have substantial potential for enhancing local revenues, especially from business licences and property rates.

- To date, local assemblies rely mostly on individual persuasion to mobilise revenues, rather than utilising the various enforcement mechanisms available through the Local Government Act.

- Lack of political will also contributes to the lack of collection and enforcement.

It is essential for local assemblies to enhance their own source revenues in order to ensure local autonomy, promote accountability, enhance economic governance and local ownership. They will then also be able to realise decentralisation efficiency gains by linking their revenue and expenditure decisions. To do this they should:

- Develop effective, administrative procedures that are capable of being implemented at the local level. Use a computer-assisted "Integrated Financial Management System" (IFMS) to manage property taxes and other revenues and expenditures;

- Strengthen local assembly capacity through targeted training, technical assistance and dissemination programmes, with central level support;

- Convince the taxpayer to pay taxes by administering taxes fairly. Prioritise the improvement service delivery, since people are more willing to pay if they receive tangible benefits or services;

- Educate the taxpayer on the rationale, procedures and responsibilities of the business licences and property tax. Tax rates should be initially capped to protect the interests of the taxpayers;

- Prioritise improving the collection, coverage and valuation ratios – in that order. Strict enforcement against noncompliance is essential;

- Issue regulations and procedures for constructing property tax registers;

- Adopt a mass valuation approach for rating purposes; and

- Establish an independent appeals board to ensure equity and accountability.

Full text: http://www.uncdf.org/english/local_development/uploads/technical/malawi_rev_mob.pdf

Historically, Pakistan's rapid economic growth has not been matched by advances in social development. So, were the 2001 local government decentralisation reforms effective in improving the magnitude and quality of provision of essential public services? This paper published by the Institute of Development Studies (IDS) examines the impact of these reforms in rural Pakistan over a three year period in a set of case study villages. Evidence from these villages suggests that, while the provision of targeted services has increased, the quality and provision of universal services has not.

Local Government Ordinance 2001 (LGO 2001) represented an attempt to address recognised accountability failures through local government reforms. It sought to redesign political, electoral and administrative structures at local level in order to increase the accountability of service providers to local citizens. This paper looks at perceptions of pre- and post-reform provision and quality in four villages in rural Punjab three years after the reforms were instituted. It also draws on a 2004 Pakistan-wide social audit designed to track changes in service delivery.

The key features of the reforms and the rationale behind them are outlined below:

- Key provincial functions were devolved to district and tehsil (rural) levels.

- Provincial line departments at the district and tehsil levels were placed under the authority of elected governments.

- Changes in institutional arrangements aimed to foster citizen participation in service delivery and oversight.

- Electoral reform aimed to create a direct link of accountability between patrons and union level citizenry.

Nevertheless, poor quality state-provided healthcare and education has persisted. Poor quality provision of universal services has differentially affected the lives of girls, small landholders and low caste citizens. Whilst incomplete implementation of fiscal decentralisation is partly responsible for the lack of impact of the reforms, weaknesses in administrative procedures and local government structures may be more significant.

- The government continues to concentrate on the provision of targeted services (e.g. sanitation drains) despite the declining quality of universal services.

- Villages which have strong representation on union councils are more likely to benefit from improved targeted services. This may be because targeted services

are tangible and visible and therefore representatives cater to their own village-specific factions.

- Universal services are less visible and less easily targeted to specific groups and therefore not directly attributable to union representatives. Citizens are not yet able to hold local universal service providers accountable.

- Lack of improvement in universal services may also be the result of accountability failure at district, not union, level. Local government reforms have not been complemented by bureaucratic reforms below the district level. While unions are directly accountable to local citizens, they do not have the authority to hold local level service providers accountable.

- The poor performance of citizen participation bodies such as school councils is contested. Citizens maintain that the councils are partisan. Unions insist that factional divisions within the villages spill over into councils.

**Krishna, A., 2003, 'Do Poor People Benefit Less from Decentralisation?',
Paper presented at the 2003 American Political Science Association conference,
Philadelphia, August 27–31 2003**

What safeguards can help facilitate more equitable and participatory decentralisation? This study from Duke University examines the village councils in two states of northern India and finds that participation and influence within the councils do not depend on wealth and social status. However, education and information empower traditionally excluded groups to participate more often and effectively in the processes and benefits of local government. Policies that enable people to educate themselves, particularly about their rights and processes of local governments, should precede or accompany decentralisation.

Deconcentrating central government offices by locating them closer to where citizens live constitutes one part of decentralisation. The more important part concerns devolution or mandated transfers of authority and resources to independently elected local governments. Decentralising authority is advised for the sake of promoting higher participation, facilitating accessible and responsive governance, engendering superior service delivery and permitting more effective poverty reduction.

Decentralisation can help improve performance overall by enabling flexible and context-sensitive decision making, by encouraging competition among local administrations by facilitating local resource contribution and by mobilising communities' social capital. However, decentralising authority to democratically elected local government can be counterproductive if elites capture power at the local level.

The following factors are important to an understanding of equity in decentralised local governments.

- Differences in landholding, wealth and caste membership are not associated with any significant differences in participation levels, either by ordinary villagers or by their elected representatives.

- Among demographic categories, only gender and tribe are significant: women and Scheduled Tribes (STs) participate less than other villagers.

- Residents of villages located at greater distances from the council headquarters participate less and chiefs tend to dominate decision making to the expense of other elected representatives.

- Participation by women and STs is low due to historical and cultural factors, but lack of education and information are responsible for low public engagement by these categories.

- Women who are educated and well informed are better able to bridge social differences associated with gender. Women with access to greater information sources participate more than those who get information from fewer sources.

- Reserving electoral offices for low-participating categories has not significantly improved participation.

To achieve equitable decentralisation it will be necessary to incorporate safeguards, especially for women and STs.

- Measures that help safeguard participation can be of two types: changing formal structures and enhancing individual citizens' capacity to participate. Although public policy has focused on the first type, safeguards at the individual level might work better.

- Continuing with reservations is not costly and may increase equitable participation of women and STs. However, affirmative action alone will not be sufficient to deal with low participation.

- Locating general assembly meetings in all villages, rather than only holding these meetings at the headquarter village, will assist participation by a larger number of ordinary villagers.

- Allocating authority more equally within these elected bodies, and not concentrating it in council chiefs, will encourage other members to participate to greater effect.

- Public policies that make villagers aware, on a continuous basis, of rights and privileges and of programmes and benefits associated with local governments will help ensure equity and equal participation.

Full text: http://www.allacademic.com/meta/p_mla_apa_research_citation/0/6/4/ 0/3/pages64036/p64036-1.php

**Kyed, H. M. and Engberg-Pedersen, L., 2008, 'Local Governance in Fragile States',
DIIS Policy Brief, Danish Institute of International Studies, Copenhagen**

Comprehensive local government reform is unrealistic in fragile states. This paper, published by the Danish Institute for International Studies, recommends using local service delivery as a point of departure for local governance reform. Strengthening local service delivery will slowly build sound local governance practices that can plant the seeds for more comprehensive democratic decentralisation in the future. Ignoring informal non-state authorities can considerably undermine any effort to reform local governance, whereas exclusive reliance on non-state authorities in service delivery can undermine efforts to strengthen state capacity and legitimacy in local arenas.

Existing local governance situations include those exhibiting strong state control and those with extensive formal democratic decentralisation, civil society organisations and de facto state control. There are also situations where non-state actors provide service delivery and security and where state institutions are present, but detached from, state regulations. These situations require a variety of strategies to meet the longer-term democratic local government objectives.

One reform position focuses on building central state institutions as the exclusive entry point for support in fragile states. Another focuses on civil society and parallel service delivery and ignores first-phase local government institutional support. Neither directly addresses de facto local governance situations.

Emphasis on local service delivery that relies in part on non-state actors would apply to all local governance situations and establish sound reform procedures and practices. Focus on service delivery would:

- Improve delivery of health, education, water, sanitation and personal security, all of which are generally provided inequitably. It would also improve the livelihoods of poor populations, thereby boosting the legitimacy of state and local government institutions.

- Improve the capacity of local service providers and trigger local democratic action by mobilising citizens around demands for services and participation in planning processes.

- Include specific use of non-state actors, such as traditional authorities, civil society organisations and local user groups in service management and delivery.

- Address the issue of non-state actors, who often impede formal institution building, by approaching them as both agents for change and targets for change.

- Encourage partnership- and alliance-building by civil society in support of government and reach marginal populations often neglected by traditional reform approaches.

- Sow the seeds for long-term local governance reform and state building by addressing policy-making, local capacity building and citizen empowerment.

The following policy recommendations provide a realistic conceptual framework within which to adopt service delivery as the prime local governance reform mechanism:

- Service delivery combined with small-scale efforts to build local governance capacity and legitimacy would enhance long-term statebuilding efforts.

- Short-term service delivery investments and reliance on non-state actors should be based on long-term democratic decentralisation and state building objectives.

- Care should be taken not to undermine longer-term objectives by strengthening anti-democratic local governance practices often conducted by non-state authorities.

- External engagement in local governance needs to confront the realities of de facto local governance systems as an integral aspect of building formal government institutions.

Fulltext: http://www.diis.dk/graphics/Publications/Briefs2008/PB2008_10_Local_governance.pdf

**Leftwich, A., 2008, 'Developmental States, Effective States and Poverty Reduction: The Primacy of Politics', United Nations Research Institute for Social Development (UNRISD), Geneva**

How can donors promote the emergence of states that facilitate poverty reduction? This paper from the United Nations Research Institute for Social Development (UNRISD) highlights the importance of politics in state formation and poverty reduction. Political processes shape the effective and developmental states that nurture the institutions needed to deliver poverty reducing growth and social welfare systems. Donors therefore need to support political processes and collaboration among local political players to help them create these institutions and effective states.

Politics must be used to analyse and promote development. Politics is defined as the means for making binding collective decisions about how resources are produced, used or distributed. The two main processes of poverty reduction, therefore – the promotion of job-creating economic growth and the redistribution of resources through welfare systems – are political rather than merely technical processes.

A shift in thinking is required to recognise the important role of politics in shaping state goals, capacity and developmental outcomes. More research is needed to increase understanding of the political contexts and processes that produce positive or negative developmental outcomes. The paper finds that:

- Effective states cannot be built through top-down, technical processes of institution building.

- Modern states are formed either through the interaction of interest groups and established regimes or when enough competing groups recognise the benefits of collaboration in pursuit of common interests and agree on rules for co-operation.

- Where there is no established central authority, groups must negotiate on rules, and the length of time this requires depends on the level of cohesiveness between them and the strength of incentives for collective action.

- Effective institutions may take many equally legitimate forms. Local political players can create institutions tailored to their context.

In order to promote political processes that help create effective states and poverty reduction, donors must first complete detailed political analysis. They must then find appropriate ways of facilitating collaboration among political players to help them to form from within poverty-reducing institutions:

- Detailed analysis is needed to understand a country's current political players and their interaction. It must draw on national researchers and country insiders.

- Analytical frameworks such as the UK Department for International Development's 'Drivers of Change' need to be deepened and refined.

- Support for political players may involve using incentives, sharing experiences from other countries, facilitating discussions and promoting collaborative leadership across different groups and across religious, ethnic or regional divides.

- Donors can also aim to promote: the identification of common interests supporting growth and social justice across the private and public sectors; the transformation of parties based on patronage or ethnicity into inclusive, issue-based parties; and the consolidation of demand for improved service delivery into effective movements.

Full text: http://www.unrisd.org/unrisd/website/projects.nsf/89d2a44e5722c4f48 0256b560052d8ad/68c40b61b9f737f6c125743900508c69/$FILE/Leftwichweb.pdf

**Lodge, G. and Kalitowski, S., 2007, 'Innovations in Government: International Perspectives on Civil Service Reform', Institute for Public Policy Research, London**

What are the challenges confronting civil services around the world? This paper from the Institute for Public Policy Research (IPPR) surveys several case studies from developed countries to identify a variety of international approaches to civil service reform. Some common challenges include: enhancing accountability; improving policy-making; developing institutional memory; building staff expertise; and promoting joined-up government. Meeting these challenges requires clarifying the roles of ministers and officials, opening up policy-making, capturing innovation and narrowing the gap between the centre and frontline delivery services.

Over the last twenty years, civil service reform has been underpinned by the new public management (NPM) model. This has focussed on applying private sector techniques such as contracting-out, devolution and performance management to make the public sector more flexible, decentralised and responsive to users' needs. Yet, the NPM model has, at times, led to organisational fragmentation, accountability and control gaps, poor institutional memory and inadequate democratic engagement among users. It has impeded joined-up government at a time when policy challenges like globalisation, international migration and greater public expectations of government require cohesive solutions.

International civil service regimes need to address a number of common weaknesses:

- Improved accountability, as a tool to enhance service delivery, has been targeted through 'results-based government' methods, including performance budgeting and management. However, few governments use performance results to determine resource allocation and the provision of performance information has had mixed results on improving accountability.

- Policy-making is still too closed and insular. There is a gulf between those designing policy and those delivering it. The policy insights of frontline staff are often neglected. Policy evaluation is often ad hoc and focusses too much on service delivery monitoring, rather than the assessment of policy itself.

- Institutional memory is often weakened by the level of turnover in posts and the fragmentation of administrative infrastructure. Best practice innovation is rarely captured by civil services. The PS21 programme in Singapore, for example, represents an exceptional instance of 'talent spotting' among front-line staff.

- A deficit of skills and cultural insularity remain common in civil services worldwide. These could be overcome through broader recruitment policies, increased links between the administration and the wider public service, and dedicated schools of government. Preliminary examples of such reforms exist in Canada, Great Britain and New Zealand.

- Responding to the challenges of joined-up government requires co-ordination and cohesion across several departments and agencies. However, fragmentation remains in the predominantly vertical models of budgeting and accountability and in prevailing insular cultural attitudes.

Governments should focus on moving beyond the NPM paradigm and adapting civil services in accordance with their broader governance setting:

- Accountability can be improved by clarifying the roles of ministers and officials.

- Policy-making should be opened up to front-line administrators and the public, and policy evaluation should occur during implementation.

- Knowledge management should become a goal of future civil service reform.

- Effective mechanisms should be introduced to capture staff-members' ideas and innovations.

- The civil service should develop a less hierarchical, more reciprocal relationship with the public service.

- Where possible, cross-cutting administrative structures should be introduced to promote joined-up government.

Full text: http://www.ippr.org.uk/publicationsandreports/publication.asp?id=538

**Logolink, 2004, 'Resources, Citizen Engagements and Democratic Local Governance: A Topic Guide', Prepared for the 'International Workshop on Resources, Citizen Engagements and Democratic Local Governance', Porto Alegre, Brazil, 5–9 December, 2004**

How can citizens become engaged in local budget policies? This guide from Logolink presents practical examples of local social activist engagement and suggests proposals for what can be done in the future. It argues that budgets are a political tool of government and have far-reaching consequences. They should be planned and implemented in ways that are inclusive, that facilitate political debate, transparency and meaningful participation, that ensure efficient implementation and allow governments to be accountable.

The power of budgeting is evident in the fact that spending often reflects the political ideology of a government. Examining where the government collects its revenues and where and how it allocates them reveals the true interests of the government. Budget law is thus one of the most important political decisions in democratic countries. Legislators and administrators have traditionally held a monopoly over setting budgets. This is due to the assumption that the planning of budgets is a technical process rather than a political one in which interests, power relationships and ideologies play critical roles. Even when budget policies are oriented by practical concerns, a change in such policies can have highly visible effects on power relationships.

Many Civil Society Organisations (CSOs) are aware of the need to involve themselves in budget processes in order to effectively represent the interests of poor communities. The specific outcomes of citizen engagement in budget processes will depend on the degree of citizen participation, as well as on a number of different local factors. In participatory budgets:

- Public power is more accountable and transparent.

- Resources will target needs identified by the population – citizens are more willing to pay taxes if they know how their contributions are spent. This promotes trust in the government and strengthens democratic institutions.

- Citizens start to view politics as a forum where they have voice. They also learn the difficulty of administrating scarce resources. Politicians understand citizenship differently, seeing citizens as agents in collective decision-making.

- The process empowers people, especially women and poor people. The process moves beyond nominal consultation to include formerly disenfranchised groups in decision-making.

- Citizens gain awareness of their rights, and learn citizenship skills such as debating, negotiating and compromise.

- The participation of specialised civil society groups can strengthen the capacity of local governments. It can provide governments with information on the impact of investments, particularly in the monitoring phase.

Citizen engagement involves certain risks and limitations. However, there are some common features of successful experiences from which one can learn:

- Technical capacity is a prerequisite for effective participation. It is important to have the advice of a specialist who can explain the budget so that everybody can contribute opinions and viewpoints.

- The support of a political party or the government in power is an important prerequisite to improved citizen engagement.

- A well-developed civil society is important. Citizen engagement is not a process that individuals can learn quickly. The process is easier if there is already a strong and mobilised civil society.

- Political and organisational factors regarding the government and civil society are important. These include permanent structures to promote citizen engagement such as through trade unions, CSOs and political parties.

Full text:
http://www2.ids.ac.uk/logolink/resources/downloads/Recite_Confpapers/ReCitE_Topic-Guide.pdf

**Lopez Levers, L., et al., 2007, 'A literature review of district health systems in east and southern Africa: Facilitators and barriers to participation in health', Duquesne University, Counselling for Health International (CHI) Trust and Pennsylvania State University for the Regional Network for Equity in Health in East and Southern Africa (EQUINET), EQUINET Discussion Paper no. 40, Harare**

What are the facilitators and barriers to community participation in district health systems (DHSs) in sub-Saharan Africa? This literature review by the Regional Network for Equity in Health in East and Southern Africa (EQUINET) explores evidence on community voice, roles and participation at district level. The analysis is based on case studies in six countries: Botswana, Lesotho, Namibia, Rwanda, Swaziland and Tanzania.

Research and training on participatory healthcare in sub-Saharan Africa need to work with local citizens as 'knowers' rather than as 'objects of study' in order to close the gap between knowledge and action. Health services need to systemically include the perspectives of citizens, through appropriate multidisciplinary approaches, an informed knowledge of sectoral priorities, and practical measures for empowering all people. Further research needs to be done on health literacy, intentionality and the paradox of decentralisation.

The findings are discussed under the following headings: community-based health structures; community voice and roles in DHCs; the effects of DHC organisation on community participation; district representation of community interests at the national level; and gaps in the literature:

- Government documents offer varying levels of detail about structures, but little operational information. Consultation on community needs and plans is absent or not readily accessible.

- Government health care strategies do not include structural mechanisms for ensuring participatory procedures. Providers of health services are presumed capable of translating policy into practice without specific training or preparation.

- Barriers to participation include: the attitudes of professionals; the failure to see health-care practices as a part of a larger service-delivery system; the inability to operate systemically; and the inability to recognise opportunities for authentic engagement.

- There is little evidence of participatory health mechanisms for voicing local concerns at the national level. The degree and nature of consultation appear to be shaped by the degree of political will and power relations.

- A gap exists between policy ideals and practice with regard to participation.

Culturally informed understandings of differing perspectives on health are needed. Any future research should be done in the context of the connections between poverty, health, equity and participation.

- Community-oriented healthcare systems that are responsive to the needs of citizens are likely to be more successful than externally imposed systems which serve the needs of a distant provider.

- Investments and measures are needed to fund, exchange knowledge on, assess performance in, provide social leadership for and strengthen community capacities for participatory processes and mechanisms.

- Governments need to consider viable forms of collaboration with traditional health systems and incorporation of indigenous knowledge.

- Talk of participation should not obscure an authentic process for establishing community voice and for delineating roles, backed by health literacy and other capabilities.

- Features of centralised systems continue to affect participation, even under policies of decentralisation. There is little discussion regarding bottom-up representation of community concerns at the national level.

- There is a need for a clearer conceptualisation of what is commonly meant by Primary Health Care (PHC) and DHS, so mechanisms and policies can be located within these conceptualisations.

Full text: http://www.equinetafrica.org/bibl/docs/DIS40ehsLOPEZ.pdf

**Loquai, C. and Le Bay, S., 2007, 'Building Capacities for Monitoring and Evaluating Decentralisation and Local Governance: Experiences, Challenges, Perspectives', In Brief no. 19, European Centre for Development Policy Management (ECDPM)**

How can donors and developing countries track the progress of decentralisation while making development more participatory and relevant to local populations? This brief from the European Centre for Development Policy Management suggests that greater efforts be made to build local capacities for monitoring and evaluating decentralisation and local governance. It argues that involving local actors in monitoring and evaluation will both facilitate the decentralisation process and improve the performance and legitimacy of local governments.

In the late 1980s, many African countries launched a new generation of decentralisation policies aimed to build or strengthen more democratic, participatory and accountable forms of governance. Yet for many of these countries, the road of reform has been bumpy. The complexity and multidimensional character of decentralisation processes was met with inconsistent commitment and political will and, consequently, yielded mixed results. Progress has been seen in some countries, however, and it is hoped that further democratic decentralisation will produce elected local governments that will be more accountable to citizens and more easily controlled than central state administrators.

As local governments are learning to formulate and implement municipal or regional development plans, they often lack necessary baseline data and statistical information to effectively analyse the social, economic and cultural situation in the territory. Case studies from West Africa demonstrate that it is worthwhile to invest in the capacities of different local actors to monitor and evaluate the outcomes of democratic decentralisation processes, local governance and municipal development. Approaches involving a broad spectrum of local actors in designing and testing innovative monitoring and evaluation (M&E) tools can have a number of positive effects, including:

- strengthening local M&E capacity;

- building trust among local stakeholders with different interests, thus reducing resistance to devolution;

- making local governance and service provision more efficient by improving procedures and mobilising citizen initiative and local resources;

- improving information flows between different actors and levels of local government; and

- sensitising citizens to their rights and their duty to hold local representatives accountable.

Involving local actors in the M&E process will undoubtedly face many challenges. Participants may be unaccustomed to working together and may lack clarity as to their respective rights and responsibilities in such a process. Moreover, historical and cultural traditions and experiences may impede efforts to monitor and evaluate government performance. Likewise, donors may pursue strategies that prioritise the short-term information gains over the long-term sustainability of more participatory governance.

Nevertheless, the potential benefits of building capacity for monitoring and evaluating decentralisation and local governance is clear. West African case study experiences, however, offer some instructive recommendations for maximising the impact of these interventions:

- Donors and their partners can learn from existing tools for building M&E capacity at the local level and should make greater efforts to document and disseminate these tools.

- Donors and national authorities committed to democratic decentralisation should invest more in the capacities of stakeholders of the new local government systems.

- Efforts to develop M&E capacity in a participatory way with local-level stakeholders of decentralisation processes should also involve national authorities in such initiatives to spur quicker institutionalisation.

- Alliances and co-ordination of M&E approaches is important to prevent a proliferation of different tools and a confusion of objectives.

Full text: http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/F5FC6047E9E3F5F3C12573F30038161B/$FILE/0014_InBrief%2019_ENG%20final%20approved%20version.pdf

**Maina, B., 2005, 'Monitoring and Evaluation of Support to Decentralisation and Local Governance: Kenya Case Study', European Centre for Development Policy Management Discussion Paper no. 61, Maastricht**

Support to democratic decentralisation and local governance has become an important area for European development co-operation. Why is assessing the impact of support to decentralisation still a considerable operational challenge for aid managers and their partners? This paper from the European Centre for Development Policy Management explores the ways to improve monitoring and evaluation (M&E) in relation to decentralisation in Kenya. It concludes there is a need for an unambiguous policy framework and for learning by doing.

In Kenya, as in much of the developing world, moves towards democratisation and participation have been accompanied by popular demand for decentralisation and attendant power sharing between the centre and subunits. Following independence, civil servants and other central government bureaucrats frustrated provisions that would have ensured more decision-making at the lower levels. Nevertheless, they understood the benefit of local decision-making and undertook initiatives to promote participation alongside efforts to reduce local political decision-making. External development partners and local people have routinely been frustrated by the unresponsiveness of this system to local needs.

Decentralisation ought to result in a stronger local government, responsive to the needs of an active citizenry. However, as Kenya does not yet have a comprehensive decentralisation policy, no nationwide approach to monitoring and evaluating results on the ground has as yet been developed.

- In the absence of a legal and institutional framework for harmonised decentralisation, programmes with the implicit goal of promoting decentralisation are often stand-alone initiatives.

- At present it appears that the M&E systems in use promote learning principally by the sponsoring institution.

- While acknowledging the importance of M&E, the Kenyan government has not developed an institutional framework for it and few programmes have developed M&E guidelines in the design stage.

- There have been few attempts to learn from M&E reports which prevents lesson-learning for a country-wide roll out of decentralisation efforts.

- Where M&E efforts do exist, most approaches extract information for use at higher levels and knowledge is seldom analysed or fed back to the local level.

- Few programmes factor in corrective measures in response to M&E reports.

Donors, NGOs and Governments must commit to programmes that build habits and institutions that support democratic decentralisation, and support rather than bypass local governments:

- While M&E is necessary on the programme side, information should be made available to local representatives for their use in local decision making and to facilitate community learning.

- The donor practice of establishing or supporting parallel processes to bypass weak local government systems needs to be rethought as experience cannot inform decisions at the local level.

- It will be hard to realise gains from support to decentralisation without a comprehensive policy framework to build on.

- In the absence of a comprehensive policy, any programmes initiated should reflect a commitment to building habits and institutions that support democratic decentralisation with consideration of local accountability structures linked with local political processes.

- Caution is needed in promoting participation as decentralisation might not lead to intended results for poor people if local voice is captured by elites.

- Vigilance is required in sector-wide programmes to avoid shoring up decision making at the centre.

Full text: http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/vwDocID/90884F0F326F87B0C1256FC70050DE9D?OpenDocument

**Majumdar, M. and Banerjee, I., 2004, 'Delegation to Devolution: West Bengal', MIDS Working Paper no. 185, Madras Insititute of Development Studies, Chennai**

How can democratic decentralisation influence states to adopt an approach that benefits the poor? This paper for the Madras Institute of Development Studies, part of a wider comparative study of three Indian states, argues that local context is highly relevant to the way decentralisation functions. It focuses on the development of local government institutions in West Bengal, and identifies priorities for further research on financial devolution.

Constitutional amendments in India in the early 1990s introduced a uniform structure of elected governing bodies at the district and village levels (Panchayat Raj Institutions - PRIs). Yet the impact of decentralisation varies across India. The wider study focuses on financial devolution, as it is argued that real decentralisation of authority only occurs if accompanied by devolution of resources. Are governments (national or subnational) that depend on tax revenues more responsive to citizens' concerns than those that rely on unearned income? How does legislation on financial devolution actually work on the ground? In this early research phase, it is asserted that each state's political culture exerts a strong influence on the implementation of devolution. Thus this paper focuses on the political and legislative history of PRIs in West Bengal.

The diversity in the way decentralisation has been implemented in different states can be explained by variations in legislative reforms, political motives and social and economic conditions. In the case of West Bengal:

- The state has been at the forefront of decentralisation efforts in India for 30 years, led throughout by the same ruling coalition.

- The PRIs' role has shifted from implementing development plans conceived by the bureaucracy to assuming a political function. For example, they spearheaded agrarian reform together with the state government.

- Lower gains in agricultural productivity, the rise of contract farming and tight spending restrictions at state level mean that PRIs are now expected to become more active in generating their own resources.

- In a move to increase democratic governance, the state legislated in 2003 to establish village development councils. They are meant to facilitate local development planning, but their impact is not yet clear.

- Despite a tradition of fairly wide popular participation, there are fears that growing factional quarrels within the state's ruling party and its ongoing political dominance are imposing limits on the PRI system.

Against this background, the growing pressure on PRIs to raise their own funds throws up key issues of fiscal autonomy and responsibility, and their potential effects on redistribution. Four main areas are identified for further study:

- Resource flow from central and state governments though the PRI tiers. Often resources are not properly devolved from district to lower levels and may be tied.

- Resource mobilisation. What incentives will PRIs have to use their revenue-raising powers while they still receive transfers from above (although high state indebtedness could reduce these)?

- Resource use. PRIs have limited capacity to determine their own spending priorities. However, there is leeway to 'untie' funds and potential to generate voluntary contributions for local development.

- This strand of research should also examine whether decentralised spending will stimulate corruption or lead to real re-distributive gains.

- Fiscal responsibility. Do citizens have access to information on spending and are local authorities accountable? Village public meetings could play an important role in pursuing these goals.

Full text: http://www2.ids.ac.uk/gdr/cfs/pdfs/MIDSWP185.pdf

When it works well, democratic decentralisation has many virtues. It almost always stimulates greater popular participation and civil society activity; it also increases transparency and uptake of government services and enhances accountability. Most crucially, strong decentralised systems can make government more responsive. However, it seldom works well, with successful examples being limited to Bolivia, the Philippines, a number of Indian states and a handful of other cases. Nonetheless, this report concludes that in most cases democratic decentralisation does bring improvement to LDCs to some extent.

Democratic decentralisation has a mixed record as a force for reducing poverty. It may help reduce poverty that arises from inequalities between regions but often does less to reduce poverty that arises from inequalities within regions. However, recent evidence suggests that its impact may be more positive than previously thought.

As female-headed households are often afflicted by poverty and women are the main gatekeepers between the household and vital services, democratic decentralisation can have a significant impact on women. There is clear evidence that the presence of significant numbers of women on local bodies sometimes increases the uptake of crucial services such as ante and postnatal care. Moreover, when civil society organisations which are committed to assisting the poor and women support women members of local councils, positive results follow.

Five trends observed in practice are discussed here, the first three are damaging to democratic decentralisation and the latter two encouraging:

• Many governments are unwilling to devolve adequate powers and resources to local bodies, thus stifling constructive developmental outcomes and limiting the potential of elected local bodies.

• Governments may take back powers and resources from local bodies, often in response to pressure from bureaucrats and legislators discontented with the loss of former powers.

• The proliferation of often donor driven and usually single sector 'user committees' alongside local councils has often damaged decentralisation.

• Some governments have encouraged devices to increase bottom-up participation and the empowerment of ordinary people.

• Civil society organisations can play constructive roles in relation to democratic local governance.

International development agencies should remain vigilant about the impact of democratic decentralisation on poverty reduction. However, development agencies can

and should support democratic decentralisation in countries where governments are at least somewhat inclined to pursue it seriously.

Donors could assist democratic decentralisation by:

- Encouraging governments to be more generous in devolving power and resources to local bodies and discourage them from reclaiming these.

- Acknowledging that elected local bodies are often victims of powerful actors at higher levels who refuse to fund or empower them adequately.

- Recognising that administrative or fiscal decentralisation alone tend to promote centralisation. If decentralisation is to be beneficial it must have significant democratic content.

- Supporting civil society organisations that seek to strengthen elected local bodies by working with their members and/or by working with ordinary citizens.

Full text: http://www.gsdrc.org/docs/open/PO40.pdf

**Massuanganhe, I.J., 2005, 'Participatory Monitoring and Evaluation at District and Local Level: Mechanisms, Evidences and Practices', UNDP/UNCDF Mozambique**

This United Nations Capital Development Fund working paper examines participatory monitoring and evaluation practices at district and local level in Mozambique. Its aim is to test the usefulness of a selected set of qualitative and quantitative indicators in providing insights into local level poverty processes. It finds that such indicators, when collectively designed and appropriately combined, can provide policy-relevant information on wideranging issues covering the dynamics of poverty and associated processes at the local level.

There are three key issues for enhancing monitoring and evaluation at district level. First, community participation in local level development is needed to improve monitoring of public sector services, planning and implementation of village level infrastructure and local resource mobilisation for sustainable economic development. Second, institutional capacity building of rural councils and line departments at district level is needed for the management of local development activities. Third, provincial policy reform is required to strengthen the capabilities of local councils and line agencies in the implementation of sustainable, decentralised participatory development in the province as a whole.

A study at the district and local level in four villages identified a number of challenges for participatory monitoring and evaluation, including:

*   Institutionalising 'backward mechanisms' (systems of downward and local accountability through community and citizen based monitoring of inputs and outputs related to key public services used by the poor).

*   Adopting 'forward mechanisms' (enabling local government, citizen, civil society, and community feedback on public services to input into decentralisation and local government planning and budgeting processes).

*   The need for feedback to reach the originating communities/interest groups to facilitate transparency and accountability.

Micro-level monitoring mechanisms can be useful in designing, fine-tuning and implementing needs-based and demand-responsive programmes at the local level. They are important complements to national initiatives in poverty reduction and development. Moreover, the system can be expanded to cover pertinent social issues, such as identifying factors that condition the successful involvement of women in viable livelihoods. Implications include the following:

*   Qualitative and quantitative indicators are not 'compartmentalised'.

- In formulating poverty reduction measures, it is important to understand the nature of interactions and the causalities of various dimensions of poverty and deprivations captured by these indicators.

- It is important to acknowledge the diverse causes of poverty and the context-specific nature of the problems faced by the poor.

- District Information Centres should be established.

- At the grass roots, broad-based 'community councils' should undertake monitoring and evaluation.

Full text: http://www.uncdf.org/english/local_development/uploads/technical/ WP4_ParticipatoryME.pdf

Can successful decentralisation outcomes occur in an environment characterised by highly unequal wealth distribution, semi-feudal social structures and low literacy? This article from *Development in Practice* reviews decentralisation in Madhya Pradesh (MP), an Indian state that emerged as an institutional design leader in the 1990s. While the first phase of MP decentralisation led to new institutions, changed political structures and improved governance, initial successes are no guarantee that future institutional adaptation will be successful.

Since independence, Indian governments have called upon rural local government to play a substantial role in poverty reduction, community development and service delivery. However, elite capture, lack of clear mandates, little transparency and monitoring, and corruption have resulted in few positive democratic outcomes.

In the 1990s, MP political leaders set out to use decentralisation as a lever to expand and improve service delivery and overturn the traditional decision making status quo in rural society. The subsequent 'guided decentralisation' process was designed as a top-down revolution, focused on a few themes and set out to accomplish realistic, achievable tasks.

During the decade of the 1990s, MP achieved major successes in its decentralisation experiment. The following positive and mixed outcomes occurred:

- By the late 1990s, all primary education was decentralised. Two million additional children were brought into the system; primary teachers began to be recruited locally, thereby strengthening teacher-community relationships.

- The state passed educational accountability legislation that established parent-teacher associations and district planning committees as cosupervisors of schools up to the elementary level.

- The state's literacy rate increased literacy by 20 per cent in 10 years. The gap between male and female literacy rates has begun to decline.

- Direct democracy initiatives included the institution of a fourth layer of local government at the village level. However, accountability mechanisms channelled through this level have yet to yield major improvements.

- Various institutional design experiments to bring about a spillover of social capital from user groups have led to a sense of alienation among group members. Continuation of the fourth government level is now under review; it will likely be modified.

- Empirical evidence indicates a positive association between the density of organisations present in a community and that community's rating of the value of user groups.

MP achieved many tangible reforms during decentralisation's first phase. However, the following issues indicate that second phase success is not guaranteed:

- During the second phase, elected representatives were given too many overlapping roles without clear mandates, which led to infighting and lack of accountability.

- Ensuring livelihood certainty for user group members has not been addressed. User groups need to be better incorporated in the organisational landscape.

- Better relations need to be fostered among government levels. Corrupt practices and arbitrary behaviour by local office holders need to be addressed.

- Decentralisation designers need to develop the political will to correct first phase programme flaws when they become apparent.

Full text: http://publications.oxfam.org.uk/oxfam/display.asp?K=002J0626&sort= SORT_DATE%2FD&sf_01=CTITLE&st_01=equilibrium&m=2&dc=2

**McCourt, W., 2002, 'New Public Management in Developing Countries' in** *New Public Management: Current Trends and Future Prospects,* **ed. K McLaughlin, S Osborne and E Ferlie, Routledge, London**

Why has the scale of the implementation of New Public Management (NPM) in developing countries been only modest? Where it has been implemented, what has the experience shown? In what form is NPM applicable on a wider scale? This paper from the Institute for Development Policy and Management addresses these questions, highlighting the importance of adapting the NPM model to meet the needs of governments and their political contexts.

The NPM model has three notable elements: devolving authority and providing flexibility; developing competition and choice; and providing responsive service. The debate about the application of NPM in developing countries is still in its infancy, and there are few analytical studies available. However, there are significant cases where NPM has been implementated, none of which have been straightforward.

Some of the difficulties experienced with NPM are inherent to the model – its top-down, managerialist approach. Others are contingent, caused by problems such as corruption and lack of capacity. Further factors affecting the implementation of NPM are:

• The slow dissemination of this new approach.

• Competition from other public management initiatives, such as the public administration model and the Washington model of civil service reform. The latter – often unsuccessful – is seen as a pre-condition to NPM.

• The political infeasibility of changes such as NPM in countries with rigid post-colonial constitutions and internal power struggles which dominate government attention.

There is scope for applying NPM more widely in developing countries. However, what is ultimately needed is a major effort to develop indigenous public management models better suited to specific contexts. In the meantime, the following steps are necessary to make NPM more attractive to developing country policy-makers and therefore more likely to succeed:

• Promising elements of NPM (the use of performance indicators, contracting out and quality management approaches) should be separated from unpromising elements such as quality circles and citizen's charters.

• More research is required into NPM in developing countries.

• Scholars have a role to play in helping governments understand and tailor the NPM model to their own requirements.

- Governments need to be aware of the process of refraction that elements of NPM will undergo as they are implemented and the political context in which the initiatives will take place.

**McLure, C. and Martinez-Vazquez, J., n.d., 'The Assignment of Revenues and Expenditures in Intergovernmental Fiscal Relations', World Bank Institute, Washington DC**

How should responsibility for expenditure be assigned among different levels of government? Which revenue sources should be assigned to subnational government? This paper from the World Bank Institute examines the principles and difficulties of expenditure and tax assignment. It argues that fiscal decentralisation requires a clear assignment of functional responsibilities among different levels of government, together with sufficient budgetary autonomy for subnational governments.

The adequacy of any assignment of expenditure has to be judged according to how well it achieves the goals of decentralisation. Common objectives for fiscal decentralisation include the efficient allocation of resources, equitable provision of services and preservation of macroeconomic stability and promotion of economic growth. While there is no single best assignment, a number of general principles can facilitate the assignment of expenditure responsibilities. Responsibility for the provision of services should be at the lowest level of government compatible with the size of the area benefiting from those services. Further principles include the importance of clear and stable assignments and that redistribution and macroeconomic stability are best pursued by central government.

Regarding revenue assignment, the assignment of tax powers can provide political benefits related to subnational sovereignty, accountability and tax competition. In order to realise such benefits, tax assignment should provide subnational governments with their own revenues whose level they can control. Furthermore, a given tax should be assigned at the lowest level possible for which it is not inappropriate. A system of tax assignment designed in accordance with these principles may still produce vertical fiscal imbalances or horizontal fiscal disparities. Grants to offset these should not affect the marginal decisions of subnational governments regarding the choice between public and private spending.

Common problems with expenditure assignment include lack of formal assignment, inefficient assignments, ambiguity in certain assignments and cosharing of responsibilities. Recommendations for reform in expenditure assignments include:

• Establishing a formal assignment of expenditure responsibilities and reassigning selected expenditure responsibilities

• Reassigning capital investment responsibilities and facilitating capital investment at the subnational level

- Establishing an autonomous subnational development fund with responsibility for borrowing and investment projects in order to promote lending to subnational governments for long-term capital investment

- Establishing a co-ordinated national policy to facilitate the divestiture of social responsibilities by state enterprises

- Considering the introduction of policies that guarantee desired minimum levels for certain services at the local level

- Establishing clear sectoral policy objectives to improve efficiency in key sectors, such as housing, education, health and social welfare.

A variety of methods of revenue assignment can be distinguished. They differ in degree of autonomy provided to subnational governments, ease of administration, fairness and neutrality, and the degree of inter-jurisdictional redistribution they accommodate. They include:

- *Independent subnational legislation and administration* – this provides subnational governments with the most fiscal autonomy, but is vulnerable to inconsistency, duplication of effort and excessive complexity

- *Subnational surcharges* – these provide most of the important aspects of fiscal autonomy of independent subnational legislation, without the inequities, distortions, complexities and problems of compliance and administration

- *Tax sharing* – this avoids the problems arising from extreme subnational independence in tax policy, but severely restricts subnational fiscal autonomy

- *Revenue sharing* – this provides for the redistribution of financial resources between jurisdictions, but does not provide any autonomy for subnational governments in terms of raising revenue.

Full text: http://www1.worldbank.org/publicsector/decentralization/March2004 Course/AssignmentRevenues.pdf

**Narayana, D., 2005, 'Institutional Change and its Impact on the Poor and Excluded: The Indian Decentralisation Experience', Organisation for Economic Co-operation and Development, Paris/International Labour Office, Geneva**

Does democratic decentralisation improve the ability of the previously socially excluded to participate in local governance? This study from the Organisation for Economic Co-operation and Development examines newly created local governance institutions in three states in India. It finds significant variation in the outcomes of decentralisation on participation across states and between different groups. The success of institutional reforms in increasing participation is influenced by how well their designs fit the local context, the extent to which power and resources are actually devolved to local institutions, and the degree of local political mobilisation.

The Panchayat is a local governance institution created as part of a decentralisation reform. Its mandate is to ensure effective participation in governance of disadvantaged and previously excluded groups. To that end, quotas are in force, requiring a certain level of participation by women and lower castes whose involvement in local decision-making in the past has been marginal. Using four analytical factors – awareness, social capital, power relations, and governance structure – the relative success of the decentralisation reform in facilitating participation can be assessed, revealing some key findings:

- The outcomes of decentralisation on participation vary widely across the three states and between different marginalised groups: Kerala succeeded in having both the poor and socially disadvantaged well represented at the Panchayat level while in Tamil Nadu and Madhya Pradesh the socially disadvantaged groups were as represented as others and the poor continued to be under-represented. Women were under-represented in all three states.

- Creating awareness through political mobilisation seems to be a driving factor explaining these different outcomes: Kerala's better developed political parties, denser civil society network, and higher levels of education and literacy may explain its greater degree of political representation among the poor and disadvantaged.

The success of democratic decentralisation depends largely on the government's ability to include marginalised groups in local decision-making and power structures effectively. The variation of results among the three states implementing the new Panchayati Raj institutions provides an interesting analysis of the transformation of governance from a two-tier to a three-tier system. It also yields several policy recommendations for policy-makers implementing decentralisation reforms:

- The final output of institutional reforms is largely influenced by local factors such as the vibrancy of the political society, the social capital, and the structure

of governance. These reforms should be implemented in conjunction with other policies as part of a larger plan to empower excluded groups in society.

- Decentralisation reforms should provide for a substantial and effective devolution of powers and resources. As the functions and resources of the local institutions increase, people's perception of their role changes and participation rises.

- Policies to increase literacy should be a top priority, and should also foster newspaper reading by funding libraries. Particular emphasis is needed on the education of women.

- Donors and governments should support self-help groups, particularly their adoption of a democratic structure. While these groups do not directly contribute to greater participation in local governance, they provide a path to the public sphere previously unavailable to women and other marginalised groups.

Full text: http://www.oecd.org/dataoecd/16/13/34359085.pdf

**Ndegwa, S. and Levy, B., 2003, 'The Politics of Decentralization in Africa: A Comparative Analysis', World Bank, Washington DC**

How does politics affect the implementation of decentralisation processes? This paper from the World Bank examines evidence from several African case studies and finds that decentralisation is essentially a political process in which many actors influence the path of reforms. It concludes that reforms must pursue a politically-sensitive approach in which coalition-building and accountability mechanisms feature as prominently as technical analyses and interventions.

One of the more significant, if less publicised, reforms in Africa over the past twenty years has been the progressive decentralisation of the state. Although not all countries have fully revived local governance, a recent World Bank study indicated that no country in Africa today propounds a preference for the centralised state. Indeed, nearly all countries claim in one way or another to be decentralising power, resources and accountability to local levels. The rich technical literature that has developed to support this transition, however, tends to neglect the political underpinnings of decentralisation and the difficulties in implementing the process effectively.

Case studies from Africa illustrate vividly the vast gap between rhetorical advocacy for decentralisation on the one hand and a genuine readiness on the part of central governments to devolve or delegate authority and resources to local governments. Indeed, the experiences suggest that a country is likely to make a rapid and sustained transition from a centralised to a decentralised state structure only if all of the following three enabling political conditions are in place:

- There is sufficient fluidity in the macro-political discourse to enable basic issues of state structure to find their way onto the political agenda.

- There exists a powerful political coalition with both the incentive and the authority to push through policies of decentralisation.

- There exist stakeholders at the community level who are sufficiently engaged to be supportive of, and/or responsive to, initiatives by political elites to shift resources and accountability downwards.

Only in rare circumstances will these three enabling political conditions be in place. As such, in most settings movement towards decentralisation will be incremental. Moreover, as the result of the give-and-take among political elites inherent in decentralisation, diverse visions of where the process might be going and diverse strategies for taking advantage of 'windows of opportunity' emerge, making the process of decentralisation invariably a messy one. Taking this into account, the following represent recommendations drawn from case study experiences for a politically sensitive approach to decentralisation reform:

- Efforts to support movement towards decentralisation should focus at least as much on the process of building coalitions of support, as on the details of technical design.

- Reformers should not presume that decentralisation always is the preferred alternative for effecting change in the short and medium term, but should consider the desirability and feasibility of a broad range of alternative strategies for strengthening downward accountability.

- Reformers committed to strengthening downward accountability should work to ensure that a vision of a democratically decentralised polity comprises the long-run backdrop to which more pragmatic and diverse strategies adopted in the short and medium term are intended to converge over the longer-term.

Full text: http://www.ndegwa.com/images/The_Politics_of_Decentralization_in_Africa_Ndegwa-Levy_.pdf

**Okidi, J. A. and Guloba, M., 2007, 'Decentralisation and Development: Emerging Issues from Uganda's Experience', EPRC Occasional Paper, no. 31, Economic Policy Research Centre, Kampala**

Is decentralisation consistent with development goals? What can we learn from Uganda? This paper from the Economic Policy Research Centre, Kampala, reviews Uganda's experience of decentralisation to highlight its effects on the empowerment of local leaders and residents, local elite capture, service delivery and the promotion of sector responses. Uganda's experience illustrates that decentralisation is consistent with economic and democratic development to an extent, but that there are potential problems, for instance in terms of local capacity and participation, which suggest that decentralisation should proceed gradually.

Uganda is considered a forerunner in Africa with respect to decentralisation. On the whole, the system of decentralisation has been fairly well established and has delivered improvements in service delivery and accountability. Numerous jobs were created in the process. However, it is highly conceivable that the achievements could have been much more pronounced, both in terms of quantity and quality, had the process been sequenced, with capacity building leading the way.

Decentralisation has contributed to improved service delivery, fostered participatory planning and heightened a sense of local ownership and improved accountability.

- Decentralisation has empowered citizens and increased responsiveness of public investment to local popular demands via better development of channels of communication.

- The focus of local government development grants have meant service delivery has greatly improved, particularly with respect to primary education, healthcare and water and sanitation services.

- Fiscal decisions in response to local development demands maximise the welfare of local residents but may not maximise economic growth for sustainable rural development and linkages to global opportunities.

- Project aid which bypasses local government systems has fragmented local development structures, undermined institutional growth and weakened community-local government linkages.

- Uganda's decentralisation has given emphasis to upward accountability with the objective of ensuring that resources released from the centre are properly accounted for, but not necessarily deployed properly.

Uganda may have exhausted the main dividends of decentralisation under the prevailing political and economic conditions. It might well be that the remaining

constraints to Uganda's economic development are beyond the merits and demerits of either centralisation or decentralisation.

- Decentralisation is viewed as synonymous with autonomy but it can embroil local governments into a wider system of intergovernmental relations.

- Uganda runs the risk of excessive decentralisation, which could contribute to lowering local-level economic growth because it has created so many political districts.

- Increased political freedom and power at the local level have also affected the revenue base of local governments through inefficiency and corruption.

- Participation in global development processes may be beyond the reach of local actors. Caution must be exercised when deciding to decentralise or when flexing decentralised political powers to make economic choices.

- Capacity problems have persisted in Uganda, partially due to the fact that decentralised governance has promoted excessive emphasis on employing the indigenous residents of local government jurisdictions.

- Decentralisation should proceed gradually – countries should focus on other approaches of tackling the priority binding constraints to performance instead of seeing them as problems that decentralisation must resolve.

Full text: http://www.uncdf.org/francais/local_development/documents_and_reports/other/africities2006/Okidi-Decentralization-Nairobi_Sept2006_.pdf

**Olowu, D., 2003, 'Local Institutional and Political Structures and Processes: Recent Experience in Africa',** *Public Administration and Development,* **vol. 23, pp. 41–52**

Has decentralisation produced appropriate intergovernmental relational mechanisms for supporting strong and effective local governance? Has decentralisation led to the creation of effective self-governance structures at the community level? This paper by the Institute of Social Sciences (ISS) looks at the recent experience of democratic decentralisation in Africa.

Compared with other continents, African countries are the least formally decentralised. This is true whether we look at relative expenditure or employee size of local governments compared to the rest of the public sector. Whereas the formal state is centralised, society remains highly decentralised, dispersed in rural communities and villages. The resulting poor integration of state and society structures for development and governance is regarded as a defining feature of Africa's underdevelopment.

Despite a reluctance to share the monopoly power inherited from the colonial period there is a renewed interest in democratic decentralisation (DD) in many African countries. The factors motivating this are put forward as:

- The failure of centralised public sector management evidenced by economic, fiscal and political crisis.

- Non-state domestic pressures for change. Civil society organisations have become more politically active and more sophisticated in their opposition.

- Pressure from external donors. DD is seen as a key aspect of good governance and therefore has become a condition of aid.

- Africa has experienced growing urbanisation. More than half of the continent's population live in urban areas but the institutional mechanisms for effective urban management remain poorly developed.

- DD has been used to promote conflict resolution as ruling groups seek to contain or craft compromises with regional or local elites in many parts of Africa.

- Globalisation has been a factor. Free movement of capital between and within countries means that cities can compete for foreign investment, a task once monopolised by central governments.

In spite of a post-colonial history of recentralisation, many African countries under a variety of pressures have recently transferred responsibilities, fiscal and human resources to local communities. Some relative successes have been recorded but there are also instances of retreats into centralised solutions. The conclusions drawn are:

- Adequate mechanisms for local government management and internal account-ability are required.

- Provisions for external accountability, principally 'exit' and 'voice' mechanisms are particularly critical.

- Upward accountability mechanisms are required due to the weakness of local governments and the lack of effective control by their constituents. Downward mechanisms form the basis of decentralised democratic governance.

- Citizens lack information and power to compel local politicians to account. Many local governments remain weak and corrupt, and citizens have often re-sorted to violence or social resistance.

- It is important to develop appropriate legal and constitutional mechanisms to define a suitable service delivery and resource mobilisation role for local governments.

- Progress has certainly been made but challenges remain in mobilising central political commitment to decentralisation and formalising informal governance mechanisms that emerge from local communities.

**Panday, P. K., 2006, 'Central-Local Relations, Inter-Organisational Coordination and Policy Implementation in Urban Bangladesh', _Asia Pacific Journal of Public Administration,_ vol. 28, no. 1, pp. 41–56**

What happens to policy implementation when the process suffers from problems of co-ordination? This article from the _Asia Pacific Journal of Public Administration_ focuses on how central-local relations in Bangladesh create inter-organisational co-ordination problems that affect the implementation of policies in urban governance. In the Rajshahi City Corporation (RCC), the central–local relationship is determined by the political identity of the mayor. Competing pressures and demands of local autonomy and central control are weighted in favour of centralisation at the expense of local autonomy and initiative.

Bangladesh, which emerged as an independent state in 1971, has not yet developed appropriate strategies, policies and institutions to cope with urban governance. The country has followed a centralised system of policy-making and resource allocation in which intergovernmental transfers are unstable, not well defined and lack an adequate system of incentives. The level of decentralised government that exists has been largely ineffective because of a lack of accountability, a concentration of power by the municipal executives, obsolete laws and regulatory framework, limited administrative capacity, a lack of investment in human resources and weak supervision by central government agencies. As a result, deficiencies in urban infrastructure and services, including water supply, sanitation and transport, are severe.

In the RCC, central–local relations affect inter-organisational co-ordination in the process of policy implementation in urban governance. Furthermore, interorganisational co-ordination has considerable impact on policy implementation in urban governance.

- A lack of inter-organisational co-ordination means a lack of communication between different agencies, this having a negative impact on the overall policy implementation process.

- The engineering department in the RCC has responsibility for the implementation of infrastructure policy. But it needs co-operation from other departments, which also deal with government agencies beyond the RCC.

- There is a positive relationship between the RCC and the central government because of the Mayor's powerful position within the ruling Bangladesh Nationalist Party (BNP).

- The RCC experienced many problems during 1996–2001 when the BNP was in opposition, especially in the allocation of resources and associated time delays.

The Rajshahi City Corporation Ordinance 1987, under which the RCC operates, acknowledges the local autonomy of the RCC, while also giving the central government enormous powers to exercise control over it. Some of the more important arrangements that directly affect central–local relations and co-ordination are as follows:

- The central government makes laws and rules for all local bodies.

- The Mayor may be removed from office at any time, without assigning any reason; the government may also supersede the entire RCC or suspend a department of the RCC.

- The government may assign or remove any function from the RCC. The RCC can not directly negotiate with foreign donors or private investors.

- The central government approves the RCC budget and may call for any records of the RCC. The RCC has to send the central government an annual report on its activities and the government can inspect it at any time.

- The schedule of posts in the RCC has to be sanctioned by the government, and no appointment beyond the schedule is allowed. The RCC has to obtain government approval to form standing committees.

- The Chief Executive Officer (CEO) is appointed by the government. He has considerable powers and is the appointing authority for all subordinate posts.

Full text: http://sunzi1.lib.hku.hk/hkjo/view/51/5000822.pdf

**Plekhanov, A. and Singh, R., 2007, 'How Should Subnational Government Borrowing Be Regulated? Some Cross-Country Empirical Evidence', IMF Staff Papers, vol. 53, no. 3, International Monetary Fund, Washington DC**

How effective are borrowing constraints on fiscal balances? This paper, published by the International Monetary Fund, analyses panel data in order to assess the most effective borrowing constraints for containing local fiscal deficits. It concludes that no single institutional arrangement is superior under all circumstances. Institutional characteristics, particularly the degree of vertical fiscal imbalance, the existence of any bailout precedent, and the quality of fiscal reporting will affect the suitability of certain arrangements.

The results of the study are drawn from a newly collected data set on the subnational borrowing regimes and fiscal outcomes of 43 countries during the period 1982–2000. Countries include those classified as: industrial; emerging; federal; unitary. Using this data, the paper assesses the link between subnational borrowing controls and particular fiscal outcomes, which is measured as the aggregate subnational fiscal balance-to-revenue ratio. The focus is primarily on long term effects, via an analysis of the impact of institutional features and federal arrangements on average long-run subnational and consolidated fiscal balances.

Assessing the impact of an institutional framework on fiscal outcomes is difficult because it is context specific. Emerging results include:

- As vertical fiscal imbalances widen, the positive effect of self-imposed rules decline.

- Levels of decentralisation do not have significant long-term effects on subnational government discipline.

- Self-imposed fiscal rules perform better than centrally imposed rules, but only with low vertical fiscal imbalances.

- Fiscal discipline at the subnational level may be weaker in emerging economies that tend to have weaker institutions.

- The marginal effect of introducing restrictions on subnational borrowing could be high in emerging economies, especially in those with high vertical fiscal imbalances.

- The marginal effect of rules imposed on subnational borrowing by the central government and the effect of co-operative arrangements tend to increase rapidly as vertical fiscal imbalances widen.

No single institutional arrangement can be determined as superior as circumstances vary. The following general recommendations are made:

- Centrally imposed fiscal rules should be adopted in emerging economies because they outperform other approaches at lower levels of vertical fiscal imbalance.

- Countries with less disciplined subnational governments may have to adopt stricter rules, whereas countries with more disciplined subnational governments could rely on market discipline.

- Suitability of borrowing constraints requires assessment in relation to other institutional characteristics, such as, degree of vertical fiscal imbalances, existence of bailout precedents and quality of fiscal reporting.

- At low levels of vertical fiscal imbalances, fiscal rules adopted by subnational governments rather than unconstrained borrowing authority leads to better fiscal outcomes.

- As vertical fiscal imbalances widen the positive effect of self-imposed rules declines rapidly, and centrally imposed fiscal rules become the best option, especially in emerging economies.

- Adoption of common standards of financial reporting is crucial for the success of co-operative arrangements and may increase the effectiveness of centrally imposed fiscal rules.

Full text: http://www.imf.org/External/Pubs/FT/staffp/2006/04/pdf/plekhano.pdf

**Robinson, M., 2007, 'Does Decentralisation Improve Equity and Efficiency in Public Service Delivery Provision?', IDS Bulletin, vol. 38, no. 1, pp. 7–17**

To what extent does decentralisation produce improvements in service delivery for the poor? This paper from the Institute of Development Studies (IDS) argues that political and institutional decentralisation do not currently contribute to increases in either equity or efficiency. However, a poor record on service delivery so far does not rule out scope for improvement. The challenge for proponents of democratic decentralisation is to specify methods by which equity and efficiency can be achieved under decentralised forms of service delivery.

Current evidence suggests that health, education and basic infrastructure services are better administered by public agencies working under the direct control of central government. Quality and efficiency can be improved by introducing private providers and user fees. However, neither of these approaches is conducive to participation in local governance. Nor are they guaranteed to increase equity and social justice in the long term.

Those who advocate local governance and the increased participation of ordinary people have been unable to prove that this benefits the poor in terms of health, education and basic infrastructure. Although participation and accountability are important in their own right, particularly when political rights have been curtailed under centralised authoritarian regimes, they cannot be described as pro-poor unless they improve people's material well-being. Furthermore, under democratic decentralisation:

- technical capacities of local government staff may not be good enough to produce good quality education, health care and basic infrastructure

- regional disparities in the provision of public services may widen

- macroeconomic risks may increase through increasing government vulnerability to financial deficits and over-expansion in the size of the public sector.

Therefore, while the substantive benefits of democratic decentralisation should not be underestimated, increased participation and accountability alone cannot produce successful education, health and basic infrastructure systems. Hence, it is important to:

- understand the importance of political factors such as commitment, the leadership qualities of local government and mobilisation of ordinary people

- pay attention to institutional arrangements such as consultative bodies and consider financial resources and technical and managerial capacity

- measure and monitor the extent to which service delivery under decentralised forms of provision is successful

- ensure that participation in local governance produces real gains for the poor. Failure to do this will undermine the attraction of democratic decentralisation and encourage policy alternatives that run counter to the ethos of participation.

**Satterthwaite, D., 2008, 'Climate Change and Urbanization: Effects and Implications for Urban Governance', Paper prepared for the United Nations Expert Group Meeting on Population Distribution, Urbanization, Internal Migration and Development, 21–23 January 2008, New York, UNDESA**

How can municipal governments in low- and middle-income nations to prepare for and adapt to the increasing risks posed by climate change? This paper, published by the United Nations Department of Economic and Social Affairs, indicates that most adaptation to the likely climate change-related dangers over the next few decades fits well within a local development agenda. There needs to be a significant increase in development funding to help local governments adapt to climate change challenges.

The urban poor are most at risk from the increased intensity and frequency of storms, flooding, landslides and heat waves that climate change is causing or will cause. City and municipal governments have the main responsibilities for planning, implementing and managing most of the measures that can diminish these risks – through provision of infrastructure and services, disaster preparedness and the planning and regulatory framework. The backlog in the population lacking provision for infrastructure and services continues to grow in most urban centres in low-income nations, as the powers and resources available to city or municipal governments bear little relation to their responsibilities. Lack of local governance quality affects provision for infrastructure and disaster-preparedness and planning for and co-ordinating disaster-response.

The key to adaptation in most instances is competent, capable, accountable urban governments that understand how to incorporate adaptation measures into most aspects of their work and departments. Many needed measures may seem to be quite minor adjustments to current practices – for instance in adjusting building codes, land sub-division regulations, land-use management and infrastructure standards – but the sum of all the minor adjustments over time can build greater resilience without high costs. Further findings are that:

- There is a very large overlap between most of the measures needed for adaptation and local development (especially improving and extending provision for piped water, good sanitation and drainage, solid waste collection, garbage disposal, prevention-focused health care and support for upgrading within informal settlements).

- There are also significant overlaps between climate-change adaptation and building resilience to extreme weather/disasters.

- Adaptation measures can be incorporated into a strong local development plan that provides the framework for future investments and land use management.

- Few urban centres have such a plan, however, and even where such a plan exists, many new investments, urban developments and buildings fall outside it.

Support for adaptation to climate change needs to consider the financial systems and mechanisms that will facilitate many different innovations by local governments and by grassroots organisations – and that will reinforce 'good local development' and 'good local governance'. It is also important to draw on 'disaster-preparedness' understandings, such as the extent to which 'natural' disasters are preventable (because the actual disaster has much to do with inadequate planning and infrastructure and lower-income groups having no alternative but to live in high risk areas). Development-adaptation funding programmes should include:

- Building local capacity to produce sound adaptation programmes and to help municipalities become more responsive to population groups most at-risk of climate change disasters.

- Providing development assistance to central government, which often opposes increased powers and responsibilities at the local level.

- Management of the inevitable difficulties of funding to cities controlled by the political opposition.

- Long-term development commitment to ensure the creation of practical and useful adaptation programmes.

Full text:
http://www.un.org/esa/population/meetings/EGM_PopDist/P16_Satterthwaite.pdf

**Schou, A. and Haug, M., 2005, 'Decentralisation in Conflict and Post-Conflict Situations', Working Paper no. 139, Norwegian Institute for Urban and Regional Research, Oslo**

Is decentralisation an effective conflict management tool for both unitary and federal states? This article from the Norwegian Institute for Urban and Regional Research (NIBR) reviews the existing academic literature on decentralisation. It offers recommendations for filling current gaps in the research and identifies mechanisms through which decentralisation can both mitigate and exacerbate conflict. No consistent evidence has shown the benefits of decentralisation in the context of conflict. Experience varies widely between unitary and federal states. Donors and governments need to conduct a variety of new studies in order to examine specific models of decentralisation.

This review draws on the academic literature on: a) decentralisation from a development perspective; b) federal solutions to conflict in multi-ethnic states; and c) decentralisation in unitary states. Decentralisation is conceived as the establishment of provincial, regional, or local autonomous arrangements. Unitary states differ from federal states in that they rely on legislation for policies of decentralisation, while federal states usually include decentralisation as a constitutional guarantee.

Decentralisation can have a range of impacts, both positive and negative, in contexts of conflict:

- Popular participation in politics, especially of minority groups, tends to enhance the legitimacy of the state.

- The inclusion of subnational groups in a bargaining process with the government helps to mitigate conflict.

- The state will often proactively establish a policy of outreach and control in remote regions.

- Groups participating in local governance build up mutual trust.

- The redistribution of resources between regions may increase conflicts if resource-rich areas see decentralisation as an opportunity for separation.

- Decentralised units and the resources allotted to them may become a basis for mobilisation in conflicts between local and state holders of power.

- Local disputes over land, resources etc. may become worse in the wake of decentralisation, especially in an undemocratic context.

This mixed list of findings demonstrates that policies of decentralisation should be undertaken with great care. Comparative studies, large N-studies, historically

oriented case studies, and studies focused on the developing world are all needed. Future research should address the following questions:

- How might decentralisation measures be most successfully sequenced? Should they focus on devolution or de-concentration?

- What mechanisms govern the relationship between local and central institutions of governance?

- Which successful models of decentralisation in post-conflict situations can be identified and what can be learned from them?

- How does decentralisation affect equity and distributive fairness, especially at the local level where it may imply control of natural and government resources by a new local elite?

- What role can the international community play in aiding decentralisation? How might relevant diaspora communities mediate between donors and the country in question?

Full text:
http://en.nibr.no/uploads/publications/b62e94332ddd6052e2f14b6509ea0e15.pdf

**Scott, Z., 2009, 'Decentralisation, Local Development and Social Cohesion: An Analytical Review', GSDRC Research Paper, Governance and Social Development Resource Centre, University of Birmingham, UK**

There is a vast difference between the purported benefits of decentralisation and its actual effects on service delivery, economic development and social cohesion. This analytical review, published by the Governance and Social Development Resource Centre, discusses the nature, extent and impact of decentralisation in developing countries. Decentralisation cannot be considered the solution to all local service delivery and economic development issues, and should not necessarily be standard policy in all development contexts.

Decentralisation is a highly political, context-specific activity. Reforms should ideally be preceded with political economy analysis to ensure their effectiveness. Sufficient empirical research has not yet been conducted to clarify links between decentralisation and service delivery, economic development or social cohesion.

Many claims are made in favour of decentralisation, including its democratising potential and its capacity to reduce poverty and improve service delivery. Decentralisation literature is replete with theoretical assumptions that it is of intrinsic value, automatically improves service delivery efficiency and fosters local economic development. However, these assumptions are not generally supported with empirical evidence. In particular, the literature is sharply divided on whether decentralisation mitigates or exacerbates conflict. Other main findings in the paper include:

- There is no substantial evidence that service delivery has generally improved under decentralisation. In most cases reported from Africa, Asia and Latin America, its quality has either declined or remained unchanged.

- Central governments often do not adopt decentralisation with the main aim being to improve service delivery to citizens. Instead, they pursue decentralisation because of donor pressure and/or to strengthen their power base in rural areas.

- Local governments often lack the administrative and financial capacity to adequately manage or fund decentralisation reforms.

- To promote economic growth, local governments have few tools at their disposal. Instead they should focus attention on improving service delivery and infrastructure, which is critical for economic growth.

- Virtually all empirical country cases reviewed for this report were unable to conclude that decentralisation had positive effects on conflict.

- Decentralisation often only changes the nature of conflict from national to local; it does not necessarily exacerbate or remove the dynamics that encourage conflict.

The following policy implications are important given the widespread adoption of decentralisation across all types of developing country:

- Decentralisation will not solve all service delivery problems.

- Central government's commitment to decentralisation is critical.

- Decentralisation can not be relied upon to generate economic development. Local governments can improve economic development by concentrating on service delivery.

- The impact of decentralisation on conflict and state fragility must be researched further.

- Political economy analysis is necessary to assess the impact of decentralisation on social cohesion.

- More research on this issue is necessary; in particular, large, cross-country, historically-oriented comparative studies.

Full text: http://www.gsdrc.org/docs/open/PO60.pdf

**Sen, T.K. and Trebesch, C., 2004, 'The Use of Socio-Economic Criteria for Intergovernmental Transfers: The Case of India', Working Paper no. 10, National Institute of Public Finance and Policy (NIPFP), New Delhi**

How does the intergovernmental transfer system operate in India? How appropriate are the various socio-economic criteria? What features are desirable for the Indian transfer system? This paper by the National Institute of Public Finance and Policy, New Delhi, examines the transfer system in India from the perspective of the Finance Commission. It finds that an overarching consideration is that of incentives built into the system: the safest being one that bases transfers on variables completely outside the control of recipient governments.

The design of intergovernmental transfers is an important issue in federal countries not only because subnational governments often depend on them to maintain their supply of public services, but also because elements of the determination of transfers may have incentive effects for subnational governments. These may not be taken fully into account when designing transfers and hence have unintended effects. The six major reasons for intergovernmental grants are: ameliorating vertical imbalance, reducing horizontal imbalance, correcting for inter-jurisdictional spill-overs, ensuring minimum standards of basic services, paying for agency functions undertaken by subnational governments and returning revenues to lower level governments as part of a tax-rental arrangement.

In the Indian system of statutory transfers, criteria-based transfers apply to tax sharing only. Desirable features of the transfer system include adequacy, regularity, transparency and feasibility. Factors that must be taken into account when examining the system in India include:

- Vertical and horizontal imbalance should be treated separately. A formula-driven system of transfers does not necessarily cover the entire normative deficit and appropriateness depends on the transfer instrument and objectives.

- Evolution of the Indian transfer system. This has been characterised by ambivalence but the overall trend has been toward tax devolution as compared to grants.

- Equalising fiscal capacity. The criteria of fiscal performance and fiscal discipline aim to foster fiscal discipline of state governments.

- The population, area, infrastructure and backwardness criteria all have a use, at times limited, in the transfer formula but poverty is not a good criterion to use.

- Tax effort criteria. It is likely that a high price is paid to motivate states to raise higher taxes which may not come about in practice and may not always be desirable.

- Collection/assessment criterion. Returning tax revenues to originating jurisdictions may have a small use as a compensatory measure.

If the primary concerns of the transfer system are to eliminate vertical imbalances and enable states to minimise horizontal imbalances, then it is necessary to conceptually separate them out. However, it is difficult to assess any element of a transfer system in isolation, since the elements usually complement each other. Policy considerations include:

- The trade off between the best system of equalisation conceptually, that of a full-blown normative assessment, and simplicity. Various criteria are used as an approximation.

- Criteria like infrastructure index are best avoided, primarily due to incentive problems. Rather, needs-based variables ought to be used. Population data has been used but with declining weight.

- Fiscal performance indicators are bad criteria to determine transfers. They should be justified only in temporary situations.

- In terms of revenue capacity, only variants of the income criterion have been used.

- In terms of expenditure needs, several variables have been used.

- Any significant transfers based on the origin of tax revenues is not logically maintainable. However, there is a case for a small amount to be transferred on this basis.

Full text: http://ideas.repec.org/p/npf/wpaper/04-10.html

**Siegle, J. and O'Mahony, P., 2006, 'Assessing the Merits of Decentralization as a Conflict Mitigation Strategy', Office of Democracy and Governance, USAID, Washington DC**

Does decentralisation contribute to social and political stability or does it accentuate ethnic, political and geographic divisions? What types of decentralisation increase and decrease the likelihood of conflict and under what conditions is decentralisation most likely to be successful? This paper from the US Agency for International Development (USAID) presents crossnational analysis and case studies from Colombia, Ghana, the Philippines and Uganda to examine the relationship between decentralisation and intra-state conflict.

Decentralisation has highly differentiated effects on ethnic conflict. Decentralisation initiatives that support increased levels of local government expenditures, employment, and elected leaders have been less likely to succumb to ethnic conflict. Conversely, countries with higher levels of local government taxes or designated structures of regional autonomy have been more susceptible to ethnic conflict. Contexts with previous ethnic conflict, weak central government control over the security sector, and disproportionate access to natural resource revenues are particularly vulnerable.

The nature of the relationship between decentralisation and ethnic and civil conflict depends on the type of decentralisation, conflict and context:

- The effects of decentralisation on propensity to conflict are far more apparent for ethnic than civil conflict. Civil conflict has few stable explanatory factors, suggesting a greater degree of case specificity.

- Decentralisation involving greater legitimacy, capacity and control over expenditure seems to mitigate ethnic conflict. Greater levels of local taxes and legal provincial autonomy are linked with higher ethnic conflict levels.

- Where there are highly inequitable local revenue resources and lack of central government control over provincial security, decentralisation can contribute to higher levels of conflict.

- Further indicators of risk include large concentrations of minorities, history of ethnic conflict, high rates of corruption and ethnically or geographically divided political parties.

- Accountable, legitimate political structures increase the conflict mitigating potential of decentralisation strategies.

- On the whole, decentralisation within low-income countries is not subject to higher rates of civil or ethnic conflict than more centralised systems.

Decentralisation offers advantages to developing countries, but can exacerbate problems of group identification and political polarisation contributing to internal conflict, if carried out unconditionally. Decentralisation initiatives should only proceed with constraints – recognising the context and conflict risks and the need to strengthen ties between subnational and national political structures. These findings have a number of implications for policy:

- Decentralisation should be accompanied by a comprehensive conflict risk analysis focusing on ethnic divisions and political polarisation and should include an assertive anti-corruption strategy.

- Policy-makers should focus on enhancing local government control of expenditure rather than local control over tax revenues, which can increase societal divisions.

- Ensuring a central government monopoly over the use of force and efforts to enhance democratic accountability should precede decentralisation.

- To assist a multi-tiered democratisation strategy, different contexts should be recognised. These include relatively established, reforming and weak democratisers, pseudo-democratisers and autocracies.

- Decentralisation initiatives should include mechanisms to strengthen subnational connections to the whole, including building multidirectional accountability and maintaining incentives for interregional co-operation.

Full text:
http://www.dai.com/pdf/Decentralization_as_a_Conflict_Mitigation_Strategy.pdf

**Tanzi, V. 2001, 'Pitfalls on the Road to Fiscal Decentralization', Economic Reform Project Working Paper no. 19, Carnegie Endowment for International Peace**

In recent years pressures for greater fiscal decentralisation have increased in many countries. Is decentralisation really the right route to take? Are there alternatives which can better address the same objectives? This paper from the Carnegie Endowment for International Peace considers issues around fiscal decentralisation, including potential drawbacks and possible alternatives.

Administrative decentralisation should be distinguished from fiscal decentralisation which generally involves some decentralisation of political decisions. The design of decentralisation policies in developing countries is often defective and made too quickly to allow full consideration of alternatives or potential consequences. Success is more likely when certain conditions are met before the decentralisation process begins, rather than expecting the policy to stimulate needed institutions and incentives. When the conditions for success are absent, more decentralisation will result in lower efficiency and/or less economic stability.

Efficient governance is easier in a small, open economy than in a large territory. Where the government has a small role in the economy, decentralisation is needed less and 'core' activities are usually best carried out by a national government. In addition:

- Fiscal decentralisation involves giving subnational jurisdictions more taxing and/or spending responsibilities, and in many cases results in the creation of additional layers of jurisdiction

- Pressures for decentralisation result from deepening democratisation; globalisation creating market areas that differ from states; increased transparency about the regional redistribution of resources; and increasing incomes per capita

- Alternatives to decentralisation include: Making existing national policies more efficient and equitable; privatising some governmental activities; and breaking larger countries down into smaller ones

- More decentralisation can result in excessive regulation; obstacles for tax reform, macroeconomic co-ordination and fiscal transparency; a fragmented internal market; and more corruption and public sector employment

- Since it is difficult to assign precise responsibilities for tax and spend, decentralisation can lead to confusion and tensions between different levels of jurisdiction.

Successful decentralisation is easier when regional income levels are relatively equal and important natural resources are not concentrated in one region. Other implications are:

- If decentralisation is a political objective for a country it is a good policy when the country can establish institutions which will make decentralisation work reasonably efficiently

- If a country is already decentralised, particularly as a result of its constitution, then policy-makers can only try and make the process as efficient as possible by improving the necessary institutions

- The option of breaking a large country down into smaller countries should be considered when: (a) It is too large to be efficiently administered by one government; (b) there are no military or security threats; and (c) there are no strong cultural, ethnic or historic ties

- When regions' income levels differ vastly and uniform public services can only be sustained by richer regions subsidising poorer ones, fiscal decentralisation makes it hard to pursue an effective income redistribution policy

- Public activities at the focus of debate about decentralisation are often those most feasible and desirable for privatisation, but part of the decision concerns whether the government should subsidise those activities, e.g. cultural activities

- It is difficult to assign taxes to match the expenditure of subnational governments due to factors including administrative considerations, economies of scale in tax administration, access to and sharing of information, and tax competition.

Full text: http://www.carnegieendowment.org/

**Tranchant, J-P., 2007, 'Decentralisation and Ethnic Conflict: The Role of Empowerment', Munich Personal RePEc Archive, Munich**

What effect does decentralisation have on the likelihood and intensity of ethnic conflict? What impact do conditional factors such as the regional concentration of groups have on the relationship between decentralisation and ethnic conflict? This paper from Munich Personal RePEc Archive analyses the effects of decentralisation on ethnic conflict, using a simple model of decentralisation as an empowerment mechanism. It finds that decentralisation reduces ethnic conflict when groups are spatially concentrated and/or have a local majority.

A simple model of decentralisation as an empowerment mechanism suggests that decentralisation is an effective way to reduce ethnic conflict, dependent on a number of conditions. These include that the minority group is small relative to the whole population and is concentrated in a few districts where it constitutes a majority. Empirical analysis tends to confirm these predictions. Groups that are spatially concentrated enough and/or that have a local majority benefit from decentralisation, while other groups are unaffected or harmed by the process. This highlights the need for caution when recommending decentralisation as a peacebuilding mechanism and efficient checks and balances at the regional level.

Decentralisation is one of the most commonly used mechanisms to prevent ethnic conflict. The rationale is that giving groups more control over their own affairs in their regions protects them against predatory politics from the centre. Observations on the ability of decentralisation to reduce conflict include the following:

• Decentralisation allows provision of local public goods which respond to the preferences of local constituents. Regarding ethnic conflict, decentralisation may be desirable if different ethnic groups have different preferences over public policies.

• Decentralisation may increase the well-being of minority groups if it empowers them to design and implement policies close to their preferences. This is more easily achieved if the group is concentrated in one region in which it constitutes a majority.

• Another component of empowerment should be democracy. In democracies, the power of central states to override local law decisions is reduced. Furthermore, the central state is less able to rely on loyal groups that constitute a minority at the local level.

A simple model of decentralisation as an empowerment mechanism can be used to highlight the conditions under which decentralisation is able to reduce ethnic conflict. Empirical analysis of such a model using OLS and group and country fixed effects (FE) estimations produces the following findings:

- Group FE estimations suggest that decentralisation reduces the likelihood and intensity of communal violence and is associated with lower risk of protests and rebellion. Country FE estimations produce similar results.

- Decentralisation is associated with an increase in the intensity of protest for widely dispersed groups. It is associated with a reduction in intensity and frequency of protests for groups in the majority in one region.

- Decentralisation is effective at reducing the presence and, to a lesser extent, intensity of rebellion for groups sufficiently spatially-concentrated. Country FE estimations suggest that decentralisation reduces the risk of rebellion for widely dispersed groups.

- The effect of decentralisation is dramatically different depending on whether groups have a local majority or not. Decentralisation increases protest and rebellion for groups without a local majority, but increases it for groups with a local majority.

Full text: http://mpra.ub.uni-muenchen.de/3713/1/MPRA_paper_3713.pdf

**Turner, M., 2003, 'Issues in the Design of Decentralisation', in Schoeffler, P. and Turner, M., Local Level Governance in the Pacific, State, Society and Governance in Melanesia Discussion Paper 2003/7, Australian National University, Canberra**

How can the design of decentralisation programmes be improved? This study published by the Australian National University argues that good decentralisation design processes that address fundamental questions and are fully aware of political realities can lead to developmental gains. Although the initial design is very important, it is only the first step in the process of decentralisation and the promotion of good governance at the local level.

Decentralisation is a development strategy that has gained universal popularity in recent years. In principle, it allows democratisation and enhanced participation of citizens in making decisions that affect their lives. Decentralisation can be equated with human rights. It can also be useful for creating and maintaining political stability. Decentralisation is promoted on technical efficiency grounds. Local government is seen to possess managerial and economic advantages in providing the services people need and want in an efficient and responsive manner. Decentralisation is often linked to the notion of good governance involving efficient public sector management, an effective system of accountability, the rule of law, and improved availability of information and transparency in decision-making.

The specific benefits of decentralisation include the following:

- It is easier for locally based officials to identify local resources, both human and physical, and then mobilise them in the pursuit of locally determined developmental purposes.

- Officials are better placed to respond rapidly to local needs, as they are resident in the territory and fully aware of local conditions.

- Due to officials' local knowledge they are well placed to make decisions and allocate resources that fit with the specific conditions prevailing in a particular territory.

- Local functionaries are more motivated to perform well when they have greater responsibility for programmes they manage.

- Co-ordination between offices dealing with different tasks is more easily achieved at the local level where officials are physically close together and are often familiar with each other.

- The decentralisation of service functions relieves central agencies of routine tasks. They can then focus on improving the quality of policy.

Resource Guide on Decentralisation and Local Government

Despite the benefits of decentralisation, results have often been disappointing in practice. However, while it is impossible to eliminate negative experiences from decentralisation initiatives, it is possible to reduce them. In order to design effective decentralisation programmes, the following issues should be considered:

- The functions that are to be decentralised should be decided. There is no point decentralising functions for which there is inadequate capacity either in terms of human resources or physical assets.

- Changes in central–local relations can be determined and implemented according to different timeframes. There are many risks associated with doing everything at once.

- Participation is viewed as a key objective of decentralisation, but if it is managed badly it can lead to conflict or decision-making gridlock.

- If decentralisation entrenches existing patterns of unequal resource allocation it can increase inequality between and within subnational territories. Central government must ensure that disadvantaged regions get special assistance.

- Central government should play a monitoring role and ensure compliance in particular activities, such as finance. Central government should also be a facilitator, providing both policy and technical assistance.

- Organisation capacity can be improved through training, but training needs to be directed to addressing identified problems in administration and the policy process. Curricula need constant review and updating.

Full text: http://dspace.anu.edu.au/bitstream/1885/42116/1/schoeffel_turner.pdf

**UNCDF, 2005, 'Capacity Building', in** *Delivering the Goods: Building Local Government Capacity to Achieve the Millennium Development Goals: A Practitioner's Guide from UNCDF Experience in Least Development Countries,* **United Nations Capital Development Fund, New York, ch. 5**

How can local development programmes (LDPs) build the capacity of local governments and local organisations in order to improve their performance? This guide from the United Nations Capital Development Fund presents lessons and guidelines for local government capacity-building in development programmes. It addresses LDP strategy, financing strategy, local public investment expenditure management, and accountability, communications and information. This summary focuses on chapter five of the guide, 'Capacity Building'.

The aim of capacity-building within LDPs is to improve the performance of local organisations by addressing human resource, material or logistical, institutional and other constraints. Different measures are required to address different types of constraints, and any comprehensive capacity-building strategy should be a composite of these. Within such a framework, training and institutional development then become measures or strategies for achieving the wider goal of capacity-building for improved performance. Strengthening human resources at the local level is one of the most important activities undertaken by LDPs and requires significant effort, time and resources. Other measures include addressing material or logistical capacity at the local level, through either direct or demand-driven provision.

One of the challenges for human resource capacity-building at the local level is addressing human resource or personnel gaps. Options for filling personnel gaps include providing incentives for staff-hiring, innovations allowing the recruitment of extra personnel for key tasks and co-operation between local governments. A second challenge for human resource capacity-building at the local level is addressing skill deficits and other training requirements. Lessons and guidelines for local human resource development (HRD) include the following:

- HRD plans should include an assessment of functions and capacities, analysis of where capacity-building efforts need to be focused and identification of resources. They should include an implementation plan and methodology for self-evaluation.

- The core of HRD is usually training, often backed up with mentoring and on-the-job support. Training needs will vary from project to project.

- They should be clearly identified by the LDP capacity-building strategy.

- Training in basic topics, including administration, management, communications and gender issues, can be carried out by a variety of specialist agencies. LDPs can also provide training through a training-of-trainers process.

- Study tours to other projects, other local governments and even other countries can be highly instructive. However, several issues need to be kept in mind, including that study tours are not in themselves vehicles for acquiring new skills.

- Demand-driven training can complement direct provision by LDPs. Demand-driven capacity-building strategy should establish mechanisms that articulate demand deriving from real needs and ensure that supply responds effectively and efficiently.

General lessons learned from LDPs with regard to capacity-building include the following:

- Any capacity-building programme needs to be designed around an analysis of the different types of constraints affecting the performance of local government.

- LDPs differ from projects where systems are set up to be managed by project teams rather than by local governments. LDP procedures and systems need to be tailored to realistic views of capacities at the local level and the politics of local government.

- There is a need to be clear about how much capacity-building should be done and what kinds of capacity require strengthening.

- There is a tendency to see capacity-building as a prerequisite for decentralisation. LDP experience, however, suggests that devolving responsibilities is perhaps a prerequisite to the development of local capacities.

Full text: http://www.uncdf.org/english/local_development/uploads/thematic/UNCDF_LDG2.pdf

## UNDP, 2005, 'Fiscal Decentralisation and Poverty Reduction', UNDP Primer, United Nations Development Programme, New York

How can fiscal decentralisation contribute towards reducing poverty and achieving the Millennium Development Goals (MDGs)? This primer from the United Nations Development Programme (UNDP) outlines the main principles of fiscal decentralisation and examines the links between fiscal decentralisation and poverty reduction. It argues that a well crafted set of intergovernmental fiscal relations are vital for ensuring that decentralisation can contribute to poverty reduction.

Subnational governments can be assigned functional responsibilities for a range of pro-poor services, which they are well-placed to provide in an efficient and responsive manner. It is therefore important to understand how local governments can best finance such services in ways that foster pro-poor outcomes. Revenue decentralisation and intergovernmental fiscal transfers can have a significant impact on the ability of local governments to contribute to poverty reduction. Considerable revenue decentralisation can lead to an inequitable distribution of public resources, but can also allow local governments to respond more effectively to local needs. The size of intergovernmental fiscal transfers, the allocation mechanism and how transfer resources are spent will have a significant impact on policies to reduce poverty.

Fiscal decentralisation can be looked at in terms of four pillars: expenditure responsibilities, revenue assignments, intergovernmental fiscal transfers, and subnational borrowing. Principles of fiscal decentralisation relating to these four pillars include the following:

*   There is no 'best' assignment of expenditure responsibilities among different government levels. However, government functions should generally be assigned to the lowest level of government capable of carrying them out efficiently.

*   Some revenue sources are better-suited to local government than others. Local government should be assigned stable sources of revenue. Local taxes should be easy to administer and should broadly correspond to benefits from local services.

*   Transfer systems should provide local governments with adequate revenue, preserve budget autonomy at the subnational level and enhance equity and fairness. They should provide stable transfers and be simple and transparent.

*   Local borrowing may be appropriate for certain types of spending, such as long-term capital development projects, but is not generally appropriate for recurrent spending. A well-defined local government framework for borrowing is crucial.

UNDP's approach to support for fiscal decentralisation emphasises clear assignment of expenditure responsibilities and the corresponding provision of adequate financial

resources. It highlights the need to consider the human rights implications of fiscal decentralisation and the impact on the poorest and most vulnerable groups. UNDP entry points in support of fiscal decentralisation include:

- Integrating fiscal decentralisation into strategies for achieving the MDGs;

- Analysing the impact of fiscal decentralisation on the poor and disadvantaged groups through incidence studies, public expenditure tracking surveys and public expenditure reviews;

- Developing capacity for revenue mobilisation and analysis of the impact of local revenues on poverty, and linking local planning to decentralised financing;

- Improving the system of intergovernmental fiscal transfers and developing fiscal incentives to improve the performance of local governments;

- Supporting fiscal decentralisation reform processes and consultations;

- Facilitating dialogue among bilateral donors and international financial institutions to break down the barriers to effective fiscal decentralisation.

Full text: http://www.undp.org/governance/docs/DLGUD_Pub_FDPR.pdf

**UNDP, 2006, 'Capacity Development: Practice Note', United Nations Development Programme, New York**

What are the core capacity issues in a development context? How can external partners support countries' efforts to build on these to achieve development goals? This Practice Note, written by the United National Development Programme (UNDP), addresses these issues, drawing on examples from a range of developing countries. It sets out key entry points for UNDP and other external actors to promote capacity development (CD) arguing that UNDP should focus primarily on supporting key cross-cutting capacities.

Capacity is the ability of individuals, institutions and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner. CD is therefore the process through which abilities are obtained, strengthened, adapted and maintained over time. CD is vital to development effectiveness, achievement of the Millennium Development Goals (MDGs) and for long term economic and societal development. Countries' capacities are at three levels: the enabling environment, organisational and individual. Within these are cross-cutting capacities, all of which need to evaluated and addressed from a human development perspective.

CD support must address issues at all levels, and include supply side as well as demand side issues. It is an endogenous process which needs to be systemic.

- Capacity resides within individuals, organisations and larger systems/enabling environments. It includes overall policies, rules, norms and values which determine the 'rules of the game' for interaction between and among organisations.

- CD is an ongoing process, which can not be rushed. It must take into account political realities, and requires effective participation, public access to information, civic engagement and accountability. Appropriate incentives for improved performance are critical.

- External partners need to be careful not to undermine ownership and local capacity: CD requires genuine co-operation and collective responsibility. CD should be seen as 'best fit' rather than 'best practice', appropriate to individual country situations.

- Existing capacities should be built rather than new ones created. In difficult circumstances, such as fragile states, there is even greater need for engagement in CD. Accountability of all actors is essential.

UNDP should focus primarily on supporting key cross-cutting capacities, drawing on lessons from previous experience and research.

- Capacity to engage in multi-stakeholder dialogue requires supporting dialogue processes focusing on single development frameworks and engaging with all relevant national stakeholders.

- Capacity to assess current against desired capacity levels in order to develop CD strategies requires facilitating shared understanding of CD challenges amongst partners. Stakeholders need to understand the local political and organisational landscape. Statistical and analytical capacities should be strengthened.

- Capacity to formulate policy and strategy requires addressing capacity in policy dialogue. National capacity to expand development financing, harmonisation of donor analytical work and UNDP development processes with national planning and budgeting should be supported.

- Capacity to budget, manage and implement can be supported through implementing programme activities through national systems and mobilising local capacity, knowledge and expertise.

- Capacity to monitor and evaluate development, including CD, can be supported through developing systems and working towards single reporting frameworks for countries and donors. Principles of mutual accountability and transparency in the aid relationship should be reinforced.

- UNDP should promote a more systematic approach to CD across its practices and programmes, drawing on its key areas of expertise.

Full text: http://www.undp.org/capacity/

**UNESCO, 2007, 'Educational Governance at Local Levels', Policy Paper, Division for the Promosion of Basic Education, United Nations Educational, Scientific and Cultural Organisation (UNESCO), Paris, pp. 7–37**

Can decentralisation improve education and its governance? This United Nations Educational Scientific and Cultural Organisation (UNESCO) booklet provides a Policy Paper on implementing educational decentralisation, followed by Evaluation Guidelines to evaluate progress at country level. It finds that if decentralisation is to succeed, then it must be planned and funded at all levels and its stakeholders trained at all levels. Equally it must adhere to the fundamental principles of human rights: participation, non-discrimination, transparency and accountability.

Decentralisation is central to the practice of governance. Its principles include: devolving and transferring authority; shifting development strategies from 'supply-side' to 'demand-side'; and involving communities in planning, implementing and evaluating. Whilst decentralisation is capable of improving the quality and management of education and helping to secure access, success is not guaranteed. Local contexts, including attendant challenges, benefits and constraints, are important. Those endeavours that have been successful to date demonstrate better financial management, elevated levels of community participation and more capable local administrations.

This publication aims to stimulate and contribute to:

- Enable ministries of education and their partners to identify key priority areas and strategies for educational governance at local levels through needs analysis of political, economic, social and cultural contexts in selected countries.

- Provide technical advice to review national educational plans in accordance with devolution reforms at systemic and sector-wide levels.

- Advise governments to develop capacity building programmes to enable educators, bureaucrats, and political actors to participate in educational decision-making at local level.

- Develop frameworks for evaluation to assess progress in the implementation of decentralisation reforms at national or local levels.

- Ensure gender and social equity by facilitating participation of women and persons with low social and economic status in educational decision-making.

- Disseminate research and experiences in local educational governance to inform the policy dialogue.

The Evaluation Guidelines offer an analytical tool assessing the efforts of educators and others to implement initiatives that are based on the principles and practices of

local governance. They assess the extent to which these are applied to planning and implementing policy, programmes and approaches:

- The issues surrounding local governance have universal application. They influence all efforts to improve education, from planning to the way it is administered and what happens in the classroom.

- The impact of decentralisation is measurable only after a certain period. However, benchmarks are necessary to allow practitioners to assess how well the practice and vision of devolution are in harmony.

- The guidelines provide a framework consisting of an extensive checklist of Performance Indicators, for input, process and output. They address the following issues: policy, plans and programmes; finance and administration; participation; and access, completion and quality.

- Practitioners can apply the framework to a range of administrative levels. Stakeholders include the education ministry, provincial and district education departments, those at local level and their partners, such as NGOs, civil organisations and private enterprises.

- The framework is flexible, with application dependent on respective objectives and context.

- The framework can assist with: designing, implementing and evaluating governance; developing coherent policies and equitable fund allocations; providing data for relevant government departments; aligning activities with the principles of devolution; and providing data on which to base corrections.

Full text: http://unesdoc.unesco.org/images/0015/001544/154408e.pdf

**UN-HABITAT, 2003, 'Changing Perspectives and Roles in Urban Water and Sanitation Provision: Privatization and Beyond', in** *Water and Sanitation in the World's Cities: Local Action for Global Goals,* **UN-HABITAT, United Nations Human Settlement Programme, Nairobi, pp. 158–189**

How can problems of water and sanitation provision best be resolved? Despite the localised and site-specific nature of many water and sanitation problems, the need for reform in the water and sanitation sector has fostered a search for generic prescriptions. This study from the United Nations Human Settlements Programme (UN-HABITAT) concludes that increasing private sector participation, at least as it has been promoted in recent years, is not going to resolve the problems of inadequate water and sanitation provision found in most urban centres in Asia, Africa and Latin America.

There were three directions for water and sanitation management commonly advocated in the international policy arena in the 1990s. First, to take environmental issues more seriously, second to favour markets over government provisioning and third to favour decentralised over centralised governance. The influence of these tendencies has been mixed. The dangers of a global water crisis have been widely discussed in the international arena, but relatively few urban centres have made substantial adjustments as a result. Private sector participation in water and sanitation provision has increased in a number of countries, but has been hotly debated and has only rarely achieved the benefits anticipated. Government decentralisation has been occurring in many countries but not always successfully and not always accompanied by decentralised control over water and sanitation provision.

All of these shifts have created obstacles and opportunities for improving water and sanitation provision in deprived urban areas. In each case, the local context, the timing and sequencing of these shifts and how they have been implemented at the local level can make an enormous difference. In the long run:

- Better water resource management may be critical to achieving sustainable improvements in urban water and sanitation provision.

- Policies designed only with a view to conserving and managing water resources can also make it difficult to extend adequate water and sanitation provision to those currently deprived.

- Attempts to increase private sector participation for its own sake can create new regulatory and corruption problems. It can direct finance to urban centres and neighbourhoods that are already comparatively well served, and further polarise the politics of water and sanitation provision.

- The decentralisation of responsibilities for water and sanitation management may have the potential to stimulate locally driven initiatives and increase the accountability and transparency of local utilities.

- Decentralising responsibilities without power and income-generating mechanisms can further undermine the financial basis of water and sanitation services and reinforce regional inequalities.

It is possible to point to community-managed systems that have improved provision for water and sanitation, including some that have done so very cheaply. If there was more documentation available of provision for water in informal settlements in cities or in smaller urban centres, this may show many more examples of community-managed initiatives, including those undertaken by residents' committees.

- A characteristic of most urban residential areas is that they are part of a larger settlement, so it is difficult to develop autonomous solutions. Regulations inhibit autonomous solutions because one settlement's solution may be another's problem.

- Urban centres have competition between households and businesses for access to water and to infrastructure for wastewater removal.

- In the absence of a system to manage this, the poorer groups will generally lose out to the richer groups.

- Hence the importance of improved provision for water and sanitation presented by community initiatives that are supported by local governments.

**Vedeld, T., 2003, 'Democratic Decentralisation and Poverty Reduction: Exploring the Linkages', Forum for Development Studies, No. 2, Norwegian Institute for International Affairs (NUPI) and Norwegian Association for Development Research, Oslo**

What are the links between democratic decentralisation and poverty reduction? This paper from the Norwegian Institute of International Affairs (NUPI) finds little connection between democratic decentralisation and poverty reduction in the short-term. It is only under certain conditions – for example when extended participation or accountability mechanisms are adopted – that decentralisation will work to respond to local demand and reduce poverty. Social formation and political culture strongly mediate relationships between political agencies and determine outcomes.

Democracy and decentralisation are often assumed to be preconditions for efficient poverty reduction and development. Democratic decentralisation, according to the argument, brings government closer to the governed and makes government more responsive. In turn, this is assumed to create systems of governance that are more effective in reaching the poor. However, democratic decentralisation in developing countries has more often that not been associated with a rolling back of the state, the extension of bureaucratic control, and the marketisation of services. It has been designed in fairly technocratic and top-down ways with limited poverty reducing effects.

There is little convincing evidence that either democracy or decentralisation – the way such processes have evolved – will necessarily produce gains for the rural poor in the short term. Decentralisation can in fact work against poverty reduction due to problems of elite capture and clientelism. The greatest achievements of democratic decentralisation appear to have been in relation to improvements in participation – and to some degree – in empowerment. However, the breadth and depth of this participation are not likely to be significant, due to constraints at local and national levels. Lessons relating to preconditions for pro-poor democratic decentralisation are that:

- Effective representation of lower-class demands in the state is needed to enable political rights and procedural democracy to produce substantive welfare systems

- State backing is required to make civil society engagement 'from below' effective – for example through a culture of dialogue

- Close relationships and collaboration between social, farmers' and labour movements, civil society groups, political organisations and political parties are important

- Lack of mobilisation and engagement of organised groups results in a 'missing link' between citizens and state and hampers civil society's ability to hold the state accountable.

In policy terms, effective democratic decentralisation seems to depend primarily on substantial efforts to: (i) increase the scope and strength of participation; and (ii) enable leadership at local and national levels that is more accountable and responsive to poor people.

- There is little support in the material reviewed for a technocratic view of democracy and decentralisation that tends to suggest that such complex state reform and societal transformation can be readily promoted 'from above' through a blueprint design and an implementation plan. While a planned approach from central government is an important factor, conditions of social formation and political culture strongly mediate relationships between political agencies and determine outcomes.

- Greater understanding is needed of the dynamics and complexity of transition processes at local and national levels.

- It is likely that while short-term economic growth can be achieved with authoritarian systems, long-term economic growth – that also addresses inequalities – requires a democratic, rule-based, and responsive government that continuously adapts to people's rights and demands.

Full text: http://se2.isn.ch/serviceengine/Files/EINIRAS/27433/ichaptersection_ singledocument/EF6DF40C-A90A-413E-B6DC-EF267AB31140/en/2003_02_a.pdf

**Wong, S. and Guggenheim, S., n.d., 'Community-driven Development: Decentralisation's Accountability Challenge', The World Bank, Washington**

How have community-driven development (CDD) projects contributed to the effectiveness of decentralisation reforms? This paper from the World Bank surveys CDD programmes in Indonesia, Cambodia and the Philippines to assess how far this approach improves accountability, service delivery and regulatory frameworks in local government. It argues that CDD presents great opportunities for enhancing civic participation, state responsiveness and cost-effective service provision, although, as a new development approach, it requires further evaluation.

Decentralisation is often held to reduce the gap between state and citizen. However, it is susceptible to 'elite capture', where public decision making is distorted by the disproportionate influence of well-connected groups, who can marginalise poorer communities.

CDD seeks to offset this risk and enhance civic participation by giving communities control over decision-making, management and the use of development funds. CDD varies from programme to programme but generally consists of a participatory planning process at village or subdistrict level, leading to funding and implementation of priority activities. Initiatives aim to provide communities with the power, information and skills to drive the development process, rather than becoming passive beneficiaries.

Various findings are made on CDD's strengths:

- CDD can provide mechanisms to accelerate civic participation and state accountability through planning, decision-making and implementation. In Cambodia, CDD feeds directly into the country's decentralisation process; in the Philippines, demand-driven, bottom-up planning leads to community investment grants; in Indonesia, quotas ensure that women participate in planning forums.

- CDD discourages 'elite capture' of decentralised mechanisms. It encourages citizens to demand government accountability and transparency through the requirement for information disclosure, anonymous complaint mechanisms and rigorous community monitoring of the use of public funds.

- CDD addresses the funding shortfalls commonly experienced by decentralised processes by transferring finances directly from the national to local levels. CDD disbursements are often quicker than transfers through line departments and attract additional financing from government, private sources and communities themselves.

- CDD projects are more cost-effective than comparable small-scale works delivered by other public agencies. Programmes are popular with communities and governments as they deliver services in a demandresponsive way that generates employment and alleviates the management burden on state bureaucracies.

- CDD programmes contribute to the institutionalisation of participatory, transparent mechanisms in decentralisation reforms. National ministries are drawing on lessons learnt from CDD to construct regulatory frameworks and implement new financial management and procurement procedures.

In scaling up CDD projects in decentralised contexts, further challenges may exist. Decision-makers should explore the possibilities for further integration and co-ordination of CDD in broader decision-making processes:

- Policy-makers need to explore whether CDD can become an overall development strategy or just an approach appropriate to small, discrete development investments.

- Possible expansion requires that CDD engages more effectively with sectoral agencies to make them become more demand-driven.

- CDD should explore improving links with private service providers. Projects already use some private suppliers, although further local procurement may sacrifice economies of scale.

- Further integration of CDD into government planning and budgeting procedures could be investigated, but financial flows must remain transparent to the public.

- CDD may only be appropriate where developed management structures, a conducive social environment and direct fiscal transfer mechanisms exist. Projects should not be required to achieve unrealistic objectives and should complement, not replace, local government reform.

Full text:
http://siteresources.worldbank.org/INTEAPDECEN/Resources/Chapter-12.pdf

**Wunsch, J. 2001, 'Decentralization, Local Governance and Recentralization in Africa', in _Public Administration and Development,_ vol. 21, pp. 277–288**

Why have decentralisation reforms in Africa not produced the expected results? What causes the strong counter-current towards 'recentralisation'? Over the past 15 years, many African countries have invested in political and administrative reform aimed at increasing local governance. However, a reluctance of actors at central level to relinquish resources and decision making power to local entities has created a reverse current towards 'recentralisation'.

This article from _Public Administration and Development_ examines the reasons for the widespread difficulties encountered in making decentralisation operational. A number of African case studies illustrate how the local political process is in many cases reduced to 'going through the motions', eroding public credibility in effective governance. It is only by looking back at the experience of these countries with a very long-term perspective that some positive outcomes can be noted.

In many cases it is the 'nuts and bolts' of change that prevent the ideals of decentralisation from becoming a reality. The author looks at four key functions of local government that are obstructed by recentralisation pressures:

* Planning is a local activity in theory only, but remains top-down and is dictated by those who wield resource-allocating power. Loopholes in decentralisation legislation allow central ministries to override local decisions

* Budgeting at local level suffers from low levels of technical staff that are qualified for the complexity of the task and from central interference and manipulation

* Personnel systems that can support local government depend on a number of variables, including whether local officials should be elected or employed, and whether they should belong to regional or national bodies, for example the civil service. Different countries have solved these dilemmas in various ways

* Finance is largely dependent on inadequate, erratic and arbitrary central transfers and a limited revenue base. A lack of legal status obliges local authorities to beg central ministries for resources that should be theirs by right.

The article does not provide many alternatives to the problems it outlines. However, a number of case studies suggest the following:

* Despite the instability of many African contexts and the many pitfalls in the decentralisation process, the 'long haul' has produced some positive outcomes, for example in Botswana

* While problematic in the short-term, creating a strong and stable revenue base is important for the long-term establishment of local government

- Technical expertise and maturity in local government eventually provides an effective counterbalance to central intrusion

- A political will that overrides personal interests remains a prerequisite for effective governance at every level

- National mandates have an important role in restricting local corruption and integrating local political processes, but this becomes overbearing when it reduces public involvement and undermines local authority.

**Yemek, E., 2005, 'Understanding Fiscal Decentralisation in South Africa', Institute for Democracy in South Africa (IDASA), Pretoria**

What is the relationship between fiscal decentralisation and the principles of good governance? How does fiscal decentralisation in South Africa affect the delivery of social services? This paper from the Institute for Democracy in South Africa suggests that financial decentralisation is a tool to broaden democracy. To be effective, it must be accompanied by adequate financial resources, capacity-building and civil society participation.

Reducing poverty through the extension of basic services and infrastructure among marginalised communities is a top priority for the South African government. A key challenge is to raise and redistribute revenues to match the social needs of poor communities whilst providing for economic growth. Fiscal decentralisation aims to provide a framework for the efficient provision of public services by aligning expenditure with regionally based priorities.

'Fiscal decentralisation' refers to the percentage of total government expenditure executed by subnational governments. South Africa has a three-tier system encompassing national, provincial and local governments. Bringing the decision-making processes closer to people is expected to enhance citizen participation, increase government responsiveness to local needs and thereby improve quality of service. The actual outcome depends on design and the institutional arrangements for implementation. Characteristics of financial decentralisation in South Africa are:

- Fiscal decentralisation in South Africa is evolving towards a significant increase in the role and responsibilities of subnational governments in providing public services.

- The provincial premiers are concerned about a growing vertical imbalance, meaning fiscal imbalance between the three levels of government. This is caused by the discrepancy of increasing expenditure responsibilities and limited revenue-raising abilities. About 97 per cent of provincial and local governments' revenue comes from the national government.

- There is no automatic assurance that increased fiscal autonomy for subnational governments will lead to improvements in public services.

- For sectors of particular relevance to poverty reduction, such as health and education, there is no strong evidence that fiscal decentralisation has reduced poverty.

- The financial resources available are inadequate to ensure efficiency, coverage and quality of local service provision.

Efficient delivery of pro-poor public services cannot be achieved in the absence of good governance. In the context of fiscal decentralisation, good governance means that national government enables subnational authorities to fulfil their obligations. Policymakers should take the following observations into account:

- Financial decentralisation should not be used as a means for national governments to shift the burden of financing services to subnational governments and private providers.

- Pro-poor budgeting creates incentives for macroeconomic risk-taking by increasing government vulnerability to financial deficit and overexpanding the size of the public sector.

- The transfer of responsibilities to subnational governments could slow down the delivery of services unless accompanied by adequate capacity-building and civil society participation. Political commitment of local elites is required.

- Fiscal decentralisation requires citizen participation since resource allocations should reflect local preferences. The challenge is to overcome the technical complexity of the process and find appropriate ways to institutionalise participation.

- Further steps to enhance service delivery by subnational governments need to focus more sharply on coherent policies targeted towards outcomes. Explicit universal quality standards of service provision should be developed to measure the real impact on targeted populations.

Full text: http://www.gsdrc.org/docs/open/CC107.pdf

# Resource Guide on Decentralisation and Local Government

Estimates suggest that decentralisation is currently being pursued in over 80 per cent of developing countries worldwide. For many people, local government is the part of government that most directly impacts on their lives, particularly via the provision of local services like water, sanitation, primary education and primary healthcare.

This resource guide provides practical guidance for designing, implementing and evaluating decentralisation reforms and local government practices to ensure they are as effective as possible. It also synthesises and presents current debates on the impact of decentralisation and local government on poverty reduction, service delivery and conflict as well as providing links to cutting-edge research and recent case studies.

The guide includes summaries of key texts. Each short summary provides a link to an extended summary which can be found in the alphabetised appendix.