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## Decentralisation and Development

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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 distant 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.gsdr.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.gsdr.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.gsdr.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.gsdr.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.gsdr.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.gsdr.org/go/display&type=Document&id=3299>

## **Climate change and decentralisation**

The field of development studies is 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 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.

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

<http://www.gsdr.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.gsdr.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.gsdr.org/go/display&type=Document&id=2912>

