



SOURCE MATERIAL ON DECENTRALISATION AND IMPROVED SERVICE DELIVERY FOR THE POOR

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1. INTRODUCTION

1.1 Rationale for the paper

The Danish public sector strategy "Effective and Accountable Public Sector Management – Strategic Priorities" are centered on three components: (1) anti-corruption; (2) local governance and service delivery and (3) public finance management. A key rationale of the strategy is to strengthen Danish competency and capacity within the three focus areas of the strategy. E-learning courses exist for anti-corruption and public finance management, while local governance and service delivery resource material remain scattered.

In order to improve the quality of Danish support to decentralisation reforms and approaches for improved local governance and service delivery it has been decided to develop a set of learning materials on decentralisation reforms.

The learning material is synthesized into this overall "Source Material on Decentralisation and Improved Service Delivery for the Poor", while separate issue papers explore additional issues in further detail:

1. Political Economy of Decentralisation.
2. Fiscal Decentralisation and Sector Funding.
3. Draft Note on Health Sector Decentralisation.
4. Draft Note on Environment Sector Decentralisation.
5. Draft Note on Water Sector Decentralisation.

Decentralisation reforms are currently ongoing in the majority of developing countries – including those forming the core of Danish support. The nature of reforms vary greatly – ranging from mundane technical adjustments of the public administration largely in the form of deconcentration to radical redistribution of political power between central governments and relatively autonomous local governments.

Decentralisation reforms hold many promises – including local level democratisation, responsiveness to local preferences and possibly improved service delivery for the poor. However, implementation often lacks behind the rhetoric. Effective delivery of promises depends on a range of country specific contexts as well as the internal coherence and quality of reforms.

In several countries it can be observed that decentralisation reforms are pursued in an uneven manner – some elements of the Government may wish to undertake substantial reforms – other elements will intentionally or unintentionally counter such reforms. Different forms of decentralisation – foremost elements of devolution, deconcentration and delegation - may be undertaken in a contradictory manner, and it is a continuous process. Initial steps towards decentralisation may also be reversed¹.

¹ These processes of decentralisation and centralisation of powers have been ongoing for many years. While 1980-1990 represented a fairly coherent trend towards decentralisation in most countries, there are signs of reversal in some countries.

Danish development assistance mainly takes the form of sector programme support (primarily within education, health, agriculture, roads and water), but Danida has also supported specific "decentralisation/local government reform programmes" in a great number of countries. While the support for sector programmes and specific decentralisation programmes aims to be mutually supporting, it has in reality often proved difficult to achieve such synergies.

The purpose of this paper is to assist practitioners working with decentralisation reforms (whether through sector programmes or specific decentralisation and local government programmes) by providing an overview of useful key concepts and analytical approaches as well as to summarise key lessons from decentralisation reforms and in particular how development may constructively interplay with these processes.

International and bilateral donor agencies have increasingly recognised the importance of working with decentralisation reforms and a growing body of literature now deals with various aspects of decentralisation reforms – this paper will frequently make reference to existing papers, guidelines and tools. An overview of web-based material is provided as Annex 1. Rather than reinvent the wheel, this paper attempts to refer to existing resources but also to provide a stand-alone introduction.

The paper is based on desk analysis of international literature; review of Danida reports and more importantly also on a fairly extended discussion with development practitioners, including embassy staff and consultants that over the last two decades have been working with these issues.

1.2 Decentralisation: What and Why?

"Decentralisation" can take on very different meanings and it is important to be aware of these interpretations because different types of decentralisation have very different characteristics, policy implications, and conditions for success. It is also important to note that different strands of the literature and different development organisations use the terms in different ways that may add confusion.

Both the World Bank and The European Commission apply a very broad definition of decentralisation namely re-arrangements of public service provision within the central government, decentralisation to local governments (devolution) and privatisation². In line with this, Danida's Background Analysis for Danish Support for Good Governance – Effective and Accountable Public Sector Management (2008) is defining decentralisation as "the transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent organizations"³.

Such as Uganda (DEGE Consult 2007: Comparative Analysis of Decentralisation in Uganda, Tanzania and Kenya <http://www.jica.go.jp/english/publications/reports/study/topical/uganda/>), Argentina and Brazil (Dickovick 2004: *The Politics of Re-centralization in Argentina and Brazil* Latin American Research Review - Volume 39, Number 1, 2004, pp. 90-122

² The World Bank uses different definitions, but this example is from its public sector reform site that provides the most coherent WB introduction to the topic (<http://go.worldbank.org/WM37RM8600>). The European Commission also have different definitions, but the most coherent discussion of EC support to decentralisation is found in the document EC 2007: "Supporting Decentralisation and Local Governance in Third Countries)

³ World Bank Decentralisation Briefing Notes (www.worldbank.org/html/fpd/urban/decent/decent.htm)

In practice privatisation does not normally feature prominently in decentralisation literature but is dealt with as a separate topic in relation to public service reforms⁴. A number of studies would therefore also frequently exclude privatisation from analysis of decentralisation. World Bank occasionally refers to this more restricted form of decentralisation as “administrative decentralisation”⁵.

It is important to note that decentralisation definitions are not neutral, but reflect a normative approach to decentralisation and local governance. The definition applied refers to a certain model of democracy, accountability and legitimacy largely based on western liberal traditions. In the reality of many developing countries, the process and practice of decentralisation can differ substantially from these definitions, given the historical and cultural context.

A further distinction is normally made between three major forms of decentralisation - **deconcentration, delegation, and devolution** – this distinction is very useful because it clearly separates the different strands of decentralization into three core models that are based on very different accountability arrangements.⁶

Box 1: Common typology of Decentralisation: Deconcentration, Delegation and Devolution

Deconcentration is often considered to be the weakest form of decentralisation and is used most frequently in unitary states. It includes redistribution of decision making authority and financial and management responsibilities among different levels of the central government. It can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries. The staff are still accountable to the centre and the regional/local administrations have no or very limited discretion on how the services are provided with no independent revenue source – i.e. the regional/local agencies are seen as service delivery arms of the centre.

Delegation is a more extensive form of decentralisation. Through delegation, central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations/bodies not wholly controlled by the central government, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units and may also delegate functions to local governments. Usually these organizations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services. However, the centre can withdraw and overrule the decisions of the agencies/local governments/organizations in this model at any time.

Devolution is when governments devolve functions; they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to local governments that have elected mayors

⁴ Sectors such as health, water, agricultural extension, etc have extensive literature on approaches to and experiences with privatisation and private sector regulation – but this is normally not discussed as a form of “decentralisation”. For overview of privatisation reforms see <http://rru.worldbank.org/Privatization/Default.aspx>

⁵ Note that “administrative decentralisation” has many different meanings as discussed later.

⁶ Adapted from the Evaluation of General Budget Support, A Joint Evaluation of General Budget Support 2005, Inception Report, p. 2009 ff, which is based on further elaboration of the definitions in the World Development Report 2004, and the OECD DAC 2004 “Lessons Learned on Donor Support to Decentralisation and Local Government.

and councils, legitimize that local governments can raise their own revenues and have independent authority to make investment decisions. Local governments in this system are expected to be accountable to local electorates. Local governments in this system are given responsibilities and financial means, typically within certain national levels and ceilings, to determine the scope and quality of services to be provided and the source and the size of funds to finance the delivery of those services. In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of decentralisation that underlies most political decentralisation. In its pure form this type of decentralisation provides local governments with a significant level of autonomy.

In reality, different forms may co-exist and systems of service delivery may represent a mix of the above forms. In addition, several countries currently undertake forms of decentralisation that do not exactly fit into the above framework – decentralisation of some elements of resources and decision making down to very low levels of community structures (e.g. school committees and water user committees) is now rather common and may broadly be referred to as “user participation” or “community driven development”. Decentralisation may also vary across sectors, and some countries pursue an “integrated decentralisation” approach with transfer of tasks and authority to multi-purpose authorities with territorially restricted mandates, whereas others have practiced “sectoral” decentralisation where responsibility for one sector or one specific type of activity is transferred to a local government. Finally, the speed of implementing decentralisation may vary across different types of local governments and areas within a country – the degree of decentralisation may therefore vary geographically within a particular country as well as across sectors.

Frequently a distinction is also made between political, fiscal and administrative dimensions of decentralisation. It is not necessarily a very useful distinction as it frequently mixes “dimensions” of decentralisation that in principle can apply to various forms of decentralisation (e.g. fiscal decentralisation – although this dimension is most frequently discussed in relation to devolution) and specific categories of decentralisation (administrative decentralisation is frequently defined as everything except devolution). The explanatory powers of these concepts are therefore weak and repetitive of the typology Deconcentration, Delegation and Devolution (see Box 1).

In this paper we argue that decentralisation reforms (in particular devolution) can benefit from an analysis of the following dimensions of decentralisation; the political economy, the legal framework, financial resources, human resources, accountability and central institutional arrangements (discussed in chapter 2).

WHY Decentralisation

Today the vast majority of developing countries undertakes – or claims to undertake – decentralisation reforms. The implication for Danish assistance to overall public sector reforms as well as more specific sector reform is that it is not so much a question of working with and/or supporting decentralisation but rather **how** to do it in the best manner.

Decentralisation is not itself good or bad. However, when well designed and implemented it is widely expected to lead to more effective or efficient delivery of services by establishing a closer match between local preferences and the service delivered. In particular, in the case of devolution the reorganisation of public service is also expected to lead to broader public participation and democratisation of state structures.

In practice, the driving forces of decentralisation may be rather different from the theoretical arguments. They may include:

- The need to contain regional disaffection (e.g. Indonesia, Russia), or to satisfy regional/ethnic interests in post-conflict situations (Sierra Leone, Sudan, Ethiopia, Sri Lanka);
- Attempts by those at the centre to garner political support at the local level (for example, Cambodia, and military regimes in Nigeria, Pakistan), or as a counterweight to the power of the state level (e.g. India);
- The pursuit of a neo-liberal agenda about reducing the role of the state, mobilising local resources, and reducing the cost burden of service provision on the central budget;
- As a way of stimulating economic growth, as in China, through managing autonomy over local enterprises and promotion of local economic development;
- Pressure from donor agencies may be the main driving force, particularly in Africa.

Without understanding the “true” motives for decentralisation reform it is difficult to foresee the likely reform path and reform challenges and therefore difficult for development partners to judge whether reforms should be supported or not – and if supported in which form. Guidance for a political economy analysis is further discussed in section 2.7.

1.3 Devolution – democratic decentralisation

Devolution – the transfer of powers/functions and resources to elected local governments responsible for a range of services – is the most radical form of decentralisation as it involves substantial reallocations of powers from central governments to local governments accountable to local residents. The most prominent Danish decentralisation programmes have primarily supported national reform processes for devolution just as it may be argued that a Danish (or Scandinavian) model exists that justifies (normatively as well as in terms of expertise) a particular focus on devolution.

The two main characteristics of devolution that distinguish it from other forms of decentralisation are the transfer of powers – functions and resources – to local governments e.g.:

- ❖ Accountable to local residents: A fully-fledged local government will be accountable to local residents through elected councillors. The councillors will have authority over local staff and finances and in turn be accountable to a local electorate who may even be able to recall elected councillors. Deconcentration will not enhance local accountability, but delegation may. As further elaborated below, downward accountability is in many countries constrained or moderated by: central government appointment of some councillors, central government control over staff and finances, just as the degree to which local residents can effectively hold elected leaders accountable is constrained by low levels of information and patronage politics.
- ❖ Responsible for a wide range of services: Local governments would seek to coordinate various sectors through area based/horizontal planning in a manner different from many other forms of decentralisation - such as delegation to autonomous single purpose bodies or sector deconcentration.

Devolution is considered the more radical form of decentralisation and only recently it has become a more widespread phenomenon in developing countries.

1.4 The Reality – co-existing forms of decentralisation

In reality, we rarely find decentralisation reforms pursued in the pure form of devolution and some of the most challenging issues often pertain to the inter-relationship between various forms of decentralisation. Often these forms may be mutually supporting, but equally often they may be contradictory. Different lines of accountability most often constitute the major source of contradiction.

Table 1: Forms of decentralisation and accountability (health sector case)

		Decision-makers located at	
		Central level	Local level
Decision-makers	<i>Central body</i>	<p>Centralisation</p> <p>The Ministry of Health HQ centrally deploys health staff among different administrative units in the country. Budgets and accounts are made centrally.</p> <p>Delegation</p> <p>A relatively autonomous central health board or health service commission manages staff deployments nationally. Also executive agency with delegated powers under ministries. Budget and spending powers can be substantially decentralised.</p>	<p>Deconcentration</p> <p>Health field officer is granted discretion by the HQ regarding the assignment of responsibilities and duty stations to subordinate staffs. Budgets will be developed locally within strict central control and approved by central government.</p>
	<i>Local body</i>	<p>“Delegation with participation”</p> <p>A relatively autonomous local/district health board or health service commission manages staff deployments locally. Budgets and accountants may be under substantive local scrutiny.</p>	<p>Devolution</p> <p>An elected local government is given the responsibility of the recruitment, deployment and discipline of local staff. The local government will have varying degrees of local spending and taxing powers. Budget may include some central government scrutiny or even approval.</p> <p>User Participation - a health committee formed around a local clinic is given responsibility for managing the clinic – including some discretion on recruitment of support staff and certain aspects of general staff welfare. Budgets and accounts are approved locally but with oversight from central and local governments.</p>

There is a growing body of literature dealing with the discussion of possible synergies and conflicts between the main strands of decentralisation: decentralisation by devolution, sector specific arrangements and community driven development and local development approaches⁷.

Most common conflicts occur between three main strands of decentralisation:

- ❖ Decentralisation by devolution where elected local governments are given responsibilities for a wide range of functions and sectors as well as various financial resources and some elements of local control over local staff.
- ❖ Sector specific arrangements for decentralisation of powers not fully integrated into local government systems – this could entail some form of deconcentration or tight sector control of sectoral finances within the local government system. It can also entail the establishment of some sector specific local institutions that are locally accountable – for instance a local board or committee for specific health units. These can be relatively well associated with local government structures (for instance health boards in Tanzania that are established through local government) or relatively centrally controlled (e.g. the water boards in Tanzania that are under tight control of the Minister responsible for water development).
- ❖ Approaches for Community Driven Development whereby it is attempted to support community groups directly through special interim institutional arrangements such as social action funds, but where these arrangements are often establishing parallel systems of planning, budgeting, accounting and auditing with poor coordination between the community driven development initiatives and local governments.

In general it must be recognised that whereas, for instance, social action funds and user specific committees in donor funded programmes have provided some substantial benefits in terms of direct community involvement in project planning and execution, it is primarily decentralisation by devolution to local governments that ensures the establishment of sustainable public sector institutions which allow for the establishment of structures for continuous local accountability.

However, sector specific modalities for decentralisation through forms of deconcentration or establishment of sector specific user committees may have specific technical merits - for instance establishing offices for issuance of water rights according to water catchments areas rather than administrative units has obvious advantages. Likewise a range of user committees of a sector specific nature may have obvious advantages – the issue would most often not be the relevance of such units, but rather their relationship to local government structures, which most often have multi-sectoral responsibilities.

In a number of recent local government programmes, there is an increasing focus on improving the links between the “supply side” and the “demand side”, aiming to bring the advantages of the participatory community driven development approaches into the local government system through improved linkage between citizens (NGOs, CSOs, etc.) and local governments in planning, budgeting and project implementation, also to avoid continued parallel provision of services and blurred accountability.⁸

⁷ See for instance: Linking Community Empowerment, Decentralised Governance and Public Service Provision through a Local development Framework, World Bank (Human Development, Social development and Public Sector Management Networks) March 2005.

⁸ Examples of this are the LGSMD in Uganda and the LGCDP in Nepal.

1.5. Decentralisation and Poverty Eradication

While there is consensus on the fact that decentralisation – in particular devolution – has a significant potential for enhancing accountability of and local participation in public sector service delivery, there is less consensus on the degree to which it will significantly contribute to poverty eradication or reduction.

One view suggests that decentralisation only has an indirect impact, through improved governance on economic growth and incomes. Another view holds that decentralisation can reduce poverty directly, provided it empowers the poor and improves their access to services.

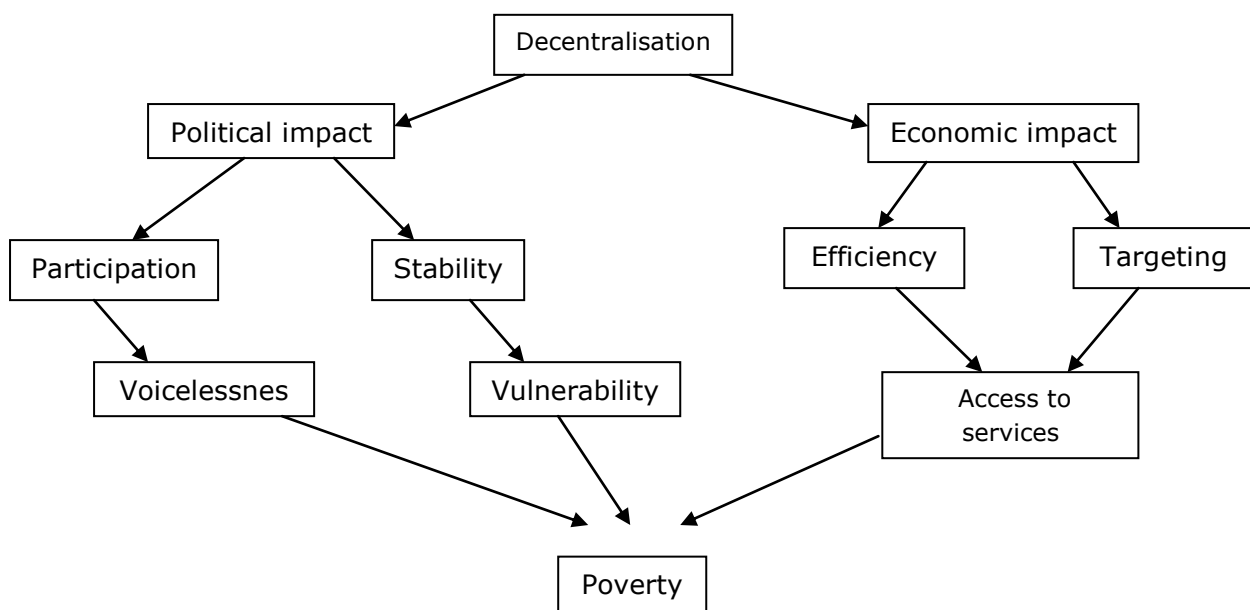
Box 2: Potentials for decentralisation and poverty reduction

- ❖ Devolution, in particular brings resources and decisions closer to the local level which may enable poor people and gain them access to services;
- ❖ It may be easier to get an overview of what is happening in a smaller local authority, including discovery of malpractices and corruption, than at the central government level;
- ❖ The risks are that the local elite capture, as well as fragment resources, etc.
- ❖ Empirical evidence is rather mixed and difficult to compare (e.g. OECD Study 2004). Some evidence indicates that decentralisation needs to be combined with pro-poor central government policies to succeed at local level;
- ❖ Need for decentralisation to be effective per se before it can have any potential impact on poverty alleviation.

To examine the impact of decentralisation on poverty, the definition of poverty needs to go beyond income poverty. Jütting et al. (2004) suggest that three major dimensions are particularly important because they might be influenced by decentralisation: Voicelessness, vulnerability and access to social services.

The figure below illustrates a possible framework for exploring the relationships between decentralisation and poverty reduction.

Figure 1: The links between decentralisation and poverty reduction.



Decentralisation is expected to offer increased opportunities for participation in local decision-making, from which citizens were previously excluded. This can in turn give them better access to public services reducing their vulnerability and insecurity. Decentralisation is also expected to have a positive impact on poverty through increased efficiency in the provision of services⁹ such as health, education and utilities by reducing the cost of provision, improving responsiveness to local needs and better targeting of the poor.

Whether a positive impact will be achieved or not depends on the context in which decentralisation occurs and the design and implementation of decentralisation. The context refers to (i) the country setting (population density, the existing state of infrastructure, the level of income and the extent of inequality); (ii) social institutions that might encourage or constrain participation by excluded groups; (iii) the capacity of local actors and (iv) the political power structure and culture. The design and implementation of decentralisation refers to (i) the ability and willingness to carry out reforms; (ii) the extent of transparency and participation; (iii) whether or not decentralised government is subject to elite capture and (iv) policy coherence.¹⁰

2. MAIN CHALLENGES IN DECENTRALISATION REFORMS

This chapter will argue that decentralisation reforms are only effective if they are undertaken in a coherent manner. We suggest that analysis of decentralisation reforms can best be understood by discussing the following major key issues – or “preconditions for effective reforms”. These are: an adequate legal framework; financial resources; human resources; accountability mechanisms and central institutional arrangements. Furthermore, we suggest that particular emphasis should be paid to understanding the “politics of reform”.

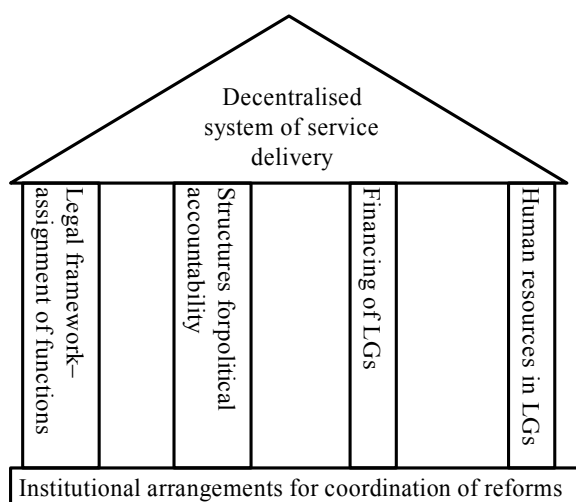
⁹Several efforts have been made to more systematically assess the impact of decentralisation on service delivery. For a brief summary see for instance: PREM Notes 2001 number 55: Decentralisation and governance – does decentralisation improve public service delivery? (<http://www1.worldbank.org/prem/PREMNotes/premnote55.pdf>), see also Manor 2003: Local Governance <http://www.grc-exchange.org/docs/PO40.pdf>, IMF: Local Service Provision in Selected OECD countries: Do Decentralized Operations Work Better, Ethisham Ahmad, Giorgio Brosio and Vito Tanzi, IMF, March 2008. Another major study: Kumar, Sharma Chanchal: Decentralisation Dilemma: Measuring the Degree and Evaluating the Outcomes, MPRA, July 2004, argues that most of the studies are inconclusive, and that the impact is very country specific. They argue that definition of decentralisation often is causing major problems when comparing results, and that that is need for more accuracy on the demarcation indicators. See also Shah, Anwar: Fiscal Decentralisation and Fiscal Performance, World Bank Policy Research Working Paper, 3786 December 2005. He concludes, in this large survey of fiscal decentralisation and fiscal performance, that decentralised fiscal systems appear to do better than centralised systems on most aspects of monetary and fiscal policy management and transparent and accountable government. Another very interesting summary (Ebel, Robert and Yilmaz, Serdar: On Measurement and Impact of Fiscal Decentralisation, Policy Research Paper, The World Bank Institute, March 2002) documents that many of the studies of the impact of decentralisation have wrongly defined the decentralisation factor. The study argues that the impact of decentralisation is felt more strongly, particularly in economic growth, when the level of LG fiscal autonomy increases.

¹⁰ See World Bank 1999: Decentralization Briefing Notes Edited by Jennie Litvack and Jessica Seddon, WBI Working Paper and DfID Training materials on Decentralisation (University of Birmingham – no date)

2.1 Basic preconditions for effective decentralisation

Although there is no universal international consensus we suggest that the following basic preconditions (see figure 2) are identified for successful decentralisation reforms - particularly decentralisation by devolution. Additionally, assessing possibilities for successful decentralisation reforms cannot be achieved without considering "politics" in decentralized systems. When powers and resources are injected into arenas or near the local level, people will pursue them. The processes that lead to outcomes are thus saturated with and strongly shaped by politics. As politics is not merely an oddity, a constraint for something to be overcome, contained or even excluded, politics are considered as an overall context within which decentralisation reforms needs to be understood.

Figure 2: Basic preconditions for effective decentralisation



Legal framework, which clearly stipulates the division of roles and responsibilities between different layers of governments. Only if significant responsibilities are assigned to local governments can they play a role in poverty alleviation. Assignments of responsibilities should be in accordance with local capacities – however, without accepting some interim gaps it will, in most poor countries, be impossible to transfer functions.

Adequate **financial resources** to undertake functions. Finances to be provided by local revenue sources, fiscal transfers (more or less conditional) and borrowing. Some fiscal autonomy is required to ensure that potential benefits of decentralisation can materialise.

Adequate **human resources** (staff numbers, qualifications, motivation, etc.) to undertake functions. A key issue in reforms is often what kind of local autonomy for staff management is desirable to e.g. ensure local level accountability but also guarantee technical competence, staff motivation and fiscal discipline.

Effective mechanisms for local level accountability – local election of local government councillors is the most basic precondition. However, in several countries even this element is only partially fulfilled. Effective local accountability will also require citizens and politicians’

access to information, institutional arrangements for politicians oversight of planning, finances, staff; and be influenced by political structures, civil society organisations among others. Especially in an interim reform period it will be important to ensure effective upward accountability including systems for legal compliance of local governments, which need to be overseen centrally along the aim of strengthening the downward accountability. The balance between downward accountability, which is most important for citizens' involvement, and upward accountability will remain to be an important issue in any reform process.

Finally all of the above needs to be supported by relevant central institutional arrangements – for instance a reform secretariat, a strong Ministry of Local Government, an Association of Local Authorities, Local Government Finance Commission. An effective decentralisation of the public service will require significant coordination across sectors and a substantial overhaul of most line ministries and other central institutions – this part of reform is often the most challenging – especially when compared to required changes at the local level.

2.2 Legal Framework - Assignment of Responsibilities

It is commonly agreed as a precondition for effective local service delivery that the division of roles and responsibilities between different layers of governments is well defined in legislation and regulations¹¹.

In several countries we find that this is not the case: the assignment of responsibilities among different layers of government and institutions is unclear and functions are overlapping, this leads to duplication of offices, wasteful use of human and financial resources and unclear lines of accountability. For instance the current local administrative structures in Kenya and Zambia where e.g. small-scale infrastructures are simultaneously planned for by deconcentrated (provincial) structures, sector-line ministries, local governments as well as members of Parliament using constituency development funds.

There is no universal agreement on what function can most advantageously be devolved to local governments and other decentralised bodies beyond some extremes such as defence which is always a national responsibility and various basic services such as street cleaning which is generally a local government responsibility.

The principle of subsidiarity is generally applied in processes of decentralisation. The UN defines subsidiarity as the principle by which the government functions should be assigned to the lowest level of government that is capable of efficiently undertaking this function (such as providing a good or service).¹²

In the majority of Danida supported countries, significant responsibilities have (at least at policy level if not in detailed law and regulations) been assigned to local governments for a wide range of services most relevant to poverty alleviation: basic education, primary health

¹¹ See for instance Charles McLure and Jorge Martinez-Vasquez: The Assignment of Revenues and Expenditures in Intergovernmental Fiscal Relations

¹² UNDP/UNCDF Primer on Fiscal Decentralisation and Poverty Reduction, November 2005, page 3.

care, water supplies, agricultural services, rural and local roads as well as basic judiciary functions.

While many governments have thus been fairly generous in bestowing powers to local governments in general terms the problem often lies in the details – complex services such as health will require a sharing of responsibilities between different layers of government – which needs to be detailed in regulations and operationalised through manuals and funding modalities.

The anticipated gains for devolving a specific function or responsibility to local governments are various efficiency gains: the functions may be planned in a manner more suitable for local needs, more cost effectively and potentially with greater chances of local resource mobilisation. The theory suggests that a particular function is well suited for decentralisation if it fulfils certain conditions¹³:

- ❖ Local demands for the service differ across localities;
- ❖ There are no substantial economies of scale associated with the service;
- ❖ There is no significant spill-over of costs or benefits from the service;
- ❖ The service is amendable to at least partial local financing through taxes or user fees or other charges;
- ❖ Local governments have the capacity to deliver the service;
- ❖ The service is not meant to provide substantial redistribution of income or wealth.

A distinction should be made between “own” and delegated expenditure responsibilities – for the latter the actual decisions on budgeting and financing are carried out at the central level while the local government merely act as an agent. It should be noted that in reality many functions are often delegated only to local governments - teachers’ salaries are typically the biggest expenditure item in many local governments – yet few local governments have any power to determine either the number of teachers recruited nor their remunerations.

Box 3: Key lessons for assignment of functions

- ❖ Clarify the division of roles and responsibilities in law and regulations. Especially during reform transition it is important to have clear guidance on the direction for transfer of functions – this can be done as policy papers, but more forcefully through comprehensive local government legislation or even better in the Constitution itself.
- ❖ Only if significant responsibilities are assigned to local governments can they play a role in poverty alleviation.
- ❖ The process of assignments of responsibilities should be in correspondence with local capacities – however, without accepting some interim gaps it will, in most poor countries, be impossible to transfer functions.

¹³ Shah 1994 The reform of intergovernmental fiscal relations in developing and emerging market economies, Policy and Research Series no 23, World Bank. For a very analytical and practical discussion re: roads and health see M. Andrews and L. Schroeder in Public Administration and Development 200 (Vol. 23, number 1).

2.3 Finances¹⁴

Fiscal decentralisation lies at the core of decentralisation programmes. A rich literature provides guidance on the building blocks for successful fiscal decentralisation – which generally emphasises five elements¹⁵:

- Clear assignment of expenditure responsibilities – this follows from the legal assignment of functions but the cost of providing these responsibilities needs to be estimated.
- Own revenue sources to local governments – essentially local taxes.
- In case of a “fiscal gap”: the costs of providing assigned responsibilities cannot be funded only from own local government revenue sources and the gap needs to be closed by fiscal transfers from central government to local governments.
- There may be need for local government borrowing to finance certain types of services/investments.
- Institutions and procedures have to be put in place to ensure effective financial management¹⁶.

2.3.1 Expenditure assignments

The basic questions regarding the assignment of functions among different levels of government have been dealt with above. The subsequent step in a decentralisation reform will be to cost the delivery of the decentralised service. While the broader question of division of responsibilities is widely discussed in literature, it is rarely discussed how in practice to cost the decentralisation of services. As it is discussed in the annexes to the Fiscal Decentralisation Paper, there are various ways to determine the costs of local government services and the related funding arrangements. A common approach is to establish some form of national minimum standard for a certain service – e.g. number of pupils per teacher and subsequent costs. This exercise is often quite controversial, as central government institutions will try to hold on to their budgets and thus resist transfer of the “true” costs.

On the other hand, in many poor countries it is simply not possible to fund the often quite unrealistic “minimum” standards and strict adherence to this approach rather than more pragmatic work of developing formula based allocations of existing budgets available may substantially delay other elements of the reform – see for instance the case of Tanzania¹⁷. However, it is important to ensure that central government is not transferring a number of unfunded expenditure assignments to Local Governments, as is the case in several developing countries.

2.3.2 Assignment of own local government revenues

Theory and international practice¹⁸ suggest that central government should retain the progressive taxes, such as some types of personal income taxes¹⁹, national level value added

¹⁴ Further details on LG Finance as well as issues related to expenditure assignments are found in our paper: “Fiscal decentralisation and Sector Funding”

¹⁵ Note e.g. Roy Bahl Fiscal decentralisation implementation rules (Bahl 2000), Anwar Shah (1994), Smoke (2001) and the August 2005 GEPPA seminar on fiscal decentralisation (<http://governance.dccd.cursum.net>).

¹⁶ A separate paper on Fiscal decentralisation and Sector funding provides more guidance to these aspects. In this summary paper we focus on the first three elements.

¹⁷ Developing a System of Intergovernmental Fiscal transfer in Tanzania – study for PO-RALG by Georgia State University. See www.poralg.go.tz

¹⁸ Roy Kelly 2004: Financing Decentralised Expenditure in East Africa (Draft Working Paper) – recommended reading for discussion of tax assignments.

¹⁹ It should be noted that LGs can often piggyback on the central government income tax, e.g. within certain ceilings.

taxes and those revenues derived from unequal tax bases such as customs duties, corporate income taxes and resource taxes, while local governments should tax those revenue bases having relatively low mobility between jurisdictions (e.g., property taxes, payroll taxes, motor vehicle taxes) to minimize regional distortions and tax exporting. Taxes involving complex administration and inter-jurisdictional aspects should generally be retained by the central government, leaving relatively easier to administer taxes to the local governments.

Box 4: Indicative distribution of revenue bases by level of government

<p>Central Level Revenue Sources:</p> <ul style="list-style-type: none"> ❖ Corporate income taxes ❖ International trade taxes ❖ Certain types of income taxes ❖ Natural resource taxes ❖ Value added taxes (VAT) ❖ Customs Excises ❖ User charges 	<p>Local Level Revenue Sources:</p> <ul style="list-style-type: none"> ❖ Property taxes (e.g., real estate) ❖ Payroll taxes (or certain types of personal income taxes, e.g. surcharges) ❖ Retail sales taxes ❖ Vehicle taxes ❖ Excises ❖ User charges
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In most developing countries, a major factor determining the actual allocation and effectiveness of revenue instruments is the administrative capacity at the local level. Typically, decentralized governments have fewer qualified administrative resources and less well-developed administrative systems compared to central governments. In addition, the administrative information and systems are often outdated, incomplete, complex and cumbersome making it difficult to effectively implement revenue systems. This lack of administrative capacity effectively limits local authorities to revenue sources, which are relatively simple to administer—such as unit-based user charges, simply structured business licenses and appropriate property taxes.

Box 5: Current controversial issues - local government revenues

- ❖ Popular abolition of local taxes to gain popularity prior to elections – this is an increasing problem in many developing countries, where taxes are abolished prior to identification of alternative revenue assignments;
- ❖ The possible negative impact of some LG taxes on poverty and livelihoods. This debate has recently gained substantial prominence (the only reference on DfID website to decentralisation is a study concerned with this problem). Several LG taxes are quite regressive as they tax the poorest and smallest businesses. Tanzania has recently abolished a range of LG taxes for these reasons. The challenge is to find suitable and more progressive alternatives, and this is often not done in a strategic manner prior to various initiatives. Abolition of taxes is often hidden under arguments of nuisance taxes, whereas other reasons may be wishes to get support from voters, and knowledge that somebody will compensate;
- ❖ Improved revenue from Property taxes could form such alternative revenues, but in many developing countries it is quite under utilised and remains a challenge for reform – often resisted by elites which have managed to get through with a large number of exemptions. Property taxes are furthermore associated with the formalisation of land tenure, which in several countries is currently undergoing controversial transformation;
- ❖ The extent to which taxes allocated to LGs are sufficient and buoyant. The term buoyancy is defined in a relative sense – revenues are buoyant when revenues grow at the rate necessary to allow local governments to finance their services over time (can be measured e.g. as relative to GDP growth). Many taxes that could be assigned LGs often remain controlled centrally – the resources allocated LGs are often neither sufficient nor buoyant.

2.3.3 Fiscal transfers from central government to local governments.

Most poor countries rely on taxes that can be most advantageously collected through central institutions such as VAT, customs and duties. The local taxes are often low yielding compared to these and local government finances will therefore depend on a system of intergovernmental fiscal transfers to close the gap between the often expensive functions assigned to local governments and the often low yielding taxes. However, there may be other objectives of intergovernmental fiscal transfers.

Box 6: The objectives of fiscal transfers

- ❖ Benefit from the inherent advantages of centralized revenue raising to supplement sub-national revenue adequacy;
- ❖ Alleviate fiscal disparities among sub-national jurisdictions;
- ❖ Promote intended good local government performance within core areas¹;
- ❖ Meet a variety of national economic and social objectives.

The design of the specific grant elements within a fiscal transfer system will depend on the specific objective that the grant is to fulfil. A vast literature has been developed discussing the characteristics of a good fiscal grant transfer system, and the issue is also comprehensively dealt with in the Paper on Fiscal Decentralisation and related annexes.

In the following the distinctions between conditional and unconditional grants as well as between recurrent and development grants are being discussed briefly as these distinctions touch upon fundamental design questions where donor positions often prove crucial.

Conditional – unconditional grants

In order to ensure that local governments adhere to certain specific national policies and objectives, it may be appropriate to design specific conditional grants to cater for each of these objectives – the grant will thus be earmarked for specific purposes. An unconditional grant on the other hand is a kind of broad budget support for local government. The advantage of the latter transfer is that such a financing modality can take advantage of all the assumed advantages of decentralised planning and budgeting discussed earlier. Nevertheless, in many countries the fiscal transfers are dominated by conditional grants. If own source revenue is limited, the local government budget process may risk being entirely dominated by central government earmarking of finances. A real danger of completely centralising the local government budgets will occur and thus leave little rationale for maintaining a comprehensive democratic LG planning and budget

Uganda – Re-centralisation through conditional grants?

An interesting case is Uganda, which witnessed radical local government reform from the early 90s and drastic increase in finances, but has simultaneously witnessed an increased earmarking of sector specific conditional grant transfers – today approximately 40 different grants which account for more than 80% of fiscal transfers. The current strategy for fiscal decentralisation, which emphasises introduction of some element of discretion has not yet been implemented. (See recent Review of Decentralisation: www.molg.go.ug and Steffensen and Tidemand 2004).

system.

Box 7: Lessons learned - balancing conditional and unconditional grant financing

- ❖ Establish Conditional Grants only when a policy objective cannot be met through other means. E.g. do not introduce a conditional transfer for classroom construction if that is already the most common capital investment by local governments;
- ❖ Establish Conditional Grants as a means for local government learning and not as a permanent feature of financing – establish an exit strategy;
- ❖ Ensure a balanced degree of overall budget earmarking by ensuring that significant share of total local government budgets can be spent in a discretionary manner across sectors, etc. in order to balance conditional grants and support local priorities;
- ❖ In cases where the use of conditional grants is exaggerated, the accountability tends to be more upward than downward.

Recurrent and development (capital) grants

Of particular interest to donors is the distinction between grants financing recurrent or development/capital expenses.

The general literature of fiscal decentralisation rarely operates with this distinction, but in aid dependent developing countries there is often a very significant distinction between the recurrent and the development budget. The development budget is often substantially donor funded and thus not amendable to the same national budget process (unless donor funds are provided as budget support). The reform of the two separate budgets has in many cases been done in a dual manner with separate analytical works and separate fiscal transfer systems (see www.logintanzania.net). The two systems obviously need to be coordinated and balanced – e.g. Yemen local governments only have budgeting authority for capital investments and they are not even allowed to use own revenue for recurrent purposes. This has led to significant maintenance problems.

The devolution of development/capital budget is particularly crucial for decentralisation as it is primarily through planning and budgeting for development projects that local governments can exercise their intended local autonomy. In order to introduce such autonomy in often weak local governments it will be necessary to improve a range of planning, budget and implementation arrangements at local government level. A particularly effective means of doing this has been the introduction of a new grant window – **a local development grant** which is non-sector specific but earmarked in a broad sense for development purposes and which is only allocated to local governments when fulfilling certain basic access conditions. Initially these grants were entirely donor funded, but over time integrated into the overall intergovernmental fiscal transfer system. These grants have often been combined with some form of performance-based allocation to promote good local government performance within core areas, and/or combined with substantial capacity building support. This approach has demonstrated impact in terms of:

- ❖ Enhancing capacities at local government level by providing incentives for local governments to perform, just as the grant itself provides means for learning by doing by local governments and thus more effective capacity building than training on its own,
- ❖ Demonstrating the outcome of devolution (what happens if local governments can decide on development priorities?) and adjust laws and procedures accordingly.

Some central control of local allocations for maintenance has proved important. For instance the road sector where the importance of routine maintenance is widely recognised among professionals, it has proved necessary in many countries to ring fence such recurrent costs as local politicians almost universally find it much more attractive to finance new roads even when existing are not maintained.

The devolution of recurrent budgets (often largely composed of staff salaries) is in particular linked to the degree of local control over personnel, which is discussed in the next section. If local governments are not given substantial autonomy to decide on staff numbers, remuneration, hiring and firing, etc. then staff management becomes merely a delegated function as all major budget decisions remain centrally controlled.

2.4 Human Resources

The literature on local government personnel systems is not as developed as the literature on fiscal aspects of decentralisation. However, it is recognized that an efficient and professional cadre of staff in local governments is essential for local government delivery of quality services. Furthermore, it is evident that some level of local control of executive staff is essential for the local accountability of staff and thereby autonomous and responsive LGs – which, in turn, is assumed to lead to more effective services. However, local level control of staff has significant risks including:

- Bias in selection of staff according to local preferences without due consideration of professional competencies and rather, an emphasis on e.g. ethnicity or relationship with a specific politician;
- Stronger local political pressure on local government staff – including pressure on them to undertake illegal payments to councillors or other financial mismanagement;
- Limitations on career prospects for higher level cadres, as possibilities for promotion within a specific local government are limited;
- Excessive local recruitment drives and/or non-payment of staff salaries or pension contributions, which leads to accumulated debts that ultimately may have to be carried out by the central government.

On the other hand, the above weaknesses can arguably also be found in central government managed systems, and the weaknesses in local government administration of personnel can likewise be argued to be results of e.g. the low level of financial resources available to local governments, insufficient capacities for human resource management, inappropriate regulations or lack of incentives for proper local government management of personnel – all probably to be better resolved by improved support to local governments rather than centralization of responsibilities. Different models have been applied to resolve the challenges associated with local government personnel management. These can be categorised into three main systems²⁰:

- Separate - every LG acts as a completely autonomous employer;
- Integrated - LG executive is composed of central civil servants;
- Unified - LG staff are employed locally but organized nationwide in a single civil service parallel to the central one.

²⁰ Mawhood, 1983: Local Government in the Third World – the Experiences of Tropical Africa.

Successful decentralisation of human resources should achieve the following objectives

- ❖ Hold staff accountable to locally elected bodies;
- ❖ Allocate staff where need is greatest;
- ❖ Manage its financial resources;
- ❖ Attract and retain skilled staff

The table below identifies the various employer functions that contribute to these objectives²¹

Table 2: Impact of Devolving the Employer Function

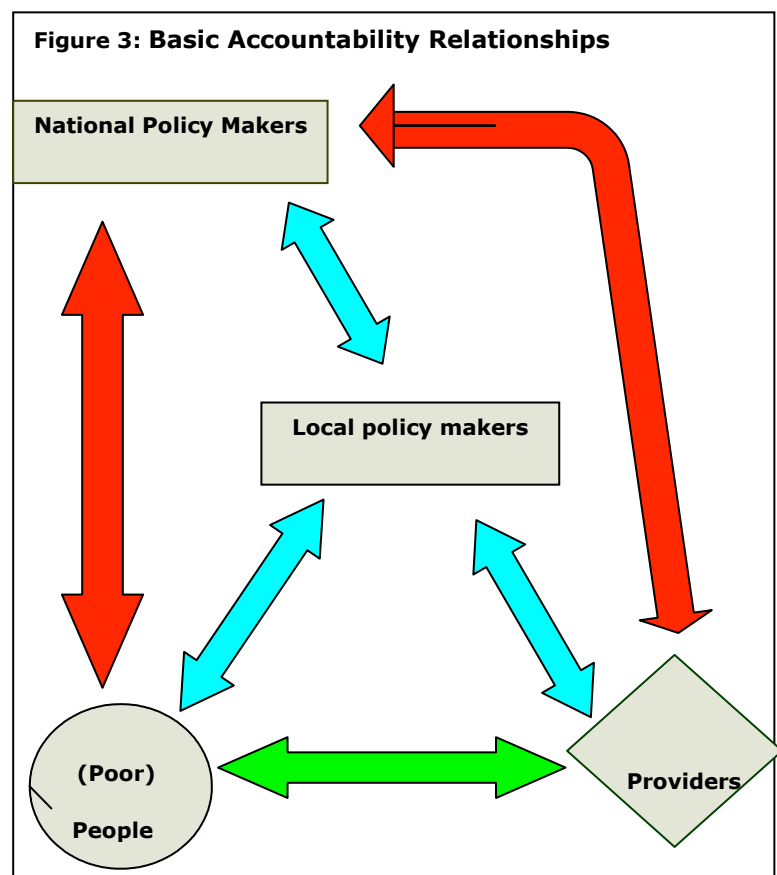
Impact on administrative Autonomy: Ability to:				
Dimensions of the employer Function:	Hold staff accountable	Allocate staff	Manage financial resources	Attract & retain skilled staff
Budget Transparency . Paying staff from its own budget	✓		✓	
Budget & Establishment Control . Controlling overall staff number . Controlling staff numbers in local facilities . Authority to dismiss surplus staff		✓ ✓	✓ ✓	
Recruitment . Recognition as the formal employer . Authority to hire - Ind. Merit-based recruitment mechanism	✓ ✓ ✓	✓		
Career Management . Transfers within local government . Horizontal mobility . Promotion	✓	✓ ✓		✓ ✓
Performance Management . Directing & supervising activities & tasks . Conducting evaluations . Ability to discipline/fire	✓ ✓ ✓			✓
Pay Policy . Setting local hardship/remote allowances . Setting overall wage rates		✓	✓	✓ ✓

²¹ Seminar presentation by Evans 2004, World Bank.

Some aspects of Human Resource Management decentralisation may be politically more feasible to implement than others and reform sequencing is critical. A Ministry responsible for Finance will often perceive budget and establishment control as too risky for decentralisation in early stages of reforms whereas some elements of performance management, recruitment and career management can more easily be accepted. A recent study on East Africa²² concludes that – contrary to many current practices – most beneficial for local government is to exercise some control over senior staff whereas it is detrimental for local government council (political level) to be involved in lower cadre management. The study also demonstrates that civil service reform programmes in decentralising countries are only marginally adjusted to the new challenge of undertaking and deepening civil service reforms at local rather than at central government level. Recent work on human resource management practices in the public sectors in East Africa found significant problems regarding combining merit based recruitment with the involvement of politicians in staff management – especially in Uganda, which is one of the few sub-Saharan African countries that has devolved significant human resource management responsibilities²³ to local level. Some countries, e.g. Zambia, have used practices where the “pendulum” has moved from centralised, decentralised, centralised, decentralised management, instead of trying various forms of hybrid arrangements, whereby quality is ensured while maintaining accountability of staff to the local governments. A good resource for further analytical insights is the World Bank.²⁴

2.5 Local Accountability

This section discusses two main issues related to local accountability arrangements within decentralised systems. Firstly the accountability issues related to situations where several forms of decentralisation are implemented simultaneously, and secondly accountability issues related to local government systems²⁵.



²² Steffensen and Tidemand 2004, chapter 5.

²³ Therkildsen, Ole and Per Tidemand: Staff Management and Organisational Performance in Tanzania and Uganda, DIIS 2007 http://www.diiis.dk/graphics/Publications/Andet2007/Staff_management/Staff_management_web.pdf

²⁴ <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/0,,contentMDK:20133832~pagePK:210058~piPK:210062~theSitePK:286305~isCURL:Y~isCURL:Y,00.html>

²⁵ For an in-depth discussion of the concept of accountability and analytical tools for understanding accountability issues it is recommended to use the <http://www.gsdr.org/go/topic-guides/voice-and-accountability>

2.5.1 Different Routes of Accountability

The World Development Report of 2004 emphasised the importance of effective accountability mechanisms for improved service delivery to the poor. The report essentially argued two ways to enhance this system: (1) by devolution of functions, finance and staff as discussed above and (2) by creation of a "short route" of service provider/public servant accountability to the public/clients. The latter can be promoted by the introduction of user groups at the service delivery level: school committees, health committees, etc. that will strengthen the "voice" of citizen in influencing service delivery providers. This conceptualisation has inspired Figure 3 showing the different models of accountability, with a long route through the national chamber(s) i.e. parliament, a shorter route via local councils and a direct link between service providers and the beneficiaries.

The red lines demonstrate the "long route of accountability" whereby citizens only very indirectly influence local service providers through their elected national government and possible de-concentrated structures.

The blue lines demonstrate the relatively shorter route of accountability through a devolved system of local service provision.

The green line refers to more direct voice by citizens in service delivery planning and management through user groups, etc.

As discussed in section 1.4, concurrent decentralisation through various modalities e.g. devolution and user groups may create complimentary and mutually enforcing systems that enhance the voice of (poor) citizens. Citizens may for instance influence the planning and delivery of education services through their local government while also participating in the local school committee in a mutually benefitting manner. However, rather often different simultaneous forms of decentralisation will also lead to uncoordinated and wasteful service delivery. The current arrangements in Kenya are for instance a well-documented case²⁶ whereby at least five parallel systems district, sector local government, NGO/private sector and constituency are in place for planning and delivery of common services such as education and health (see figure in Annex 3). Lines of accountability are then confused and practical arrangements for service delivery uncoordinated. This is often hampered by unclear assignment of services delivery mandates and interventions by central government in local government decision-making.

2.5.2 Local Accountability in Local Governments

Many local governments in developing countries only have partial elections for their councils. In Ghana for instance the Central Government reserves the right to appoint approximately a third of the members. A locally elected council is often a precondition for effective local accountability of the local government. However, it is increasingly acknowledged that the effective accountability of local government to its citizens requires more than just regular elections, even where local governments fully elect their council, but also modalities for more direct measures such as direct reporting by local governments to citizens on local government

²⁶ The Danish Embassy in Kenya has recently supported a number of analytical reports available from their website: <http://www.ambnairobi.um.dk>. See also Dege Consult 2007 – www.dege.dk.

budgets, accounts and audits, access for citizens to be involved in planning, budgeting and project implementation, possibilities to control performance, etc.²⁷.

A number of NGOs, including for instance MS-Action Aid²⁸ in view of the increasing role of local governments in local service delivery have developed a range of tools and approaches that support this **"demand side"** of decentralisation reforms.

Fighting *corruption* is a particular angle towards promoting accountability. A major international study on decentralisation and corruption²⁹ concluded that countries with a high degree of fiscal decentralisation generally score lower on corruption than others. However, they also conclude (using mainly data from USA) that reliance on central government transfers rather than own local government revenue tends to increase levels of corruption.

For a more thorough review of the literature see Fjeldstad 2003³⁰, who finds it less straightforward to establish such a relationship between decentralisation and corruption but points to the importance of a range of specific local issues – such as local power structures and degree of "elite capture" of local governments.

Tools for fighting corruption at LG level

Transparency International has developed a "corruption fighters tool kit", which also includes fighting corruption at LG level. This has been tested e.g. in Nicaragua (the Municipal Government Evaluation Instrument); the instrument was developed (78 indicators) to measure LGs in a participative manner:

- *Transparency*
- *Probity*
- *Efficacy and*
- *Participation*

The results were discussed in public meetings leading to significant changes of management. The exercise was managed by a local NGO associated with TI. For details and e.g. examples from also Japan see

<http://www.transparency.org/toolkits/2002>

Various tools have been applied in various places to promote local accountability, such as social audit (e.g. India and Nepal), participatory planning and budgeting (e.g. Uganda and Zambia), scorecards (Philippines and India), local accounts committees to supervise local government public financial management (Uganda), and many others. However, there is definitely room to improve these linkages in future reform work. More recently, various countries have used the intergovernmental fiscal grant system to promote downward accountability by rewarding local governments with good performance in areas such as transparency, access to participation, public financial management, etc. These systems have shown encouraging results; see the paper on Fiscal Decentralisation, particularly when combined with strong systems for capacity development.

²⁷ For a discussion of recent experiences and approaches see www.gsdr.org/go/topic-guides/voice-and-accountability/creating-participatory-spaces#dec

²⁸ <http://www.ms.dk/sw122679.asp>

²⁹ Fisman and Gatti 1999: Decentralization and corruption: Evidence across countries. *Journal of Public Economics*, Vol. 83 (3), pp. 325-345

³⁰ Odd Fjeldstad 2003 Decentralisation and corruption – a review of the literature

2.6 Central Institutions for Reform Coordination and Implementation

To undertake a decentralisation reform of an otherwise centralized public administration requires very fundamental changes of the previous implementing central ministries as well as the establishment of relevant central supporting institutions. The institutional arrangements may include:

- Working mainly through an established Ministry of Local Government
- Working with Associations of local governments;
- Establishing an interim Reform Secretariat to boost technical expertise;
- Supporting relevant political oversight institutions;
- Donor coordination mechanisms;
- New permanent institutional arrangements for local government finance;
- Institutional arrangements for local government human resource management.

2.6.1 Ministry of Local Government

Often the mandate for direct local government support, development of local government legislation, etc. lies with one particular ministry responsible for local governments. If such a ministry exists, it generally becomes the natural home for decentralisation reforms. This has some strength – in particular as it ensures a permanent institutional home for local government reforms within the normal government machinery. However, it also has some weaknesses for instance it will normally have a limited mandate (and technical capability) for effective sector coordination and other ministries may see the initiatives as a threat in the inter-ministerial fight for resources.

2.6.2 Local Government Associations

Important institutions for articulating the interests of the local governments and ought to be part of any support to local government reforms. However, in most countries these institutions are very weak, occasionally rather non-democratic (largely controlled by central governments and dominant/one party structures). Nevertheless, external support can have significant impact if balanced with these limitations in mind³¹.

2.6.3 Reform Secretariat

As a decentralisation reform will require substantial changes in laws, regulations and institutional arrangements at both local and central levels, it is often realized that such intensive reform work will require a substantial addition of technical capacity on an interim basis to the Ministry of Local Government and other permanent government institutions, e.g. the President's office or the Prime Minister's office. Examples of such major decentralisation reform secretariats are found in Uganda, Malawi, Sierra Leone, Zambia and Tanzania – countries where the scope of reform has been substantial and where the permanent institutions for reform are more limited and donor involvement significant. The reform secretariats have been staffed with some 5-40 professionals, often on contracts, and have without doubt contributed significantly with technical competent analyses and guidance to the reform processes. However, over time the experience with these institutions is that they may

³¹ See Pyndt, Holger, and Steffensen, Jesper for a review of some of the experiences from donor support to associations, World Bank Paper produced by LGDP, 2005.

compete with the permanent institutions for management of central government and local government relationships and may in some aspects become counterproductive. Thus it is important at an early stage to develop clear exit/mainstreaming strategies for interim institutions and ensure that such institutions focus on the key policy reform issues rather than take on functions of a more routine nature that the permanent institutions ought to manage.

2.6.4 Political Oversight of Reform Coordination

A major decentralisation reform will require substantial coordination among all parts of the central government – including most line ministries, ministry of public service and ministry of finance and local government. The coordination of reform needs clear political guidance. Successful reforms have always been driven by internal political forces and guided by e.g. presidential statements, detailed constitutional provisions, and/or effective inter-ministerial/cabinet supervision committees. Policies and strategies on decentralisation, combined with clear and sequenced implementation plans can be helpful technical instruments to guide the reforms.

2.6.5 Donor Coordination and support for reform coordination

Donors may play a significant role in reform coordination by being pro-active in review of their project portfolios to ensure that declared reform policies are best supported. Donors may assist wider policy reform efforts by providing (national or international) technical assistance to guide policy development with due attention to absorption capacities and with realistic political assessments of reform intentions. Permanent posted staff (at embassies, etc.) will rarely be in a position to cover the full needs for detailed dialogue on these issues. Coordination arrangements that rely excessively on detailed donor involvement at that level should be avoided.

2.6.6. Intergovernmental Fiscal Transfer Systems

The development and management of *Intergovernmental Fiscal Transfer systems* will often require the establishment of new institutions such as Local Government Finance Commissions, coordination committees or other institutions, for policy and technical guidance on local government funding systems, including fiscal transfers to local governments and local tax reforms. Such institutions can be very useful by providing linkages between central and local governments and function as forum for dialogue and exchange of knowledge and views.

2.6.7. Human resource management

The literature rarely discusses institutional arrangements for management of human resources under a decentralisation reform. However in the critical stages of decentralisation reforms where staff from line ministries are in a process of being devolved to local governments it will be crucial that the responsible ministries (Ministry of Public Service, Public Service Commission, etc.) are fully engaged. Ministries responsible for local governments will typically have no legal mandate to deal with such human resource issues until they are fully devolved.

2.7 Politics of Reform

While the preconditions a legal framework, financial and human resources, effective mechanisms for local level accountability and central institutional arrangements can be

analyzed in a fairly technical, objective manner it is important to comprehend the ultimately political dimension of decentralisation reforms³². Lack of correspondence between official public policy goals and the shifting goals of political and bureaucratic actors often results in a failure to fully meet the stated objectives of decentralisation and it has a number of unintended consequences. Many stakeholders influence decentralisation processes: each with different incentives for reforms. This includes typically the Executive, Parliament; different bureaucrats (that typically represent different ministries with competing interests) and politicians at central and local levels. Donors will also in more aid dependent countries exercise substantive influence.

Appropriate guiding questions for a political economy analysis

- Why are reforms undertaken?
- Who are key supporters and key opponents of reform?
- Who is likely to benefit from reforms?

In general it is more useful to look at the extent of any real progress of decentralisation (by analyzing the five above mentioned preconditions or pillars for decentralisation) including a political economy analysis rather than official rhetoric. The major dangers for progressing with support to decentralisation without proper understanding of real political commitment for reform are obvious. The reform drive can be overestimated, this was done for instance in Zambia for many years, and will lead to frustrations and waste of resources. However, donors also occasionally underestimate the potential for reforms (e.g. most donors in Uganda in the early 1990s and Malawi late 1990s) and potential changes towards more responsive, decentralised and accountable public service may thus remain unrealized.

It would be useful to undertake political economy analysis in a comprehensive manner with other development partners, but at present it is mainly undertaken, if it is undertaken at all, as part of Danida specific formulation, appraisals and reviews. The analysis of the politics of reform is thus an area for improvement. The Note "Political Economy of Decentralisation" provides further guidance on these issues.

3. MODALITIES FOR SUPPORT TO DECENTRALISATION AND PUBLIC SECTOR REFORMS.

Key issues related to three main modalities of support for decentralisation and public sector reforms include:

- Direct support to decentralisation reforms, - initially undertaken typically in a "project mode" but increasingly in the form of joint donor-supported larger local government reform programmes and possibly developing into "local government sector support".
- Support for decentralisation through sector programmes in sectors such as water, health, environment, etc.
- General Budget Support including support for macroeconomic work and civil service reforms.

³² For details see the Issue Paper: "Political Economy of Decentralisation Reforms."

3.1 Danish Support to Decentralisation Reforms

The new strategy for Denmark's development cooperation Freedom from Poverty Freedom to Change (2010) is emphasizing that the public sector must be able to meet the basic needs of the people and provide the necessary framework for growth development and more open societies. Towards this end support will be provided for decentralisation and the administration of societal resources and tax systems to ensure the efficient delivery of public sector services to the people. This is in line with the strategy of effective and accountable public-sector management, which emphasizes decentralization as a means to achieving local democratization and effective and accountable delivery of services at local level.

Danida's support to public sector reforms has been relatively limited. Most of the support to public sector reform has been at the level of sector ministries and other agencies linked to sector support and support to decentralisation. While the support to sector programmes and specific decentralisation programmes aims to be mutually supporting, it has in reality often proved difficult to achieve such synergies.

The early support focused mainly on gradual capacity development at national and local level more than on "reform." However, since the early 1990s, Danida has provided targeted support to decentralisation reforms in most of the partner countries for Danish support. More emphasis has been placed on public sector reforms, including civil service reforms, pay reforms, result oriented management and improved service delivery. There is still an issue regarding the synergies between sector programmes and specific decentralisation programmes as mentioned above. It has been recognized, however that comprehensive public sector reforms (with a flexible funding) are needed based on national processes, for making sector programme support more effective.

The early decentralisation programmes were typically undertaken in a "project mode" either as separate Danida projects or as basket-funded programmes where Danish support typically amounted to some 10 million DKK annually. The support was characterized by a combination of various "area based" support projects and project specific support to core elements of reforms. The area based support targeted selected local governments with an aim of supporting local service delivery and "piloting" various good practices. Experiences have showed that these projects tended to (1) create many parallel flows of funds to local governments, (2) duplicate approaches for improved local capacity development, (3) distort a more transparent and equal system of resource allocation and (4) frequently fail to develop systems that could be adopted on a nationwide scale. In spite of this consensus a recent survey of seven major European development agencies concluded that this is still a very common form of donor support.³³

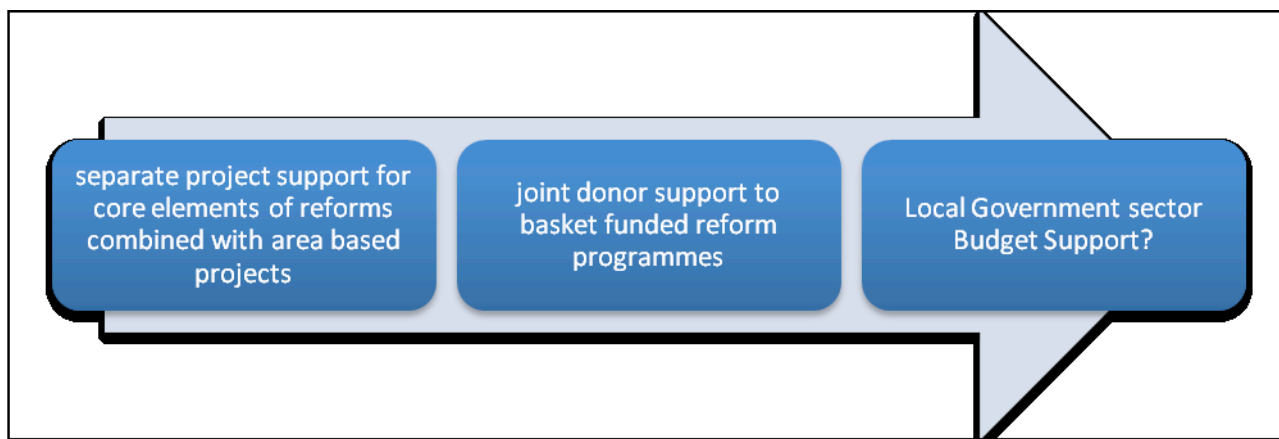
There has been a shift in the aid modality of Danish assistance provided to decentralisation reforms with more focus on assistance to decentralisation reforms through joint donor (typically basket funded) reform programmes. There are also examples of support that resemble "LG sector budget support", e.g. in Uganda, Ghana and Nepal where funding is

³³ Survey on Support to Local Governance and Decentralisation – For the Informal Donor Working Group on Local Governance and Decentralisation, Final report December 2006 DEGE and NCG. www.charte-coop-gouvernancelocale.eu/gouvernance/IMG/pdf/Survey__Informal_Donor.pdf Survey on Support to Local Governance and Decentralisation and <http://www.dege.dk/assets/files/Final%20Report-%20December%202006.pdf>

provided as contributions to various forms of development grants for local governments as integral part of a wider intergovernmental fiscal transfer system.

The transition between different types of support is illustrated below.

Figure 4: Transformation of support modalities for decentralisation reforms



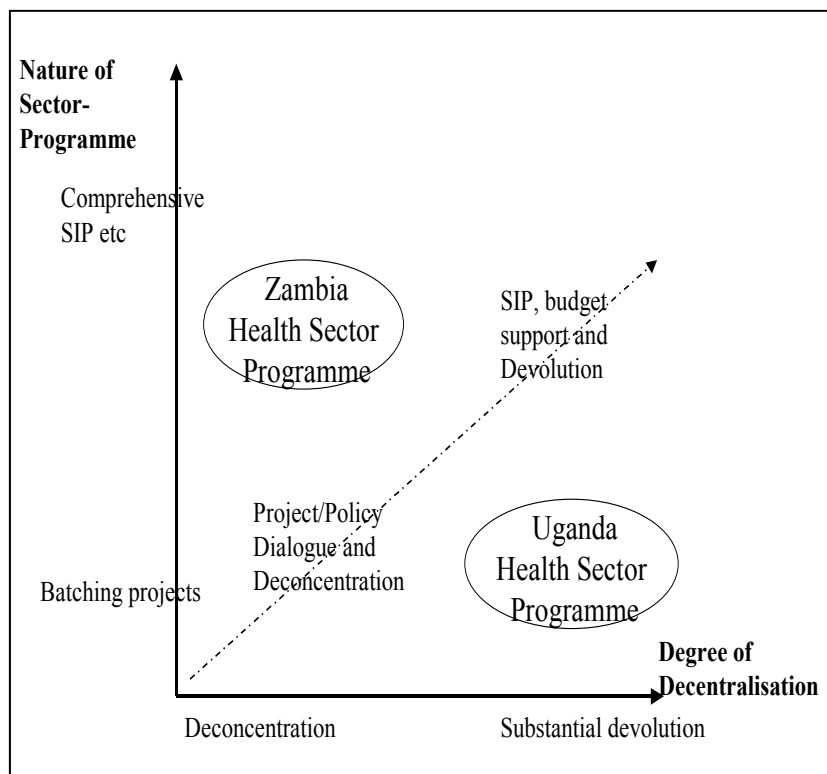
Lessons learned on decentralisation programmes.

- The understanding the importance of locally owned and incremental reforms - not those pushed by donors. This is today also broadly realized as a prerequisite for public service reforms¹. Except for a few cases where decentralisation is undertaken as a “big bang” for political reasons, it is important to assist governments in undertaking the reform in a gradual and well-sequenced manner that provides for visible benefits and appropriate safeguards.
- The importance of having a comprehensive set of partner institutions – several of decentralisation programmes have supported a broad range of partners simultaneously including the Ministries of Local Government, local government associations, Auditor General, selected local governments, etc.
- The importance of addressing all the five above “preconditions” for effective decentralisation. Some of the “older” Danida funded programmes did that quite effectively – e.g. the support 1993-1997 for decentralisation reforms in Uganda.
- The importance of balancing local level interventions (pilots and “area based programmes”) with national level policy formulation and systems development. A combination of such elements has generally proved very useful and mutually reinforcing. However, a key lesson has been that such experiments with area-based support can very easily turn into parallel implementation modalities with focus on local level service delivery improvements at the expense of broader systems and policy development. The famous Rakai District Development programme in Uganda is a case in point, and there is a need to move to a general nationwide support as soon as possible.
- The need for joint programming with other donors is important in all sectors, but even more essential is support for decentralisation reforms since the aim of reforms to a very large extent is to build common operating modalities. Various donors typically tend to establish separate modalities in various selected districts/provinces as well as within separate sectors. Danish assistance to decentralisation reforms has therefore within the last ten years increasingly been in the form of contribution to joint basket funded programmes.

3.2 Support through Sector Programme Support

Danish assistance is currently mainly in the form of sector programme support – especially within the sectors of health, agriculture, education, roads, water and private sector. For most sector support programmes it has at various stages become relevant to consider sector support strategies in view of ongoing decentralisation reforms. However, as illustrated in the figure, both “sector programmes” as well as “decentralisation” are concepts that cover a wide range of phenomena and options and issues will depend on the specific situation.

The figure makes specific reference to the health sector programme in two African countries in the late 1990s. Both decentralisation and SWAP are concepts, which can be



seen as evolving along certain parameters – partially over time. Thus Danida sector support programmes have generally evolved from batching a set of original stand alone projects into more coherent programmes with (in particular in social sectors) increasing elements of joint donor-government funded sector investment programmes just as decentralisation programmes in recent years in several countries have developed from limited sector deconcentration to quite comprehensive reforms for fully fledged devolution³⁴.

Key lessons learned Decentralisation and sector programmes

- There is a need for proactive donor engagement in decentralisation reforms within sector programmes since line ministries are generally those most forcefully resisting decentralisation. If donors do not actively support decentralisation through practical programmes and funding modalities, it is most likely that, despite stated Government decentralisation policies, donor support to single sectors would constrain rather than support decentralisation – supposedly in order to enhance the specific sector objectives.
- Need for “decentralisation experts” to seriously consider sector specific concerns; sector experts often complain that advocates of decentralisation reforms only superficially

³⁴ In Zambia, decentralisation reform had progressed very little, but the health sector programme had been developed quite extensively and health funding was to a large extent as budget support. In Zambia the opportunities for working through devolved systems were very limited. In Uganda on the other hand decentralisation reforms had progressed significantly. However, the health sector programme was foremost a batching together of various projects, which included direct technical and financial support to selected most marginal districts, which only with difficulty could make use of the emerging health block grants. The nature of the Uganda programme made it difficult to enter into substantial policy dialogue on e.g. modalities for district block grant financing as the district modality focused on immediate improvement on service delivery through NGOS and TA rather than long term capacity building.

understand sectors and religiously pursue decentralisation policies that from a sector perspective, at least from a short term perspective, will not lead to improvements in service delivery within the sector. Table 4 below illustrates some sector specific issues in relation to local government reforms (further discussion is provided in the three sector papers on health, water and environment).

- Need for radical reconsideration of financing modalities within SWAPs. There has been a tendency to move towards Sector Investment Plans (SIPs), which at the local/district level would at best translate into conditional grant modalities. Unless these are combined with modalities such as some elements of non-sector specific grants and local discretion it may result in a complete undermining of local budgeting autonomy and de-facto support centralization.

Table 4: Sector Specific Decentralisation Challenges

Sector	Examples of sector specific decentralisation challenges
Health	<p>Decentralised staff management of critical concern because of the large number of technical staff typically under local governments;</p> <p>The sector typically includes a complex hierarchy of health systems provision that somehow has to be matched to a possibly quite different local government hierarchy;</p> <p>Funding problems most critical for recurrent costs, while local politicians favor infrastructure developments.</p>
Water	<p>Large investment costs that are difficult to integrate into a normal LG fiscal transfer system;</p> <p>Operation and maintenance challenges primarily targeted through private sector (or community) arrangements with unclear and un-funded role of local governments,</p> <p>Water resource management typically requires management across local government boundaries;</p> <p>Technical skills in the sector are rare and often unaffordable for local governments when they are small/fragmented.</p>
Environment (urban)	<p>Large investment costs that are difficult to integrate into a normal LG fiscal transfer system.</p>
Environment (natural resource management)	<p>Sector legislation is typically complex and separated across many sub-sectors e.g. forestry, wildlife, marine conservation, land, water, - the coordination with local government reforms becomes very challenging;</p> <p>Natural resource management typically requires management across local government boundaries;</p> <p>Local government taxation frequently counters a more resource friendly use of the environment and undermines the assumed regulatory role of local governments in natural resource management.</p>

3.3 Issues related to General Budget Support and wider Public Sector Management Reforms

3.3.1 Budget Support

How can policy dialogue on decentralisation reforms be undertaken when development assistance is increasingly taking the form of general budget support?

Depending on the stage and nature of decentralisation reforms, very broadly it can be argued that unless decentralisation reforms are well matured to the extent that major legal reforms are accomplished, a comprehensive local government system and substantive financing framework established, and key ministries and institutions sufficiently capacitated to deal with subsequent refinement and reform deepening - then this is very problematic. On the other hand once this stage of decentralisation reform has been reached, then it would be rather undesirable to continue external support such as project modalities.

The initial stages of decentralisation reform will typically require substantive analytical work, capacity development and reform of central and local institutions and work to establish the five preconditions discussed in chapter 2. In particular the establishment of relevant development financing modalities will, in aid dependent countries benefit from substantive direct engagement by donors.

Once – not before - these conditions for decentralisation are broadly established it may be suitable for external donors to support continued reform through general budget support. Another – often an interim arrangement – is the possibility to engage in “local government sector budget support” as discussed in section 3.4 below.

3.3.2 Public Finance and Civil Service Reforms

Earlier decentralisation was considered a potential threat to macroeconomic stability. However, it is now broadly agreed that this depends entirely on the design of reforms and institutional arrangements³⁵. Furthermore, the concerns of macroeconomic work have generally shifted from earlier preoccupations with macroeconomic stability towards questions related to how increased public sector spending in the wake of debt relief, etc. can effectively be translated into economic growth and improved services. In particular the HIPC related budget emphasis on social sectors would in many countries lead to significant increases of local government level spending as they often have the service delivery responsibilities³⁶. LG fiscal reforms are then often required for more transparent and poverty oriented public expenditures with increasing engagement of institutions such as the IMF. In several ways macroeconomic work now has to reflect on decentralisation and local government systems.

Key lessons for macroeconomic work:

1. In work such as Public Expenditure Reviews, Fiduciary Risks Assessments, Accountability Assessments,³⁷ etc. it is increasingly important to have an explicit local government

³⁵ See e.g. Ebel and Yilmaz, 2002 and Shah, 2005.

³⁶ See the GBS study on Uganda, 2006, Annex on Decentralisation for a further discussion of this in Uganda, where there was a use of the HIPC debt release to enhance the grants to LGs.

³⁷ See www.pefa.org

perspective, which in turn will require the inclusion of LG expertise and the involvement of different institutions (e.g. LG Finance Commissions, etc.) than was the case prior to decentralisation.

2. Work on tax reforms needs to be coordinated with local government fiscal reforms – but generally these are carried out within separate institutions and poorly coordinate with local government work.
3. Need to link civil service reforms (right sizing, pay reforms, etc.) to decentralisation. This is very rarely done effectively as civil service reforms have traditionally been embedded within a central ministry responsible for public service which in many cases has no or very unclear mandate to deal with LG staff. Yet, in many reforming countries local rather than central governments today employ the majority of public servants.

3.4 **Future Support Modalities: Conclusions and Recommendations**

3.4.1 Decentralisation reforms are increasingly important in partner countries and among donors

Decentralisation reforms are generally gaining increasing importance in many of the key recipients of Danish development assistance. Therefore, interventions in support of decentralisation sector are typically much more comprehensive today than in the early 1990s when Danish assistance started to prioritize local government reform support.

One way to address decentralisation reforms will be through continued support for decentralisation within key sectors such as health etc, combined with smaller direct support to core elements of decentralisation reforms. However local conditions may also invite for alternative approaches that may resemble “Local Government Budget Support” as further discussed below.

3.4.2 Towards Local Government Budget Support?

Sector Budget support is generally viewed as the preferred modality for future Danish development assistance³⁸. Decentralisation may be supported as a ‘theme’ within e.g. a health sector budget support modality where the issues discussed in section 3.2 may be relevant. However, decentralisation reforms and “local service delivery” may also be defined as a sector *per se* and be supported through some form of Local Government Budget support modality as recently analyzed by a major ODI study on Sector Budget Support in Practice in Tanzania and Uganda³⁹. The modalities analyzed are however only limited versions of how a Local Government Budget support modality could be developed as they are limited to the financing

³⁸ Danish Ministry of Foreign Affairs, Danida, Technical Note on Programme Support Preparation September 2009: “The most fundamental change in programme management...is the introduction of the principle that sector budget support (SBS) is now the default modality of Danish sector (and thematic) programme support to the public sector. This is the consequence taken by Danida of the donor commitment in the Accra Agenda for Action (AAA) to make maximum use of country systems.

³⁹ <http://www.odi.org.uk/projects/details.asp?id=1013&title=sector-budget-support> - the study includes two case studies of local government budget support in Tanzania and Uganda.

of a single (although critical) form of block grants to the local governments⁴⁰ rather than broader non-earmarked financial support for local governments and local service delivery accompanied with policy dialogue on issues related to wider local governance reform.

Some development partners are increasingly supporting "local governance/local government reforms" as a key sector and several of the more recent programmes including the examples of local government sector budget support in Tanzania and Uganda are of such a size that Danish support will only be marginal unless "local governance/local government reforms" receives substantially more resources in a similar manner to other key sectors traditionally supported by Danida. Interesting developments have taken place in Ghana where the Local Service Delivery Programme (2009-13) with a total budget of 600 mill DKK seeks to combine previous programme support to water, roads and decentralisation into a single coherent programme. However the programme is still to a large extent in a project modality and its full integration into emerging national systems for local financing of services is still to be achieved. In Nepal, a number of development partners have combined the support modalities with a group of development partners supporting the on-budget grant system through sector budget support, others are complementing through basket Capacity Development funding, others through project specific support, but all coordinated by a joint programme and work plan⁴¹.

Experiences from the new aid modalities within decentralisation have been that:

- ❖ Joint on-budget funding in the sector has primarily been in the form of development grants to local governments;
- ❖ Capacity development activities, which require more hands-on support and systems development are more difficult to provide with such arrangements, although "capacity building grants" are also a common element of these performance based fiscal transfer systems,
- ❖ Various support modalities can be mutually strengthening, as is the case in Nepal where some support is provided as Sector Budget Support for the development grants, basket funding arrangements for capacity building support and project mode support (from development partners that cannot join the other modalities) within a common framework and programme.

⁴⁰ Similar support modalities have recently been introduced in Ghana and Nepal, although the latter covers broad on-budget support to several government budget lines.

⁴¹ Please refer to the Joint Financing Agreements, annexed to the Fiscal Decentralisation Paper.

Annex 1: Further reading/guidance

Below we present some key resources available on the Internet for further guidance on the issues discussed in this general paper.

In addition the reader is referred to the five additional topic guides developed on decentralisation.

1. Political Economy of Decentralisation,
2. Fiscal Decentralisation and Sector Funding,
3. Draft Note on Health Sector Decentralisation,
4. Draft Note on Environmental Sector Decentralisation,
5. Draft Note on Water Sector Decentralisation.

Relevant websites with information on decentralisation:

GRC Exchange hosted by the Governance Resource Centre (GRC) of the UK Department for International Development (DfID), and compiled by leading international experts, the GRC Exchange provides a focal point for sharing ideas in governance. The site presents a broad introduction to the topic and various suggested reading. A search on the topic “decentralisation” within the site generates some 480 (and increasing) numbers of hits.

www.grc-exchange.org/g_themes/cc_decentralisation.html

In addition, GRC also has a dedicated gateway guide designed to point readers to the most useful, credible and up-to-date resources available on the Internet in relation to decentralisation and local governance (D&LG) in a development context. It was prepared by Andrew McDevitt in December 2008 and updated in December 2009 – the link is found here:

<http://www.gsdr.org/index.cfm?objectid=DD973312-14C2-620A-273F8E66B2685F82>

World Bank has a very comprehensive range of papers on decentralisation with analytical approaches, case studies, and country analyses – three sites are particularly worthwhile to explore: www.decentralization.org

www.worldbank.org/publicsector/decentralization and <http://www1.worldbank.org/prem>

Readers will note that the World Bank discusses at least two distinct forms of decentralisation (1) devolution with particular emphasis on urban/municipal development and fiscal decentralisation and (2) community driven development that emphasize aspects of direct citizen participation.

The **European Commission** has a rich website dedicated to discussion of public sector and decentralisation reforms <http://capacity4dev.ec.europa.eu/topic/2026> It includes like the World Bank site a very wide range of discussion papers, topic notes, research papers as well as practical guidance notes. The EC appears currently to give a lot of emphasis to the topic and the site is therefore frequently updated. The most comprehensive single guiding document for EC support to decentralisation is also found at this site:

<http://capacity4dev.ec.europa.eu/ppcm-review/supporting-decentralisation-and-local-governance-third-countries>

United Nations Capital Development Fund www.uncdf.org

UNCDF has substantive practical experiences with piloting modalities for decentralised financing for local governments as well as for emerging LG structures. The site contains several useful documents with policy documents, various case studies, analytical work as well as project documentation. The organization has in particular worked with design of Local Development Funds and best practices and experiences in that regard is documented in the very readable document: http://www.uncdf.org/english/local_development/docs/thematic_papers/0510_Delivering/index.php

United Nations Development Programme (UNDP) has identified local governance as one of its key thematic areas for support.

http://www.undp.org/governance/focus_local_governance.shtml

The site includes a number of useful publications of a general nature including guidance manuals for "how to measure local governance", guidelines for urban management, fiscal decentralisation primer, etc.

IDEA: The International Institute for Democracy and Electoral Assistance is an intergovernmental organization. Its programmes aim to:

- * Provide knowledge to democracy builders
- * Provide policy development and analysis
- * Support democratic reform

They developed a handbook: "Democracy at the local level" - This handbook offers practical advice on designing systems of local governance, promoting representative local democracy and fostering citizen participation. The handbook defines key concepts and includes case studies, checklists and lists of options for policy-makers in particular settings. <http://www.idea.int/publications/dll/index.cfm>

Eldis (from the Institute of Development Studies, Sussex. Financed by Sida, Norad, SDC and DfID)

<http://www.eldis.org/go/topics/resource-guides/governance/decentralisation-and-local-government>

The site contains more than 130 key analytical documents related to decentralisation and local government reforms. This includes a number of tools and practical guidelines although most of the documentation is more academic and country specific analyses of special topics.

Annex 2: Dimensions of decentralisation (common typology)

(Extract from EC 2007: Supporting Decentralisation and Local Governance in Third Countries)

'Political', 'administrative' and 'fiscal' decentralisations are terms used to classify the different types or dimensions of decentralisation.

Political decentralisation

What does it mean?

Political (democratic) decentralisation normally refers to situations where political power and authority has been partially transferred to sub-national levels of government.

The most obvious manifestations of this type of decentralisation are elected and empowered sub-national forms of government ranging from village councils to state level bodies. Devolution is considered a form of political (democratic) decentralisation. In contemporary discourse and practice, political decentralisation is often perceived as the only true mode of decentralising government, bringing with it such benefits as local democracy, participation in local affairs and accountability of local officeholders.

Administrative decentralisation

What does it mean?

Administrative decentralisation aims to transfer decision-making authority, resources and responsibilities for the delivery of a select number of public services, or functions from the central government to other (non-elected) levels of government, agencies or field offices of central government line agencies. Administrative decentralisation is associated with three possible variants, each having different characteristics: (i) de-concentration, (ii) delegation and (iii) divestment, which relates to the privatisation of functions and services. Administrative decentralisation is often part of civil service reform and is generally perceived as the narrowest form of decentralisation because local institutions to which tasks are transferred are not based on political representation controlled from below.

Fiscal decentralisation

What does it mean?

Fiscal decentralisation is possibly the most traceable type of decentralisation, since it is directly linked to budgetary practices. Fiscal decentralisation refers to resource reallocation to sub-national levels of government, including the delegation of funds within sector ministries to the de-concentrated levels. Arrangements for resource allocation are often negotiated between central and local authorities based on several factors, including inter-regional equity), availability of resources at all levels of government and local fiscal management capacity. Experience in fiscal decentralisation has led to a building of capacity in expenditure and revenue assignment as well as the design of fiscal transfer formulas and sub-national borrowing.

Figure 1: Public Service Delivery Channels in Kenya

