

1.0 INTRODUCTION

“One of the most critical prerequisites to translate decentralization from theory to practice is a clear understanding of the concept. To be able to better envision what decentralization means, how best it can be planned and implemented, what its intricacies are, and how its challenges can be overcome, development practitioners should be equipped with appropriate tools which could provide an analytical knowledge of decentralization from a conceptual viewpoint accompanied by real and field-tested examples of the concept in practice.”¹

One of the tasks associated with the thematic evaluation of UNDP supported decentralization and local governance initiatives is the documenting of the concept of decentralization (and decentralization as linked to local governance). The above quote drawn from a recent UNDP document underscores the need to develop a better understanding of the concept.

It should be noted at the outset that decentralization is not so much a theory as it is a common and variable practice in most countries to achieve primarily a diverse array of governance and public sector management reform objectives. In fact, a quick review of the literature shows that there is no common definition or understanding of decentralization, although much work has gone into exploring its differing applications. Decentralization means different things to different people, and it is primarily a function of the application, as will be seen in the following.

This report, prepared by one of the evaluation team members (Richard Flaman), presents a non-exhaustive review definitions of primarily decentralization, and to a lesser extent decentralization as linked to local governance. Descriptions of decentralization are drawn primarily from recent UNDP reports and publications, and from a selection of other documents from the World Bank and other sources. This report presents a sampling of varying interpretations of decentralization and quotes extensively from existing publications and reports.

The literature and sources on decentralization are vast. Simple Web-site searches uncover references in the thousands (e.g. Yahoo uncovered over 5,000 references). This is probably the tip of the iceberg, as there are likely many thousands of other documents on decentralization just in the donor domain alone (e.g. project documents, evaluations and reviews, etc.). When decentralization is broadened to incorporate such concepts as devolution, alternative services delivery, privatization and so on, then the resource base on the subject would undoubtedly be massive.

Section 2 of this report presents a range of definitions and descriptions from recent UNDP sources. Section 3 elaborates on the concept of decentralization, again drawn from primarily UNDP sources. Section 4 presents the definitions of ‘decentralized governance’ and the UNDP program in this area. Section 5 presents selected views of decentralization from other sources such as the World Bank. Section 6 elaborates on decentralization in the context of alternative services delivery – an area of increasing application world-wide. Section 7 presents a preliminary assessment of the strengths and weaknesses of the definitions. The annexes elaborate on selected aspects of decentralization. The Table of Contents points to the

¹ UNDP, Decentralized Governance Monograph: A Global Sampling of Experiences, Management Development and Governance Division, Bureau for Policy Development, April 1998, p. 6

complexity of this topic. This report can be read in whole or in part, as it is primarily intended as a reference document for the Evaluation team.

2.0 UNITED NATIONS AND UNDP DEFINITIONS

2.1 DECENTRALIZATION

2.1.1 Selected Meanings of Decentralization

“ . . . Decentralization, or decentralizing governance, refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels. . . . Decentralization could also be expected to contribute to key elements of good governance, such as increasing people's opportunities for participation in economic, social and political decisions; assisting in developing people's capacities; and enhancing government responsiveness, transparency and accountability.”²

“ . . . While decentralization or decentralizing governance should not be seen as an end in itself, it can be a means for creating more open, responsive, and effective local government and for enhancing representational systems of community-level decision making. By allowing local communities and regional entities to manage their own affairs, and through facilitating closer contact between central and local authorities, effective systems of local governance enable responses to people's needs and priorities to be heard, thereby ensuring that government interventions meet a variety of social needs. The implementation of SHD strategies is therefore increasing to require decentralized, local, participatory processes to identify and address priority objectives for poverty reduction, employment creation, gender equity, and environmental regeneration.”³

“ . . . Decentralization stimulates the search for program and policy innovation, first of all because it is, per se, an innovative practice of governance. Second, because through its implementation, local governments are required to assume new and broader responsibilities in order to provide public services for all. The assumption of new responsibilities through decentralization often requires improved planning, budgeting and management techniques and practices; the adoption of new tools; and the development of improved human resources to operate the decentralized programmes.”⁴

“ . . . Decentralization is a complex phenomenon involving many geographic entities, societal actors and social sectors. The geographic entities include the international, national, sub-

² UNDP, Decentralized Governance Programme: Strengthening Capacity for People-Centered Development, Management Development and Governance Division, Bureau for Development Policy, September 1997, p. 4

³ UNDP, Decentralized Governance Monograph: A Global Sampling of Experiences, Management Development and Governance Division, Bureau for Policy Development, April 1998, p. 6

⁴ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 26

national, and local. The societal actors include government, the private sector and civil society. The social sectors include all development themes - political, social, cultural and environmental. In designing decentralization policies and programmes it is essential to use a systems-approach encompassing these overlapping social sectors and the different requirements which each makes. . . . Decentralization is a mixture of administrative, fiscal and political functions and relationships. In the design of decentralization systems all three must be included.”⁵

2.1.2 What Decentralization Is Not

“... *An alternative to centralization*: Decentralization is not an alternative to centralization. Both are needed. The complementary roles of national and sub-national actors should be determined by analyzing the most effective ways and means of achieving a desired objective. For example, a national road system should be designed with both local input and national coordination. Foreign policy should be a national function based on the views of the citizenry. Solid waste management should primarily be dealt with through local mechanisms. And so forth. In designing a decentralization strategy it is imperative that such an analysis be done. ...

“... *Exclusively public sector reform*: Decentralization is much more than public sector, civil service or administrative reform. It involves the roles and relationships of all of the societal actors, whether governmental, private sector or civil society. The design of decentralization programmes must take this into account. This is why UNDP prefers the use of the term "decentralized governance" rather than the term decentralization.”⁶

2.2 FORMS OF DECENTRALIZATION (COHEN AND PETERSON)

A recent work carried out by Cohen and Peterson⁷ contains a major section on the evolution of decentralization as both a concept and as a means for development. The authors identify six major forms of decentralization (which they also refer to as ‘classification systems’ and ‘approaches’ – further adding to the confusion over definition!). In their own words (p. 16) they state: “*Several different ways of classifying forms of decentralization have been promoted over the past few decades by those making a clear distinction between centralization and decentralization. What is common to these classification systems is that they recognize the need for a definition that is grounded on more than legal concerns. Six approaches to identifying forms of decentralization can be identified in the literature.*” The following forms of decentralization are quoted directly from their text (pp. 16 – 19)

2.2.1 Forms According to Historical Origins

“... The first approach classifies forms on the basis of historical origins. A focus on

⁵ UNDP, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centered Development, Management Development and Governance Division, February 1998, p. 1

⁶ UNDP, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centered Development, Management Development and Governance Division, February 1998, p. 1

⁷ Cohen, J. M., Peterson, S. B., Administrative Decentralization: Strategies for Developing Countries, Kumarian Press (published for and on behalf of the United Nations), Draft Proof for Publication, June, 1999; pp. 16 - 20

history has led one specialist to assert there were four basic decentralization patterns: French, English, Soviet, and Traditional. Today this system of classification is viewed as both too simplistic and analytically weak.” (p. 16)

2.2.2 Territorial and Functional Decentralization

“... A second approach distinguishes the forms of decentralization by hierarchy and function. According to this new "territorial decentralization" refers to the transfer of centrally produced and provided public goods and services to local-level units in the government hierarchy of jurisdictions. "Functional decentralization" refers to the transfer of such central responsibilities to either parastatals under the control of the government or to units outside governmental control, such as NGOs or private firms. The problem with this classification is that it is too rudimentary to facilitate clarity over design and implementation issues, such as legal basis, structural organization, division of powers, or administrative, financial, and budgetary procedures. Further, the emphasis on territory highlights a major misconception about decentralization: that decentralization is largely focused on the process of transferring public sector tasks out of the capital city and into the hinterland. This spatial view of decentralization is naive and obscures the complexities of the concept. The notion of functional decentralization is more useful, for it underlies the current view ... that administrative decentralization is the expansion of the array of institutions and organizations carrying out collective public sector tasks and that this can happen in the capital city as well as in other urban areas and the countryside.” (pp. 16-17)

2.2.3 Problem and Valued-Centered Forms

“... The third approach identifies forms of decentralization by the problem being addressed and the values of the investigators. This approach is best illustrated by the work of the Berkeley Decentralization Project, which was primarily interested in finding ways of bringing more effective development programs and projects to the rural poor. ... the Berkeley group identified eight forms of decentralization: (1) devolution, (2) functional devolution, (3) interest organization, (4) prefectorial deconcentration, (5) ministerial deconcentration, (6) delegation to autonomous agencies, (7) philanthropy, and (8) marketization. In formulating this set of forms, most of the Berkeley group was not interested in addressing larger generic issues related to the concept of 'decentralization'. Rather, it focused on studying the linkages of the center and the periphery on a sector-by-sector basis. In studying these linkages it formulated an idiosyncratic set of forms that ensured, on a project-by-project basis, that development interventions addressed the vulnerability of the rural poor and the threat to them by central and local elites seeking their own interests. The problem with this approach to addressing particular weaknesses of over-centralization is that it is eclectic and dependent on the administrative, political, economic, and value rationale of the analysts addressing the problem.” (p. 17)

2.2.4 Service Delivery Forms

“... A fourth approach focuses on patterns of administrative structures and functions that are responsible for the production and provision of collective goods and services. One of the first of these was presented in 1962 by the United Nations. It identified four forms of decentralization: local-level governmental systems, partnership systems, dual systems, and integrated administrative systems. The problem with this approach is that it is not analytical enough to deal with the increasing diversity of structural and functional designs that marks the last three decades.” (pp. 17-18)

2.2.5 Single Country Experience Form

“... A fifth approach takes a narrow definition of decentralization, typically based on the experience of a single country. Under this view, transferring responsibility, manpower, and resources to central government field offices is not decentralization. Rather, decentralization only occurs when local-level government units are: (1) established by legislation, typically in the form of a charter that gives the unit legal personality, defined as established by law with the right to sue and be sued; (2) located within clearly demarcated jurisdictional boundaries within which there is a sense of community, consciousness, and solidarity; (3) governed by locally elected officials and representatives; (4) authorized to make and enforce local ordinances related to devolved public sector tasks; (5) authorized to collect legally earmarked taxes and revenues; and (6) empowered to manage their budget, expenditure, and accounting systems, and to hire their own employees, including those responsible for security.” (p. 18)

2.2.6 Objectives Based Forms

“... The sixth approach ... classifies *forms* of decentralization on the basis of objectives: political, spatial, market, and administrative. Then it gives specific attention to three *types of* administrative decentralization: deconcentration, devolution, and delegation. ‘Political’ decentralization typically identifies the transfer of decision making power to citizens or their elected representatives. ‘Spatial’ decentralization is a term used by regional planners involved in formulating policies and programs that aim at reducing excessive urban concentration in a few large cities by promoting regional growth poles that have potential to become centers of manufacturing and agricultural marketing. ‘Market’ decentralization focuses on creating conditions that allow goods and services to be produced and provided by market mechanisms sensitive to the revealed preferences of individuals. This form of decentralization has become more prevalent due to recent trends toward economic liberalization, privatization, and the demise of command economies. Under it, public goods and services are produced and provided by small and large firms, community groups, cooperatives, private voluntary associations, and NGOs. Finally, ‘administrative’ decentralization is focused on the hierarchical and functional distribution of powers ... between central and non-central governmental units.” (p. 18)

2.2.7 Summary Assessment by Cohen and Peterson

Cohen and Peterson (pp. 18-19) provide a brief summary assessment of these six forms of decentralization. The state: “It is important to note that forms affect each other. Decisions made about spatial decentralization will affect the efforts of governments to pursue a particular type of administrative decentralization. Or, for example, a decision by a government to pursue a particular type of administrative decentralization will affect patterns of political forms of decentralization. That is, in the real world, as opposed to the analytical world, it is difficult to fully separate these four forms of decentralization. The analytical forms are useful in that they define a perspective but they are difficult to separate out because each affects the others in subtle ways that vary greatly from among task environments.

“... The failure to distinguish forms is one of the major reasons for the confusion in the literature on decentralization. Clarity is difficult to achieve, even when efforts are made to distinguish forms. Several examples might help clarify the complexities found in relationships among forms. First, effective spatial decentralization generally leads to a demand for administrative decentralization. As urban and rural areas grow and diversify it becomes more difficult and costly for central government to control, produce, and provide collective goods and services throughout a country. This is a very common problem, since most regions in late

developing countries have populations and demands equal to those that characterized their entire country at independence. Second, market decentralization tends to emerge in situations where central delivery is difficult to achieve and sustain, and private firms or non-public organizations can deliver them better. Third, while administrative decentralization is not the same as political decentralization, it can, under enlightened central leadership, lead to democratization and greater political participation. But for this to happen, central leadership must be committed to tolerating the emergence of civil society, devolving decision-making authority, and promoting the democratic election of local leaders.”

2.3 FORMS OF DECENTRALIZATION (FROM UNDP)

Several recent publications provide definitions and interpretations of decentralization, and most of these are linked to the notions of decentralized governance and local governance. The forms of decentralization defined in several recent UNDP publications draw from the recent Cohen and Peterson publication, and may be seen as simply an elaboration of administrative decentralization (focusing primarily on the public sector). In one recent UNDP publication, the comment is made on forms of what might be seen as primarily ‘administrative’ decentralization (also discussed in a following sub-section): “The effects of decentralization on good governance depend to a large extent on the form and nature of the decentralization involved in the particular country. The type of unit with which authority is shared or to which it is transferred in the decentralization process is critical for understanding the implications for good governance. There are a variety of different arrangements which are often included in discussions on decentralization: ...”⁸

2.3.1 Devolution

“ . . . The first type is autonomous lower-level units, such as provincial, district, local authorities that are legally constituted as separate governance bodies. The transfer of authorities to such units is often referred to as devolution and is the most common understanding of genuine decentralization. Through devolution, the central government relinquishes certain functions or creates new units of government that are outside its direct control. Federal states are by definition devolved, though the extent of legally defined and shared powers devolved by the federal government to lower level governmental units can be quite limited. Devolution in its purest form has certain fundamental characteristics. First, local units of government are autonomous, independent and clearly perceived as separate levels of government over which central authorities exercise little or no direct control. Second, the local governments have clear and legally recognized geographical boundaries within which they exercise authority and perform public functions. Third, local governments have corporate status and the power to secure resources to perform their functions. Fourth, devolution implies the need to "develop local governments as institutions" in the sense that they are perceived by local citizens as organizations providing services that satisfy their needs and as governmental units over which they have some influence. Finally, devolution is an arrangement in which there are reciprocal, mutually beneficial, and coordinate relationships between central and local governments.”

⁸ The following definitions in this sub-section are extracted from: UNDP, Decentralized Governance Programme: Strengthening Capacity for People-Centered Development, Management Development and Governance Division, Bureau for Development Policy, September 1997, pp. 5-6

2.3.2 Delegation

“ . . . The second type is semi-autonomous lower-level units, such as urban or regional development corporations to whom aspects of governance are delegated through legislation or under contract. This is a fairly common variant of decentralization that stops short of devolution, but involves significant delegation of authorities and responsibilities. Delegation refers to the transfer of government decision-making and administrative authority and/or responsibility for carefully spelled out tasks to institutions and organizations that are either under government indirect control or semi-independent. Most typically, delegation is by the central government to semi-autonomous organizations not wholly controlled by the government but legally accountable to it, such as state owned enterprises and urban or regional development corporations.”

2.3.3 Deconcentration

“ . . . The third type is sub-ordinate lower-level units or sub-units, such as regional, district or local offices of the central administration or service delivery organization. These units usually have delegated authority in policy, financial and administrative matters without any significant independent local inputs. This type of arrangement is most often referred to as deconcentration and involves very limited transfer of authority. It involves the transfer of authority for specific decision-making, financial and management functions by administrative means to different levels under the same jurisdictional authority of the central government. This is the least extensive type of administrative decentralization and the most common found in developing countries. General deconcentration occurs to the extent that a variety of tasks are deconcentrated to a horizontally integrated administrative system. Functional deconcentration occurs to the extent that specific tasks are deconcentrated to the field units of a particular ministry or agency.

Type of Unit to which Authority is transferred	Aspect of Governance transferred or shared			Generic name
	Political (policy or decision making)	Economic or financial resource management	Administration and service delivery	
Autonomous lower-level units	Devolution	Devolution	Devolution	Devolution
Semi-autonomous lower-level units	Delegation	Delegation	Delegation	Delegation
Sub-ordinate lower-level units or sub-units	Directing	Allocating	Tasking	Deconcentration
External (non-governmental) units at any level	Deregulation	Privatization	Contracting	Divestment

From: UNDP, Decentralized Governance Programme: Strengthening Capacity for People-Centered Development, Management Development and Governance Division, Bureau for Development Policy, September 1997, Annex #, Box 2, p. 33

2.3.4 Divestment/Privatization

“ . . . The fourth type refers to units external to the formal governmental structure (non-governmental or private), such as NGOs, corporations and companies. While sometimes included in discussions of decentralization, the nature of these transfers is not level-specific, i.e., transfers could occur at the same level, which is often the central one. These phenomena are best not treated as forms of decentralization, but of divestment. Divestment occurs when planning and administrative responsibility or other public functions are transferred from government to voluntary, private, or non-government institutions. In some cases, governments may transfer to "parallel organizations" such as national industrial and trade associations, professional or ecclesiastical organizations, political parties, or cooperatives - the right to license, regulate or supervise their members in performing functions that were previously controlled by the government. In other cases, governments may shift responsibility for producing goods or supplying services to private organizations, a process often called privatization.”

2.3.5 Some Observations from UNCDF

“ . . . Devolution: Local Government. This represents a stereotype (or 'ideal type') to which, in reality, no local government will ever fully correspond, even in Western liberal democracies, but which provides a useful framework for assessment and for comparison over time and between countries. Briefly, these features are: a democratically representative and autonomous political authority; a clear mandate to provide a range of significant services; body corporate status, with ability to sue, be sued, enter into contractual arrangements, hold a bank account and employ staff; control of or access to local executive and technical staff; access to adequate funds, control of its own budget and accounts and the ability to raise its own revenue; the ability to make and enforce local bylaws. These features are seen as key to a achieving efficient and locally accountable service provision and the related benefits of democratic governance.

“ . . . Deconcentration: local administrative committees. By contrast, an institution as a deconcentrated local administration is generally characterized as follows: an interdepartmental committee comprising line department heads, usually chaired and controlled by a generalist administrator (governor, prefect, district commissioner); a mandate to plan and coordinate the activities of the constituent departments; status as an administrative body, with no powers to sue, be sued, contract, hold a bank account, or employ staff --such functions are undertaken by either the chairperson or the respective line departments; access to development fun but with recurrent budgeting and expenditure undertaken by line departments; no powers to raise revenues or make and enforce local bylaws.”⁹

2.4 OTHER INTERPRETATIONS OF DECENTRALIZATION (UNDP)

2.4.1 Administrative Decentralization

Administrative decentralization is by far the most common and accepted form of decentralization, insofar as development is concerned (Cohen and Peterson, p. 19). The UNDP

⁹ UNCDF, Taking Risks: Background Papers, September, 1999, p. 168

“forms” of decentralization noted above are based on established definitions of administrative decentralization, and the following definition is applied.

“. . . the transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies to field, units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, area-wide regional or functional authorities, or non-governmental private or voluntary organizations.”¹⁰

“. . . governments in developing countries have attempted to implement a variety of administrative decentralization policies . . . These have ranged from those that are more comprehensive in scope and designed to transfer development planning and management responsibilities to local units of government. Others have been more narrowly conceived, deconcentrating or reallocating administrative tasks among the units of central government. But on an unprecedented scale, central governments are allocating more substantial portions of the national budget to local authorities, more administrative authority, more economic responsibility and more political autonomy.”¹¹

2.4.2 Fiscal or Financial Management Decentralization

“. . . The establishment of effective and transparent financial management is at the core of any effort to reform the public sector. . . . To be genuinely supportive of a decentralization process, the basic characteristics of a system for decentralized financial management should include: (a) transparency of allocation (b) predictability of the amounts available to local institutions and (c) local autonomy of decision making on resource utilization. In contrast with the widespread practice of ad hoc grants driven by politics, the allocation of resources should be based on transparent formulas. Also, unlike the typical unpredictability of most central-to-local transfer mechanisms prevailing in developing countries, the process should provide local institutions with an up-front indication of how much money will be available in the next multi-year planning cycle. This makes local strategic planning possible and provides a financial ceiling that makes such planning a meaningful exercise and an opportunity for local communities to take autonomous decisions on the use of limited resources.”¹²

2.4.3 Political or Democratic Decentralization

“. . . Not only has the over-concentration of business and political power been a problem in holding back worldwide economic development, it has also helped foster corruption and dictatorship. A century ago, the British political commentator Lord Acton noted that power corrupts, absolute power corrupts absolutely. This maxim has been demonstrated all too frequently. Indeed, much of the recent emphasis placed on the strengthening of local governance

¹⁰ Rondinelli, D., and Nellis, J., “Assessing Decentralization Policies: A Case for Cautious Optimism”, Development Policy Review IV, 1 (1986), p. 5

¹¹ UNDP, Decentralized Governance Programme: Strengthening Capacity for People-Centered Development, Management Development and Governance Division, Bureau for Development Policy, September 1997, p. 5

¹² United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 48

has been motivated by a desire to break the grip of sometimes quite corrupt national bureaucracies on the development process. Indeed, in many cases, the single most important rationale for the strengthening of systems of local governance is the need to disperse the monopolization of power that is held by many national governments. . . . It is critically important to ensure the existence of a system of multiple checks and balances on the exercise of political power. In that respect, the single most important form of checks and balances in any society is the dispersal, or fragmentation, of political power. Without question, the creation of strong regional and local governments is critical to that development.”¹³

“ . . . democratic decentralization, involving the transfer of administrative, fiscal, and political power, is necessary for decentralization to be successful and for sustainability to be a reality. Democratic decentralization is significantly strengthened when mechanisms are created at the local level to facilitate the local level planning process, linking government staff to civil society. Such partnership often necessitates a change in the mind-set of its members as well as resources devoted to strengthening the capacities and skills necessary for effective facilitation of such processes.”¹⁴

“ . . . Decentralization is an integral part of the logic of democratization – the power of a people to determine their own form of government, representation, policies and services. In designing decentralization strategies it is important to ensure adequate processes of accountability, transparency and responsiveness by all societal actors.”¹⁵

2.4.4 Services Delivery Decentralization

“ . . . Community services include many different kinds of activities. Some involve collective goods produced by local government such as water provisions, wastewater disposal and creating and maintaining streets and parks. Other services involve individual benefits, for example education and social welfare. A third group involves infrastructure development and includes mapping and land surveying, constructing public buildings, environment and health protection. Finally, there are those services that involve protecting the citizens legal security and the exercise of public authority and police power.”¹⁶

“ . . . In many countries, certain activities such as social services, education, planning and building permits, environmental health, street cleaning, emergency and rescue services have been traditionally organized via sectorial committees according to law. More recently new approaches have been experimented with. These include geographically decentralized and purchaser-provider models. Increasingly, today one finds all these different principles for the

¹³ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 11

¹⁴ Experiences from India, extracted from UNDP, Draft Report on Global Workshop on UNDP/MIT Decentralized Governance Research Project, Amman, Jordan, June 14 - 16, 1998, p. 3

¹⁵ UNDP, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centred Development, Management Development and Governance Division, February 1998, p. 1

¹⁶ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 26

organization of local government used jointly in new combinations in order to achieve solutions tailored to the needs in each city/authority.”¹⁷

2.4.5 Decentralization of Participatory Mechanisms and Citizen Feed-Back Systems

“ . . . This approach builds upon the growing trend towards quality control of public service production through citizen and customer participation. Above all, it includes systematic and decentralized citizen quality feedback systems, and in some cases explicit service obligations by the administration towards citizens within the framework of a citizens' charter, focused upon issues such as timeliness, accessibility and continuity of services. Moreover, by abandoning administration by rule in favor of results-oriented steering one will create organizational space will be created for autonomous action by units at local level. Such an approach can, however, lead to the centrifugal segmentation of the administrative system unless monitoring is developed as a medium for collective observation, learning and self-steering.”¹⁸

3.0 SOME MAJOR CHARACTERISTICS OF DECENTRALIZATION (UNDP)

3.1 DECENTRALIZATION AS A TREND

“ . . . A large number of developing and transitional countries have embarked on some form of decentralization programmes. This trend is coupled with a growing interest in the role of civil society and the private sector as partners to governments in seeking new ways of service delivery. The practice of decentralization has so far produced cases of both success and failure. In many instances, the slow pace of implementation and organization of decentralization reforms have frustrated the promise of increased efficiency, of more effective popular participation and greater private sector contributions. Innovative approaches and further analysis of concepts and experiences, are therefore necessary to understand fully the potential outcomes of different local government systems in public service delivery and in private sector development.”¹⁹

“ . . . The movement to decentralization and the enhancement of local self-governance capacity is not just seen in the public sector. Indeed, in the private sector, the general development tendency which has most affected the organization of work in recent decades is also decentralization. Management by Results (MbR) as a management philosophy is a natural consequence of the decentralization of an organization, which in turn leads to a clear focus on unit results. Responsibility for results means that some definite objectives are to be achieved within a given financial frame or that payment is made according to actual performance.”²⁰

¹⁷ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 41

¹⁸ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 44

¹⁹ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 7

²⁰ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 6

“ . . . Decentralization of governance and the strengthening of local governing capacity is in part also a function of broader societal trends. These include, for example, the growing distrust of government generally, the spectacular demise of some of the most centralized regimes in the world (especially the Soviet Union) and the emerging separatist demands that seem to routinely pop up in one or another part of the world. The movement toward local accountability and greater control over one's destiny is, however, not solely the result of the negative attitude towards central government. Rather, these developments, as we have already noted, are principally being driven by a strong desire for greater participation of citizens and private sector organizations in governance.”²¹

3.2 DECENTRALIZATION AS A PROCESS

“ . . . In the process of decentralization: that is to say, the redefinition of structures, procedures and practices of governance to be closer to the citizenry the importance of a general sensitization of the public and a heightened awareness of costs and benefits, especially for direct stakeholders, both at the central and local levels, has to be emphasized. The process of decentralization should be understood from such a perspective, instead of being seen in the oversimplistic, and ultimately inaccurate, terms of a movement of power from the central to the local government. The reality is that government capacity is not a simple zero sum game. In fact, experience shows that strengthening local government inevitably produces enhanced capacity at the center as well.”²²

“ . . . decentralization should not be considered as a process, but a way of life and a state of mind based on the principles of freedom, respect and participation. Above all, it is trusting and recognizing that people are capable of managing their affairs. . . . the need to close the gaps and differences between all levels of governance through interaction and sharing . . . decentralization as consisting of interlocking rings of responsibilities from the center to the community. Decentralization should not be imposed, but that people should be exposed to it, thereby honoring their intelligence and respecting their independence.”²³

3.3 DECENTRALIZATION AS A COUNTERPOINT TO GLOBALIZATION

“ . . . Decentralization is a counterpoint to globalization. Globalization often removes decisions from the local and national stage to the global sphere of multi-national or non-national interests. Decentralization on the other hand brings decision-making back to the sub-national and local levels. In designing decentralization strategies it is necessary to view the interrelations of these various dimensions – global, regional, national, sub-national, local. In this regard, the role

²¹ United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 12

²² United Nations (DDSMS and UNDP), Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance, Gothenburg, Sweden, 23-27 September 1996, ref St/Tcd/Ser.E/46, p. 7

²³ Quote from the Prime Minister of Jordan, contained in: UNDP, Draft Report on Global Workshop on UNDP/MIT Decentralized Governance Research Project, Amman, Jordan, June 14 - 16, 1998, P. 1

of the nation-state gains increased importance as a mediating force between the forces of globalization and localization.”²⁴

3.4 DECENTRALIZATION AS A MIX OF FOUR DIMENSIONS

“... Decentralization involves four dimensions – the collective/exterior, the collective/interior, the individual/exterior and the individual/interior. The collective/exterior has to do with the institutional and legal forms and procedures. The collective/interior deals with the societal culture – the set of values and assumptions which are often unspoken or unacknowledged but nevertheless play a powerful role in human relationships. The individual/exterior dimension has to do with the observable behavior of individuals within the various societal institutions, whether government, private sector or civil society. The dimension of the individual/interior deals with the mindset, world view, mental models, emotions and intuitions of individuals within institutions. Effective decentralized governance planning must be based on an analysis of these four dimension .”²⁵

3.5 DECENTRALIZATION AS A HOLISTIC AND SYSTEMS APPROACH

“... The holistic nature of the people-centered approach is based on recognition of the fact that people do not think of their well-being or development in terms of sectors, levels or spheres, or domains, but deal with the whole of their reality. The holistic approach is thus made operational by taking a whole systems perspective, including levels, spheres, sectors and functions and seeing the community level as the entry point at which holistic definitions of development goals are most likely to emerge from the people themselves and where it is most practical to support them. It involves seeing multi-level frameworks and continuous, synergistic processes of interaction and iteration of cycles as critical for achieving wholeness in a decentralized system and for sustaining its development.”²⁶

3.6 COMPREHENSIVE AND LIMITED DECENTRALIZATION

“... Decentralization initiatives can generally be classified into two basic types. The first type have often been unworkably comprehensive, overwhelming technical capacity at both the central and local level, and too heavily threatening bureaucratic and political tolerance at the center. The second type of decentralization effort has focused on very specific, limited (often technical), rigidly defined activities that are not developed as a rational part of a broader decentralization and intergovernmental fiscal reform agenda." An example of this latter type of effort would be a program designed exclusively to reform local government budgeting or accounting procedures. While such reforms are often critical to support broader decentralization goals and may occasionally serve as a catalyst for decentralization, rarely can they take a system

²⁴ UNDP, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centred Development, Management Development and Governance Division, February 1998, p. 1

²⁵ UNDP, Factors to Consider in Designing Decentralized Governance Policies and Programmes to Achieve Sustainable People-Centred Development, Management Development and Governance Division, February 1998, p. 1

²⁶ UNDP, The Global Research Framework Of The Decentralized Governance Programme, New York, May 1997, p. 7

very far on their own. ... Neither type of reform--the highly comprehensive or the highly limited--takes into adequate account the wider scope of institutional bottlenecks discussed above that make institutional change so difficult in developing countries. To make matters worse, many of these initiatives have been placed under the leadership of a single central agency that is perceived as a rival by other agencies whose cooperation is required for successful decentralization.”²⁷

“... there is no simple one-dimensional, quantifiable index of the degree of decentralization in a given country. Similarly, the devolution and deconcentration distinction is too blunt to be helpful -- almost every country exhibits some sort of mix at each level. Attempting to measure degrees of national ‘political commitment’ to decentralization is inherently subjective and misses both the formal institutional setup and the policy differences within government. ... Assessment of the national policy and institutional context should be made in formal and informal terms and should capture the constitutional structure of the state at different levels and political interest or commitment to decentralizing power and control of resources within these structures.”²⁸

3.7 DECENTRALIZATION AND THE LOCAL APPROACH TO PROGRAMMING

“... The second aspect of the *local* approach to programming is that it embodies decentralization of programme responsibilities to local representative government (provincial, district, etc.) and community bodies. There is a two-fold rationale for this:

Support to decentralization. There is now ample evidence that the responsibilities for the provision of basic infrastructure must be delegated to the local level in order to better ensure efficiency and sustainability, i.e.: (i) that what is provided is really what is needed, and (ii) that it is managed and maintained in the long run.

Support to local governance. By delegating these responsibilities it is possible (i) to effect capacity strengthening *in action* by coupling technical assistance to local institutions with real resource management responsibilities, and thus (ii) to enhance the legitimacy of representative local government bodies and community institutions and the interaction between them.”²⁹

²⁷ UNDP, Beyond Normative Models and Donor Trends: Strategic Design and Implementation of Fiscal Decentralization in Developing Countries, Internal working draft, prepared for the Management Development and Governance Division, by Paul Smoke, International Development and Regional Planning Program, Department of Urban Studies and Planning, Massachusetts Institute of Technology, 10-404, 77 Massachusetts Avenue, Cambridge, MA 02139 USA, April 1999, pp. 14-15

²⁸ UNCDF, Taking Risks: Background Papers, September, 1999, p. 167

²⁹ UNCDF, Poverty Reduction, Participation & Local Governance: The Role for UNCDF, UNCDF Policy Series: Vol. I, August 1995, p. 11