



Economic Commission
for Africa

Popular Participation & Decentralization in Africa



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Acronyms

KLDA	Karen and Langata Development Association
CBOs	Citizen Based Organizations
CPA	Comprehensive Peace Agreement
CSOs	Civil Society Organizations
GDP	Gross Domestic Product
GFS	Government Finance Statistics
KLDA	Karen and Langata Development Association
MDGs	Millennium Development Goals
NGOs	Non-Governmental Organizations
PTAs	Parents and Teachers Associations
UNECA	United Nations Economic Commission for Africa
UPE	Universal Primary Education
WDR	World Development Report
WWII	World War II

I. Introduction: Purpose and Scope

1. At the end of World War II, all but three African nations (Ethiopia, Liberia and South Africa) were ruled by some European State. Then the independence movement began: first in North Africa with Libya (1951), and over the next five years, Egypt, the Sudan, Tunisia and Morocco. The Sub-Saharan States soon followed, beginning with Ghana (1957) and, by 1990, 42 other countries. Being newly independent and largely poor, the thinking was that if a country could come up with a national plan for generating and investing a sufficient amount of funds in a manner consistent with macro stability, then that country would have met the pre-conditions for development. It would be a “State” (central government) — led process whereby “the flexibility to implement policies by technocrats was accorded price-of-place and accountability through checks and balances was regarded as an encumbrance” (World Bank, WDR, 1997). It was not an unreasonable strategy: national governments populated by good advisers and with external technical and financial assistance would put the country on the sure path to growth and development.

2. There was some progress in terms of indicators such as infant mortality rates, life expectancy, and adult literacy. There have also been many failures, and not just about the ability to achieve sustained growth and development. The failures have also been about environmental deterioration, loss of civil liberties, corruption and a poor record of delivering local public good and services—clean water, sanitation, education, health, housing, roads, and basic social services and safety nets.

3. By the mid-1980s, these failures in service delivery and the discouraging story regarding the pace of development led to a fundamental re-thinking on the part of African civil society leaders, non-governmental organizations (NGOs), and some governments as to the merits of a strategy that was so national government focused. In response to this re-thinking, the United Nations Economic Commission for Africa (UNECA) organized the third in a series of international conferences on the topic of African economic recovery. Reflecting the theme that the structure of governance “matters” with respect to African economic development, the *International Conference on Popular Participation in the Recovery and Development Process* was convened in February 1990 in Arusha, Tanzania to deliberate the relationship between development policy, popular participation

and decentralization of the State, (that is, the intergovernmental sorting out of roles, responsibilities, and authority among different levels of government).

4. Recognizing that with any large region -- and, in the case of the African continent which has the most number of nation States in the world (53 UNECA member States) and a plethora of inter-as well as intra-state regions — any statements about “Africa” must be made with both care and caveats. The participants at the Arusha Conference issued the *African Charter for Popular Participation in Development and Transformation (Arusha Declaration)*, which characterizes Africa as having an “over-centralization of power and impediments to the effective participation of the overwhelming majority [in decisions regarding] social political and economic development” and calls for “the full and effective participation of the people in charting their development policies, programmes, and processes” In short, decentralization and participation (*African Charter*, 1990, Para. 5 & 8) become fundamental to the way forward.

5. The “over centralization” that is in large part due to Africa’s colonial past is a deeply ingrained--imposed, but nevertheless ingrained -- tradition of central government authoritarianism. This legacy is most pronounced in francophone countries, a bit less so in Anglophone societies and with North Africa somewhere between the French and British models (Ndegwa, 2002);¹

6. Nevertheless, beginning in the mid-1990s, there has been a “discernable” movement toward decentralization though even in places where it is taking hold it is “in need of deepening” (Ndegwa, 2002,1; Letiaef, et. al, 28-30). Ngedwa’s 2002 research on sub-sub-Saharan Africa (2002) concludes that only Madagascar, Uganda, Ethiopia and Eritrea can be said to have diverged from the pattern essentially founded upon colonial administrative systems. The report on *Decentralization and Local Democracy in the World* by the United Cities and Local Governments Group and the World Bank (Letiaef, et al 2008) adds Burkina Faso, Senegal, South Africa and Tunisia to the list.² Presentations to the United Nations Economic Commission for Africa at its September 2010 *Ad Hoc* Expert Group meeting (UNECA, 2010) adds Mozambique and Kenya. `Plus, the Sudanese *Comprehensive Peace Agreement* (January 2005) gives Sudan two options with a decision to be made by a January 2011 referendum for the citizens of Southern Sudan: Sudan as either a working confederation, or Southern

¹ The British and French were the dominant, but not the only colonial powers. Belgium, the Netherlands, Italy, Germany, Portugal and Spain were also in the game.

² For a thorough analysis of South Africa, see Bahl and Smoke (2003).

the Sudan as an independent decentralized state. Indeed, change is still occurring in nation building in Africa.

7. Whether or not decentralization “works” is very important: achievement of the Millennium Development Goals (MDGs) - the gains that can be made to improve the lives of the poor by 2015 - depends largely on integrity, efficiency, and sustainability of decentralized governance. Nearly every one of the MDGs entails some element of local service delivery.³ The challenge is that decentralization can be done well or badly. Done well, it can lead to the benefits promised by a well-functioning State and local system: better services (for example, girls’ education, clean water, local transportation, and garbage collection); national cohesion; and the creation of a potentially powerful tool for poverty alleviation. If decentralization is done badly, it can lead to a macroeconomic mess, corruption, and collapse of safety nets - the same things that many big central governments have delivered.

8. Similarly, how participation is freely expressed and allowed to evolve matters. In contrast to western models which tend to stress individualism, African societies attach more importance to the community and, thus, community approaches to finding solutions for reconciling diversity and building solidarity (UNECA, *African Perspectives*, p, 9). Thus, in the early years of post-colonial nation building, participation tended to be viewed as a tool for contributing to and supporting a national development agenda as a break-away-from colonialism strategy rather than as a vehicle for holding public officials accountable for their actions. For a region that often had their populations treated as ‘vassels’ and, exploited as agents of violence for the Cold War powers, the “communitarian” focus on nationhood was surely understandable (UNECA, 1999,7-8).

9. Then, in the 1990s the participation paradigm shifted. With the demise of the Cold War, throughout Africa, people became aware of citizenship rights and obligations. They had become better educated, and informed, were worried about the existing socio-economic and political conditions, and wanted to participate in public affairs. However, they were constrained by the existing structures of governance. Moreover, following the collapse of the communist model of development and the resulting disillusionment with authoritarian socialism, there emerged an African wave

³ Those are: (1) eradicate extreme poverty and hunger; (2) achieve universal primary education; (3) promote general equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat diseases; (7) ensure environmental sustainability; and (8) develop a global partnership for development United Nations Millennium Declaration (September 2000; September 2010).

of re-thinking what development entailed and how it could be promoted, sustained and consolidated in a land characterized by an amazing diversity of peoples. (UN-ECA, Perspectives, 1999, p 10).

10. Reflecting this shift, the delegates in Arusha declared that “Africa has no alternative but to empower its people “urgently and immediately” and that failure to do so would cause Africa to “become further marginalized in world affairs, both geo-politically and economically”. (African Charter, para.7). In a useful metaphor, Latif (2010) points to the promised outcomes of a well-designed system of decentralization as the “skeleton” supporting change, whereas participation is “what gives life and sustainability” to this system of collective decision-making. This shift in focus — or, better said, enhancement—of communitarianism was at the core of the Arusha Declaration, which gave content to the reinforcing, forces of decentralization and popular participation, embedded in the twin concepts of “public” and “social” accountability.

11. Public accountability (“supply-side”) mechanisms exist to safeguard against the abuse of government authority and power—that is, mechanisms that ensure that governments are accountable (McNeil and Malena, 2010, p. 5). Public accountability includes the ability of government agencies (horizontal accountability) and citizens (vertical accountability) to hold institutions responsible and answerable for taxing and spending process, outputs and outcomes. The mechanisms may be constitutional or statutory (e.g., separation of powers, party systems, conditionalities of new arrangements for “power sharing” among types of governments); fiscal (e.g., planning, budgeting, reporting, internal control, and external audit), administrative (e.g., civil service, procurement reforms, codes of conduct, and reporting systems such as comprehensive annual financial reports); and political (e.g., legislative oversight of the executive, integrity of election systems, special instrumentalities; commissions such as anti-corruption commissions, and referendum and recall).

12. Social accountability (“demand side”) refers to the role of civil society (citizens acting individually and collectively) to create *and participate in* organizational and institutional arrangements such that they can understand and control *their* government(s) - that is, hold government accountable. As with public accountability, social accountability tools may be legal (requirements for public hearings, election of citizen oversight commissions, open meeting rules), fiscal (e.g., participatory planning and budgeting, expenditure tracking, independent budget analysis), administrative (e.g., civil service

and procurement reforms, informational campaigns) and/or political (civic awareness programmes and citizen-initiated recall and referendum).

13. The task for this report is to provide a systematic look at the paradigm that links the reinforcing forces of *decentralization* (Section II) and *participation* (Section III). Section II begins by addressing several questions: What does one mean by *decentralization*? Why is it occurring not only in Africa, but also globally? Does it make a difference for a society to decentralize? And, if it does make a difference, why does popular participation matter? The discussion then proceeds to Section III, which first takes one into the labyrinth of how participation serves as the platform for broader discussions of accountability mechanisms, including the role of traditional authorities, and then proceeds to lay out the nature and importance of accountability organizations and institutions to the successful implementation of decentralized governance. To return to the Latif metaphor, the section is designed to give life to the “skeleton” of decentralized governance. Concluding comments are presented in Section IV.

II. Decentralization of the State

14. Wherever one looks, some kind of decentralization is taking place or, at least, being discussed. But, what does it mean, why is it going on, and what do we know about its results? A variety of definitions, rationales and arrangements are, and can be, encompassed under the very imprecise and awkward term of “decentralization”; thus at the outset, it is important to repeat that this is all about the sorting out of *intergovernmental* - central and local - roles, responsibilities, and authorities among central and local governments.⁴ This said, confusion still prevails about the term “decentralization” since it can, and does mean different things to different people. Accordingly, this discussion begins with a brief review of some of the conventionally presented definitions, before moving to further questions such as “why decentralize?” and what do we know about the results.

15. Two closely related forms of “decentralization” will be distinguished -- Political and Fiscal.⁵

Political Decentralization

16. Most practitioners take it as axiomatic that the decision-to-decentralize is political, and that political decentralization refers to arrangements whereby the legal legitimacy of local government is recognized either through explicit recognition in the national constitution and/or statutory and administrative decisions. Outcomes that are typical of such “top-down” decentralization (the central government establishes the sub-national governments and which is to date the model for most if not all African countries) may include laws on (a) the establishment of local governments; (b) elections; (c) spending responsibilities or “competencies” among types of governments; (d) tax authority; (e) borrowing and debt issuance; and (f) treatment of special governments such as capital

⁴ The term “local” as used here as well as in other framework discussions encompasses: (a) general purpose governments (municipalities, communes, municipios, settlements, rayons, cities, villages, districts, mayoralties, union councils ...); (b) governments that are *intermediate* or *middle tier* (provinces, governorates, counties, wilaya, oblasts, woreda, and kebele; and (c) special purpose or joint service governments -- “authorities” that may be established to provide special (sectoral) services: water and transportation, schooling, street lighting, and in some places, even a special authority for activities such as mosquito and rodent control. Such special districts may overlap general purpose governments or even national boundaries.

⁵ These are not the only possible classifications. Others include judicial, regulatory, and economic (Marcou, 2008).

cities (Slack and Chattopadhyay, 2010). To illustrate by drawing upon presentations made at the UNECA September 2010 Addis Ababa Consultation Meeting of civil society organizations (CSOs).

17. Mozambique: enshrines its framework for political decentralization in its constitution (Chapter XIV), which is complemented by several specialized laws including those on elections, the pace of decentralization for cities and urban towns, intergovernmental relations and budgeting, borrowing and debt. There is also an Act relating to citizen participation and oversight (e.g., laws establishing Institutions for Participation and Community Consultation (Siteo, 2010).

18. South Africa: The Parliament has established legislative acts on the (a) Intergovernmental Framework System; (b) Municipal Systems; (c) Municipal Structures; (d) Municipal Financial Management; and (e) Division of Revenues. The three spheres of government, central, provincial and local, are seen as equal, distinctive, interdependent and interrelated and, thus, with concurrent powers (e.g., housing and health services) as well as sole-service providing role (e.g., municipal parks and recreation as the sole responsibility of local government (Claasen, 2010).

19. Ethiopia: The current constitution, ratified in 1995, established a federal structure based on nine ethnic regional states. The constitution is permissive regarding the ability of the States to form regional governments as well as provides a series of Articles relating to the federal, state, and federal/state concurrent powers for spending and taxation (Dirr, 2010). As is typical, many decentralized societies, developing and developed alike, have followed an asymmetric pace of decentralization with some regions decentralizing more rapidly than others (Yilmaz and Venugopal, 2008).⁶

20. Ghana: The Fourth Republican Constitution of 1993 provided the rationale for decentralization proceeds to identify five attributes of decentralization: (a) as transfer of functions, power, responsibilities and resources from the centre to local governments; (b) measures to build capacity of local authorities to be able to plan, initiate, coordinate, manage and execute policies; (c) establishment of a sound financial base with adequate and reliable sources of revenue; (d) control of persons in the service of a local

⁶ An asymmetrical process is one in which the various constituent units of government obtain different levels of self-governing authority through bilateral constitutional agreements with the centre or through a generalized constitutional provision that allows constituent political communities undertake self-governing autonomy at variable speeds according to their preference and capabilities (Kincaid, 2005).

government by the local government; and (e) creation of opportunities for people to participate effectively in governance to insure the accountability of local authorities. To date, Parliament has enacted 11 specific statutory provisions to further define the legal structure of Ghanaian central-local relations (Ofei-Aboagye, 2010).

21. Kenya: Promulgation of its new constitution on 27 August 2010 supplanted a previous arrangement whereby the constitution did not provide for decentralized government; thus, although Local Authorities (LAs) and other entities such as Districts and line ministries did exist, they were controlled by Central Governments through the Ministry of Local Government. However, the new constitution includes a chapter entitled *Devolved Governments* that, *inter alia*, provides for a total of 47 County Governments. How these Counties will be organized and what responsibilities and authorities will be assigned/permitted, will be determined by statute. Under the new dispensation, a number of services are assigned to the counties. It is planned that local Assemblies will pass laws and oversee the way the County is governed and that a County Executive Committee headed by a governor will develop policy to implement laws, and prepare and execute the budget.

22. Kenya: is also a case where some forms of citizen participation preceded broader decentralization and legal reforms, thus giving its new constitution a degree of “bottom up” politics. For example, since 2007, there has been a Budget Day during which the Chairperson of a local council (Local Authority, LA) reads the budget in a statement that contains a review of the current budget year. Kenya has also had recent cases where associations are pushing (the now centrally controlled) LAs to either respond to their needs or be taken to court. Thus, the Karen and Langata Development Association (K LDA) recently took the City Council of Nairobi to court asking to be allowed to not pay fees to Nairobi due to the lack of service delivery and accountability (Mitullah, 2010).

23. Sudan: *The Comprehensive Peace Agreement* (CPA, 2005), which, for the present, serves as the interim national constitution, is very explicit: “There shall be a decentralized system of governance with significant devolution of powers with regard to the National, Southern Sudan, and State and Local levels of government (Chapter III, II. 1.5.1.1)”. Topics addressed range from the assignment of expenditure and revenues to provisions for permitting the establishment of both Sharia and conventional banking systems and the sharing of petroleum revenues.

Fiscal Decentralization

24. Fiscal Decentralization is a broad term encompassing distinct intergovernmental arrangements. Devolution is the most complete form of fiscal decentralization: independently established subnational governments are given the responsibility for the delivery of a set of public services along with the authority to impose taxes and fees to finance the services. Devolved governments have considerable “own” flexibility to select the mix and level of services. Some financial support (e.g., transfers such as revenue sharing and explicit central- local grants) may be provided.

25. There are five fundamental questions to be addressed with a devolved system (Bird, 1993):⁷.

- Which type of government does what (expenditure assignment)?
- Who levies which revenues (revenue assignment)?
- How can vertical and horizontal fiscal imbalances be resolved when the case for decentralizing spending is almost always greater than that for decentralizing revenues (a role for intergovernmental transfers)?
- How is the timing of revenues addressed (debt and the hard budget constraint)?
- What institutional framework (i.e., capacity, organizational, institutional, and human) is required to deal with the implementation challenges of decentralizing States?

26. In principle, devolution will increase the efficiency of how a society will tax itself to deliver collective services since, through effective participation, it not only allows citizens through their local governments to express their preferences on the mix and level of those local public services (divergences in demand for local public goods and services), but also account for divergences across local jurisdictions in the cost of supplying local goods and services.⁸ That is, an intergovernmental government system that reflects local participatory

⁷ There is robust literature on the scope and content and comparative set studies of these five questions, including Yatta and Vaillancourt (2010), which provide an up-to-date overview of intergovernmental financial arrangements in African countries); Boadway and Shah (2009, text of principles and practice worldwide; Ahmad) and Brosio (2006), handbook of essays on each of the five fundamental questions and written for a broad audience); Martinez-Vazquez and Alm (2003) fiscal policy in developing and transition countries); Smoke (2003), decentralization challenges and myths in Africa; Bahl (2002), on how to design a fiscal decentralization programme); Bird, Ebel, and Wallich (1995), decentralization of the socialist State); Bahl and Linn (1992), urban public finance in developing countries, and Wunsch, (1990) failure of the central State in Africa.

⁸ Oates, Wallace E., “On the Welfare Gains from Fiscal Decentralization,” *Journal of Public Finance and Public Choice*, 1997. This is the “Decentralization Theorem” as widely cited in the public finance literature. The same concepts are

decision-making will result in a “better” (more efficient) utilization of limited resources than will decisions made by a bureaucrat in some distant capital. Efficiency gains from decentralization may be particularly significant in countries characterized, as is Africa, with a high degree of economic, demographic and geographic diversity.

27. Deconcentration, which may be also referred to as “administrative decentralization”, is a term that is used to refer to the process of geographically dispersing of decentralizing of central ministries to local jurisdictions. Deconcentration with authority means that regional branches of central offices or the agent governments are created, with some ability to make independent decisions, usually within central guidelines (e.g., Egypt, see Amin and Ebel, 2006). Deconcentration without authority occurs when regional offices are created with no independent capacity from the centre. Local government is likely to have little to say regarding the scope or quality of local services and the manner in which they are provided.

28. Delegation can be thought of as an intermediate arrangement devolution and deconcentration. Subnational governments (not branches of central government) are mandated the responsibility for delivering certain services, but are subject to some supervision by the central government.⁹ In essence, the local authority acts as a principal agent for the centre; and is, or ought to be, compensated by the centre for carrying out its agency function. Delegation may also lead to improved efficiency when sub national governments can better administer programmes of national interest (such as certain aspects of education, water and health) in ways that better reflect local economic, social and financial circumstances. Under these arrangements the centre, or in some cases the higher intermediate (provincial) government, determines how much should be spent in these areas. The centre/higher level of government may also set minimum or standard levels of service. However, in either case, the detailed decisions for service delivery re-

embedded in the European Charter of Local Self-Government’s principle of “*Subsidiarity*”. Council of Europe, *European Treaty Series No. 122, 15, X, Strasbourg, France, 1985*.

⁹ Japan provides one of the best examples. Emerging from WWII and facing wide disparities in local government damage, wealth and capacity to deliver services, Japan quickly determined that the centre had to take a «top-down» lead on decentralization. Designed as a way to balance the deconcentration and devolution models, Japan formulated a system of delegation whereby the central government formulated policy, then delegated its implementation to Prefecture governors, municipal mayors and administrative committees. Under the 1947 Local Autonomy Law a system of *Kikan Inin Jimu* (agency-delegated-functions) was created whereby 561 governmental tasks were delegated to subnational units. This permitted the centre to keep control of design and standards while at the same time accommodating the need for decentralization in the sense that it allowed local governments to have a say in the nature of the delivery of specific services. A topic of much debate, as the Japanese economy recovered from WWI, the agency-delegation was abolished in 2000 and replaced by a pared down system, the legally delegated functions” system (Muramatsu, Iqbal and Kume, 2001).

main local. The design of intergovernmental fiscal transfers and the degree and nature of central monitoring will influence the balance of central and local decision-making in such delegated areas of responsibility.

29. All intergovernmental systems are likely to have some elements of each of these variants. Moreover, in most countries, decentralization, whatever form it may take, need not, and, indeed, usually does not, occur evenly. For example nearly all decentralized systems exhibit some degree of *asymmetry* in countries that can said to be “fragmented” in one or more ways with groups of citizens who are distinct due to their ethnicity, tribal traditions, religion, language, race, and, or the happenstance of geography (Bird and Ebel, 2007). While such asymmetry is often most obvious in formally federal countries (Canada/Quebec; Spain/ autonomous regions; Switzerland/language and the “magic formula” for electoral politics; Bosnia & Herzegovina/a post-conflict confederation; Ethiopia/Special Woredas and special treatment for urban vs. agricultural communities; Sudan/”north” and “south”), it also exists almost everywhere, including unitary states (e.g., Mozambique/ the phasing in of self-governance by cities and district towns). Indeed the list of asymmetrically decentralized nation states is very, very long; and whereas it often works to provide for national cohesion; sometimes it most dramatically does not (e.g., Apartheid South Africa).

Why Decentralize? The Theory and Why Participation Matters

30. Up to now, this paper as proceeded on the presumption that a well-designed, well-functioning decentralization of the public sector is the “right” public sector reform strategy. But, is it? What do we know about the performance of countries that have undertaken a strategy of such reform in their intergovernmental systems? As noted above, outcomes can be both good and bad (Ebel and Yilmaz, 2003; Tanzi, 1996; Purd’homme, 1995). And, too, though there is a solid theoretical foundation for “why decentralize”, there is not as yet a robust a body of empirical knowledge on decentralization outcomes as one would like although even on that matter the situation is improving.

31. Nevertheless, there is little question that decentralization matters. Indeed, in a rather dramatic conclusion in the World Development Report (WDR) on *Entering the 21st Century*, the World Bank concludes that two forces now shape development policy: *globalization* (the continuing integration of the countries of the world) and *localization* (self-determination and the devolution of power among governments within the

Nation-State). Moreover these two trends are understood to not be contradictory but, rather reinforcing as globalization requires central governments to seek agreements with partners—not only other national governments and international and supranational institutions, but also with local communities and civil society organizations. Localization requires central governments to make arrangements, legal, political, and financial, with regions and sub national institutions on issues of the delivery of public services and for mobilizing a new range and set of revenue sources to pay for those services. “Governance” is now about central-local intergovernmental relationships and the accountability mechanisms that accompany those relationships (WDR, 2000).

32. With respect to the role of participation, the WDR further notes that (a) “plural politics and broad based popular participation” are rapidly becoming features of modern governance: the proportion of counties with some form of democratic participation rose from 28 per cent in 1974 to 61 per cent by the end of the 1990s; and (b) ”participatory politics by giving more voice to people will hasten decentralization...a trend that will most likely be felt in large countries with marked ethnic divisions and deeply rooted local identities.” (WDR, 2000, 43-45).

Why are so Many Countries Centralized?

33. While the World Bank argues that this is the century of localization -- the devolution variant decentralization discussed above -- many countries can still be categorized as what the *Arusha Declaration* characterizes as “over centralized”. This is particularly true not only for most of Africa, but also many countries of the former Soviet Union. Why? Four reasons may be cited:

- The first and arguably most important of the reasons is the persistence of old methods. Thus, in some “transition” countries of Central and Eastern Europe and Central Asia, the command and control of Soviet communism linger on, with the Central Asian Republics (e.g., Uzbekistan, Tajikistan, Turkmenistan) being prime examples. In the Middle East, political authoritarian control may be maintained by a well- organized political oligarchy (Saudi Arabia, Egypt); and, as cited above, Africa has its colonial legacy which was clearly and specifically intended to undermine local participation and control with respect to traditional and non-traditional communities with common interest.¹⁰

¹⁰ There is a corollary to this first reason, which is that in some countries terms such as “decentralization,” “federalism”

- Second, in countries that are less economically diversified and therefore, more "exposed" to international fluctuations in international commodity processes, natural disasters, wars, debt burden costs, and chronic inflation, central government control of the main tax and borrowing instruments often serves as an argument against extensive decentralization (Tanzi, 1966).
- Third, if a nation's decentralization strategy is poorly structured and/or implemented either by default or by design, even if initially well-designed "on paper" but is not then accompanied by a political commitment to give the system time to mature and to become capable, there is almost certain to be a central "claw-back" of political authority and of the tools of tax and spending. Bahl (1999) notes, one of the keys to successful fiscal decentralization is that central governments must keep the fiscal decentralization rules that they make. However, in a "top down" system whereby (a) the fiscal decentralization plan is usually made by central ministry officials; (b) lawyers draw up the decentralization laws; (c) training is then provided to local officials by the centre; and (d) regulations or laws are implemented that impose unfunded expenditure mandates and/or caps on local discretion to levy "own" revenues, then the decentralization plan is certain to fail. Of course, there is an important countervailing force to this sequence-to-tail, and that is a robust knowledgeable presence of civil society/citizen participation; but without this civil society and participatory watchdog "watchdog", the likelihood of claw-back over time is high.
- The fourth reason is closely related to the third, and that is the argument that one often hears—that *"decentralized governance seems like a good idea, the reality is that local government does not have the institutional and administrative capacity to govern."*

34. However, as local governments in several newly decentralizing countries have demonstrated, developing capacity to govern is a learning-by-doing process, (Blindenbacher and Nashat, 2010). To draw on the broader theme that Sen develops in his essay on democracy, although it is quite natural to question whether a people are "fit" to govern themselves, the proper way to think is not whether (a country) is "deemed fit for democracy; rather, it has to be come fit through democracy." (Sen, 1999).¹¹

and "local" became code words for a technique to disrupt traditional ties in order to centralize power. Distrust of the language lingers on. (Kincaid, 2005).

¹¹ To be clear, Sen is writing about the "quintessentially" twentieth century development of democracy as a universal value using the nation-state to illustrate his arguments.

35. To recognize these arguments is not to endorse them necessarily. Thus, though the legacy of colonialism goes a long way in explaining the “over-centralization” of the State that the Arusha Declaration identifies, as a hard case to make the leap that old ways of public sector governance are, because they are old, necessarily meritorious, and that, anyway, local governments do not have the “capacity” to be decentralized and participatory.

36. Is this expression of skepticism regarding the merits of the conventional arguments for why so many nation States still have a heavy tilt to centralization an argument that a strong central state is in some sense “not needed”? Absolutely not. It is worth repeating -- stressing again and again - that to decentralize the central State is not about dismantling it. Rather it is about building the capacity of the centre to become intergovernmental. In short, intergovernmental fiscal relations must be understood to be a system of government. A “one-off” piecemeal reform encompassing only one or only a few elements of the system (e.g., a central-to-local fiscal intergovernmental grant system) is not likely to be successful (Bahl, 1999; Bahl and Martinez-Vazquez, 2005).

Why is Decentralization Occurring?

37. The fact that much of the world is undergoing some form of decentralization attests to its importance. There are three key reasons for this:

- a. *Politics and the “Reaction From Below”*. The first goes back to the point above that the decision to decentralize is political; and only after that does one turn to the economic and fiscal policies for getting the new set of intergovernmental arrangements “right”. Focusing on Africa, Latin America, and post-communist Eurasia, Kalandadze and Orenstein (2009) cite 17 cases –not all successful as yet--since 1991 where there has been a popular “soft” electoral revolution “from below”.¹²
- b. *Economic Efficiency*. For most economists, economic efficiency is the *raison d’être* for a decentralized government. An efficient solution is one that maximizes social welfare subject to a given flow of land, labour, and capital resources. The rule for achieving an efficient allocation of resources is to supply a service up to

¹² There are eleven (11) if one does not count repeat outbreaks in four Eurasia countries. With respect to Africa, the authors include Madagascar and Togo. They exclude from their count Romania, Bulgaria, Slovakia and Croatia in Central and Eastern Europe (where there was not a “mass protest” but the electoral rejection of what they cite as ill-liberal governments) and, in Africa, the Sudan.

that point where at the margin—for the last “unit” of the service supplied—the welfare benefit to society just matches its cost. In the private sector, as a general rule, the market-price system accomplishes this goal. In those circumstances where the private market fails in this objective (pure public goods, externalities, monopoly), there is a case for public intervention—the public’s commandeering of resources in order to supply the activity.

c. *Decentralization.* Once the public sector intervenes, the efficiency logic is in favour of fiscal decentralization. The argument is that because of spatial considerations subnational governments become the conduit for setting up a system of budgets that best approximates the efficient solution of equating willingness to pay with the benefits of local service delivery. The essential key to all this desired outcome is effective citizen participation: governments closest to the citizens can adjust budgets (costs) to local preferences in a manner that best leads to the delivery of a bundle of public services that is responsive to community preferences. Subnational government officials then become the citizens’ agents; and if participation is open and transparent, the solution (best) tends to be efficient. As noted, and again worth repeating, this “case for” well-functioning local governments is not a case for dismantling the centre; rather, it is that all governments must learn to be intergovernmental.¹³

d. *Nation Building.* For Some countries are explicitly “nation building” in the sense of designing an intergovernmental system that will serve as the fiscal “glue” for addressing the range of interests in countries with relatively heterogeneous economic and demographic interests. How the intergovernmental system works may prove to be crucial to national cohesion (Bird, Ebel, Wallich, 1995; Bird and Ebel, 2007).

Why Decentralize? The Practice

38. Given the conceptual “case for” decentralization—that is, for an intergovernmental set of fiscal arrangements that address the five fundamental questions presented above,

¹³ There are two points to be elaborated regarding terminology. First, economic efficiency encompasses much more than the sphere of the delivery of public services. Rather, efficiency includes the objectives of economic growth, macro-stability, local revenue mobilization (local governments are able to access revenue bases more readily than is a central authority, - e.g., rudimentary sales and head taxes, market taxes, user charges, and the tax on real property). Second, efficiency is not necessarily the same thing as “effectiveness” as evidenced, for example, by a society that uses distributive policy whether interregional or interpersonal (Bird and Ebel, 2006. p 503.)

the challenge then becomes: how does one know that decentralization delivers on these promises?

39. While acknowledging the difficulty of measuring decentralization, here is what we know empirically about the relationship between decentralized fiscal autonomy and the accomplishment of a nation's broader economic and fiscal objectives:¹⁴

- A strong correlation between decentralization and growth in Gross Domestic Product (GDP) per capita supports the argument that as people become more educated, better informed about their governments, and more aware of problems that affect their lives, their desire to bring the control of government functions closer to themselves grows (Smoke, 1994).
- Developed countries are associated with mature systems of decentralization and varying degrees of fiscal autonomy (e.g., Akai and Sakata 2003). Conversely, the dismal macroeconomic record of centralized command and control under Communist regimes in Central and Eastern Europe has been well documented (Bird, Ebel, Wallich, 1995).
- It is expected that if decentralization enhances efficiency in the allocation of public services, this should show up as economic growth. There is new evidence that such a relationship exists with respect to the revenue side of the budget. Martinez-Vazquez and McNab (1997) reach this conclusion with respect to change in per capita income. Ebel and Yilmaz (2003), by defining the “decentralization variable” in terms of both a narrow and broad definition of revenues (a broad definition including unrestricted grants), reach a similar conclusion with respect to the growth rate of real per capita output.¹⁵(Box 1). A similar finding with respect to revenue autonomy has been reported in Meloche, Vaillancourt and Yilmaz 2004, who conclude that “decentralization of expenditures coming with centrally controlled revenues seems to be an obstruction to economic growth.” However, Imi (2005) concludes that in a mixed pool of developed and transition countries decentralization “particularly on the expenditure side is instrumental to economic growth.”
- On the matter of macroeconomic stability, there is evidence that subnational revenue autonomy improves the fiscal position of subnational governments, but that a reliance on intergovernmental transfers may worsen that fiscal position

¹⁴ For a discussion of the measurement problem: Jensen, 2001; Yilmaz, Hegedus and Bell, 2003; Moloche, Vaillancourt and Yilmaz, 2004; Bell, Igogo & Kasiga (Tanzania) and Kitunzi (Uganda), 2006.

¹⁵ However, no attention is given to the important question of the size of subnational government relative to total government.

(Ebel and Yilmaz 2004).¹⁶

- The findings relating to the relationship between fiscal decentralization and public sector size is decidedly mixed, with some studies finding no evidence of a relationship (Oates, 1985) and others suggest that the public sector's expenditure share of national GDP decreases with the increase in subnational tax autonomy (Ehadie, 1994; Ebel and Yilmaz 2003).

¹⁶ There was some early evidence to the contrary that is not reported here because of use of the Government Finance Statistics misspecification of the "decentralization variable." (deMello, 2000; Davoodi and Zhou, 1998). For a review of the issue, see Yilmaz, Hegedus and Bell, 2003; and Meloche, Vaillancourt and Yilmaz 2004.

III. Beyond the Five Fundamental Questions: Accountability

40. The discussion of “getting right” the five fundamental questions falls under what is now referred to by some as part of the “first generation” of the study and practice of fiscal decentralization, which focuses primarily on the “case for” decentralized governments as laid out above. that is, the well-designed intergovernmental system that if done well promises important gains in efficiency and social cohesion (Yilmaz, Beris and Serrano-Berthet, 2010).

41. A “second generation” of decentralization knowledge has emerged-- that of bridging the gap between the economic and political approaches to decentralization. This takes as a point of departure the assumption that participants in the political process (both voters and officials) have their own objectives. Thus, for decentralization to “work”, society must establish and allow organizational and institutional arrangements to function. These will minimize problems such as that of corruption and/or the “capture” of government by local elites and systems of governance that operate behind a veil of non-transparency (Eaton, Kaiser, and Smoke, 2010). Thus, for example, in reference to today’s South Africa, Classen (2010) notes that with respect to the ‘integrated development planning process” of municipalities, although «citizens are expected to make input into the plan ...it’s often the wealthy that are capacitated to actually participate and the poor are excluded”; furthermore, the capacity problem combines with the lack of public accountability in that “the information of how to influence the integrated development planning process is not widely known and this hampers citizens’ ability to understand how and when to participate in the local government processes.

Box 1: The Measurement Problem: Specifying the “Decentralization Variable”

The tentative nature on making strong empirical statements regarding the causal relationship between decentralization, participation, and its promised outcomes of improved efficiency (service delivery, macroeconomic stability, economic growth) is in large part due to the very poor quality of the data and, when data are available, the mis-specification of the decentralization variable (a country’s degree of decentralization). At present, the most consistently collected and reliable database is that reported in the *Government Finance Statistics* (GFS) of the International Monetary Fund. Although the GFS series is extremely useful for carrying out a large variety of analytical tasks, it is still focused on the macroeconomic performance of a nation as a whole and not its constituent or decentralized parts. Therefore, the GFS series does not easily lend itself to measurement of the degree of fiscal decentralization. There are three shortcomings:

- First, although GFS provides a breakdown of expenditures by function and economic type for central vs. local governments, it does not identify the degree of local expenditure autonomy. Thus, local expenditures that are mandated /delegated by the central government or are spent on behalf of the central government appear as “local” expenditures. This makes the use of the ratio of [sub national expenditures/ total government expenditures] no decentralization measure at all. That is, to use sub national (e.g., local) expenditures in this manner is to mis-specify the “decentralization variable”.¹
- Second, GFS fails to disclose what proportion of intergovernmental transfers are unconditional vs. conditional.
- Third, the GFS does not distinguish the sources of tax and non-tax revenues, intergovernmental transfers, and other grants. Thus, there is no information on whether revenues are centrally shared revenues or locally determined “own-source” revenues. This third shortcoming is particularly problematic since the preferred decentralization variable is that of the degree of a local government’s own-source revenue autonomy (de Kam, 1999; Jensen, 2001).

There are two *ad hoc* data base development studies of the degree of fiscal decentralization using the own source revenue decentralization variable. Of the two, only the first, which provides a 1999 data base of six Central European countries has provided enough cross-country data to be suitable for making empirical statements about the casual effect of decentralization on development and growth efficiency and being used to make empirical statements on development and growth.² The second is a report by Michael Bell, Charles Igogo and Henry Kasiga, and Anka Kitunzi that finds that subnational governments in Tanzania and Uganda have a relatively minor role to play in rising own-revenues to fund local goods and services. This is an important study; not so much because of its findings (for 2004/2005) but because it lays out in an African country context the methodology for identifying and measuring the decentralization variable (Bell, Igogo, Kasiga, Kitunzi, 2006).

42. The importance of, linking of decentralization and participation in a development and economic growth context was a key theme of the *Arusha Declaration* that argued that popular participation is to be viewed as both a means and an end. In its early manifestations, “popular” participation had the tendency to be *ad hoc* and often either linked to the processes around a specific project or to the requirements of aid donors; “One-off” participatory processes ran the risk (and often succumbed to it) of being an exercise in “checking off the box”, where a public official could show higher-level managers requirements have been met, no matter what the quality or outcome of participation.

43. Moreover, for the people’s voice to be effective it needs substantial population support that is adequately articulated through channels where it can be freely exercised. In settings marked by high degrees of inequality or resource capture, there are specific impediments to the exercise of voice. Thus, in some venues, to speak out can be a risky undertaking and citizens may be reluctant to exercise voice due to fear of exclusion. Accordingly, in paragraph 18 of the *Arusha Declaration*, the importance of freedom from fear is explicitly recognized.

44. Another important lesson is that citizen processes for strengthening voice are not enough if state institutions intentionally do not respond and/or are just too weak to do so –that is, where governments have yet to develop the capacity to be intergovernmental and participatory. Within this unwilling and/or weak context (for central and local governments alike) two key features emerge: *responsiveness* and *receptivity*.

- Receptivity - the ability of the State to hear expressed concerns and the readiness to welcome voices - is largely about the political will of local governments and the extent to which they are accessible. It is a behavioural aspect, though also more technical issues such as procedures play a role.
- Responsiveness - the extent to which local authority actually responds to concerns and demands–will depend on both political will and technical capacity such as available resources or the discretionary powers of local governments. The distinction between political will and technical capacity is useful for analysing different types of state/society accountability dynamics.

45. The convergence of these several challenges to effective participation has led to the development of hybrid models of accountability that aim to integrate direct public participation within state oversight and mediation agencies such that the public plays a role in

the supervision of government activities. Thus, Goetz and Jenkins (2001) suggest a system of diagonal accountability that would be implemented by five institutional characteristics: (a) legal standing to NGO observers within public oversight agencies; (b) continued presence of these observers; (c) well-defined procedures for conduct of encounters between citizens and public sector; (d) structured access to official documentary information; and (e) right of observers to issue dissenting reports directly to legislative bodies.

46. As with social accountability, the diagonal hybrid faces the challenges to balance to convince governments to formalize citizen oversight of state agencies with the concern that Citizen Based Organizations (CBOs) observers may themselves be lacking a democratic mandate and have no internal review processes.

Accountability/Participation Dynamics

Culture and History

47. Several authors have noted the interplay between the national political processes in such countries as Uganda, Mali, Ghana and Malawi, and the local realities (e.g., Cammack and Kanyongolo, 2010; Crawford, 2010; and Hetland, 2008).¹⁷ This is an essential reminder that institutions cannot be analysed generically in different countries without understanding the preconditions – either in terms of systems within the State, or local power and politics – that shape them and contribute to their viability. An approach to understanding how these institutions work calls for an appreciation of how they are shaped by the history of relationships between the actors who animate them, and the cultural politics through which their rules of the game are shaped, interpreted and put into action. Assessment of governance policies includes the specific dynamism of politics and the complexities of culture. Contextual analyses can bring these dimensions back into the frame, as well as those which explore the political implications of their absence.

48. The *state-in-society* approach identified by Hetland (2008) provides a useful theoretical framework for the analysis of the local politics of decentralization. Within this approach, patterns of dominance, maintenance of *status quo* and changes are understood as processes that result from state-society interaction. This draws attention to structures

¹⁷ A parallel literature is available for other regions of the world. For example, Djordjevic, 2008 and World Bank, 2008).

within the State and different societal movements and networks, as well as formal and informal organizations (Migdal 1994; Degnbol 1999). The theory assumes that a state's potential to undergo change is dependent on its relation to society (Kohli and Shue 1994). The disaggregation of the Central State further brings state-society relations into the analysis by recognizing that social forces are historically contingent and that their political capacity is not predetermined.

49. The significance of analysing the existing political landscape within which institutions of participation come to be established over time. What political landscapes reveal, however, are a number of broader enabling factors that make each country's decentralization what they are, which highlight the more generic principles. The literature on participatory governance suggests that the potential for the success of these institutions lies in the conjunction of a series of critical factors: political will that extends to an ideological commitment to popular participation; strong civil society that can make effective use of the spaces that open up for participation; and legislative frameworks that encode participation as a right.

50. There are some national or regional institutional factors that will affect the impact of decentralization on community participation efforts, as well as shape their agendas and influence their relationships with government agencies and other centres of power. The institutional factors will have some similarity for all sectors but will have varying effects due to the nature of the service systems. Among the institutional factors are the evolution and dynamics of the national political system, cultural factors including traditional or religious authority, and formal systems of political control at different levels of government. Other factors include various legal and constitutional frameworks, the history of working relations between government agencies and non-governmental organizations (NGOs), as well as the role of donors in influencing national policies.

51. There are also local contextual issues such as systems of land tenure and land ownership, ethnic and caste relations, and the structure of gender relations. These are factors that directly relate to the structure and process by which community participation occurs. Along with national institutional factors, local contextual factors frame some of the constraints, and but also the potential opportunities for community participation, notably in how they shape individual organizations' room for maneuver. These include financial resources, accountability requirements and capacity to work in collaboration with other organizations.

52. The above factors help to condition certain factors in the particular structure and membership of community organizations whereby one must take into account that these organizations also have their own internal dynamics, based on the organization's history, previous commitments and current membership. One key is explicit and implicit arrangements for decision-making and leadership, particularly in regard to decisions about policy, action, finances and staffing. In addition, within each community organization, there are complex mixtures of interests and identities that shape goals and organizational processes.

Participation and Citizenship/CSOs

53. Citizenship implies a reciprocal commitment between the State and the individual. Citizens are social actors with possibilities of self-determination and the power to represent interests and to fully exercise their legally recognized individual and collective rights. The interaction between citizenship and governance occurs through global, national and local processes, is managed through specific organizations and involves stakeholders who are involved in various ways in the decision-making process and in holding leaders accountable.

54. Government/society relations are the product of what one author described as the "intimate entanglement of public agents and engaged citizens" (Evans et al., 1996). The difference between those contexts that produce greater participation and accountability, and those that tend to lead to clientelism and neo-patriomonialism are described by these authors as a combination of complementarity and embeddedness. *Complementarity* involves both the implicit and explicit division of tasks between State and citizens, and the self-limiting of state power through an acknowledged set of restraints, or rule of law. *Embeddedness* relates to the connections between governmental institutions and social networks such that the government emerges from society as an ongoing process. Embeddedness thus provides implicit credibility for the governments and reduces the distance from when the post-colonial State was disconnected from society.

55. A diversity of effective and organized civil society organizations (CSOs) play significant roles in improving the connections between decentralized governments and citizens. This is particularly true where the existing mechanisms for accountability are either weak or have lost their effectiveness. Thus, effective and organized CSOs clearly have a vital role to play in making participatory governance viable.

56. It may seem self-evident that the term “civil society” captures a vast diversity of different interest groups who may have little in common in terms of values or ideals. However, at times the language that frames the use of the term “civil society” in development discourse does not address this fact. Rather than defining civil society as some kind of homogenous mass that will automatically act in unison, effective civil society participation depends on dealing with differences of class, gender, ethnicity, religion, age, and other factors. It requires the building up of shared goals through different CSO networks and other forms of alliances that enable these organizations to work together, to prevent energy being fragmented in turf wars or political contestation. What is frequently missed is that this is partly dependent on the relationship with the State and its public institutions, that is linked with state/society dynamics. Thus, effective participation and accountability depend on constructive co-existence in which collaboration has as large a role as contestation. The effectiveness of CSOs is also linked to the quality of their interaction with social groups and the ways in which their actions affect short-term participation dynamics and longer-term accountability mechanisms.

Accountability Issues in Hybrid Settings: Traditional and Non-Traditional Authorities

57. The issues of representation, power and responsibility all occur within existing sets of relationships and social dynamics. Various actors, including elected bodies, customary authorities, administrative appointees, local representatives of technical services and ministers, community groups, “development” committees and NGOs, are receiving power or responsibility due to decentralization processes. The types of agencies and actors which take on new powers or responsibility in decentralization processes affect the results. Different agencies and actors have varied forms and dynamics of relationships of accountability, and these inform and drive how new power is exercised locally.

58. The rules governing the formation and functioning of local government are integral to decentralization and, thus, the national political dynamics interact with local relations to shape the emergence of different forms of accountability. The explicit and implicit aspects of decentralization and the different pressures and expectations help determine the balance between social and public orientation by different local authorities. The implications of decentralization further require a detailed understanding of the ways in which existing power relations and authority are linked with, undermined by, and/or created or supported in the newly formed local political-administrative landscape.

59. Elected councils frequently play a role, though sometimes a quite limited one in weak or poorly functioning decentralized systems. This may be particularly problematic when the electoral system is one of selecting local councillors via a system of voter approved-party lists, a process whereby the “accountability of the local council and officials is with the political party and not with the citizens” (Classen, 2010). To determine their accountability and responsiveness to different local interests, it is necessary to assess the processes that bring them to office. This includes how much the national government or various political parties play a role, as well as the systems for candidate selection, vetting and support once in office. The relative capacity of “higher” levels of government to provide oversight (ideally, that of monitoring rather than day-to-day control), as well as the potential for local community organizations to ensure accountability contribute to the functioning of these councils.¹⁸

60. Part of the state-society nexus can be found in the ways in which hybrid authorities take shape between traditional leaders and representatives of the nation State. Before there were colonial systems, let alone independent nation States, African societies had a range of governance systems that evolved along particular lines and forms. In many countries, some aspects of these pre-colonial systems, which were not static but evolved in relationship to the colonial authorities, have retained credibility and power (UNECA, 2007).

61. There are diverse and continuously evolving relationships between traditional authority and decentralized ‘modern’ structures which are hybrid systems, and how they are seen by the people who live within their multiple authorities (Long). Survey data from Afro barometer make the case that people who live within these hybrid systems generally do not significantly distinguish traditional and modern authority figures in ways that the terms “elected” and “selected” may suggest, and that the combination of ‘selected’ and ‘elected’ leaders frequently comes together in a single, integrated political system. Thus, positive assessments of chiefs go hand-in-hand with positive assessments of elected leaders. This connection is especially strong between traditional authorities and local government leaders. Far from fighting a pitched battle for public support, each set of leaders understands that the other is part of making local government work and that their successes and failures are inextricably linked.

62. There is variability in how these institutions were formed historically, and what sorts of rules, roles and relationships were imposed by both colonial and post-colonial

¹⁸ Eaton, Kaiser and Smoke (2010).

administrations, and in how they have adapted, both individually and collectively, to the many pressures and often competing incentives that they have faced over the years. There are commonalities as well including concerns over the exclusion of women and youth, the potential social pressures that create a demand for consensus and the risk that these institutions will undermine other accountability processes.

63. Thus, to focus intently on missing mechanisms such as the lack of elections, critics of traditional authority neglect other features of traditional systems that are compatible with the notions of decentralized, democratic governance. These include the opportunities they offer for everyday participation (as opposed to periodic voting), as well as their simple familiarity and consequent accessibility. In the specific instance of Mali, while decentralization has reduced certain powers of canton chiefs, these individuals frequently retain forms of power through two distinct mechanisms (de Sardan, 2010). The first is through their roles as consultative members of the commune council, and the second is their assumed role as leader of their 'kinsmen and dependents' in various local systems, whether health committees or municipal councils. Second, chiefs can play significant roles in development project planning and funding. At the same time, de Sardan assesses the role of the chief as a potential obstacle to reforms --e.g., if a chief's relatives may be immovable from their positions of responsibility.

Accountability and Service Delivery

64. Because most social services are delivered locally, the quality of service becomes a key aspect of any process of decentralization. The idea of bringing services closer to the clients is appealing, but in many cases, it has been found that local governments lack the basic skills for managing these programmes. Thus, the decentralization process needs to incorporate an overall assessment of capacity available, as well as capacity constraints. This can provide support not only for the basic training of local service personnel, but also that of establishing an enabling environment for reform and building (sometimes new) local institutions for delivering and assessing publicly provided social services (box 2).

65. In every such context there are inter-relationships between increased autonomy of service providers, greater community voice and engagement. The links, when well established as monitoring can improve available information about service sector activities that strengthen accountability through double oversight---central government and communities that are being served. In assessing the processes of decentralization, it is

important to consider the balance between various benefits from the specifics of a country's approach to decentralization against the potential risks.

66. One of the risks is that in the absence of a central authority that has learned to be intergovernmental, there increased dependence on local “own” resources may result and this can lead to regional inequalities, with the potential for reduction in horizontal equity. This problem can be addressed though a system of equalizing transfers (grants); however, for that to work, the central authority must, as noted above, also have built the capacity to become an intergovernmental fiscal “glue” (Ahmad and Searle, 2006).

67. Moreover, decisions on services can have different impacts depending on the nature of the service, the decentralized structure, and the national goals involved. For example, in their examination of the impact of national commitments to Universal Primary Education (UPE), Sasaoka and Nishimura (2010) argue that local participation and accountability in education have been undermined by the ways in which UPE has been promoted in Kenya, Tanzania and Uganda. They found that while parents were generally favourable to the goals behind the UPE goals, in practice the functioning of the State driven process tended to reduce local accountability. While the process of UPE emphasised participation, in practice, the central bureaucracies limited the potential for decentralized flexibility in implementation. The School Management Committees tended to be both controlled by local elites and limited by the Ministry of Education's guidelines.

68. In contrast, the Rwandan Government promoted widespread decentralization in the years between 1994 and 1997, and the subsequent evaluations of this process have generally been quite positive in terms of basic service delivery. For example, Parents and Teachers Associations (PTAs) were given the mandate to take over the management of schools working with the head teachers. It was found that PTA and head teacher joint management arrangements have often been successful in engaging parents in the management tasks (World Bank, 2006). There are two examples: (a) through PTA involvement, parents and communities have improved their knowledge and skills in education management and have in some provinces mobilized and recruited additional teachers (paid by the parents) to reduce the teacher/pupil ratio; and (b) non-governmental nursery schools (pre-primary education), have been established through PTAs, which have also introduced subsidies to poor children to pay for secondary education.

69. Recent assessments of decentralization experiences in a number of African countries have noted that there are still significant challenges in linking the central government's decentralization processes with community participation in different sectors. Problems identified in education include an insufficient flow of information to families, and lack of training for parents. Information concerning the transfer of funds to schools, for example, is sometimes irregular, which makes it hard for parents or communities to make decisions on budgets and spending priorities. In addition, PTAs and head teachers have little if any understanding of planning, budgeting and financial management, and there has been little training done with them.

70. Work in the water sector was found to be quite distinct, as the process often involved community management of funds or community contract mechanisms. Community participation involves bringing together groups that may both identify and select the sites for construction of safe water points to hire local technicians and mobilize funds for maintaining the water facilities. Various designated vulnerable groups (e.g., very poor, widows, internally displaced persons, survivors of a genocide) may be exempted from such contributions. Sometimes the local authorities provide some funding but this is often limited. Low technical and financial capacity was found to be one of the main problems that still affects provision and distribution of water supply.

Box 2: Inter-Dependent Capacity Building: Organizational, Institutional and Individual

Type of Capacity Building	Illustrations
<p><i>Organizational. Rationalizing institutional arrangements to improve management processes and create an enabling environment.</i></p>	<p>Constitutional reform changing basic elements of the political system.</p> <p>Sorting out roles and responsibilities among governments with, <i>inter alia</i>, the goal of a high degree of revenue and expenditure autonomy.</p> <p>Design of the intergovernmental transfer system should match the objectives of reform (e.g., equalization, conditional transfers to address net positive externalities).</p> <p>Recognition that decentralization and participatory government is part of a <i>system</i>; and that fiscal decentralization involves much more than fiscal matters (vehicles for voice, establishing barriers for elite capture of formal participatory practices).</p>
<p><i>Institutional. Restructuring and building: Implement, manage, audit, monitor and evaluate.</i></p>	<p>Redesign/restructure of central government ministries to become intergovernmental (includes a strong central ability to monitor, evaluate and in some cases, “lead” the decentralization process).</p> <p>Introduction of new management or budget mechanisms in local government; internal and external audit, financial administration and reporting; availing public information at low cost (transparency).</p> <p>Recognition that as one moves from a system of central regime control of “government” to a decentralized and participatory society, legitimate disagreements will arise over the pace, structure and depth of governance reform. Accordingly, establishment of an agreed process for integrity-bound systems for mediation and, when needed, for appeal to a transparent and final legal authority.</p>

Type of Capacity Building	Illustrations
<p><i>Individual. Develop human knowledge and skills.</i> Enhance professional personnel (it's likely to be a mix of adequate staff size as well as that of technical quality).</p>	<p>Knowledge development for</p> <ul style="list-style-type: none"> • Performing the direct work tasks assigned to the individual (training of civil servants (e.g. training curricula and materials, training of trainers) • Receptivity and responsiveness • Understanding the “big picture” of decentralization and participation (and not just in the home country).

71. The preceding review of service delivery and of hybrid systems is a reminder that there are a number of factors that can limit participation and accountability. These include the nature of local socio-economic relationships of power and the ways in which national political processes determine how much and where accountability can be produced. In the cases of both Malawi and Uganda, there are significant limits to how much accountability exists (Cammack, et. al, 2006). Both Uganda and Malawi are reported to represent national level hybrids that blend the formal (legal-rational) institutions with varied informal (patrimonial) relations. This can lead an ever evolving set of relationships, with the negative consequence that there is a multiplicity of rules that result in lack of consistency in the systems and in practice. This is partly driven by the potential for wealth through use of State mechanisms for capturing resources and is partly due to the nature of national politics where institutions serve as means to short-term gain.¹⁹

72. In Mali, the process of decentralization led to tensions and power struggles over local rights to land, resources and political access (Hetland, 2008). This was more than “just a question of first-comers versus latecomers.” An increase in political conflict in a village in Southern Mali (Nijenhuis 2003) resulted when the processes of decentralization generated conflict between two ‘traditional’ communities that were both able to utilize the process of political change to restore to them their local power positions (a young educated farmer on the one side and village elders on the other). While the political process led to a divide between these two groups (Hetland, 2008), the most marginalized were the migrants who settled in the area later and found themselves being chased off their borrowed fields for choosing the wrong side.” (Nijenhuis 2003).

¹⁹ Though one could ask how much this differs from politics in any other country.

73. In a different way, in terms of limitations, Ghana presents useful distinctions between accountability expectations for specific products (particularly various services) compared to accountability and processes, such as provision of information or regular public meetings/consultations. The two major weaknesses in Ghana relate to the ways in which local executives are appointed by the President, reducing accountability to local communities, and the lack of capacity or interest by CSOs in holding local authorities more accountable for the deeper structures of participation (Crawford, 2010).

74. A three-country review (Uganda, Rwanda and South Africa) provides the caveat that, too frequently, discussions on participation are generalized, which is counter-productive given the diversity of African experiences (Kauzya, 2007). Based on the three-country review and other community-level assessments, participation should not be generalized. There are groups who need special attention in order to promote and encourage their participation. These are mostly women, youth, the disabled as well as the various minority groups. While in certain societies provisions are made to make such groups represented in, for example, national legislatures and in the national voting processes, this is very limited. Their participation can be best promoted locally within a framework of decentralized governance. In order for them to have their influence on the development process, inputs, and outputs, they need to participate using the vote, their voice and their direct action by engaging in specific activities.

75. Detailed attention was given in both Uganda and Rwanda to structure the local government councils in ways that would ensure significant representation of women and of youth (Kauzya, 2007). The mandate in Uganda was that at least 33 per cent of the members of each local council had to be women; in Rwanda the threshold is 50 per cent. In practice, however, the numerical presence of women does not mean that they have equal impact on the decisions taken. Kauzya cites the Ugandan former Director of the Decentralization Secretariat as observing that although there was a significant improvement in the number of women serving on Local Government Councils the increase of female representation in the decision-making process did not automatically guarantee that the decisions would be more gender sensitive.

76. Yet, even with these shortcomings there were openings and opportunities created by decentralization. As was found in research in both Uganda and Kenya, there are signs of a greater awareness on the part of local governments of both the need for and the possibilities of widening citizen participation in decisions, including by the poor (Devas

and Grant, 2003). There is also recognition of the need for greater accountability to citizens. In some cases, this does not go much beyond rhetoric - a response to the discourse of the donors. However, there have been some small yet significant advances in recent years. Although the obstacles remain great, there are examples of good practices in each country, often associated with particular local circumstances, at a particular time.

77. For participation and accountability to work effectively, information about government plans and government decisions needs to be shared widely and in a timely manner, and this is not yet the case in many contexts, as in the distinction made on experiences in Ghana (Crawford, 2010). The capacity of both local governments and CSOs needs to be strengthened if they are to be able to engage, in an inclusive manner, in real debate about resource use and service delivery. Given the weakness of public accountability to local citizens in most countries, social accountability, through performance monitoring and grant conditionality, plays a crucial role. Indeed, the enforcement of performance conditions has probably had a greater impact on improving local government performance in Uganda and Kenya than has local accountability through the electoral system. However, there is also a risk that the emphasis on social accountability impedes the development of public accountability, as local officials and elected representatives devote their attention to meeting external performance conditions and can hide behind central government funding requirements as an excuse for failing to deliver to local citizens.

78. Finally, one can see from these country cases that there is no automatic progression from the structures established for decentralization to the increased inclusion of poor people and minorities. This will only happen if there are effective countervailing pressures to local elite interests, whether from central government, donors, the media or organizations representing the poor and vulnerable. Here again, the obstacles are substantial.

IV. Concluding Comments

79. There are myriad factors to be addressed in the practice of the decentralization and participation relationship. A critical element that is difficult to measure or promote from the outside is the role of local leaders, both in government agencies and in civil society. This in turn relates to how effective local leaders are at establishing good working relationships between public (state and local) officials and community organizations. Another element involves the ways in which external expectations are translated from CSOs, from the media, especially local radio, and from central government oversight. Finally, there is the importance of having different outlets for ensuring the increased availability of information at low cost.

80. The institutional arrangements being created in the name of decentralization do not always have clarity in terms of how the structure of the arrangements reflects the stated goals of a particular decentralized system. This relates to the degrees to which decentralization may provide new rights to citizens as opposed to transferring allocated new powers to local authorities. In terms of what happens with local authority in practice, the planning processes and oversight must be carefully organized to reinforce the mechanisms for participation and accountability, rather than either having higher level administrators act outside of local relations or having local elites predominate. Encouragement for CSOs may crystallize around promoting accountable local government, but civil society should be viewed as a complement, rather than an alternative, to accountable forms of government.

81. Research in Mali found that three significant proximate causal variables and associated social mechanisms shaped the production and delivery of public goods: (a) sanctions regime; (b) cohesiveness of the community; and (c) degree of coordination amongst different actors and agencies. To be effective, all three factors require that rules, norms, and regulations are clearly agreed to and transparently enforced, whether by government officials, community leaders or traditional authorities. At present, however, the relationship can best be characterized as “uncertain,” which, in turn, tends to make local stakeholders take the linkages among these three for granted without further clarifying the relationship. This uncertainty can also make it difficult to construct a framework of accountability or norms of accountability for local governments to adopt. (Cammack and Kanyongolo, 2010).

Box 3: Options for Enhancing Participation

There are several strategies that local authorities may wish to pursue or build to give the “life of participation” to the decentralization “skeleton”. These strategies include:

Raise community awareness regarding the merits, need and right to demand accountability not only from local government but also the central authority.

Empower local authorities to explain, inform and receive feedback from their citizens through agreed-upon, participatory processes (which may be as informal as routine government-community to facilitating citizen meeting space to the organization of technical work groups on activities such as budget preparation, execution and monitoring and tax policy planning and administration to participatory land use planning and financial reporting and auditing).

Cooperate in educating citizens about which types of financial processes and reports they must be aware of and make the information simple (e.g., “Citizen Guides” to the Budget that lays out sources and uses of funds) and, as needed, are multilingual.

Institutionalize knowledge-development activities for both (a) discussing options for citizen led (“bottom-up”) capacity-building of decentralization of local government and (b) establishing procedures for the citizen-local government partnerships in understanding and monitoring how central government activities impact on “their” local communities.

82. Further problems arise with respect to the lack of awareness and lack of interest in communities to demand accountability from local authorities, the mismatching of accountability mechanisms with the capacity and beliefs of the community; and the lack of an establishment of formal and systematic processes and institutions to inform, respond and involve the communities (box 3).

83. Among the major challenges that have been identified are those of coordination, clarity on specific responsibilities, and capacity issues for service delivery in particular. To briefly elaborate:

- *Oversight:* A well-designed intergovernmental system requires a government-to-government and community-to-government monitoring capability; and in some cases, direct supervision of the operations of local government. There is,

however, an (often not very clear) line between monitoring and meddling. For decentralization to deliver its promised outcomes, as well as for participation to occur effectively and consistently, local governments must have some clearly defined degree of political and fiscal autonomy. Getting this autonomy-accountability mix “right” can be a difficult a task and will work best if all the actors -- national and local governments and participatory agents alike--understand that it is in their common interest, indeed the national interest, to understand and act on the premise that successful decentralization can work, but that to do so requires a working partnership between the citizens and their governments as well as among the members of the participating community.

- *Legal Framework for Hybrid Systems:* In contrast to assuming a simple decentralization of responsibility to local governments, legal frameworks or regulations should outline how distributed powers exist between local governments and traditional authorities, thereby reducing conflicts or functional imbalances. It is necessary to tread carefully here as not all working arrangements can, or should be, written in deep detail.
- *Local Government Capacity to Deliver Services:* At the initial stages of decentralizing government, the argument that many local governments are not ready to provide the expected services due to their insufficient capacity has merit. The problem is that it can become –and often does become—an excuse for delay and for the continuation of the “over-centralization” that the *Arusha Declaration* identifies. Decentralized and participatory government becomes “ready” by being capable of functioning within a decentralized system and engaging with citizens through a range of participatory mechanisms.
- *Willingness of Civil Servants to Work for Local Governments:* As countries decentralize, civil servants may be transferred/assigned to local governments. In some cases, there may be significant friction between the transferred and local authorities, as some central government civil servants might not want to be moved (and in some cases, not just functionally but geographically). This was indeed the case with the Indonesian “Big Bang” of 2001 and in the Central and Eastern Europe countries that had to make the transition from the Soviet system to a more pluralist democratic society. Still, the participation “from below” for an accountable and capable government has a remarkable way of moving (and often quickly so) beyond rigidities associated with the previous bureaucratic ways of governing.

- *Accountability*: For the goals of the *African Charter* to be realized, increased attention must be given to integrating the “first” and “second” generations of decentralization reform. Thus, for example, as local officials become more responsible for budget and regulations, they must become more accountable to local communities. Often the mechanisms for accountability are unclear or weak, and to get it “right” requires that just as members of civil society demand accountability from their local officials, these members, also have an obligation to make their participatory processes open, transparent participatory. This will be a difficult and never-ending task as some special interests may be intent on “capture” of the participatory process.
- *Maintaining Focus on First Generation Tasks*. The importance of emergence of the “second generation” emphasis on participation accountability does not reduce, but, rather, reinforces, the need to maintain a parallel focus on the five fundamental “first generation” questions that every decentralizing society must address. Indeed, in some cases, reform of the fiscal system cannot wait for civil society participatory mechanisms to be well established. Budapest, Hungary in the early 1990s is a good example of a local political leadership and team that understood the governmental task of getting the “technical” laws, regulations and accountability systems in place so that when the politics allow reform, the local government was ready to respond (Pallai, 2003).
- *Moving Forward with Second Generation Reforms* Decentralization is not a one-time process. “Mature” decentralizers (e.g., Belgium, Canada, Switzerland, the United States) and the newly decentralized (e.g., the European Union accession countries of Central and Eastern Europe) alike are continually facing challenges with adjusting to the ever-changing economic, demographic and institutional changes that make up the governance “fiscal architecture” for governance reform (Wallace, 2003). How well governments respond to these changes that are largely beyond their control will be determined by the degree of robustness of society’s commitment to well-functioning, open and transparent systems for public and social accountability. Just as the fiscal architecture will change, so will the instruments and process of accountability. African States must plan for this through ongoing knowledge and capacity development in a manner that when change occurs, the response will be one that citizens can understand and control.

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(Footnotes)

¹ All is not lost, however. One can make qualitative statements regarding elements of subnational fiscal autonomy with respect to spending. Bell (2007) has identified five and classified local spending as being characterized as a "low" vs. "high" degree of local expenditure autonomy. The five factors are: broad control over policy; control over the local civil service (wage bill, hiring and firing), which government sets the standards for the composition of local spending and the regulatory requirements attached to that spending; administration on a day-to-day basis (deconcentration with / without authority), and whether central monitoring of local spending becomes a central entry point for control of spending.

² Czech Republic, Hungary, Poland, Estonia, Latvia and Lithuania (Jensen, 2001).

