

Decentralisation and Local Governance

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Abstract

Decentralisation is an indispensable instrument for development in many countries around the world. Effective decentralisation depends on the capacity of local government. To enhance and improve local governance, there are three factors to be taken explicitly into account, popular participation, accountability and available information. Furthermore, new challenge for decentralisation nowadays is increasing responsibility of local government as enabler. Besides providing some specific public services, local government would put more attentions on offering a systematic and multi-functions mechanism for all providers to deliver public services effectively and efficiently.

Keywords: Decentralisation, Local Governance, Accountability Enabler

1. Introduction

Nowadays, effectively decentralising decision-making power, resources and responsibilities to lower levels of government is ubiquitous trend for central governments in many countries of the world, especially in the Third World. Nearly eighty-five percent of developing nations (63 countries) are actively pursuing decentralisation policies, devolving functions and responsibilities to various local governments (Lee & Gilber, 1999). Much of the literature on decentralisation, normative and empirical, has ostensibly shown that, decentralisation can have significant impacts on resource mobilisation and allocation, direct or indirect influences on macroeconomic stability, service delivery and poverty alleviation, etc (Litvack, Ahmad and Bird, 1998).

However, how to design decentralisation strategy which can create incentives of responsibility and accountability of different local governments for constituencies? Or in which circumstance can decentralisation bring good local governance? Those are interesting questions to be discussed here.

2. Basic Concepts

Decentralisation has been a hot issue within the last two decades. Although it is not a new word, it isn't easy to define. One widely used definition of decentralisation is that the transfers of responsibilities for planning, management and resources raised and allocation across different tier governments. Basically, there are three broad types of decentralisation: political, administrative and fiscal; and four major forms of decentralisation: deconcentration, delegation,

devolution and divestment. Each is explained in turn:

2.1 Political decentralisation means the transfer of political power and authority to sub-national levels.

2.2 Devolution is regarded as one form of political decentralisation. It refers to a situation where the central government transfers of responsibility, decision-making, resources and revenue generation to quasi-autonomous units.

2.3 Administrative decentralisation refers the transfer of administrative power from higher to lower levels in a political system in terms of delivery for a number of selected public services.

2.4 Deconcentration means the dispersion of responsibilities for some certain services within a central organisation, not involving authority transfer.

2.5 Delegation is the case in which the central government redistributes authority and responsibility to accountable sub-national level units which are controlled mainly but not necessarily by central government.

2.6 Fiscal decentralisation is a situation in which the reallocation of responsibility for expenditure and revenue raised across different levels government according to the negotiation between central and local governments.

2.7 Divestment or deregulation involves a transfer of responsibility from government to voluntary, private or non-governmental organisations.

As demonstrated above, decentralisation is the process, by which, authority, responsibility, resources, accountability are transferred from central government to sub-national governments, agencies or other organisations like private enterprises, non-governmental organisations, community-based organisations, etc. From this

point of view, decentralisation is decentralised governance (UNDP, 1998). Needless to say, the capacity of local government is a key element of this comprehensive network in relation to effective governance. Based on world-wide experiences, it is believable that successful decentralisation programme principally depends on good democratic governance and well-functioning government.

As we know, governance is all about government behaviour and performance. It is complicated mechanisms or policy frameworks, involving different levels of government, civil societies, communities, private sectors, non-governmental organisations, and so on. Definitions of governance vary. World Bank (1992) defines governance as “the manner in which power is exercised in the management of a country’s economic and social resources for development”. Therefore, the corollary of local governance is the way of employing economic and social policies for country’s affairs at local level. As far as the role of governance is concerned, it can be defined as “the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations” (UNDP, 2000). Following this, the definition of decentralised governance would be “to local governance system to which fundamental functions, appropriate resources and clearly identified responsibilities are present at sub-national levels with linkages between the levels. Such a system applies the governance principles and works towards achieving sustainable human development” (UNDP, 1998).

From this perspective, good decentralised governance could help reach the needs and wishes of localities effectively and efficiently. To achieve this target, local government, which is a core position of governance, must take responsibility and be accountable which needs elected representatives of local government are accountable to the electorates. Nevertheless, the pre-condition for it is that central government should enable local authorities to fulfil this obligation, in other words, transferring power and resources to local governments (DMV/ VG, 2002).

3. Good Governance

Good governance and decentralisation are attractive words, but they are not easy to achieve. Experiences of industrial countries show that, there are various potential benefits from successful decentralisation, which are discussed in Litvack, Ahmad & bird (1998), Walle (2002), Smoke (2003), Devas & Grant (2003). As they argue, decentralisation may

improve effectiveness and efficiency of public services; it can enhance the accountability of bureaucrats and elected representatives and facilitate coordination among different levels government, private sector, non-governmental organisations and community-based organisations; it can redistribute of resources more equitably for regions and groups in society; to some extent, it can contribute to local economic development and poverty reduction, and so forth.

As noted earlier, decentralisation is decentralised governance. And governance fundamentally is a governmental behaviour with many factors working together. Therefore, the key point for effective decentralisation and good governance is the capacity of local government. Good government will be very helpful for achieving potential benefits expecting from decentralisation. Conversely, poor government will entail corruption, power abuse, excessive interference in private sector, etc. The more power transferred from central government to democratic authorities, the more supporting to democratic relations; but more transferred power will strongly strengthen despotic authorities as well.

The problem is how to make local government perform good democratic governance for decentralisation? In practice, the weakness of decentralisation shown in developing countries is poor quality in local governance. Governments in many developing countries are not accountable, in other words, they are not capable of providing with a democratic mechanism for citizens’ voice and exit. Specifically, decision-making in most developing countries nowadays is lack of transparency and prediction. Poor information, weak labour and capital markets, nearly empty social safety net are inhibited decentralisation process successfully (Litvack, Ahmad & Bird, 1998).

Based on empirical findings and international practices, the following three factors need special attentions on building the capacity of local government.

Popular Participation: it is the way in which citizens take responsibility of local public duty. With access to participation, citizens can organise themselves, make decisions for local service and vote the representatives, and so on. Popular participation is a very important step of democracy process for constituents. It can increase transparency of decision-making, expose the weakness in horizontal and vertical accountability of local governments as well.

Accountability: it means the degree to which local governments have to explain or justify what they have done or failed to do.

There are three aspects of accountability: (1) horizontal accountability: local governmental servants are accountable to elected representatives; (2) downward accountability: elected representatives and servants are accountable to local citizens; (3) upward accountability: local governments are accountable to central government. All three depend on the availability of information. Generally, local elections are the most common and powerful form of accountability, but other mechanisms such as citizen councils can also have limited influence. Meanwhile, since elected representatives at lower levels would be empowered to significant discretion through decentralisation. To ensure that this discretion is used appropriately, local representatives must hold accountable.

Available Information: for popular participation and accountability to work efficiently, information needs to be shared widely and strategically. That means, both citizens and central government could have accurate and accessible information, which include available resources, performance, services levels, budgets, accounts, financial report, and other financial indicators. The media and new information technologies will be very useful for receiving adequate information. Amount reliable information is a key to achieve effective accountability in terms of different levels government.

Thus we see that, successful decentralisation strategy requires the establishment and strengthening of a systematic mechanism of governance, involving citizens popular participation, government accountability and available information which will ensure that all voices are heard in identifying problems, setting goals, exercising legal rights, determining service standards, mobilizing resources and implementing policies. However, the reality in most developing countries, poor-functioning and inadequate capacity of local government, is becoming a pretext for not devolving power to local governments from central government, thus leading to local governance much weaker. Thus, in order to encourage and support decentralisation policies in developing countries, central governments should take some risks to transfer powers to local governments without assessing or building local capacities, which is the important step to push decentralisation experiments further.

To sum up, it is strongly considered that effective decentralisation would not be successful without good local governance; in turn, the achievement of good governance would be impossible without the transfer of power and resources through decentralisation.

4. Conclusion

In summary, decentralisation is an indispensable instrument for development in many countries around the world. But it is impossible to speed the process to achieve desired benefits by passing decentralisation law or employing decentralisation policies. Effective decentralisation depends on the capacity of local government. To enhance and improve local governance, there are three factors to be taken explicitly into account, popular participation, accountability and available information. Local government should take main responsibility for them. Furthermore, new challenge for decentralisation nowadays is increasing responsibility of local government as enabler. Besides providing some specific public services, local government would put more attentions on offering a systematic and multi-functions mechanism for all providers to deliver public services effectively and efficiently. But it is not an easy job to do. Therefore, from this standpoint, the process of designing and implementing decentralisation strategy is very complicated, lengthy and difficult.

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