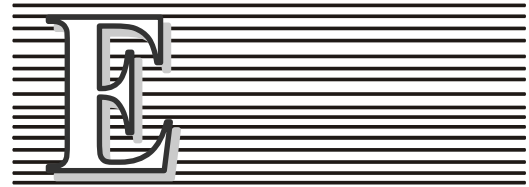




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Popular Participation & Decentralization in Africa

Draft

REPORT

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I. Introduction: Purpose and Scope

Rethinking African Governance

1. At the end of WWII much of the African continent was ruled by some external state. Then the independence movement began: in North Africa first with Egypt and Libya (1951) and then Sudan, Tunisia, and Sudan. The Sub-Saharan states soon followed, beginning with Ghana (1957) and 44 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 strategy whereby the “the flexibility implement policies by technocrats was accorded a 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. And there was some progress in terms of indicators such as infant mortality rates, life expectancy, and adult literacy. But 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 safety net social services.
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 some governments as to the merits of a strategy that was so national government focused. In response to this re-thinking, the United Nations convened the third in a series of international conferences organized by the Economic Commission for African (UNECA), 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 by the United Nations in Arusha, Tanzania to deliberate relationship between development policy and the two governance of popular participation and the decentralization of the state (that is, the intergovernmental sorting out of roles, responsibilities, and authority among different types of governments) .
4. Recognizing that with any large region -- and, of course, in the African continent case of the most number of nation-states in the world (57) 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 in the Arusha conference issued *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 (Arusha, para. 5 & 8) .

5. And, it is an “over centralization” that is in large part due to Africa’s colonial past whereby form many countries there 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; UCLG, 2008, p 28).²
6. Nevertheless, beginning in the mid-1990s there has been a “discernable” movement toward decentralization (UCLG, 29) though even in places where it is taking hold it is “in need of deepening” (Ndegwa, 1, UCLG p30). Ndegwa’s 2002 research on 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 system The report on *Decentralization and Local Democracy in the World* by the United Cities and Local Governments Group and the World Bank (UCLG, World Bank, 2008) adds Burkina Faso, Senegal South Africa and Tunisia to the list, and (the yet fully responded to) 2010 survey by the United Nations Economic Commission on Africa adds Mozambique and Kenya. Plus, the Sudanese *Comprehensive Peace Agreement* (January 2005) suggests goal for Sudan as either a working con-federation, or Southern Sudan as an independent decentralized state. Indeed, change is occurring.
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 in large part on the 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 picking up the garbage); national cohesion; and the creation of a potentially powerful tool for poverty alleviation. But if decentralization is done badly, it can lead to a macroeconomic mess, corruption, and the collapse of the safety net - the same things that many big central governments have delivered.
8. A key message of the *Arusha Declaration* is that for decentralization reforms to have the payoffs promised for them in terms indicators such as macroeconomic stability, economic growth, efficient and effective service delivery and, in some states, the fostering of national cohesion, that popular participation matters: “Africa has no alternative but to empower its people ‘urgently and immediately’” and that a failure to do cause Africa to “become becoming further marginalized in world affairs , both geo-politically and economically. (*Arusha*, para. 7). In a useful metaphor, Latif

² The British and French were the dominant, but not the only colonial powers. One also has Italy, Germany, the Netherlands, and Portugal.

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) and General Assembly Road Map (November 2002)

(2010) points to the promised outcomes of a well- designed system of decentralization as “skeleton” for change, whereas participation is the is “what gives life and sustainability” to this system of collective decision making.

9. As with the term “decentralization”, “participation” is a broad concept that can be misapplied, misunderstood or misused. Participatory community-based development started as a grass-roots model that sought to get local people or the beneficiaries involved in development projects. However, in contrast to western models which tend to stress individualism, African societies attach more importance to the community and, thus, communitarian approaches to finding solutions for reconciling diversity and 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 ‘vassals’ and, too, exploited as agents of violence for the Cold War powers, the focus on nationhood is surely understandable (UNECA, *Perspectives*, 7-8). And, much good comes out, still results from nationstate communitarianism.

10. Then, with the 1990s the participation paradigm shifted:

With the demise of the Cold War...throughout Africa people [became] aware of citizenship rights and obligations (UNECA, *Perspectives*). They had become better educated, well informed worried about the existing socio-economic and political conditions...and wanted to participate in public affairs, but 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 of re-thinking what development entails and how it can be promoted, sustained and consolidated in a land characterized by an amazing diversity of peoples.⁴

11. This shift of focus –or, better said, enhancement—of communitarianism is at the core of the *Arusha Declaration*, which gives content to the reinforcing forces of decentralization and popular participation, the latter of which is embedded in what the twin concepts of “public” and “social” accountability.
12. Public accountability (“supply side” or “downward accountability”) mechanisms exist to safeguard against the abuse of the government authority and power—that is, for governments to be accountable (McNeil & Malena, p. 5). Public accountability thus includes the ability of other government agencies (*horizontal accountability*) and citizens (*vertical accountability*) to hold those responsible for taxing and spending answerable for 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.,

⁴ UNECA, *African Perspectives: Towards Capturing the 21st Century*, 2xxx, p. 10]

planning, budgeting, reporting, internal control, and external audit), administrative (e.g., civil service, procurement reforms, codes 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 recall).

13. Social accountability (“demand side” or “upward accountability”) 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 relate to the lawmaking (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 political (civic awareness programs, citizen initiated recall and referendum).

Purpose and Scope

14. The task for this essay is to a systematic look at the paradigm that links the reinforcing forces of *decentralization* (Section II) and *participation* (Section III). Section II begins by addressing the 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

15. 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?
16. 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 important to repeat that this is all about the sorting out of *intergovernmental*—central and local-- roles, responsibilities, and authorities among types of governments, central and local.⁵This said, confusion still prevails about

⁵The term “local” as used here as well as in other in framework discussions such as this encompasses what in casual conversations one often refers to *local*: (i) general purpose governments (municipalities, communes, municipos, settlements, rayons, cities, villages, districts, mayoralties, union councils ...); (ii) governments that are

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 the further questions as “why decentralize?” and what do we know about the results.

17. Two closely related forms of “decentralization” will be distinguished -- Political and Fiscal.⁶

Political Decentralization

18. Most practitioners take 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 (whereby the central government establishes the subnational governments and which is, to date, the model for most, if not all, African countries) may include laws on (i) the establishment of local governments; (ii) elections; (iii) spending responsibilities or “competencies” among types of governments; (iv) tax authority; and (v) borrowing & debt issuance; and (v) treatment of special governments such as capital cities (Slack and Chattopadhyay, 2010). To illustrate:

- 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 (IPCCS, Siteo, 2010).
- South Africa’s Parliament has established legislation acts on the (i) Intergovernmental Framework System; (ii) Municipal Systems; (iii) Municipal Structures; (iv) Municipal Financial Management; and (v) Division of Revenues.
- Ethiopia’s constitution is permissive regarding the ability of its 47 regional 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).
- Kenya’s promulgation of its new constitution on the 27th of August 2010 supplants a previous arrangement whereby the constitution did not provide for decentralized government; thus, although Local Authorities (LAs) and other entities such as Districts

intermediate or middle tier (provinces, governorates, counties, wilaya, oblasts, Woreda, and Kebele; and then in there are (iii) special purpose or joint service governments -- “authorities” that may be established to provide special (sectorial) services: water and transportation, schooling, street lighting, and in some places, even a special authority for activities like mosquito and rodent control. Such special districts may overlap general purpose governments or even national boundaries.

⁶ These are not the only possible classifications. Others include judicial, regulatory, and economic (Marcou, 2008)

and line ministries did exist, they were controlled by Central Government (Ministry of Local Government. However, on the new Constitution, decentralisation is provided for under chapter 11 entitled *Devolved Governments*. The Chapter provides for a total of 47 Counties with 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 will be provided by County Governments. It is planned that County 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 for the County, implement County laws, and manage the public service of the County (Mitullah, 2010).

Kenya is also a case where participation has preceded decentralization; thus giving the provisions of 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 (KLDA) recently took the City Council of Nairobi to court asking to be allowed to not pay rates to Nairobi due to the lack of service delivery and accountability (Mitullah, CLARION, forthcoming, 2010)

- Sudan’s *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, 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

19. *Fiscal Decentralization* is also a broad term encompassing distinct intergovernmental arrangements.
20. *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.

There are five fundamental questions to be addressed with a devolved system:

- Which type or tier 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 the timing of revenues is addressed (debt and the hard budget constraint)? and
- What institutional framework (i.e., capacity, organizational, institutional, and human) is required to deal with the implementation challenges of decentralizing states?

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 (i) express their preferences on the mix and level of those local public services (divergences in demand for local public goods and services), but also (ii) account for divergences across local jurisdictions the cost of supplying local goods and services.⁷ That is, an intergovernmental government system that provides for local decisions will result in a “better” (more efficient) utilization of limited 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.

Deconcentration, which is often 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, 2004). 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.

21. *Delegation* can be thought of 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.⁸ In essence, the local authority acts as a principle agent for the center; and is, or ought to be, compensated by the center for carrying out its agency function.

Delegation may also lead to improved efficiency when subnational governments can better administer programs of national interest (such as certain aspects of education, water and health) in

⁷Oates, 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 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*).

⁸ Japan provides one of the best examples, and may be a model for some newly decentralizing African countries to consider. Emerging from WWII and facing wide disparities in local government damage, wealth and capacity to deliver services, Japan quickly determined that the center 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 *KikanIninJimu* (agency-delegated-functions) was created whereby 561 governmental tasks were delegated to subnational units. This permitted the center 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 the a pared down system “legally delegated functions” system was established (Iqbal, 2001)

ways that better reflect local economic, social and financial circumstances. Under these arrangements the center, or in some cases the higher intermediate (provincial) government, determines how much should be spent in these areas. The center/higher level of government may also set minimum or standard levels of service. However, in either case, the detailed decisions for service delivery remain 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.

22. 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 be 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 /Muslims and non-Muslims; Ethiopia/Special Woredas and special treatment for urban vs. agricultural communities; Sudan/”north” and “south”), it also exists almost everywhere, including unitary (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, the Addis Ababa Agreement of 1972).

Why Decentralize? The Theory and Why Participation Matters

23. Up to now, this paper has 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 (Purd’homme, 1995; Tanzi 1996). And, too, though there is a solid theoretical foundation for “why decentralize”, there is not as yet a robust body of empirical knowledge on decentralization outcomes as one would like, although even on that matter the situation is improving.
24. And, 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 reinforce each other 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 subnational 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, 1999-2000).

25. With respect to the point that participation matters, the WDR further notes that (i) “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 percent in 1974 to 61 percent by the end of the 1990s. (WDR, p 43); and (ii) as participation in society grows and civic movements are on the rise that...”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, 43-45).
26. There are three steps to getting at the question of “why decentralize?” The first is to look at the reasons why so many countries have centralized public sectors. The second is to examine the arguments, theoretical and “practical, that conventionally made in support of decentralizing, and, as part of that ask how the theory of public finance treat the question The third is to explore the impact of decentralization—that is, what is the empirical “take” on the first two steps?

Why are so many countries centralized?

27. While the World Bank argues that this is the century of localization—the devolution variant decentralization discussed above—many, many countries can still be categorized as what the 1990 the *Arusha Declaration* characterizes as “over centralized”. This is particularly true for the not only most of Africa, but also countries former Soviet Union. Why” Again, three reasons:
- The first is about history and a most important one for Africa: the persistence of old methods as a means for the newly independent nation to establish its authority. Thus, in some “transition” countries of Central and Eastern Europe and Central Asia, the command and control of Soviet communism lingers on, with Uzbekistan and Tajikistan being prime examples. In the Middle East, political authoritarian control may be maintained by a well-organized political oligarchy (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.⁹
 - Second, the “devolution” variant of fiscal decentralization as discussed above *requires* that there be a central government that has the authority and the capacity to carry out its assigned intergovernmental functions — e.g., provide for the national defense, carry out the foreign policy, protect national borders (including establishing as needed the customs function), and manage macro-stabilization. Indeed, 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

⁹There is a corollary to this first reason, which is that in some countries terms like “decentralization” (and “federalism” a “local”) became code words for a technique to disrupt traditional ties in order to centralize powers, and that distrust of the language lingers on.

the main tax and borrowing instruments is often serves as an argument against extensive decentralization.

- The third reason often set forth for a high degree of centralization, particularly with respect to finance, that “for now” local government does not have the institutional and administrative capacity to be local. Maybe for the short run; but as local governments in several newly decentralizing countries have demonstrated, developing capacity to govern is a learning-by-doing process.
28. To recognize these three arguments is not to make an endorsement of them. Thus, though the legacy of colonialism goes a long way in explaining the “over-centralization” of the state that the Arusha declaration identifies, it’s a hard case (at least for some) to make the leap that old ways of public sector governance are good-and-tested ways and merit continuation, and that, that anyway, local governments do not have the “capacity” to be decentralized and participatory so it follows that continued centralization is merited.
29. Is this expression of a skepticism for these three conventional arguments for why so many nation states (particularly in Africa) still have a heavy tilt to centralization an argument that a central state is in some sense “not needed” or be dismantled? 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 center to become intergovernmental. Just as decentralized governance requires local jurisdictions to become capable “local self-governments” so too, must the center build the organizational, institutional, and human capacities to become intergovernmentally capable.

The Case “For” -- Theory and Concept.

30. The fact that much of the world is undergoing some form of decentralization attests to its importance. There are three least for explanations for this trend:
- 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 “right” the new set of intergovernmental arrangements. Focusing on Africa, Latin America, and post-communist Eurasia, Kalandadze and Orenstein cite 17 cases –not all successful as yet--since 1991 where there has been a popular “soft” electoral revolution “from below”.¹⁰

¹⁰ Kalandadze, Katya Mitchell A. Orenstein , Electoral Protests and Democratization: Beyond the Color Revolutions.” *Comparative Economic Studies*, 23 pp., Sage Publications, 2009. There are eleven (11) if one does not count repeat outbreaks breaks 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, Sudan.

- Economic Efficiency. An efficient solution is one that maximizes social welfare subject to a given flow of land, labor, and capital resources. The rule for achieving an efficient allocation of resources is to supply a service (produce an output, etc.) up to 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 automatically. 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. Once the public sector intervenes, the efficiency logic is in favor 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' agent; and if participation is open and transparent, the solution is efficient. As noted, and again worth repeating, this "case for" well- functioning local governments is not a case for dismantling the center; rather, it is that all governments must learn to be intergovernmental.¹¹
- Nation Building. Finally, 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.

Why Decentralize? The Practice

31. Given the conceptual "case for" decentralization—that is, for an intergovernmental set of fiscal arrangements that address the five fundamental questions presented above, the challenge then becomes: how does one know that decentralization delivers on these promises?
32. 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:¹² (Box 1)
 - a strong correlation between decentralization and growth in Gross Domestic Product (GDP) per capital 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

¹¹ Economic efficiency as defined here encompasses the objectives of economic development, macro- stability and the local revenue mobilization (that 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)

¹² 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.

of centralized command and control under Communist regimes in Central and Eastern Europe has been well documented (Bird, Ebel, Wallich, 1995; Bird and Banta 1999; Dunn and Wetzel 2002).

- 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.¹³ A similar finding with respect to revenue autonomy has been reported in Meloche, Vaillancourt and Yilmaz 2004, which concludes 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.”¹⁴
- 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 (Ebel and Yilmaz 2004).¹⁵
- 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 suggesting that the public sector’s expenditure share of national GDP decreases with the increase in subnational tax autonomy (Ebel and Yilmaz 2004).

Beyond the Five Fundamental Questions: Accountability

33. The issues that each decentralizing country faces are at the same time very different and very similar. They arise from the diversity in national economic and demographic structures, institutions, traditions and culture, geography, and access to new technologies. For example, when designing local property tax systems, African and Middle East policy makers must often consider a complex combination of national, colonial and local tribal laws; but the concept of markets as a basis for land valuation is relatively straightforward. In contrast, in most of the countries that have made the Central and Eastern European transition from socialism to more market oriented economies are well organized (witness the speed at which many countries were able to institute some form of property restitution); however, the market concept has not yet been sufficiently accepted politically (in some

¹³ However, no attention is given to the important question of the size of subnational government relative to total government.

¹⁴ There is some econometric evidence of a negative relationship between decentralization and economic growth (deMello 2000; Davoodi and Zou 1998), but the findings of this path-breaking econometric work have been largely supplanted because use of GFS data led to the misspecification of the “decentralization variable” (Akai and Sakata 2002; Yilmaz, Hegedus and Bell 2003; Moloche, Vaillancourt and Yilmaz 2004).

¹⁵ There is evidence to the contrary, which is not reported here because use of GFS data led to the misspecification of the “decentralization variable.” For a review of the issue, see Yilmaz, Hegedus and Bell 2003 and Meloche, Vaillancourt and Yilmaz 2004.

cases due to central pre-emption of the tax base) so it can serve as a guide for widespread adoption of *ad valorem* taxation.

34. So, the differences matter. But so do the similarities. A first similar is structural: compared to nation states, local governments more fully operate in open economies; and is this openness that frames fiscal policy in theory and practice. The open nature of subnational jurisdictions means that they cannot restrict the flow of goods and services across its borders by erecting economic barriers such as tariffs, quotas, or import licenses; nor can they effectively control cross-border movements of labor and capital. This high degree of product and factor mobility changes the character of subnational fiscal policy from that of structurally similar, national policies where, even in an era of globalization, a nation-state still more closely approximates the closed model through its use of border and regulatory controls. And it is for this reason that one empirically defines “decentralization” by the five fundamental questions listed above.
35. These similarities fall under what is now referred to by some as part of the (still very important) “first generation” of the study and practice of fiscal decentralization, which focuses primarily on the “case for” decentralized governments in terms of improved efficiency (resource allocation, and macro stabilization/economic growth and national cohesion). (Yilmaz, Beris and Serrano-Berthet, 2010)
36. Another similarity among decentralizing countries is an emerging “second generation” theory of decentralization, that of bridging the gap between the economic and political approaches to decentralization taking as its point of departure the assumption that participants in the political process (both voters and officials) have their own objectives, and, thus, for decentralization to “work” society must establish and allow to function organizational and institutional arrangements that 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.

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 is 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 spend on behalf of the central government appear as “local” expenditures. This makes the use of the ratio of [subnational expenditures/total government expenditures] no decentralization measure at all. That

is, to use subnational (e.g., local) expenditures in this manner is to mis-specify the “decentralization variable”.¹⁶

- 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 central 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 (Jensen, 2001; Ebel and Yilmaz, 2003).

There are two *ad hoc* data base development studies of the degree of fiscal decentralization using the **own source revenue** decentralisation 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 (reported in the text above) efficiency) been used to make empirical statements on development and growth (as reported in the text above).¹⁷ The second is a World Bank Report by Michael Bell, Charles Igogo & Henry Kasiga, and Anka Kirundi 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 2004/05) but because it lays out in an African country context the methodology for identifying and measuring the decentralization variable (Bell, et. al, 2006)

37. In Africa, 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, and “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 can show higher level managers requirements have been met, no matter what the quality or outcome of participation.
38. However, a large body of emerging “second generation” literature addresses the mechanisms for accountability and under which conditions such mechanisms can work. Recognizing that such mechanisms for accountability will vary according to the local context and processes of state/society relations, it follows that the configuration of local actors and their openness to such mechanisms will look different within one country, let alone across countries. Hence the efforts to strengthen citizen voice and create mechanisms for accountability must be adapted to the particularities of the setting.

¹⁶ All is not lost, however. One can make qualitative statements regarding elements of subnational fiscal autonomy with respect to spending. Bell (2006) 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 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.

¹⁷ Czech Republic, Hungary, Poland, Estonia, Latvia and Lithuania (OECD,2001)

39. But, for 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. For example, to speak out can be a risky undertaking and citizens may be reluctant to exercise voice due to fear of exclusion (and in paragraph 18 of Arusha the importance of freedom from fear is explicitly recognized).
40. Another important lesson is that citizen processes for strengthening voice is 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 behavioral 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 capacities such as available resources or the discretionary powers of local governments. The distinction between political will and technical capacity is useful for analyzing different types of state/society accountability dynamics.
41. 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: (i) legal standing to NGO observers within public oversight agencies; (ii) continued presence of these observers; (iii) well-defined procedures for conduct of encounters between citizens and public sector; (iv) structured access to official documentary information; and (v) right of observers to issue dissenting reports directly to legislative bodies.
42. 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 (CBO) observers may themselves be lacking democratic mandate and have no internal review processes.

Accountability/Participation Dynamics

Culture and History

43. 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., Crawford, Hetland, and Cammack). This is an essential reminder that institutions cannot be analyzed 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 require including the specific dynamism of politics and the complexities of culture. Contextual analyses can bring these dimensions back into the frame, as well as for those which explore the political implications of their absence.
44. The *state-in-society* approach identified by Hetland 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 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&Shue 1994). The disaggregation of the central state furtherbrings into state-society relations into the analysis by recognizing that social forces are historically contingent and that their political capacity is not predetermined.
45. The significance of analyzing the existing political landscape within which institutions of participation come to be established over time. What political landscapes reveal, however, is a number of broader enabling factors that make each country's decentralization what they are, which highlight some 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.
46. 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 centers 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 NGOs, as well as the role of donors in influencing national policies.
47. 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 structuring and process by which community participation occurs. Along with national institutional factors, local contextual factors frame some of the constraints, but also 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.

48. 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, and the ways in which they shape goals and organizational processes.

Participation and Citizenship/CSOs

49. Citizenship implies a reciprocal commitment between the state and the individual. Citizens are social actors with possibilities of self-determination, with the power to represent interests and demands, and to fully exercise their legally recognized individual and collective rights. The interaction between citizenship and governance occurs through global, national and local processes, and is managed through specific organizations and involves a stakeholders who are involved in various ways in the decision making process and in holding leaders accountable.
50. State/society relations are the product of what one author described as the '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-patriotism are described these authors as a combination of complementarity and embeddedness. *Complementarity* involves both the implicit and explicit division of tasks between state and citizens, and also about the self-limiting of state power, through an acknowledged set of restraints or rule of law. The public sector is not only limited, however, it also has a certain amount of autonomy that limits the pressures of the more powerful actors on state actions and resources. *Embeddedness* relates to the connections between state institutions and social networks, especially at the local level, so that the state emerges from society (acknowledging that this is an on-going process). Embeddedness provides implicit credibility for the state and reduces the distance that was well described by Goran Hyden in "No Shortcuts to Progress", where the post-colonial state was disconnected from society.
51. 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 the case where the existing mechanisms for accountability are either weak or have lost their effectiveness. Thus, effective and organized civil society organizations clearly have a vital role to play in making participatory governance viable.
52. . 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. But at times the language that frames the use of the term 'civil society' in development discourse does not address this. 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...the building up of shared goals through different CSO networks or 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 partially dependent on a relationship with the state and its public institutions that is linked with state/society dynamics. Thus, effective participation and accountability partially

depend on ‘constructive co-existence’ in which collaboration will have as large a role as contestation. This requires an assessment of the degree to which different CSOs reach varied low-income groups both in terms of geographic distribution and intra-household. 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 & Non-Traditional Authorities

53. 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 who take on new powers or responsibility in decentralization processes will contribute to 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 at the locally.
54. 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 will help determine the balance between social and public orientation by different local authorities. Understanding the implications of decentralization further requires 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.
55. Elected councils frequently play a role(though sometimes a quite limited one in weak or poorly functioning local authorities in politically decentralized systems. These elected local bodies have been designed and provided functions and resources in a diverse set of circumstances. 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.
56. 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.
57. Research by Carolyn Long addresses the 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. She cites survey data from *Afrobarometer* to make the case that for 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.

58. There is variability in what these institutions looked like historically, in what sorts of rules, roles and relationships were imposed on them by both colonial and post-colonial 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 of consensus and the risk that these institutions will undermine other accountability processes.
59. Thus, to intently focus 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. Community-wide gatherings in Africa have long offered a space for voice, and in the post-independence era, frequently there have been improvements in women's and youth participation.
60. In the specific instance of Mali, Olivier de Sardan found that while decentralization has reduced certain powers of canton chiefs, these individuals frequently retain forms of power through two distinct mechanisms. 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 dependants' 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 he 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

61. 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 programs. Thus, decentralization process needs to incorporate and overall assessment of capacity available, as well as capacity constraints. This can provide support for not only the basic training of local service personnel but also that of establishing an enabling environment for reform and building (sometime newly) of effective local (decentralized) institutions for delivering and assessing publicly provided social services (Box 2).
62. In every such context there are inter-relationships between increased autonomy of service providers, greater community voice and engagement. The links, when well established, can improve information available about service sector activities that strengthen accountability through double oversight---central government and communities that are being served. In assessing the

processes around 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.

63. One of the risks is that in the absence of a central authority that has learned to be intergovernmental, there may result increased dependence on local "own" resources can lead to regional inequalities, with the potential for reduction in horizontal equity. This problem can be addressed through 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 intergovernmental rather than "over- centrist".
64. 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 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 favorable to the goals behind the UPE goals, that in practice the functioning of the state driven process tended to reduce local accountability. While the process of UPE emphasized participation, in practice the central bureaucracies limited the potential for decentralized flexibility in the implementation. The School Management Committees tended to be both controlled by local elites and limited by the Ministry of Education's guidelines.
65. 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 with the finding 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: (i) through PTA's 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 (ii) 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.
66. Recent assessments also noted that there are still notable challenges in linking the government's decentralization processes with community participation. Problems identified included 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.
67. Work in the sector water 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 and hire local technicians and mobilize funds for maintaining the water facilities. Various designated vulnerable groups (e.g., very poor, widows, genocide victims/ survivors) are exempt 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 of water supply and distribution.

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

Type of Capacity Building	Illustrations
<p><i>Strengthening of organizations:</i> improve organizational structures and management processes (create an enabling environment)</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 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>Recognizing 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>Institution Restructuring and Building:</i> Implement, manage and evaluate (one set of intergovernmental arrangements may not fit all local governments—be ready to be asymmetric and to be transparent about it).</p>	<p>Redesigning/restructuring central government ministries to become intergovernmental (includes a strong central ability to monitor, evaluate, in some cases “lead” the decentralization process).</p> <p>Introduction of new management or budget mechanisms in a local government; internal and external audit, financial administration and reporting; making public the public information at low cost (transparency)</p> <p>Recognize that as one moves from a system of central regime control of “government” to a decentralized and participatory society, that there will arise legitimate disagreements over the pace, structure and depth of governance reform. Accordingly, establish an agreed upon process for integrity-bound systems for mediation and, when needed, for appeal to a transparent and final legal authority.</p>
<p><i>Development of Individual Capabilities:</i> enhance the supply of professional personnel (it’s likely to be quality and quantity).</p>	<p>Knowledge Development for</p> <ul style="list-style-type: none"> • performing the direct work tasks assigned to the individual (training for the 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)
<p>Source: Authors; Adapted from Bahl (2007); Hajnal (2003) & OECD Development Assistance Committee, DAC (2006).</p>	

Limits to Participation and Accountability Processes

68. 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. Field research by Diana Cammack and her colleagues argued that in the cases of both Malawi and Uganda, there are significant limits to how much accountability exists. The authors argue that both Uganda and Malawi represent national level hybrids that blend the formal (legal-rational) institutions with varied informal (patrimonial) relations. This leads to an ever evolving set of relationships, with the negative consequence that there are a multiplicity of rules which results in a lack of consistency in the systems and in practice. This partly driven by the potential for wealth through use of state mechanisms for capturing resources and partly due to the nature of national politics where institutions serve as means for short-term gain.¹⁸
69. Hetland noted that in Mali the process of decentralization led to tensions and power struggles over local rights to land, resources and political access. He noted that this was more than “just a question of first-comers versus latecomers.” He cited a study by Nijenhuis (2003) that outlined an increase in political conflict in a village in Southern Mali, as the process 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). Hetland further summarizes the research to note that while the political process led to a divide between these two groups, the most marginalized are the migrants that settled in the area later and “find themselves being chased off their borrowed fields for choosing the wrong side.” (Nijenhuis 2003).
70. In a different way in terms of limitations, Crawford’s paper on 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. He summarizes his field work with the view that 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.
71. Kauzya summarizes his three country review (Uganda, Rwanda, and South Africa) with the reminder that too frequently discussions on participation are generalized, which is counterproductive and infeasible for the diversity of African experiences. Based on his research and other community level assessments, it is a reminder that 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, and the disabled as well as the very 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

¹⁸ Though one could ask how much this differs from politics in any other country..

can be best promoted at locally in 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 inspecific activities.

72. 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). The mandate in Uganda was that at least 33% of the members of each local council had to be women, and in Rwanda the level is 50%. 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, the number of women serving on Local Government Councils, increase of female representation in decision-making process does not automatically guarantee that the decisions are more gender sensitive.
73. Yet, even with these shortcomings there were openings and opportunities created by decentralization. As Devas and Grant found in their 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. 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. But there have been some small yet significant advances in recent years. Although the obstacles remain great, there are examples of good practice in each country, often associated with particular local circumstances at a particular time.
74. For participation and accountability to work effectively, information needs to be shared widely and strategically, and this is not yet the case in many contexts, as in the distinction made by Crawford on experiences in Ghana. The capacity of both local governments and civil society organizations 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.
75. Finally, one can see from these country cases that there is no automatic progression from decentralization to the inclusion of the poor. 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. Here again, the obstacles are substantial.

IV. Concluding Comments

76. There are a myriad of 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 able establish good working relationships between public (state and

local) officials and community organizations. Another element involves the ways in which external expectations are translated from civil society organizations, 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.

77. 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 regards to 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 civil society organizations may crystallize around promoting accountable local government, but civil society should be viewed as a complement, rather than alternative, to accountable forms of government.
78. In their Mali fieldwork Diana Cammack and Edge Kanyongolo found three significant ‘proximate causal variables and associated social mechanisms shaped the production and delivery of public goods: (i) ‘sanctions regime; (ii) cohesiveness of the community, and (ii) 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, public goods are more likely to be satisfactorily provided. At present, 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 difficult the construction a framework of accountability or norms of accountability for local governments to adopt.

Box 3: Options for Enhancing Participation

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

- Raise the community the awareness regarding the merits, need and right to demand accountability not only from their local governments but also the central authority
- Empower local authorities to transparently 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 on what types of financial processes and reports that they must be aware of and make it simple (e.g., “Citizen Guides” to the Budget that lays out sources and uses of funds) and, as needed, multilingual.
- Institutionalize knowledge development activities for both (i) discussing options for citizen led (“bottom-up”) capacity building of decentralization of local government and (ii) establishing procedures for the a citizen-local government partnerships in understanding and monitoring how central government activities impact on “their” local communities

79. A further problem arises with respect to the lack of awareness and interests among communities to demand accountability from local authorities, the mismatching of accountability mechanisms with the capacity and beliefs of the community; and the lack of the establishment of formal and systematic processes and institutions to inform respond and involve the communities.

80. Among the major challenges that have been identified are those of coordination, clarity on specific responsibilities, and capacity issues for service delivery in particular. Some of these can be further elaborated below:

- *Oversight:* A well designed intergovernmental system requires a government-to-government and community to government monitoring capability; and in some cases, to directly supervise, 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 and for participation to be meaningful, local governments must have a high 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 their common interest, indeed the national interest, to understand and act on the premise that successful decentralization can work, but do so it 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 the responsibility of local governments, legal frameworks or regulations could outline how distributed powers exist between to local governments and traditional authorities, possibly reducing conflicts or functional imbalances. But tread carefully here—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* identifies. Decentralized and participatory government becomes “ready” by being decentralized and participatory.

- *Willingness of Civil Servants to Work for Local Governments:* As countries decentralize, central civil servants are 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. But 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. But often the mechanisms for accountability are unclear or weak, and to get it “right” requires that as just as members of civil society demand accountability from their local officials, these members, too, have an obligation to make their participatory processes open, transparent, and, well, 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 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 allowed reform, the local government was ready to respond (Pallai, 2003). [Box 3].
- *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 in how to adjust to the ever-changing economic, demographic and institutional changes that make up the governance “fiscal architecture” for governance reform (Wallace, 2007). 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. And just as the fiscal architecture will change, so will the instruments and

process of accountability. So plan for it through ongoing knowledge and capacity development in a manner that when change occurs, the response will be one that citizens understand and control.
