Rethinking decentralisation: from a public sector reform perspective to a political process of empowerment

The classical definitions

In the conventional vision, decentralisation is generally framed as a public sector reform process intended to transfer responsibilities, resources and general authority from higher levels to lower (largely passive) levels of government. This focus reflects the central concerns of fiscal federalism with the optimum distribution of functions and resources across levels of government, and has framed the mainstream international debate on decentralization, as well as the provision of external policy and technical advice to developing countries, over most of the last three decades.

In considering this downward reallocation of authority, three basic functional dimensions of decentralisation are generally distinguished: administrative, fiscal and political (see Box 2.3).

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| **Box 2.3 The functional dimensions of decentralisation*** Administrative decentralization comprises the systems, processes and policies that transfer administration of public functions to subnational governments. This need not involve autonomous authority over revenues and expenditures or formal mechanisms of accountability to local citizens.
* Fiscal decentralization refers to the formal assignment of expenditure functions and revenues (intergovernmental transfers and own tax and non-tax sources) to LAs. It need not involve formal mechanisms of accountability to local citizens.
* Political decentralization is the set of provisions designed to devolve political authority to LAs and enhance their accountability to the residents of their jurisdictions. Examples include the popular election of mayors and councils who previously may have been appointed or did not exist. In effect, political decentralization adds democratization to the more technical mechanisms of administrative and fiscal decentralization.
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Linked to this, three basic forms of decentralisation can prevail in a given country, involving varying degrees of empowerment of local authorities:

* Devolution implies that (semi-) independent and typically elected local authorities are legally responsible for specific functions and empowered to receive or raise certain revenues. Genuine devolution also gives local authorities a ‘general mandate’ to develop their territories and promote citizen wellbeing.
* De-concentration refers to decentralizing central agencies and adopting arrangements in which local actors perform functions as central agents. These actors may have authority to make some independent decisions, but usually within central guidelines and subject to considerable central control/oversight.
* Delegation involves arrangements with local (governmental or nongovernmental) entities to deliver services that are formally central government responsibilities. Specific arrangements vary, but the entity always acts on behalf of the center.

Towards a broader development-oriented definition of decentralisation

More recently, however, along with a growing attention to institutional and political factors affecting real-world decentralization processes, the limits of the early fiscal federalism perspective have been recognized. As a result, a more comprehensive definition has then been advanced. It does not reduce decentralization to the central-to-local transfer of responsibilities and resources, but understands it as a broader, and essentially political, process of empowerment of people (over the public sector) through the empowerment of their local governments.

This broader definition has major consequences from a policy-making point of view:

* First, it confirms that the empowerment of local authorities should not be seen as an end in itself, but as a means for empowering people with greater choice and control over the delivery of public services and local development at large. The instrumental character of decentralisation reforms is therefore firmly established.
* Second, to the extent that local governments are instruments for empowering people over the public sector, their empowerment cannot be limited to a greater role in direct provision of public services. It should also encompass their ability to influence, and cooperate with, other public sector actors operating in the locality. This brings to the fore the need for effective mechanisms of inter-governmental cooperation (for consultation, coordination and mutual contracting).
* Third, to the extent that decentralization is about people’s empowerment, its success depends on local governance mechanisms that enable people to effectively interact with their own local government at all stages of formation and implementation of local development policies. This requires not just mechanisms for people to participate in local policy-making and hold accountable local officials, but also enhanced forms of active citizenship including civic engagement in co-provision and co-production of services in a given territory.

From an empowerment perspective, the instrumental value of the three main forms of decentralisation varies considerably:

* The instrumental value of devolution is obviously the greatest, as it enlarges the scope of services delivery and development management directly governed by local policies. Under enabling local governance conditions (more below), this expands the opportunities for people to make choices, exercise controls and otherwise participate in all steps of the local development planning, resourcing and implementation process.
* The instrumental value of de-concentration is more limited. But it may still be considerable, when, by empowering local agents of the state, it brings the decision-making over central resources, closer to decision-making by local governments on their own resources. This both requires and facilitates the establishment of effective inter-governmental planning mechanisms through which people may also influence the delivery of services and other developmental decisions by actors other than their own local government.
* The instrumental value of delegation for empowering people through their local authorities may also be considerable. To the extent that the terms of the delegation “contract” between a central agency and a local government, (a) empower the latter with discretion to tailor the program to local conditions, and (b) enable people’s participation in planning and managing of the delegated responsibilities, delegation arrangements may significantly contribute to empowering people over the local services delivery process.