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Overview of Decentralisation Worldwide:

A Stepping Stone to Improved Governance and Human Development

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Introduction

Today, academics, practitioners and development stakeholders universally recognize the importance of good governance practices for alleviating chronic poverty and injustice. Simultaneously, the world has increasingly turned towards the practice of decentralisation to assure democratic governance for human development.

The first section of this paper will provide the conceptual framework linking development, governance and decentralisation. It will also attempt to outline the relationship between federal and unitary states and decentralisation.

The second section will present the state of decentralisation in the world today. We will look at various measures of democracy, governance, decentralisation and current development programmes worldwide in an attempt to illustrate the widespread and diverse practices of democratic governance and decentralisation.

Finally, the paper will conclude with some lessons and recommendations for practitioners and stakeholders including government, civil society, the private sector and scholars in the field of decentralisation.

I. Providing Context - Globalisation

It is clear that globalisation has brought about incredible strides in economic prosperity. The record of human development over the past fifty years is unprecedented; with developing countries setting a pace three times faster than the industrialised countries did a century ago. The wealth of nations has multiplied exponentially. In the past fifty years the global gross domestic product has increased sevenfold.

At the same time, the socio-economic divide between developed and developing countries continues to grow. While some can actively participate in the wonders of technological achievement and increased prosperity, one-third of the global population lives in abject poverty. It is a world of stark polarity and inequality.

Yet, globalisation reaches beyond economics and trade policies. It enters into the spheres of health and education with the spread of the HIV/AIDS epidemic and the practice of "brain drain" - the exporting of experts from developing countries for technical work in developed countries. Globalisation affects cultural policies as the dialogue and mix of world cultures is available virtually everywhere. It affects national security with the recent threat of global terrorism and environmental policies as the world addresses the problem of ozone depletion.

Globalisation has also reached the political sphere, with dozens of nations taking significant steps toward introducing democratic principles and freedom. According to the British Department for International Development, the proportion of countries with forms of democratic governance has risen from 28% in 1974 to 61% in 1998. Moreover improved global communication has facilitated greater international solidarity in support of democratic freedoms and human rights. People everywhere are better informed about developments elsewhere, and increasingly governments have to explain their actions and omissions to a global audience.[i]

Sustainable Human Development and Governance

"Good governance is perhaps the single most important factor in eradicating poverty and promoting development." Kofi A. Annan, Secretary General of the United Nations

Within this dichotomous reality of spectacular achievements and gross human distress is the ongoing struggle for sustainable human development. In our interdependent world, it is inadmissible to remain unresponsive to the existing conditions of poverty and suffering.

The Millennium Development Goals, a set of time-bound targets that express key elements of human development, have been created to guide the progress of sustainable solutions. They include halving income-poverty and hunger, achieving universal education and gender equality, reducing under-5 mortality by two-thirds and maternal mortality by three-quarters, reversing the spread of HIV/AIDS and halving the proportion of people without access to safe water. These targets are to be achieved by 2015, from their level in 1990.[ii]

In order to fulfil these development goals, practitioners have sought a new paradigm of sustainable human development that seeks to bring humanity together through a more equitable sharing of economic opportunities and responsibilities. The United Nations Development Programme defines sustainable human development as "expanding the choices for all people in society. This means that men and women particularly the poor and vulnerable are at the centre of the development process. It also means the protection of life opportunities for future generations and the natural systems on which life depends. This makes the central purpose of development the creation of an enabling environment in which all can enjoy long healthy and creative lives (UNDP1997)".[iii]

The Enabling Environment

It has become increasingly clear that the achievement of these development criteria hinges largely on the society's quality of governance.

Governance is broadly defined as the system of values, policies and institutions by which a society organizes collective decision-making and action related to political, economic and socio-cultural and environmental affairs through the interaction of the state, civil society and the private sector. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations.

The fundamental principles of *good* governance include respect for human rights, political openness, participation, tolerance, administrative and bureaucratic capacity and efficiency. It is also generally accepted that good governance entails the creation of effective partnerships to ensure that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and most vulnerable are heard in the decision making process.

Ultimately, only a nation's government, civil society and private sector can facilitate this "enabling environment" and the challenge is to create a system of governance that promotes these fundamental principles. For this reason democratic and decentralised governance is increasingly considered a requisite component of development initiatives.

Decentralisation and Development

While a portion of this paper will focus on decentralisation driven institutional reforms, in fact, decentralisation is a complex process that reaches beyond structural reforms proposed in institutional frameworks. Decentralisation can address poverty, gender inequality, environmental concerns, the improvement of healthcare, education and access to technology. Moreover, decentralisation does not only affect government and civil service, but is conditional on the involvement of community organisations, stakeholders in the private sector, international aid organisations and citizens.

Decentralisation brings decision-making closer to the people and therefore yields programmes and services that better address local needs. The challenge is to ensure that all stakeholders can and will voice their opinions. As part of the decentralisation process, policy makers and politicians are integrating programmes to address citizen participation, promote advocacy groups, incorporate women and the poor in policy decisions, aid in poverty reduction and environmental initiatives at the local level, and encourage sub-national autonomy and creativity in addressing local needs.

While it is empirically difficult to prove the effects of decentralisation on human development, there is a multitude of individual examples that help illustrate successful steps forward.

Community participation and boosting grass roots development plays a key role in the sustainability of programmes and quality of life improvements. Bringing stakeholders together to define priorities for projects and programmes increases interest and sense of ownership, which in turn promotes sustainability. A municipality in Brazil, Belo Horizonte, formed a municipal health council bringing together stakeholders from the community, the local and central governments. Consequently, the council was better able to prioritise the needs of the community, improve communication with all stakeholders including the private sector and increase allocated resources from the Ministry of Health in exchange for a stronger system of accountability. These achievements ultimately led to the improvement of immunisation rates and lower infant mortality – top priorities defined by the council.

Supporting open dialogue and participation between the local government and civil society can ensure improved self-reliance. The Local Initiative Facility for Urban Environment (LIFE) programme in Tanzania has helped strengthen the link between civil society and local governance institutions and thereby improving local capacity to solve key development problems.

Encouraging a culture of participatory democracy assists in ensuring the accountability of elected local government officials. In turn increased responsiveness of local authorities and improved service provision assists in better revenue and local tax collection. The United States Agency for International Development (USAID) is sponsoring a programme in Nigeria that aims to promote more effective participation in the democratisation process. As a result of the project, more grassroots organisations are helping women learn about their rights, identify special concerns, and generate support for their issues. As a result women are gaining greater decision-making abilities in the household, community and political arenas. Not only does this programme bolster

democratic processes, but also Nigerian women have gained more control over their destinies, which ultimately increases their contribution to the country's development.[iv]

Empowering and supporting women and the under-privileged helps to improve their economic conditions and make progress in alleviating widespread poverty. Simply by increasing representation for these groups by mandating that a certain proportion of representatives belonging to a certain group, helps to achieve these goals.

These are only a few examples of successful programmes that link the processes of decentralisation and human development.

Defining Decentralisation[v]

While decentralisation has undoubtedly gained popularity within the last two decades, it is not a new concept. The term attracted attention in the 1950s and 1960s when British and French colonial administrations prepared colonies for independence by devolving responsibilities for certain programmes to local authorities. In the 1980s decentralisation came to the forefront of the development agenda alongside the renewed global emphasis on governance and human-centred approaches to human development.[vi] Today both developed and developing countries are pursing decentralisation policies.

As Robert Ebel points out in his overview of decentralisation: "The western world sees decentralisation as an alternative to provide public services in a more cost-effective way. Developing countries are pursing decentralisation reforms to counter economic inefficiencies, macroeconomic instability, and ineffective governance. Post-communist transition countries are embracing decentralisation as a natural step in the shift to market economies and democracy. Latin America is decentralizing as a result of political pressure to democratise. African states view decentralisation as a path to national unity."[vii] There are many different reasons why governments pursue decentralisation and there are numerous forms and degrees that decentralisation can take on.

While there are numerous political and economic reasons why governments adopt decentralisation policies, scholars and practitioners have theorised about the interdependence of decentralisation and size variables such as population, land area and GDP. Are countries with certain demographic, or economic characteristics more likely to attempt decentralisation? Indeed high-income countries are relatively more decentralised than low-income countries, and Sub-Saharan Africa has the lowest levels of local expenditure and revenue shares compared to the world (see below). Additionally, countries with greater populations and area are more decentralised - as country size and population increases, sub-national governments are expected to play a larger role in service delivery. [viii]

Decentralisation can be defined as the transfer of responsibility for planning, management and resource raising and allocation from the central government and its agencies to the lower levels of government. Decentralisation is closely linked to the concept of subsidiarity, which proposes that functions (or tasks) be devolved to the lowest level of social order that is capable of completing them.[ix] As the UNDP states:

"Decentralizing governance is the restructuring of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and

effectiveness of the system of governance, while increasing the authority and capabilities of sub-national levels."[x]

There are three broad types of decentralisation: political, administrative and fiscal and four major forms of decentralisation: devolution, delegation, deconcentration and divestment.

Political decentralisation normally refers to situations where political power and authority has been transferred to sub-national levels of government. The most obvious manifestations of this type of decentralisation are elected and empowered sub-national forms of government ranging from village councils to state level bodies. Devolution is considered a form of political decentralisation.

Devolution refers to the full transfer of responsibility, decision-making, resources and revenue generation to a local level public authority that is autonomous and fully independent of the devolving authority. Units that are devolved are usually recognised as independent legal entities and are ideally elected (although not necessarily).

Political decentralisation requires a constitutional, legal and regulatory framework to ensure accountability and transparency. It also necessitates the restructuring of institutions and developing linkages with civil society and the private sector. Simultaneously, political decentralisation necessitates universal participation and new approaches to community institutions and social capital.

Administrative decentralisation aims at transferring decision-making authority, resources and responsibilities for the delivery of select number of public services from the central government to other levels of government, agencies, field offices of central government line agencies. Administrative decentralisation is often simultaneous with civil service reform. There are two major forms of administrative decentralisation:

Deconcentration refers to the transfer of authority and responsibility from one level of the central government to another while maintaining the same hierarchical level of accountability from the local units to the central government ministry or agency, which has been decentralised. Deconcentration can be seen as the first step in a newly decentralising government to improve service delivery.

Delegation redistributes authority and responsibility to local units of government or agencies that are not always necessarily branches or local offices of the delegating authority. While some transfer of accountability to the sub-national level units to which power is being delegated takes place, the bulk of accountability is still vertical and to the delegating central unit.

Fiscal decentralisation is the most comprehensive and possibly traceable degree of decentralisation since it is directly linked to budgetary practices. Fiscal decentralisation refers to the resource reallocation to sub-national levels of government. Arrangements for resource allocation are often negotiated between the central and local authorities based on several factors including interregional equity, availability of resources at all levels of government and local fiscal management capacity. Experience in fiscal decentralisation has led to capacity building in expenditure and revenue assignment as well as the design of fiscal transfer formulas and sub-national borrowing.

Divestment is when planning and administrative responsibility or other public functions are transferred from government to voluntary, private or non-governmental institutions with clear benefits to and involvement of the public. This often involves contracting out partial service provision or administrative functions, deregulation or full privatisation.

Federalism and Decentralisation

There exists an extensive debate over the relationship of federalism and decentralisation among development practitioners. Federalism is often accompanied by decentralisation, but it is not a necessary condition for decentralisation, nor is decentralisation a sufficient condition for federalism.[xi] Thereby, does a federal system facilitate decentralisation and development better than unitary systems? Is the success of decentralisation and development efforts greater in a federal rather than a unitary system or is it independent of the government structure? For decentralizing unitary systems is federalism the logical next step?[xii]

In practice, the line between decentralisation, federalism, unitary states and centralised systems becomes blurred. As Lidija Basta points out in her overview on decentralisation: "There is no completely unitary state. Every state is at least composed of municipalities as decentralised units. Accordingly, the major question arises how to differentiate among a unitary state practicing deconcentration, a decentralised state unitary state and a federal state". Ultimately she argues that "the member states within a federal state dispose of original autonomy, which is not the case with the autonomy of decentralised units within a unitary state; in other words, the autonomy of member states has been established and guaranteed on a constitutional not merely legislative (statutory level) as it is the case with decentralised units."[xiii]

Some consider federalism "a special case of decentralisation: a system in which public sector decisions can be taken at various levels of government - a compromise between a unitary state and complete decentralisation".[xiv] Under the unitary systems, the subnational units function largely as the administrative unit of the centre. One government dominates the fiscal decisions, which may include granting some devolution or deconcentration with authority. Thus some local autonomy can emerge even in unitary states.

In a federal system, different independent governments make public sector decisions and provide greater opportunities than a unitary system for citizen participation at sub-national levels. A federal system is expensive and institutionally complex. It requires high levels of cooperation and capacity at the sub-national levels to ensure the enhancement of good governance. The argument then is that a federal state is more apt for deconcentration since the administrative and political structures are already in place. Additionally, the centre does not control member state officials in a federation, whereas sub-national governments in unitary states can operate only within the legislative powers that are assigned to them by the centre. Therefore the workability of decentralisation depends on the good will of the unitary central government, instead of relying on existing constitutional divisions of power.[xv]

The counter arguments to the federalism include the following: federalism can aggravate ethnic differences and promotes separatist movements, it may promote unequal development of regions when universal equal development is necessary, federalism is

sometimes ineffective and inefficient, particularly in developing countries with a non-existent or under-developed infrastructure.

The loudest arguments against federalism have been recently expressed in reference to Sri Lanka. Sri Lanka is a small multi-ethnic, multi-religious and multi-lingual country, in the process of adopting a comprehensive "Devolution Package" to amend the Constitution and adopt a federal system. Some argue that the pursuit of a federal state will only aggravate the anti democratic and separatist elements within the country and put statehood at risk. Given the current situation, many believe that only a strong centre can promote development and economic growth. Additionally, it is argued that fragmentation of the state would lead to units too small to be economically viable, environmentally sustainable and geographically homogenous. In effect, certain regions would be deprived of natural resources such as water. Ultimately some sources conclude that there are no convincing economic, political or developmental reasons to divide Sri Lanka into 9 federal states.[xvi]

II. Exploring Decentralisation Worldwide

Given the many impetuses for implementing decentralisation policies and varying types and degrees of decentralisation across countries, it is inherently difficult to compare a single notion of decentralisation. In fact, as pointed out previously, the lines between the types of decentralisation and existing governmental systems become quite blurred in practice. To accurately summarize the degree of decentralisation in a country, one must simultaneously consider the political, fiscal and administrative issues at all levels of government. As well as local council elections, participatory budgeting practices, local government's borrowing powers and tax collection capacity, the prevalence and role of NGO's and advocacy groups, community organizing and freedom of voice.

While categorizing and comparing decentralisation across countries is a challenging task, it is import for monitoring and evaluation purposes. A better understanding of changing governmental systems and the affects of decentralisation on service delivery, socio-economic status and institutional arrangements will allow for cross-national learning and improved approaches to development.

Currently there is one existing source and two sources that are being developed to assess and compare decentralisation indicators: [xvii]

- Government Finance Statistics which are particularly helpful when evaluating fiscal decentralisation but do not provide details on own-source revenue or expenditure autonomy;

- An OECD survey on Fiscal Design Across Levels of Government and;

- Fiscal Decentralisation Indicators Project currently being developed by the World Bank.

Additionally, governance indicators and democracy and freedom indicators are helpful in providing context for decentralisation. Sources such as the United Nations Development Programme Human Development Report for 2002, which is dedicated to the issues of Deepening Democracy in a Fragmented World and the United Nations University initiated Global Survey on Governance help obtain a broader understanding of the extent and affects of decentralised governance. While currently the most often used measures in

assessing decentralisation are sub-national shares of revenues and expenditures and local government elections, it is important to pair these empirical measures with qualitative assessments of governance indicators for a fuller picture of the impacts of decentralisation.

Democracy, Governance and Decentralisation

In the year 2000, 120 of the 192 countries included in a Freedom House study were democracies. At the brink of the new millennium, over 58% of the Worlds population was living in a democracy. In contrast slightly more than 33% of the population was living in an authoritarian regime (39 states), a one-party state or military dictatorship in which there are significant humans right violations. Sixteen states or 8% of all states had "restricted democratic practices".

While the number and percentage of democracies in the last 50 years has increased dramatically from 22, so has the number of authoritarian regimes (from 10). Given the accelerated spread of democracy, one should remember that this shift has not always been a peaceful one, and democracy itself has no guarantee for human rights and freedoms. Additionally, the increase in the number of regimes calls for an increased commitment to the spread and strengthening of democratic governance.

It is not surprising that decentralisation has complemented the growth of democracies worldwide. It is estimated that 80 percent of developing countries including the transitional economies of Eastern and Central Europe are experimenting with some form of decentralisation.[xviii] Using sub-national government elections as an indicator of political decentralisation, in 1999, 96 of the 126 countries included in the World Development Report tables had at least one elected sub-national level of government. Forty-two countries had two or more elected sub-national levels.

Table 1. State of Decentralisation Worldwide, 1999
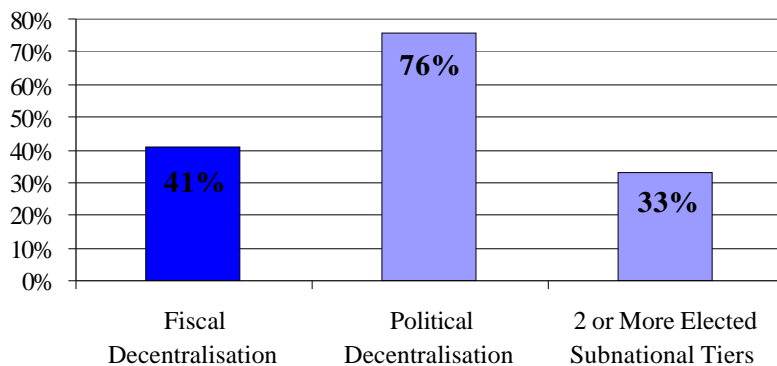
Between 1980 and 1998, the average share of sub-national expenditures and revenues for 28 countries reported in the Government Finance Statistics, increased steadily.[xix] Based on shares of revenues and expenditures, in 1997 52 countries had some degree of fiscal decentralisation. Of these 52 countries 48 had at least one level of sub-national elections.

Table 2. Sub-national Elections in Fiscally Decentralised Countries, 1997
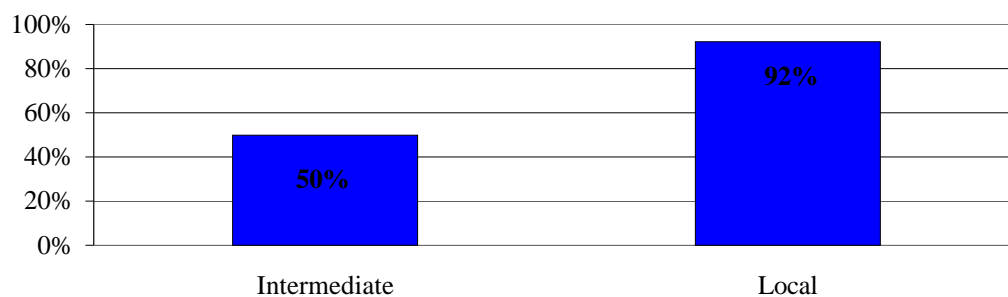
In 1998, of the 75 developing and transition countries with populations greater than 5 million, all but 12 claimed to be embarking on some form of fiscal decentralisation.[xx]

Degrees and types of decentralisation vary by region and income. Countries with high incomes are likelier to adopt both fiscal and political decentralisation. Countries with low Gross Domestic Product are least likely to devolve fiscal responsibilities to the sub-national level. [xxi]
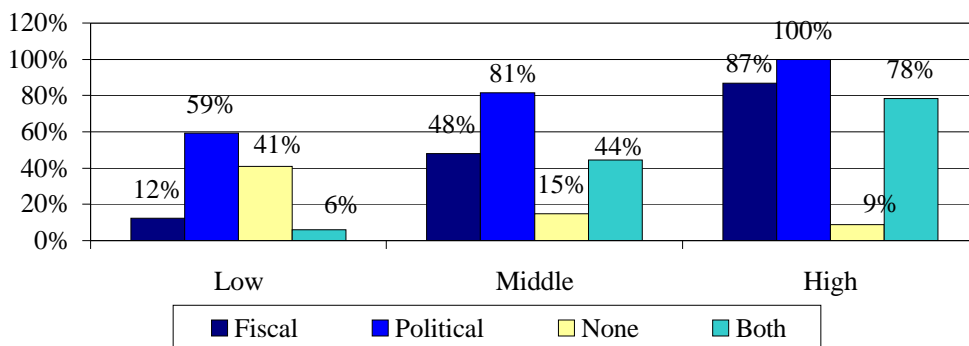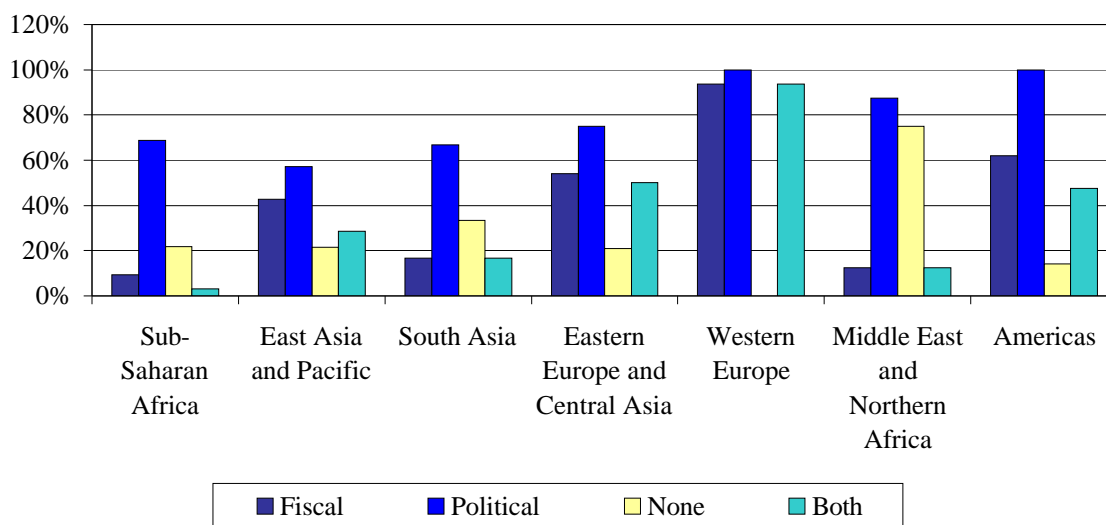
Table 3. Decentralisation by Income Group

Table 4: Decentralisation by Region

Federalism and Decentralisation in Practice

There is no broad-based generalisation that can be made about the correlation of federal/unitary states and decentralisation. Some federal states are highly centralised - such as Malaysia, while some unitary states have a high degree of decentralisation such as China. According to a study of fiscal decentralisation (based on sub-national governments' expenditure share) of 31 decentralised countries, 18 are unitary governments and 13 are federal. According to Robert Ebel, the average sub-national share of expenditures is 38% for federal countries and 22% for unitary countries. While this may give a sense that federal countries are more decentralised one should keep in mind that these measures do not reflect sub-national government capacity, quality of service provision, and citizen participation.[xxii]

Country Cases - Categorizing Decentralisation in the Field

Devolution is often the form that is considered "true decentralisation" and while the literature focuses largely on devolution and fiscal decentralisation, often in practice, particularly in the case of developing countries the focus is on milder forms of

decentralisation.[xxiii] In addition, all governmental systems are likely to have elements of devolution, deconcentration and delegation; therefore a clear delineation of forms of decentralisation is not possible.

Below is a small sample of country case studies to illustrate the diversity and complexity of types, degrees and approaches to decentralisation.

Nepal: Nepal initiated decentralisation policies to accommodate its heavily diverse population and in attempt to ameliorate service provision and reduce poverty. The Local Self-Governance Act (LSGA) of 1999 is the main legal document guiding decentralisation in the country. The democratic constitution is not very explicit on decentralisation and self-governing issues. Administratively Nepal is divided into 5 development regions, 145 zones and 75 districts. Regional administration consists of regional level offices of sectoral ministries. The local government system in Nepal has two tiers: the district and village/municipal levels. While the LSGA authorizes local governments to have their own secretariat and staff, in practice there are two levels of staff -that deputed by the central government and staff recruited by the local government. District level committees are the key coordinating institutions for all planning activities in the district. They also provide technical and capacity assistance to the local governments. Fiscal decentralisation in Nepal is weak and while the LSGA allots for revenue sharing, in practice its success is hampered by a lack of procedures to be followed.

Jordan: The driving impetus in Jordan to adopt decentralisation policies is to increase economic growth by reducing the public sector role and increasing private sector participation. Decentralisation in Jordan results from a combination of deconcentration, devolution and delegation of authority and resources to a variety of structural forms of the government.[xxiv] The Civil Service Bylaw of 1998 is one of the most promising initiatives in Jordan toward the decentralisation of government services and sustainable human resource development. It transferred the central employment authority of the Civil Service Bureau to the governors in the districts and provided the formation of personnel units in every district.   The committee role is to advertise, recruit and hire civil service employees in the districts. The two largest Ministries, Health and Education, whose workforce represents 87% of total civil service employment, have institutionalised the principle of regional distribution of services and delegated most of the Ministers authorities to the Regional Directors. The Ministry of Education has clearly delegated financial and administrative authority to the local units, reorganised the ministry itself to be better responsive to the local governments and in turn empowered local level decision makers to become responsive to their constituents through participatory budgeting practices.   Additionally, Jordan is in the process of decentralizing authorities of the Ministries of Interior, Municipal, Rural and Environmental Affairs, as well as the Cities and Development Bank. [xxv]

Morocco: Decentralisation is not a new experience in Morocco. Since the 1960s the country tried to respond to growing social pressure assigning certain management and decision-making functions to the local level. A decentralisation law was voted in 1973 and two constitutional reforms were introduced in 1986 and 1992, the process has taken on the form of moderate devolution. While sub-national authorities can exercise a number of legislative and administrative powers, the central government limits the resources allotted to sub-national governments. In addition, the local entities have only

some degree of autonomy in the allocation of their resources since they are under the authority of the Ministry of Interior.

Malawi: Decentralisation in Malawi was undertaken to counter the deteriorating socio-economic situation in the country and it is still at the developmental stages. The major debate in Malawi's process of decentralisation has been whether the policy should focus on deconcentration or devolution. Malawi has settled on devolution and the government has adopted the Local Government Act delineating a national decentralisation framework. The government has established relevant committees to guide the process, developed a decentralisation policy, developed a district planning framework and participatory planning guidelines and created a district development fund. The new local government act provides for a unified system of local governance and development management in the districts including financial management.

Tanzania: Tanzania has always seen decentralisation as an ideal approach to rural and urban development. Since Independence, the government adopted several decentralisation measures geared towards promoting rural and urban development. While central government administrative structures improved through these decentralisation initiatives, actual participation by the rural and urban populace in the development process was not realised. This type of decentralisation was more of deconcentration than devolution of power through local level democratic organs. Tanzania's ongoing political and economic reforms demand effective decentralisation in which the involvement of the people directly or through their democratically elected representatives is given paramount importance. These reforms include the civil service reform, which aims to achieve a smaller, efficient and effectively performing public service; the local government reform summarised by the Local Government Reform Agenda 1996 – 2000, which focuses largely on political devolution and fiscal decentralisation. The Local Government Reform Programme aims to amend local government laws and increase resources available to local government authorities as well as improve the management of these resources. [xxvi]

Uganda: Uganda's reforms to decentralize to the district level date from the early 1990s. The new constitution adopted in 1995 devolved responsibilities and power to local government. The Local Government Act of 1997 deepened reforms by giving authority to local councils at the sub county level to raise revenues and initiate development projects. Local councillors were elected in 1998 at various levels of government, though their responsiveness to the electorate has yet to be tested.[xxvii] Fiscal decentralisation has accompanied the decentralisation of responsibilities. Sub-counties may now retain about two-thirds of the revenue collected within their area. But overall resources remain meagre, and transfers from central government are low and increasingly tied to conditions, leaving little room for local discretion. Additionally, broader reforms are necessary to achieve effective participation by villagers. Local elites still exercise much influence in determining how funds are used. Many local leaders are held back by illiteracy, lack of knowledge of government procedures and low awareness of their rights.

Nigeria: During the colonial period, Nigeria had a unified administrative structure in which there was devolution of power to administrative organs of the three regions. Unitary institutions were dismantled in the terminal colonial period and a federal

structure of government established. It was a "true" federation in the sense that the component units, regions, were powerful, had significant independent sources of revenue and clear areas of competence. Nigeria has remained a "formal" federation since then but there has been a significant shift in the content of its federal structure. The direction of change has been towards an ever-strengthening federal centre by a powerful military central administration. The character of Nigerian federalism has been shifting towards a unitary State with a strong dose of decentralisation. The central government now has control over the main source of revenue in the country -- petroleum rent and has become the major provider of finance to State governments. In 1992, the Federal government created the Ministry of State and Local Government Affairs charged with monitoring and controlling the activities of State and local governments. The Ministry is also charged with the task of improving the executive capacity of local government, which now has a revenue allocation of 20% of the Federation Account.

Each state has its own elected government with a wide range of fiscal and programming powers. Considerable decentralisation and delegation in financial management has been introduced under the current reforms. The purpose of this is to speed up effective operations, policy implementation and decision making, particularly by officials at the management level.[xxviii]

Ghana in contrast is a unitary state with political subdivisions at the district level. Ghana has deconcentrated a number of responsibilities to the districts, but the process has taken on a more administrative and operational character. The central government still maintains a great degree of control through directives and decrees.

Argentina: Argentina is an example of a decentralised federation. Argentina has three tiers of government: federal, provincial and municipal. Municipal Mayors are elected. The sub-national government has the authority to set and approve its own budget but tax rate setting power remains in the centre and sub-national governments depend on transfers from the federal government. While there is clear assignment of functions, in practice there is still significant overlap in service provision among levels of government.

Columbia, Brazil, Philippines and South Africa are considered politically decentralised (as is Argentina). They all have elected local officials and councils. They all approve their own budget and generally, with the exception of Columbia, have tax-rate setting autonomy. In Columbia, the national government determines the tax rate for all major taxes. All local authorities in these countries have borrowing powers to some extent and there are defined transfer formulas for local government transfers. All levels of government have assigned expenditure responsibilities.

Lithuania, Estonia, Latvia are examples of transition economies that are embracing decentralisation as part of their transition to market economies. In all three countries the local governments are part of a two-tier system. All three counties have elected local officials and councils, but all three also have some local government officials appointed by the central government, thereby ensuring some degree of central government control over regional affairs. In all three countries, local councils have the right to draft and approve their own budgets. Local governments in these countries do not have control over their own revenues - they are heavily dependent on transfers and grants. In addition, the centre controls local government taxes. In each country there is a clear assignment of

expenditure responsibilities, but service provision and expenditures vary greatly among local authorities. In addition, in Latvia, the central government can delegate specific additional tasks to the local authorities, but it must also transfer adequate funds. It is commonly accepted that the local governments do not have the capacity to collect local revenues and deliver adequate services.

Kyrgyzstan: Kyrgyzstan is not unlike the other transition states. Politically and administratively, the system operates in a deconcentrated manner: three (national, regional and district) of the five levels of government (national, regional, district, city and village) are accountable to central agencies and have heads appointed directly by the President. Fiscally, the inter-governmental finance system operates a conventional combination of tax sharing and grants from central governments to equalise revenue capacity and ensure appropriate incentives for local tax collection. Although there are 5 levels of government, in practice more than three quarters of funding for local government services comes from central government through the categorical and equalisation grants. Consequently, local parliaments have relatively little discretion over the services provided in their localities and little control of the level of financing. While local governments are primarily responsible for providing primary and secondary health and education, the structure of the inter-governmental finance system actually inhibits the decentralisation of decision-making and provision of services. [xxix]

Donor Support to Decentralisation

As is evident from the varied experiences in decentralisation worldwide, there is no "one-size fits all" design of decentralisation policies. Instead decentralisation has to be sensitive to the existing cultural, political and institutional arrangements within the given country. As mentioned before, decentralisation is a complex process with numerous stakeholders including the central and local governments, citizens, NGOs and community-based organisations and the private sector.

The recent resurgence in decentralisation has been accompanied, or perhaps driven, by an increase in donor support of various decentralisation initiatives addressing the needs of all of the stakeholders. Various United Nations agencies including the United Nations Development Programme and the United Nations Capital Development Fund, the World Bank, USAID and numerous other international donors and bi-lateral agencies have invested significant resources towards decentralisation programmes in efforts to improve governance practices and strengthen democracy worldwide. These programmes assist central governments in designing and implementing decentralisation plans, reforming legal, political and fiscal systems, and carrying out sectoral programmes. Other programmes address local government capacity building (resource mobilisation and management), social services planning and delivery, popular participation, gender equity, natural resource management. The matrix below illustrates the diversity of current decentralization programmes and areas of support being carried out by various donors and national governments.

	Africa	Arab States	Asia and Pacific	Europe and CIS	Latin and the Caribbean
Political & legal reform	Cote d'Ivoire, Zimbabwe				

Fiscal, administrative & Civil Service Reform	South Africa	Jordan, Yemen	Mongolia, Malaysia, Papua New Guinea, Philippines, Sri Lanka	Kazakhstan	Guatemala, Honduras, Venezuela
Popular Participation	Mali	Tunisia	Indonesia, Nepal	Romania	Argentina, Paraguay
Local Governance Strengthening	Eritrea, Malawi, Nigeria, Tanzania, Uganda, Zambia				Colombia, Ecuador
Gender Equity	Kenya		India		
Resource Mobilization and Management	South Africa, Uganda, Zimbabwe		Pakistan		Brazil
Natural Resource Management	Mali	Egypt		Poland	
Social Services Planning and Delivery			Philippines, Vietnam		Brazil, Bolivia, Chile, Ecuador, Nicaragua
Capacity Building	Burkina Faso, Ethiopia, Uganda			Poland, Romania	

MDGD/UNDP "Decentralised Governance: A Global Matrix of Experiences" July 2000

The United Nations Development Programme has been at the forefront of providing assistance to governance programmes in efforts to achieve sustainable human development. UNDP financial allocations to decentralisation have increased six-fold over the past decade. The most recent UNDP Results Oriented Annual Report states, "Decentralisation and local governance has moved from an already established base of UNDP support to the extent that it can be confirmed as the major area of business. Ninety countries are being supported by UNDP in decentralisation. Forty-two offices reported strategic interventions in decentralisation which marks a significant increase from 36 in 2000."

Additionally, decentralisation has been identified as one of the key service lines of the UNDP Trust Fund for Democratic Governance. In this context the UNDP is providing services in the following areas: support for national decentralisation strategies; improving coordination between key national ministries; strengthening the capacities of citizen's groups and local authorities to advocate; strengthening the sub-national electoral, legislative and judicial processes; promoting an environment that enables the participation of marginalized groups of society and citizenship and supporting needs

based planning and participatory budgeting. Further, UNDP is launching a global knowledge network or community of practice on Decentralisation, Local Governance and Urban Development.

III. Lessons Learned

Increased international experience has led to a number of lessons learned. Below is a list of some of these lessons, with some brief examples from selected countries:

1. Plans for decentralisation should be strategic rather than predefined. Decentralisation needs to be a flexible process, allowing the central/local dynamics to evolve and taking into consideration potential instability of the political framework. Since decentralisation is heavily dependent on political will of the central government and consensus of the population, constant changes in the political framework can hinder the building of support for decentralisation.

   There should be a clear implementation design with defined roles for the various management levels and linkages between them. Additionally, local capacities for decentralisation should be fully assessed prior to implementation of a countrywide process and this process should build on existing institutional arrangements.

   While there are enormous challenges to Decentralisation in Burkina Faso, the political will expressed by the central government and the strength of the civil society are imperative. Also, the process is not being implemented hastily, but very deliberately and coherently incorporating management tools, training sessions and pilot programs.

2. Broad participation is needed for the decentralisation process to be successful. Support for decentralisation must be deliberately and carefully mobilised among all critical actors and the private sector should be recognized as a critical partner in the process. Decentralisation can facilitate empowerment and encourage creative local solutions. In Lunawka, Poland, a Committee of Local Initiatives formed among a number of municipal employees, the private sector and interested individuals and professional groups has developed creative initiatives to improve the quality of life and boost economic development. In this case public-private partnerships and the promotion of tourism have led to a cleaner environment and better infrastructure. Local participation is recognized as the key factor for sustainable natural resource management and community development in the historic El Gamaleya district in Cairo, Egypt. [xxx]

3. Not all government functions should be entirely decentralised. Following the principle of subsidiarity, a function should not be decentralised to a lower level if it is critical in the achievement of central-level goals and its sustainability at the local level cannot be guaranteed, the capacity to perform the function does not exist or the function at this level is not cost-effective. Evidence from Uganda highlights that need to maintain public goods with interjurisdictional spillovers under central government control. In Uganda, the decentralisation of immunisation services has resulted in falling immunisation rates. While the central government delivered vaccines to health facilities, local authorised were given responsibility for funding outreach and immunisation advocacy programmes. The financially restricted local governments did not view

immunisation programmes as a priority, and consequently immunisation rates declined. At the same time this example may illustrate that with sufficient human and technical capacity and access to adequate fiscal resource, lower levels can provide the services needed [xxxi]

4. While decentralisation is primarily a political process, it will not be successful unless adequate provision is made to finance the devolved or deconcentrated responsibilities. As is evident from the few case studies presented above, a large impediment to local service provision is lack of resources. More capacity and technical expertise needs to be provided in the areas of local revenue generation and financial assistance from the centre. While the decentralisation process in South Africa is far from complete, the comprehensive vision of South African policy makers is remarkable. The design of the political, fiscal and institutional changes is being managed simultaneously and in different ways for different jurisdictions.[xxxii]

In Conclusion - Further Steps

While there are many successful case studies of decentralisation and sustainable human development, there is much room for improvement. More needs to be learned from these individual experiences and they need to be translated into practical actions. Further analysis is necessary in order to better understand which forms and under what circumstances decentralisation can have a productive role in supporting sustainable human development and how governments and stakeholders should approach these processes. In order to ensure flexibility and strategic planning, new methods of monitoring and evaluating decentralisation polices need to be developed and applied.

Currently, new initiatives are expanding the role of local governments – these include Poverty Reduction Strategies, which highlight an important role for local governments in poverty alleviation, but do not define how this role should be implemented. Also, there is an increased interest in the responsibility of sub-national governments in local economic development. Yet, it remains somewhat unclear, in practice, how local governments can help support business development.

Capacity building, both in terms of human resources and financial support, has often been quoted as the principle obstacle in furthering decentralisation processes. There is an ongoing need for capacity building and technical assistance, as well as practical lesson sharing and while there has been progress in this area, more needs to be done. In addition, assistance needs to be provided simultaneously "upwards" to the central and municipal government levels addressing advocacy and policy design and "downward" to the field-level stakeholders and local government authorities.[xxxiii]

Finally, improved donor coordination is fundamental to avoid conflicting advice, duplication and waste. Donors are integral partners in the decentralisation process and measures need to be taken by developing countries to improve the coordination of efforts to provide efficient and effective assistance.

As has been mentioned previously, decentralisation is a challenging complex process, that requires patience and dedication on the part of all the stakeholders, but it also promises to be a mechanism for improved democratic governance and sustainable human development.

Endnotes

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[xvi] These arguments are based on: "A Federal Constitution for Sri Lank; in the Guise of a Devolution Package." K.H.J. Wijayadas and "Only Separatists Want Devolution, As a Step to A Separatist State" extracts from "The Devolution Proposals" S.B. Hettiaratchi

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[xxi] Data for these tables came from the World Bank "Entering the 21st Century" World Development Report 1999/2000. Table A.1. Regions and income distribution is based on the Classification of Economies by Income and Region, 1999. pg. 290. Figures for fiscal decentralisation are based on 1997 data, and political decentralization on 1999 data.

[xxii] Ibid.

[xxiii] Decentralisation Toolkit Introduction www.worldbank.org.

[xxiv] UNDP "Jordan Case Study" www.magnet.undp.org.

[xxv] Synopses Of Ten Best Practices in the Jordan Civil Service Reforms for Sustainable Human Development. Prepared by Jordan Institute of Public Administration for the MDGD/BDP/UNDP April 1999

[xxvi] Decentralisation in Tanzania paper submitted by Hon. Hassan Ngwilizi, MP, Minister of State, President's Office (Regional Administration and Local Government) to the UNCDF Conference on Decentralisation and Local Governance in Africa, Cape town, 26 - 30 March, 2001

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