This key sheet deals primarily with the political dimensions of decentralisation. For administrative and fiscal aspects, see key sheet 11 on ‘Decentralisation and governance’.

Overview of the debate

Over the last few years the debate on local governance has focused on how to:

- deepen democratic self-government and strengthen participatory forms of development;
- reform the state, modes of governance and methods of government so as to give citizens greater voice and influence in decision-making;
- enhance the accountability of government and the responsiveness of public policies to the needs of the population, and especially the poor;
- increase the effectiveness of public policies and service delivery (the principle of ‘subsidiarity’);
- enhance social capital by fostering social cohesion and trust within local communities;
- provide dispute-resolution mechanisms to manage conflict peacefully at the local level.

Key issues in decision making

Rationale and challenges  In recent years, developing countries have increased the democratic basis of sub-national governments, often complementing the restoration or deepening of democracy at the national level. Local governance is believed to enhance both the legitimacy of government (by strengthening participation and accountability in policy-making) and the efficiency of public-service delivery (by improving information, input and oversight).

Local authorities are being given political power to make decisions, elect their own mayors and councils, raise revenues, and make independent investments. Along with greater political autonomy comes more responsibility and financial resources through expanded tax bases or transfers from the centre. Challenges of local governance include: (a) strengthening the capacity of people to engage with local government as citizens; (b) increasing the responsiveness of local governments to their citizens through democratic institutions; (c) enhancing the efficiency and quality of public services in critical areas (education, health care, social safety-nets, infrastructure management); and (d) preserving the macroeconomic stability of inter-governmental fiscal relations.

The quest for a greater balance between central and local government entails both promises and risks. Why does a state devolve power? Are central governments in fact relinquishing or simply re-allocating responsibilities they cannot fulfil? Local authorities are particularly prone to capture by local elites and particular interests. Local governance entails deep institutional reforms and the development of pluralistic societies. It requires a sound political party system, effective public interest groups, a vibrant civil society and a vigilant media at the local level.

Local governance is closely linked with the empowerment of voiceless groups, such as the poor and women. Decentralisation may enable women to participate in decision-making, but unless gender equity is an explicit objective, existing gender imbalances may simply be replicated.

Donors generally support decentralisation. Decentralised cooperation, circumventing ineffectual central governments, has become a core part of development assistance. However, while this is an option in the short run, there needs to be complementary attention to central government. Furthermore, donor support to local governance programmes in the absence of a national-level general policy framework is problematic (Haiti). Donor coordination is thus critical.

Strengthening democratic governance  Decentralisation is rooted in notions of effective citizenship (civic engagement and social capital), self-government (community-based development), and sustainable livelihoods. It is often linked with pluralistic politics and representative government. It encourages democratisation and reinforces governance by giving citizens more influence in policy making. In Latin America (Bolivia) it often accompanied the transitions to democracy since the 1980s. In Sub-Saharan Africa (Mali, Burkina Faso), it reflects the spread of multi-party systems and demands for local autonomy and participation in decision-making. It can help prevent the occurrence or recurrence of conflict. In Asia (India, Indonesia, Thailand, Philippines) it reflects the limitations of central governments. By empowering individual citizens and civil society, local governance alters the traditional modes of governance and the way politics is conducted.

Enhancing political accountability  The objective of political decentralisation is to match authority and accountability by clearly demarcating who is responsible for what. Consequently, those who are accountable must also have the authority to deliver results. At the national level, political accountability has two dimensions, ‘vertical’ and ‘horizontal’. Vertical accountability is expressed through regular, fair and free elections. It is linked to the division of power among different levels of government (national, state and local). Horizontal accountability refers to the separation of powers (executive, legislative, judiciary) and checks and balances to prevent the abuse. The lack of transparency in public policy-making, flaws in legislative and judicial institutions, and the weaknesses of political party systems are major obstacles to effective accountability.
Local-level accountability comes in two main dimensions. Local elections strengthen the accountability of officials to citizens. However, they are limited because they occur infrequently and depend on the electoral system. Electoral cycles and term-limits encourage elected officials to spend on visible projects (roads, bridges) rather than lower-profile, longer-term investments. The accountability of civil servants to (elected) local governments can prove difficult to achieve, for professionals in health, education, agriculture and other fields often have considerable incentive to evade control (statutory regulations, organisational allegiances, career paths, political patronage) and resist reform. Thus local elections are a necessary but not sufficient means to ensure accountability. They need to be complemented by instruments of voice and restraint between elections, such as local political parties, organised interest groups, civil society and the media.

**Fostering participatory development** Citizen participation in designing and implementing public policies can improve the quality of government action. Political participation and representation are the basis for local ownership of development strategies. Local governance both requires some degree of participation and enhances the opportunities for it. In weak democratic cultures or where traditions of citizen participation are poor, decentralisation can be an important first step towards democracy. For example, since 1988, village leaders in China have been chosen through relatively open and competitive elections.

Effective participation and accountability, especially between and beyond elections, require enhanced mechanisms of ‘voice’ at the local level. Transparency in managing public affairs (such as Uganda’s transparent financial management), reliable and timely information (through internet-enhanced mechanisms of ‘voice’ at the local level. Transparency in managing public affairs (such as Porto Alegre’s participatory budgeting) are examples of such mechanisms. Public meetings (the cabildos abiertos held in many Latin American countries); formal redress procedures (municipal vigilance committees in Bolivia); opinion surveys (public-opinion surveys on service provision in the Philippines); and issue-specific ad hoc councils are other examples. Higher levels of participation tend to increase the demand for transparency (disclosure) and thus deter corruption.

**Institutional design** Constitutions, laws and regulations should codify how a decentralised system is supposed to function. The constitution must enshrine the broad principles of decentralisation, including the responsibilities of all levels of government, the role of key institutions at central and local levels; and the basis on which detailed rules may be established or amended. Regulatory frameworks should combine clarity and flexibility to avoid confusion and allow for experimentation. The allocation of responsibilities is often the result of protracted and reiterated political bargaining between competing interests. Nevertheless, the regulatory framework is expected to address clearly the allocation of policy responsibilities between the different tiers of government and the mechanisms for citizen participation and voice (including electoral systems). The distribution of financial resources (fiscal decentralisation) and administrative capacity (administrative decentralisation) ought to be addressed in the legal and regulatory frameworks.

There is no standard model of decentralisation or single route towards local governance. The content, timing and sequencing of decentralisation are the result of political processes. Strategies of decentralisation can be gradual or swift, partial or comprehensive.

**Key literature**


