

UNDERSTANDING DECENTRALIZATION: AN INTRODUCTION¹

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1. Introduction

Decentralization is any act by which a central government formally cedes powers to actors and institutions at lower levels in a political-administrative hierarchy. Since the early 1980s, decentralization has emerged as the centerpiece of political and economic reforms in most developing (and many developed) countries. The ubiquitous pursuit of decentralization is justified on the grounds of both efficiency and equity. But most decentralization efforts have failed to significantly increase the powers of local communities and the intended beneficiaries. This failure is most marked when it comes to decentralizing powers over the control of natural resources, such as forest, water, and wildlife, which are often the focus of intense competition among government, the private sector, local communities, and environmentalists. This competition may result in conflict that renders the decentralization process ineffective.

It is thus timely to assess the degree to which decentralization has, in fact, been carried out. In many countries, decentralization has been initiated as a theater piece to impress or appease donors. This note aims to provide an analytical framework that can be used to identify the extent to which real decentralization has taken place. To do so, we need to take into account three dimensions of decentralization: the actors involved, their powers, and their lines of accountability.

2. Decentralization benefits

Decentralization is justified for many reasons, most based on the assumption that greater participation in decision-making improves both efficiency and equity in development planning and natural resource management. By bringing government decision-making closer to the citizens, decentralization is believed to increase public sector accountability and performance. In theory, decentralization can increase efficiency by helping to reduce both the negative externalities and transaction costs associated with natural resource use. When local populations who bear the costs of unsustainable resource use are involved in decisions regarding the management of these resources, they are more likely to take these costs into account. The devolution of decision-making to local actors can also reduce the transaction costs via the proximity of local participants to decision-makers and the access of decision-makers to local skills and information. The use of local knowledge in project design and implementation can better meet the needs of the intended beneficiaries.

Decentralization is also seen as a way to reduce inequalities through greater local capture of revenues and their more equal distribution. In theory, benefit sharing increases the interest of local communities in the sustainable use of natural resources, and hence their conservation. As a result, donor agencies and government departments charged with managing public resources often assume that decentralization will result in better environmental management. But although such claims have a logical underpinning, they are not a demonstrated fact. More research is needed on the links between participation and environmental outcomes.

3. Defining decentralization

There are different forms of decentralization. Deconcentration (or administrative decentralization) occurs when powers are devolved to appointees of central government. This is the most common form of decentralization. Political decentralization is different from deconcentration because powers in this case are devolved to institutions that are accountable to the population in their jurisdiction.

Decentralization entails the devolution of administrative, financial, and/or political power. The impact of this transfer of power depends on the interaction of three dimensions of decentralization: actors, changes introduced in their powers as a result of decentralization, and the nature of accountability. All three dimensions are critical to understanding decentralization.

Actors

The actors to whom powers of environmental management are often devolved include centrally-appointed officials, elected local officials, NGOs, and communities. Each of these tends to exercise certain types of power and occupy particular lines of accountability. One expects that elected representatives will be accountable to their constituents, but in practice the relations of power and accountability may be complex. Despite elections, it is not uncommon for representatives to be effectively the appointees of higher level party officials. To understand the role of different actors, it is necessary to pay close attention to the types of power they yield and the kinds of accountability relations they are subject to.

By definition, decentralization changes the power relations among different actors. Because the transfer of power usually entails winners and losers, the types of power that are transferred will have different outcomes. The nature of decentralization thus depends to a large extent on who gets to exercise what kinds of power.

Powers

Four broad powers of decision-making are crucial to understanding decentralization. These are: the power to make decisions about how a particular resource is to be used; the power to create rules or modify old ones; the power to ensure compliance with the new or altered rules; and the power to adjudicate disputes that may arise from the effort to create rules and ensure compliance. Enlarged powers of decision-making at lower levels of the political-administrative hierarchy in relation to any of these categories constitute some form of decentralization.

Typically, greater powers to make decisions over the use of natural resources increases the autonomy of the actor who gains these powers. Such powers enhance the discretionary authority of local bodies. Many decentralization programs increase the autonomy of local government in raising their own revenues and deciding their own spending.

The power to design new rules has important implications in terms of access to information. Not all decision-makers possess the necessary information to make decisions about how a given resource should best be allocated. It is often assumed that decentralization grants decision-making powers to those with the best information about a particular resource. But the availability of better information does not necessarily lead to the use of that information in favor of the people on behalf of whom decisions are made. Information can also be used to favor the decision-makers themselves or their friends and cronies rather than the population at large. Without checks, therefore, the decentralization of the power to make rules does not necessarily result in the achievement of socially or environmentally positive outcomes.

Ensuring compliance implies the power to monitor whether different actors are carrying out the roles they are supposed to perform. It also includes the power to impose sanctions on those who do not subscribe to the tasks for which they are responsible. The devolution of decision-making powers without the devolution of powers to enforce them is meaningless.

Ensuring compliance can be difficult. When there are disputes over the interpretation of rules, or when rule-breakers refuse to accept sanctions, adjudication becomes critical. The power of adjudication is significant whenever new rules are created or there is a change in the type of decisions made by particular actors. Such changes often entail competition, which may require adjudication. Two aspects of adjudication are important: accessibility and independence. Local populations should have the right to appeal to accessible channels of adjudication. Furthermore, these channels should be institutionalized so that they are independent of strong vested interests. What is critical about the powers of adjudication is not that they be devolved to representative bodies at the local-level, but that these powers be exercised accountability and without systematic bias.

Accountability

The allocation of different sets of powers of decision-making to lower level actors creates decentralization. But the effectiveness of decentralization hinges on a third dimension: accountability. If powers are decentralized to actors who are not accountable to their constituents, or who are accountable only to themselves or superior authorities within the government structure, then decentralization is unlikely to achieve its oft-touted efficiency and equity benefits. Real decentralization requires that constituents have the power to hold local government accountable for its performance.

Actors can be held downwardly accountable to local constituents in different ways. The most commonly cited

mechanism are local elections. But while elections may be necessary, they are not sufficient. Other mechanisms for increasing downward accountability include: legal recourse through an independent judiciary; third party monitoring by an independent media; independent inspectors; and central government oversight. All can contribute to local accountability.

The downward accountability of those who receive powers from the central government is thus an essential dimension of decentralization since it broadens local participation and enhances the responsiveness of local government. It is only through such greater participation and responsiveness that the many lauded benefits of decentralization are realized.

4. Conclusion

When powers are transferred to lower-level actors who are accountable to their superiors, the reform can be termed deconcentration. When powers are transferred to lower level actors who are both elected and downwardly accountable, the reform process is tantamount to political decentralization. An empirical analysis of the lines of accountability is thus key to understanding the nature of decentralization.

¹ This note is based on a paper entitled Making Decentralization Accountable: a Framework for Analysis and Empirical Studies from South Asia and West Africa by Arun Agrawal (Yale University) and Jesse Ribot (World Resources Institute). For copies of the paper, please contact jesser@wri.org.