

LOCAL GOVERNANCE & DECENTRALIZATION - A NEW CHALLENGE IN DEVELOPMENT CO- OPERATION

I. TERMINOLOGY

- 1. *Federalism*: National level created by constituent units which retain residual powers (upward transfer of powers).**
- 2. *Devolution*: downward transfer of political, administrative and financial powers to sub-national (= regional or local) units possessing their own governments (= decentralization / local governance)**
- 3. *Delegation*: Transfer of limited functions and powers to agencies outside main governmental hierarchies or to non-governmental bodies.**
- 4. *Deconcentration*: Transfer of limited functions and powers to regional/local offices of line agencies.**

II. WHY (NOT) DECENTRALIZATION?

1. Expectations and Chances

- **More efficient and accountable administration and through local democracy and smaller distance between State and citizens.**
- **Better service delivery through responsiveness of local governments.**
- **More local development through participation of citizens, including the poor.**
- **Accommodation of cultural diversity through democratic self-government; protection of fundamental rights and vertical separation of powers.**

2. Fears and Dangers

- **Inefficient and corrupt administration as a result of elite capture.**
- **Decline of service delivery because of lack of capacity and resources at the local level.**
- **Less local development because of elite capture, corruption and lack of capacity and resources at the local level.**
- **More minority conflicts because of legitimatization of "ethnicity", internal oppression by local elites and the danger of separatism.**

III. NECESSARY ELEMENTS OF WORKABLE SYSTEMS OF DECENTRALIZED GOVERNANCE

- **There are many models of decentralization, and they must take the specific context into account.**
- **Regardless of the specific context a system of decentralized governance can only work if it is properly designed. Necessary elements include:**
 - (1) Security of existence of local governments.**
 - (2) Sufficient resources and the possibility to use them autonomously.**
 - (3) Full accountability of local governments and transparency of their actions.**
 - (4) Checks and balances at the local level ("institutional pluralism", participation, etc.)**
 - (5) Decentralization as process: central - local government partnership, i.e. the willingness of both the central and the regional and local level to see each other as partners.**
 - (6) Strong legal framework and respect for the rule of law at all levels.**

IV. FACTORS ENHANCING THE LIKELIHOOD OF SUCCESS

1. At the Local Level

- **A strong tradition of participation and/or self-governance at the local level.**
- **A strong identification of elected politicians at local level with their community**
- **A strong identification of citizens with the local level.**

2. In the Area of Relationships between the Center and the Local Governments

- **A bottom-up approach to decision-making.**
- **Implementation of national policies by the lower levels of government.**
- **Institutionalized possibilities to influence the central level.**
- **A balanced distribution of financial strength.**

3. At the Central Level

- **Power-sharing (e.g. consensus democracy instead of majoritarianism).**
- **Ability and willingness to limit the dangers of local autocracy.**