



Beyond politics-driven Decentralization

**Keeping the focus on LOCAL DEVELOPMENT
while engaging with politics-driven
decentralization reforms**

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“Good Governance” vs. “Developmental State”

Decentralization is commonly discussed as part of the “*good governance*” agenda, much less of the “*developmental state*” agenda.....Yet in most developing countries:

- “*the discourse on decentralization [...] has substituted the former discourse on building the Nation State [...] as a mechanism to... contribute to wealth creation*” (Weimer 2009), and...
- the **most pressing issue** (and a **more realistic goal** for aid influence) is **not** to change the State from *autocratic* to *democratic*, but to shift its behavior from a *predatory* to a *developmental* mode

D.North & al. (2006) on the transition from limited to open access order society

“development policies often fail because they try to transplant elements of the open access order - such as competition, markets, and democracy - directly into limited access orders. These reforms threaten the rent-creation that holds the society together and in many cases challenge the very logic on which the society is organized. Not surprisingly, the elite and many non-elite resist, sabotage, or subvert such reforms in limited access societies that are not ready for them.”



An “instrumental” view of decentralization

The *instrumentality* of decentralization for development, needs to be re-emphasized.

This would help move the discussion from a “*good*” to a “*good-enough*” governance agenda and to examine how decentralization may contribute to building *developmental states*.

“[A] *good-enough governance agenda is more readily reconcilable with the developmental state idea than the pure good governance agenda. This is so because both the developmental states concept and the good-enough governance agenda share a **more instrumental** and selective understanding of governance as a tool to achieve development.*” (Fritz and Menochal 2006),



3 issues to redefine Aid support to DLGD

PEA may allow aid agencies to:

- 1. Develop a deeper understanding of the *political drivers* of the reforms and how they affect the prospects of local governance and development.**

But aid agencies must also move beyond the standard fiscal decentralization framework that dominates their discourse and :

- 2. Focus on genuine *local development* and the centrality of local *autonomy* to promote it**
- 3. Support the emergence of a *social demand* for the reforms and active *leadership* by LG and their Associations.**



The role of Political Economy Analysis

To have a practical impact, PEA of decentralization reforms must assess whether, and to which extent, **reforms driven by politics**, may nevertheless result in changes that open space for advancing **governance and developmental goals**

North & al.(2006) on the transition of **natural states** to **open access order** societies

“The changes in institutions, organizations, and behavior that occur during the transition must be explained as intentional acts consistent with the interests of the dominant coalition, but the results of those changes need not be consistent with their intentions.”

Specifically PEA must show how the reforms may actually contribute:

- to open or close space for **State-society interaction**
- to promote or impede **genuine local development.**

Is “thinking politically” enough ?

- Political economy analysis is taking a center stage and aid agencies are increasingly committed to “think politically”. Much more difficult is to take the next step and also “act politically”
- This would mean to identify and support reform champions, to think like them, and to accept the detours and the tactical retreats that such champions must take to keep the reforms alive and build a social and political constituency for them.
- All this is very difficult for aid agencies to do, (perhaps even more so for the big multi-lateral institutions). Corporate mandates and incentives and limited in-country capacity are powerful constraints to the risk-taking attitude that would be necessary.

Focus on Local Development...

- in “Local Development” the word “local” does not refer to the “where”, but to the **“who and the how”** of development promotion. It refers to the actors that promote it and the resources they bring to bear on it.
- Development is local if it is **endogenous, open and incremental**, that is: if it makes use of locality-specific resources, combines them with national / global resources and brings them to bear on national development in a **positive sum game**.



...a concept not well understood and supported

- In an apparent paradox, LD (and the need for a supportive national policy) is **not a priority** for most decentralizing states.
- The very concept is also **often missing** in externally-funded policy advice and programs supporting decentralization reforms.
- This has led to programs that, under the label of LD promotion, actually aim at extending the central administration action in the periphery, **not at empowering developmental local authorities**.
- This state of affairs is rooted in the contradictory stance of dominant coalitions towards **local autonomy**.
- The result has been the processes of "**decentralization without autonomy**", observable worldwide which, are bound to have little impact on local development.



Is there a “social demand” for DLGD ?

- A fundamental paradox of most decentralization reforms is that they are **pushed from above** rather than below. They reflect a politically driven, and bureaucratically constrained, **supply** by the center.
- The extent to which they are actually influenced by an organized **demand** for authority, responsibilities and resources by the intended beneficiaries (LG and CSO) remains extremely limited or absent in much of Africa and Asia. (Exceptions in Latin America)
- Critical to build a social demand for decentralization is the development of forms of **active citizenship** and local State-CS partnerships for services delivery that go beyond more common forms of “popular participation” in local governance.



..and are LG and their Associations leading ?

- The impact of decentralization on local development, remains **potential** and will remain unfulfilled without local leadership.
- Particularly critical (and only partially recognized by aid agencies) is the role of Local Government Associations (LGA) in:
 - **Recognizing the specificity of Local Development and the role of LG in promoting it (articulating a “LD through LG approach”)**.
 - **Advocating the LDLG approach with national governments and aid agencies by focusing on its prerequisites (i) a national LD policy and (ii) a meaningful degree of local autonomy.**
 - **Developing the capacities of member LGs for adoption and implementation of the LDLG approach**
 - **Partnering with aid agencies to promote LDLG, both (i) by voicing LG concerns in national-level aid negotiations and (ii) by offering new and complementary channels for external aid to Local Governments.**





Key messages

- ❑ **Value decentralization reforms for their potential to build “*developmental states*”, more than for their contribution to the international “*good governance*” agenda.**
- ❑ **Use PEA to understand the scope and limitations of politics-driven decentralization to open space for genuine Local Development**
- ❑ **Go beyond the standard fiscal decentralization framework and link decentralization to development by supporting:**
 - ***A specific understanding of Local Development***
 - ***A national policy supportive of Local Development (LD)***
 - ***A meaningful degree of local autonomy***
 - ***A social demand for the reforms***
 - ***A degree of active citizenship in local governance***
 - ***A stronger leadership by LG officials and their Associations.***

