

Session 1.3. An Open-System Approach to Decentralisation and Local Governance

INTRODUCTION

The aim of this session is to create a common understanding on the basic concepts of decentralisation, its history and rationale, and the coherence and complementarities between its different elements of fiscal, administrative and political decentralisation, thus forming a solid basis for the subsequent modules.

The session will start with a presentation on how to perceive decentralisation as an “open system”, bringing all the different elements together into one system, emphasising the coherence and complementarities between the different elements, as well as vertical and horizontal coordination mechanisms. The various dimensions of decentralisation, its history, its pros and cons, and the basic concepts of decentralisation (political, administrative, fiscal decentralisation, local governance, local economic development, territorial planning, deconcentration, delegation, devolution) will be discussed along with the complexity of decentralisation, the difference between simple and complex realities and how to strategically intervene in complex realities.

The session ends with the overall conclusion that there are no blueprints to decentralisation, but that decentralisation is shaped according to a country’s specific socio-economic and political context. This will be linked to the DPWG-LGD’s Specific Guiding Principles for Enhancing Alignment and Harmonisation on Local Governance and Decentralisation, stating that it is important to understand the specific country context and to get an overview of the trends, issues and views on the state of decentralisation and local democracy in a country in order to develop a shared view of the response strategies that are required. It is also a bridge to the next session on political decentralisation and the political economy analysis.

BACKGROUND INFORMATION

It is important to realise that paradigms define our thinking on decentralisation and local governance (see box 1.3.1).

Box 1.3.1: Paradigms

Paradigms are generally described as “an entire constellation of beliefs, values and techniques, and so on, shared by the members of a given community”. Paradigms are social constructs, which are changing constantly. The realm of governance has also been subject to change, and major paradigm shifts occur when moving from authoritarian or military governments to more open and democratic forms of governance. Governance systems have evolved differently in different countries, and on the different continents.

Source: Kuhn, T. 1962. The Structure of Scientific Revolutions. University of Chicago, Chicago.

Different factors may have pushed for decentralisation:

- improved efficiency
- better service delivery
- local democratisation and local governance
- improved equity
- improved development and poverty reduction

However, decentralisation may also have negative implications:

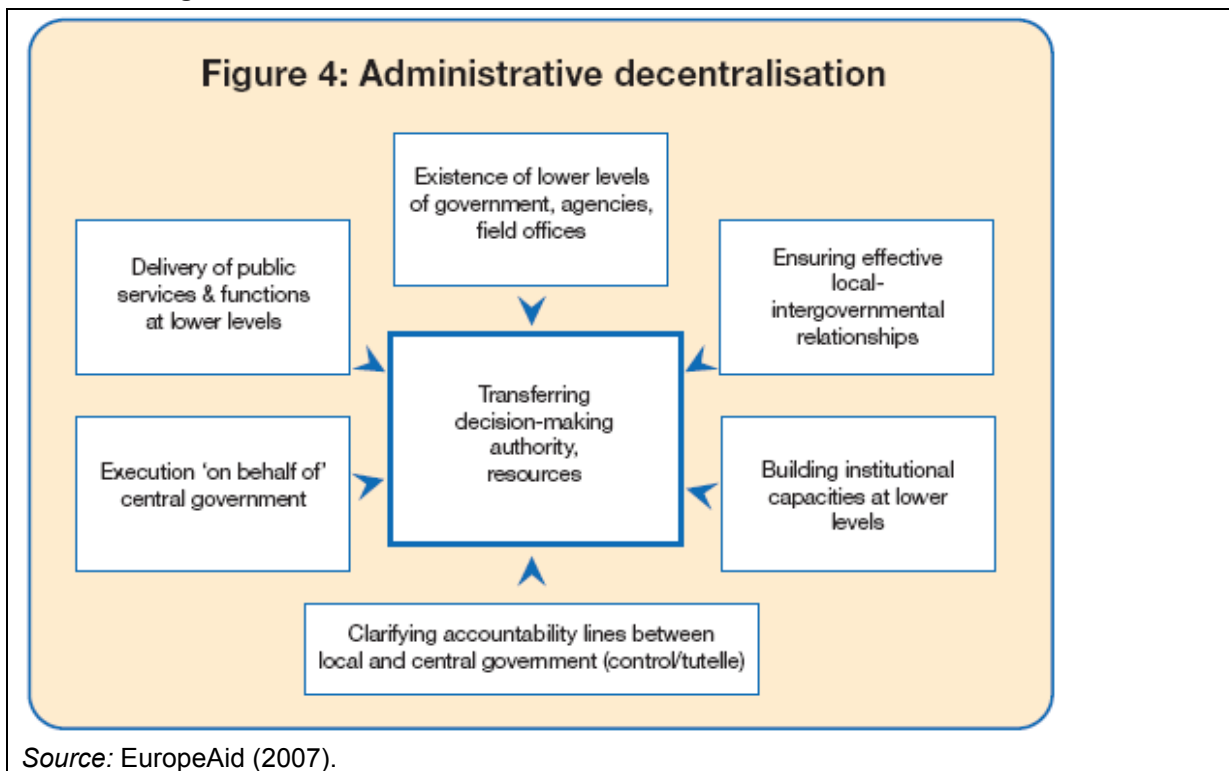
- mismatch between mandates and delivery capacity
- elite capturing and bad local governance
- inter-jurisdictional disparities
- local development not supported by central policies

The first wave of decentralisation focused mainly on reorganisation of the public sector. The second wave in the 1990s aimed more at promoting democratic governance and pro-poor development through elected local governments, civil participation and decentralised service delivery. In some countries, however, there has been a tendency for recentralisation.

Basic concepts of decentralisation

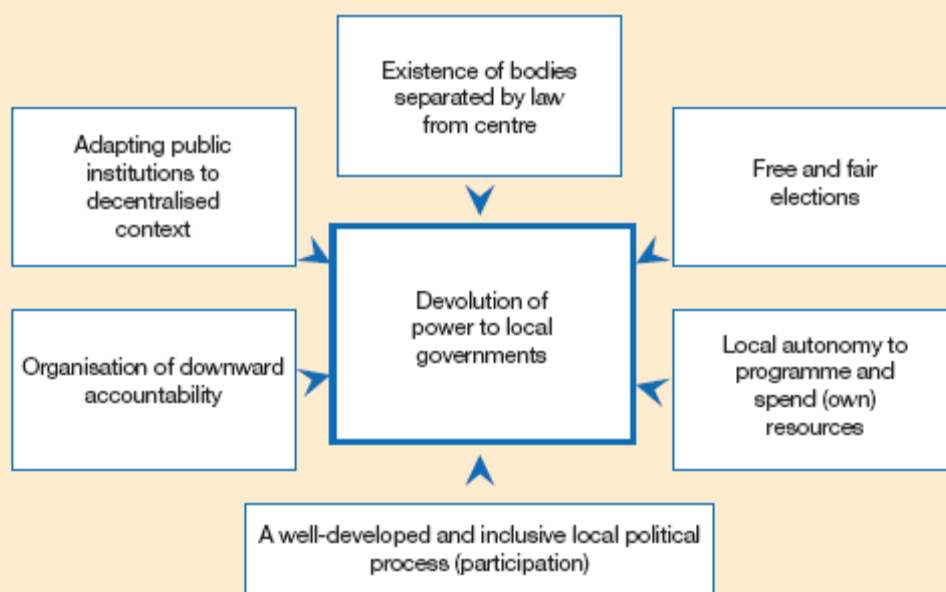
Boxes 1.3.2, 1.3.3 and 1.3.4 illustrate the concepts of administrative, political and fiscal decentralisation and the different elements related to these concepts.

Box 1.3.2: Ingredients of Administrative Decentralisation



Box 1.3.3: Ingredients of Political Decentralisation

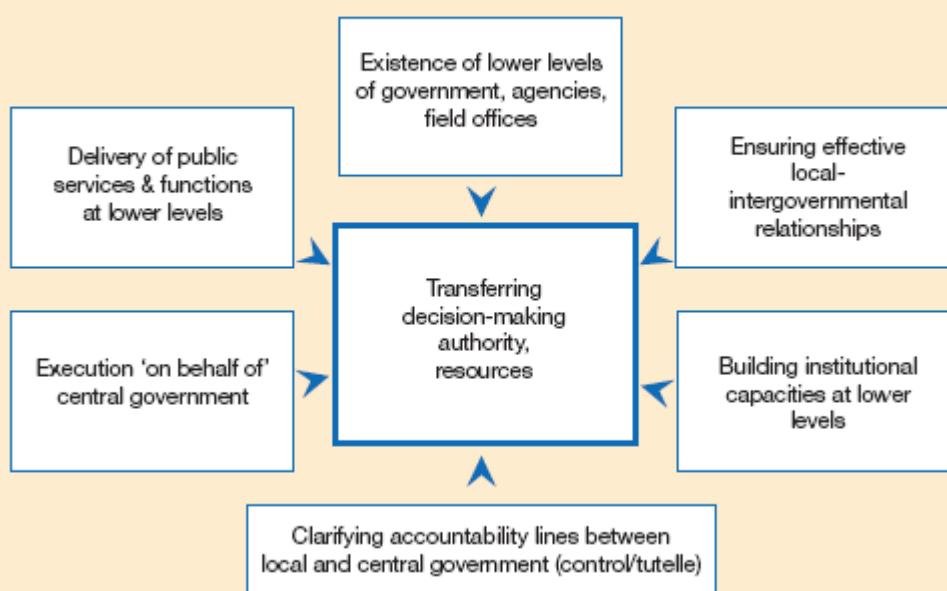
Figure 3: Political decentralisation



Source: EuropeAid (2007).

Box 1.3.4: Ingredients of Fiscal Decentralisation

Figure 4: Administrative decentralisation



Source: EuropeAid (2007).

The following sessions on political, administrative and fiscal decentralisation will facilitate an in-depth discussion on the five critical pillars for effective decentralisation, as mentioned by Jesper Steffensen and Per Tidemand in their analysis of decentralisation in Kenya, Tanzania and Uganda, and referred to in the section on specific guiding principle 2, below. The context of local governance and decentralisation can serve as a starting point.

The concepts of local government and local governance, local economic development and territorial planning, are also important since they play an increasing role in the current debate about decentralisation. See EuropeAid' publication "Supporting Decentralisation and Local Governance in Third Countries" (pages 21-23) for an explanation of these concepts.

The idea of systems thinking and the *open-system* perspective to decentralisation provide a useful analytic instrument for obtaining a broader systemic view on decentralisation. It helps increase understanding of the different interacting and interdependent elements, which are embedded in a political and societal context and influenced by regional and international trends (see box 1.3.5). The open-system approach illustrates the importance of coherence between and the complementarities of administrative, fiscal and political decentralisation, as well as aspects of vertical (inter-administrative arrangements, control and oversight) and horizontal coordination (regional cooperation, local government associations).

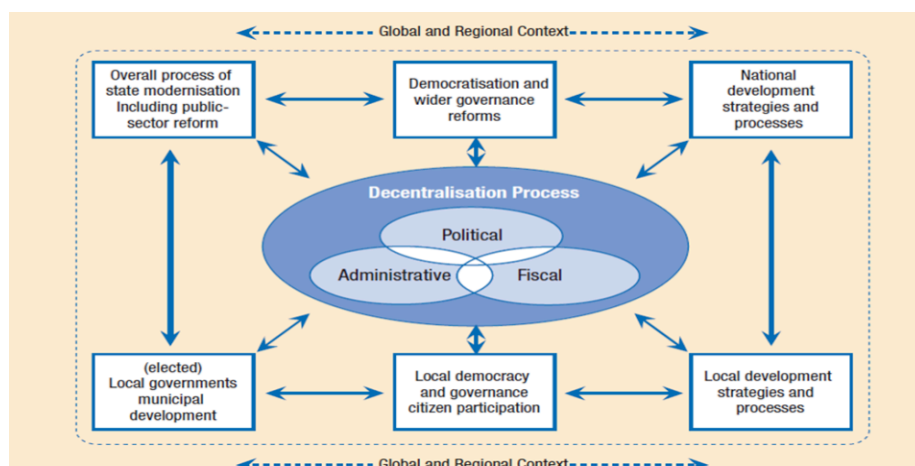
Box 1.3.5: Systems Thinking

Systems thinking is based on the understanding that a system is made up of interlinked and interdependent components, influencing one another within a whole. In nature, examples of systems thinking include ecosystems in which various elements, such as air, water, plants and animals, work together to survive or perish. In organisations, systems consist of people, structures and processes that work together to make an organisation healthy or unhealthy. Systems thinking has been used to solve complex problems by viewing "problems" as parts of an overall system, rather than reacting to specific elements, outcomes or events and potentially contributing to further development of unintended consequences.

Applying systems thinking to decentralisation means that we look at the positive interplay between the various elements of decentralisation, which are considered to be complementary aspects of one single system rather than independent or mutually exclusive domains. This helps us to understand that decentralisation processes consist of different interacting and interdependent elements embedded in a particular political and societal context and influenced by regional and international trends. The strength and quality of the connections between the different parts of the system determine, to a large extent, the shape, orientation and outcomes of the decentralisation process.

The open-system model to decentralisation shows

- the three main dimensions of decentralisation (in the inner circle)
- the different ingredients of the decentralisation process (as a system), both upstream (at the national level) and downstream (at the local level)
- the linkages between the component elements of the system
- the possible external influences on the system, arising from regional and global trends (outer circle)



Source: EuropeAid (2007).

Specific guiding principle 2 (alignment) also refers to the open-system approach. It is argued that a holistic approach, which enables donor partners to see and act upon the linkages between different parts of a system, will enhance the effectiveness and impact of decentralisation support.

For example:

- efforts to promote political decentralisation are unlikely to succeed in the absence of administrative deconcentration and fiscal decentralisation (i.e. there is a risk of having local governments without capacities and resources);
- decentralisation attempts are dependent on broader state and public-sector reforms, as well as progress in the democratisation and governance of the country (e.g. flawed local elections will erode the legitimacy of local governments);
- as decentralisation is introduced, local governments and communities become enmeshed in a wider system of intergovernmental relations (inadequate intergovernmental linkages can have a substantial constraining effect on sustainable local development);
- strong linkages are needed between decentralisation as a political process (generally driven from the top) and the myriad of local development initiatives (pushed from below) to ensure coherence and cross-fertilisation (i.e. experiences gained at the local level can be applied to refine the national policy framework);
- local governments should inform and involve citizens and listen to their voice ('local governance'), which affects the level of 'elite-capturing' and the local-central relationship (i.e. local officials may not devote energy to local affairs unless they are accountable to local communities);
- there is a strong societal demand for participation of all relevant actors (including local governments) in the formulation and implementation of development strategies, which has led to the critical importance of articulation between national and local processes of elaborating development strategies.

KEY READINGS AND BACKGROUND MATERIAL

EuropeAid. 2007. Supporting Decentralisation and Local Governance in Third Countries. Tools and Methods Series. Reference Document No. 2. EuropeAid, Brussels.

www.ec.europa.eu/europeaid/infopoint/publications/europeaid/138a_en.htm

The European Commission took the initiative to produce a reference document that should serve as a practical tool to help EC staff (and others) to better understand the "politics" of decentralisation and local governance processes, to support the formulation and implementation of nationally and locally owned decentralisation policies and to improve the coherence between the sector support provided by the EC (e.g., in health or education) and ongoing decentralisation processes. With this document, the EC intends to develop a comprehensive policy framework to underpin its strategic support to decentralisation and local governance processes in a widely diverse set of country contexts. This document has been one of the major sources of information for the elaboration of this session.

Kuhn, T. 1962. The Structure of Scientific Revolutions. University of Chicago, Chicago.

OTHER INTERESTING MATERIAL SUGGESTED DURING THE SEMINAR

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