



Decentralizing for Development: The developmental potential of local autonomy and the limits of politics- driven decentralization reforms

Leonardo G. Romeo

IICLD Swedish International
Centre for Local Democracy

WORKING PAPER NO 11



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ABSTRACT

This paper points at the missing link between decentralization and local development in so many countries whose decentralization reforms are driven by political rather than developmental goals. It suggests that decentralization reforms in developing countries could be better designed, sustained, and externally supported, if understood as domestic efforts to build “developmental states”, rather than attempts to implement an international “good governance” agenda. It argues that, linking decentralization to development requires a rather specific understanding of *local* development and of the role of *local autonomy* to promote it. It also posits that successful development-driven decentralization reforms require both a wider *national*

policy for local development, and the emergence of social demand and responsible local leadership. The paper then reflects on why the politics-driven decentralization reforms so common in the real world are bound to remain incomplete and easily reversible, but also on why actors who are committed to promoting “local development through local governments” (LDLG), may still remain engaged with such reforms and take advantage of their contradictions. It concludes by outlining how external aid could more effectively support domestic reform champions as they navigate through local politics to advance decentralization reforms that actually promote local development.

ACRONYMS

ACPLGP	African Caribbean Pacific Local Government Platform
EU	European Union
DP	Development Partners
LD	Local Development
LG	Local Government
LDLG	Local Development through Local Governments
MDG	UN Millennium Development Goals
SWAP	Sector Wide Assistance Programs
UCLG	United Cities and Local Governments
UNCDF	United Nations Capital Development Fund

PREFACE

The mandate of the Swedish International Centre for Local Democracy (ICLD) is to contribute to poverty alleviation and to strengthen the individual's freedom and rights by promoting local democracy. In order to fulfil this mandate, we offer capacity-building programmes through our *International Training Programmes*, mutual cooperation through our *Municipal Partnership Programmes* and, most importantly, knowledge management through our *Centre of Knowledge*. The Centre will document key lessons learned from our ongoing activities, initiate and fund relevant research, engage in scholarly networks, organize conferences and workshops and maintain a publication series.

Decentralizing for Development: The developmental potential of local autonomy and the limits of politics-driven decentralization reforms by Leon-

ardo G. Romeo is number eleven to be published in a series of papers from the workshop *State of the Art of Local Governance – Challenges for the Next Decade* organized by ICLD in 2010. Romeo argues that decentralization reforms in developing countries could be much better designed, sustained and externally supported if they were understood as domestic efforts to build what he refers to as developmental states, rather than attempts to implement an international good governance agenda. Romeo argues that decentralization must be linked to development at the local level and that local autonomy is the key to promote it. Successful development-driven decentralization reforms require both a wider *national policy* for local development and an emergence of social demand and responsible local leadership.

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DECENTRALIZATION, GOOD-ENOUGH GOVERNANCE AND THE DEVELOPMENTAL STATE

Over the last two decades, democratic decentralization has been a key component of the “*good governance*” agenda and a common presence in the long list of reforms and related guiding principles that shape such agenda of the international community (EC Commission, 2001; UNDP, 1997; UNDP 2002; World Bank and IMF 2006; see also Hyden, 1998; Graham et al., 2003). Relatively less emphasis has been put on decentralization as part of the simultaneously re-emerging “*developmental state*” agenda.

Yet decentralization is very much about state reform. It is ultimately about rethinking the scope and modalities of State action to promote development. As Weimer (2009: p. 47) puts it “[...] the discourse on decentralization of political and administrative and developmental functions has substituted the former discourse on building the nation state. Decentralization is viewed, [...] as part of building a more viable, balanced etc. state which can deliver goods and services and contribute to wealth creation (or “poverty reduction”). This reality is difficult to undo.”

Hence, I argue, a discussion of decentralization reforms should start with the recognition of the *instrumentality* of decentralization with respect to development. This may also help understand better the possible scope and modalities for external aid to decentralization reforms.

Actually, a sharper focus on the *instrumentality* of decentralization for development and the emergence of a developmental State, is akin to adopting the “good-enough governance” approach suggested by Grindle (2004) as opposed to a more comprehensive and normative “good governance” agenda, when discussing decentralization reforms and related external aid.

Reforms champions and their development partners could design, assess and support decentralization reforms, not with reference to the prescriptions of political, administrative and fiscal decentralization theory with respect to content and sequencing,

but to the criterion of the contribution that specific features of country-specific decentralization efforts may, or may not, make to the country’s social and economic development.

By adopting an instrumental view of decentralization reforms we can move their discussion from within the box of the “pure” *good governance* agenda to a more open examination of their contribution to building *developmental states*. As Fritz and Menochal (2006: p. 6), note “the 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.”

If, following a good-enough governance approach, we must come to a “*more instrumental and selective*” understanding of decentralization with respect to development, the next question is obviously: what exactly is this understanding? How can the good-enough governance agenda be operationalized when it comes to decentralization? More explicitly: what features of the decentralization process, both in terms of substance and sequence, are more critically and directly supportive of the developmental State project? And how external aid should be deployed to support the design and implementation of development-driven decentralization reforms?

Answers to these questions can only be country specific, but, as I argue below, they might have to be based on three key premises: (i) a better understanding of the political drivers of the reforms, (ii) a focus on local development and an appreciation of the role of local autonomy to promote it, and (iii) a greater attention to the demand side of the reform process and the role of local leadership.

Recently, the importance of understanding the political economy of the decentralization reforms

in any given country has been highlighted as critical to identify the actual political drivers and scope of the reforms. Indeed, understanding the politics of decentralization is critical as real world decentralization reforms are driven by politics, not development policy. But the task cannot be limited to illuminating how political objectives and power relations may either lead to successful reforms that build developmental local government systems, or generate incomplete, unsustainable and easily reversible reform processes.

To be actionable for policy dialogue and aid programming, within a good-enough governance framework, insights on *why* politically-driven decentralization reforms result in a particular sub-national system of governance and public administration, must be accompanied by an assessment of *how* such system actually may contribute to *open* or *close* space for State-society interaction and *promote* or *impede* local development, and what potentially effective engagement strategies might be devised by aid agencies under such conditions.

Assessing and supporting decentralization reforms by adopting a good-enough governance approach, means focusing on how reforms may support social and economic development, even if they do not necessarily conform to the content and sequencing prescribed by normative (political administrative and fiscal) decentralization theory. By keeping the eyes on the development prize, domestic reformers and their external supporters may devise paths to reform which accepts intermediary, less than optimal, sub-national arrangements but still support a cycle in which good-enough governance leads to development and this in turn opens space to further improve governance systems and practices.

As already hinted, to engage in a viable and sustainable path to reform that leads to actual development, not just governance improvements, domestic reform champions and their external partners may require three basic ingredients. First: a deeper understanding of the *political drivers* of the reforms. Second: a substantive focus on creating space for *autonomous action* by sub-national governments to

promote *local development*. And third: support to the emergence of a stronger social *demand* for the reforms. Much attention has been given recently to the first ingredient by a growing strand of the literature (World Bank, 2009; Eaton et al., 2010), which stresses how important it is to understand both the political rationales that shape the design of the reforms, and the bureaucratic politics that affect the extent and modalities of their implementation. Here I attempt to complement this welcome new emphasis on understanding the political economy of decentralization with a proper appreciation of the remaining two ingredients required for effective engagement with developmental decentralization reforms.

With respect to the first : the developmental orientation of the reforms, I argue that this requires a better understanding of the two pillars on which the relationship between decentralization and development stand: a proper conceptualization of the “local” in *local development* and an appreciation of the centrality, scope and limitations of *local autonomy*. Such understanding is critical for developing a “*local development through local governments (LDLG)*” perspective that could *guide* reform champions and their external partners, and help them advocate development-driven decentralization reforms, while they “muddle through” actual reform process, inevitably driven by politics.

With respect to the second : the strengthening of social demand for the reforms, I suggest that more attention (and external support) should be given to turning local governments from “objects” to “subjects” of the reform process, ensuring that reforms inevitably led “from above” are also shaped by a push “from below” and subject to related social pressure and control mechanisms. This brings under a sharper focus the role of leadership in local governments and raises the critical issue of the political autonomy of their associations and their ability to both lobby for genuine decentralization and build capacity among their members.

The “local” in local development

The starting point is to understand “local” development. Clearly, it is not just development that happens locally (as all development ultimately does), but rather development that leverages the comparative and competitive advantages of localities and mobilizes their specific physical, economic, cultural, social and political resources.

Said differently, in the expression “local development” the adjective “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 the national development effort as additional benefit in a positive sum game.

The promotion of local development is gaining a broader appeal as a development strategy for both developed and developing countries as they compete in the global economy. In the last decade, an important body of literature, mostly European, has highlighted how, in a global economic environment, territorial contexts with the specificity of their material and non-material resources and the quality of their governance, may become essential factors for global competition. Importantly, most of these contributions de-emphasize geographic and historical determinisms, and stress the role of autonomous political initiative to both mobilize local resources and produce collective goods that generate local external economies for endogenous development. This has led, among other initiatives, to the experimentation of “territorial development pacts” (ECOTEC, 2002) in EU member countries and, importantly, to the emergence of a (still in its infancy) area of practice dedicated to “territorial development”, in the EU development aid.

In developing countries, understanding the promotion of local development as an endogenous yet open process, for which the local government takes

primary responsibility and mobilizes local resources, and which is both complementary and supplementary to national development efforts, is critical from both analytical and programmatic point of view for both domestic reform champions and their external partners. To reforms champions, such understanding may provide stronger arguments, in their dialogue with national finance and planning authorities, as they can point to the *incremental* character of genuinely local development which relies on the mobilization of additional private and community resources, and to its potential for economic diversification and reduction of regional disparities. These benefits would be, over and above those conventionally expected from decentralization reforms as efficiency gains in the management of national public sector resources.

To development partners, the concept of local development provides an analytical perspective for a better understanding of the actual drivers and impacts of decentralization reforms. In fact it provides a standpoint from which to assess whether the reforms (i) open or close space for the emergence of a development-minded local political leadership (ii) create or destroy opportunities for local social capital and other local resources mobilization and leverage and (iii) actually do or do not empower local authorities to make an additional contribution to national development and poverty reduction efforts.

But, for all its promises, the promotion of local development is far from being a priority for most decentralizing states. The very concept is also often missing in much of the policy debate and externally-funded programs supporting decentralization reforms. Instead generic views of local development as development that happens locally have continued to prevail, missing the difference that it could make, and neglecting the comparative advantages of local authorities to promote it. This has led to all sorts of domestic initiatives and externally supported programs that, under the label of decentralization reforms and local development promotion, actually aim at extending the central administration action in the periphery and *not* at

empowering democratic and developmental local authorities. This state of affairs is rooted in the difficulty to define (and reluctance to promote) *local autonomy* as a critical feature of genuine decentralization. The result has been the multiple cases of “decentralization without autonomy”, observable worldwide and particularly in Asia and Africa, which, in spite of the developmental rhetoric associated with them, are bound to have little impact on local development.

But before moving to a discussion of local autonomy, the definition of *local development* as *the incremental impact on national development that autonomous local governments may generate through the mobilization and open combination of a wide range of local and non-local resources*, must be complemented with a quick reminder that such definition has been long associated in the literature with the valuation of local *social capital* and local *political institutions*, as the two locality-specific resources of greatest importance. Indeed, their presence, their quality and the way in which they interact, may well determine the way in which all other local and non-local resources (human, physical and financial) may be developed, mobilized and combined to pursue specific local development strategies.

Local development and social capital

There is a considerable body of literature on the often abused concept of social capital and its importance for local development, but particularly relevant are those contributions that adopt a structural (as opposed to cultural) definition of social capital and see it more as the product of effective social networks, i.e. *networks of social relations which facilitate economic exchanges*, than as a generic endowment of common cultural norms of trust and cooperation, important as those may be (Trigilia, 2001).

Equally relevant and important are those contributions that stress the dynamic nature of social capital and its *constructability* through interaction with the political institutions of national and especially local governments (Evans, 1996; Fox, 1996; Warner, 2001). Recognizing that the relation of social capital to local development is not always unambiguously positive, a focus on the interaction between local political institutions and social capital is critical to understand under which conditions the latter can be a powerful factor of local development or lead to elite capture, collusion, corruption and even criminal economies (Trigilia, 2001).

Finally, necessary as it might be for the prospects of genuinely local development, local social capital *is certainly not sufficient* and the tendency to overload the concept should be resisted. Not only, as just mentioned, the activation and build-up of social capital depend on local politics and political leadership but obviously cannot replace the human, physical and financial resources, of local and non-local origin, required by a local development project. What needs to be stressed however is that social capital can provide *the key for mobilizing and combining* those other resources, and the potential of social networks to facilitate local development, should be recognized and enabled by national policy and activated and expanded by development-minded local political leaders.

Understanding the importance of social capital for endogenous local development, and adopting a decentralized national development strategy centered on the promotion of local development is therefore critical to build developmental states through modernization approaches that do not negate, but positively engage with traditional local socio-political formations. (Romeo & El Mensi, 2008). In countries confronted with the basic challenge of state building, putting local development at the center of national development strategies, and making it the driver of decentralization reforms, might actually go a long way to capture the potential of trust and cooperation of traditional socio-political formations and turn it into effective social networks that facilitate local development,

eventually triggering simultaneous processes of *social* transformation and *political* development and contributing to the extension and consolidation of the State at the periphery.

Local development and local political institutions

Local authorities are not the only actors in the local space, and often not even the most important or powerful ones. But, when it comes to promoting local development, they are increasingly recognized as “*the principal legitimate agent of the local development process*” (ACPLGP, undated: p. 1). The potential for local governments, among multiple agents operating in the local space, to take the center stage, assume primary responsibility for the promotion of local development, and become an important channel of international aid, has been long recognized, if not much realized (UCLG, 2008).

Brugman (1994) summarizes the local governments’ comparative advantages with respect to other public, non-governmental and private agents. They include : (i) a broadest mandate enabling the comprehensive multi-sector planning and action often required by local development challenges (ii) a unique legitimacy to play a facilitative role and achieve consensus among different institutional actors and interest groups, (iii) unique regulatory powers, allowing them to enforce local action, (iv) a unique ability to be sensitive to local conditions and local social pressures and (v) a greater degree of institutional stability, that allows them to survive and continue to face local development challenges, in the midst of ongoing and broader political, economic and social changes.

To these potential comparative advantages of local governments in promoting local development, one should add those posited by much of the economic literature on decentralization. They include the potential to realize, through participatory planning and budgeting practices, significant allocative and productive efficiency gains in the use

of public resources and implementation of both national and local programs, and, just as importantly, the potential to leverage additional resources for local development, through improved state-society interactions and strategic alliances with local community and private sector organizations. With respect to the latter argument, the critical role that local governments may play in the production of collective goods that generate external economies for local productive or service delivery activities undertaken by private and collective actors is also often highlighted.

Whether or not these comparative advantages are actually realized, or are negated by political factors (lack of effective leadership, corruption, elite capture and the local extension of neo-patrimonial regimes) and/or institutional weaknesses (dysfunctional organization, low levels of administrative capacity, inadequate planning procedures) remains actually an open and empirical question. Answers depend on the context, the country-specific and even locality-specific conditions.

Decentralization and Local Autonomy

Having characterized local development and its relation to the mobilization of local social capital, as well as the key role of democratic local authorities in promoting it, we can return to the issue of how decentralization reforms can be instrumental in promoting it. Here one needs to understand how, in any particular country context, the key issue of balancing *autonomy* and *accountability* in local government is addressed and resolved both *de jure* and *de facto* in legal frameworks and actual practice of inter-governmental relations.

Genuine local governments are bound to operate in a dual mode. On one hand they act *as agents of the central state* in their jurisdictions, and, in the process, they may bring their comparative advantages to bear on the efficient design and implementation of central policies and programs in the

localities. On the other hand they act as *agents of a local political constituency* and should be able to develop and implement their own policies and programs in direct response to the needs and priorities of the local polity. In both cases, the developmental difference that local governments can make is directly related to the degree of autonomy they enjoy. Whether the task is to “localize” national goals and programs or to develop and implement complementary local development strategies, what makes it possible to realize any locally “added value” with respect to centrally-managed national development efforts it is ultimately the real extent of local governments’ *autonomy*.

Using a definition of local autonomy as a combination of powers of *initiative* and *immunity* from higher levels controls (Clark, 1984)¹, we can look deeper into the conditions for local development and assess the extent to which decentralization reforms are driven by, or conducive to, local development. Reforms can be evaluated then in terms of the extent to which they grant to local governments (i) powers to *initiate* actions and regulate in the interest of their own constituencies, as well as (ii) a degree of *immunity* from the authority of higher tiers of the state with respect to opportunity choices and implementation modalities. The first define *what* local governments can do, the second defines *how* they can do it. The narrower the scope of *what* local governments can do, and the stricter the definition and control by higher level authorities of *how* they should do it, the lesser the potential of decentralization reforms to promote genuinely *local* development and the closer they get to a zero sum game. To increase both the “powers of initiative” and the level of “immunity” of local governments is therefore central to any decentralization reform, if this must be driven by a local development goal.

1 For Clark autonomy defines the extent of local discretion in terms of local government functions, actions, and legitimate behavior. It is itself the product of two specific factors: (i) powers of initiative and (ii) immunity from authority of higher tiers of the State.

The “powers of initiative” dimension of local autonomy refers to local government’s discretion in terms of service delivery and development promotion functions and related regulatory powers. Here a critical distinction is that between (i) the “general mandate” of local authorities, that is their responsibility to do whatever is in their power to improve the welfare of their communities, as long they operate within the national law, and with the only limitation of the resources available to them and (ii) the “specific functions and regulatory powers”, for administrative and developmental services delivery, assigned to them by national legislation and regulations.

The problem with many decentralization reform processes in developing countries is that the general mandate is rarely recognized and supported as space open to autonomous local action. Even when it is inscribed in legislation, local authorities are not encouraged to translate it into service delivery and development promotion initiatives of their own choices and which they could implement by mobilizing local resources through a closer state-society interaction. As for specific functions these may never be actually assigned or reassigned, because of either bureaucratic resistances, or macro concerns about the fiscal neutrality of the reassignment, or, most commonly, both.

In what appears to me a narrow understanding of fiscal decentralization, the scope of local governments’ action remains conceptually framed exclusively in terms of specific functions (permissive or mandatory) to be assigned by national legislation. As a consequence, Local Governments are actually discouraged from assuming functions that are not, or may not, be formally assigned, either because they simply cannot be defined before and outside of a more intense interaction between the local state and the local society (e.g. a new type of locally relevant and prioritized social or economic services) or because nobody could tell who in the central administration should re-assign such function and what that actually means (a case in point is the responsibility for promotion of local economic development).

Here the absence of a national Local Development Policy to drive the reforms (see below) and the macro concerns with the fiscal neutrality of decentralization, combine to create the common situation of local authorities paralyzed both by a misunderstood and grossly unfunded, general mandate, and by the lack of specific functions and related resources. The results are much constrained “powers of initiative” and eventually the inability to promote endogenous, open and incremental local development. Distinguishing the general mandate from specific functions and upholding the first, even in the absence of the second, is therefore a *necessary* condition for decentralization reforms to promote local development. This condition is altogether missing in countries where local authorities are not understood as having a general developmental mandate for the welfare of their constituencies, but are rather strictly conceived as agencies specialized in the delivery of a closed set of services (commonly a more or less expanded set of traditional municipal infrastructure and services)².

On the other hand, essential as it is, the distinction between general mandate and specific functions carries a major risk. Local authorities enabled to exercise their general mandate, but without assigned specific functions, may end up being marginalized from the core State business of public services delivery. Their role may be limited to that of providers of small scale capital projects, with no chance to influence, and contribute to, the larger reform of the State. This is precisely the result of most of the politics-driven, incomplete, decentralization reform processes implemented in many countries in the last two decades.

But even when specific functions and related resources are assigned, and authority is given *de jure* to local governments to develop their own initiatives, the lack of any degree of “immunity” from central controls, can dramatically constrain the *de facto* ability of local governments to promote local

development. This is indeed what happens when the recognition of the “powers of initiative” dimension of local autonomy and the enlargement of the scope of local governments’ action, end up being negated, often in the name of “capacity building” imperatives, by strict and pervasive controls and the proliferation of centrally-imposed procedural guidelines and manuals that regulate how local governments should behave and make every decision they make, subject to review, modification, or outright dismissal by higher tiers. This ultimately frustrates local initiative as, no matter how large the scope of their action (their “powers of initiative”), local governments are eventually forced to behave just as *agents* of the central administration.

Clearly, given the double mode of local governments’ operation, a balance must be found between *autonomy* and *agency*. And the first and most general terrain where both the necessity and the difficulty of reconciling autonomy and agency come to light, is that of sub-national (decentralized) planning.

The establishment and regulation of decentralized planning is a common feature of the early stages of the decentralization reform process in most decentralizing countries. As new sub-national authorities legally empowered with at least a degree of autonomy in policy-making, are established, “decentralized planning” procedures are also introduced and regulated, often with simultaneous changes in sub-national finances arrangements which make available a modicum of resources for local programming. A closer examination of these “decentralized planning” systems, however, often shows that they are mostly aimed at aligning regional or local authorities with national (and even international) goals, rather than stimulating their autonomous policy-making.

Regional and local planning is actually confused with “regionalization” and “localization” of national plans, goals and targets, and the scope for local authorities to take advantage of local opportunities and mobilize local resources remains restricted and unexplored, ultimately contradicting an important

2 For example, this is the prevailing understanding of local governments throughout the Arab region.

rationale of genuine decentralized planning.³ An uncomfortable thought in this respect is that mechanistic implementation of donor-supported efforts to “localize the MDG” (that is localizing *national* objectives and targets, derived from *global* commitments), might unintentionally contribute to undermine local autonomy and prevent the emergence of genuinely “local” planning systems.

Autonomy of local councils and the scope of their action to promote genuine local development therefore depend on both the extent of their mandate and the way in which their accountability to the State is structured. Unfortunately for so many local authorities throughout the developing world, accountability to the State (or rather to the “big men” who run the State) is the only accountability that matters and there is a total lack of “immunity” from central controls.

But two other types of accountability define the extent to which local governments may be able to deliver genuine local development. The first is the local elected bodies’ accountability to their own constituencies, which, obviously shapes their responsiveness to local priorities and legitimizes their attempts to mobilize local resources. The second and critical one is the accountability of local executives and administrations to local councils without which any autonomy of local authorities in policy making ends up being sterilized by lack of effective control on the policy implementation process. Again in many countries this accountability is extremely weak and, no matter what the *de*

jure powers of local authorities are, the *de facto* implementation of their policies remains substantially constrained by a non-accountable local administration.

Therefore, besides re-balancing the upward and downward accountability arrangements towards the State and the citizens, perhaps the most important factor for the development of autonomous and developmental local governments remains the establishment of strong mechanisms of horizontal accountability of local administrations to democratically elected councils.

Potential developmental impact of Local Governments’ autonomy

If local autonomy is a pre-condition, what is the actual scope of autonomous local governments’ action with respect to of local development?

The literature on local government’s autonomy is extensive (see Pratchett, 2004, for an overview) but the potential developmental impact of autonomous local government action, has received limited conceptual and empirical research attention. An exception is the early study of the US and UK local government systems by Wolman and Goldsmith (1990). The study explicitly aims at assessing whether, and in which way, the autonomy of local governments can make a developmental difference. It asks “*Do local governments [...] have autonomy in the sense that their presence and activities have independent impacts on anything important?*” (Wolman & Goldsmith, 1990: p. 3). The study concludes that autonomous local governments’ action has varying but potentially significant impact on the welfare of local people, as it can affect their economic status and their access to services as well as other dimensions of welfare including a healthy environment, personal safety and social interaction. The size of this effect depends on both the amount of discretionary resources that local authorities can

3 The author has observed, in countries as diverse as Cambodia, Mozambique, Nicaragua, how attempts to introduce decentralized development planning procedures in the frame of decentralization reforms, have often been compromised by the lack of understanding, by the very authorities in charge of developing and extending to local authorities such planning procedures, of the fundamental difference between localizing national plans and programs (the main concern of central agencies like the Ministries of Planning, and/or Finance, or of special national agencies like the aid-supported Social Funds) and developing local plans that respond to local priorities, are in line with local capacities and mandates and are driven as much by opportunities as they are by needs.

mobilize and the legal and regulatory environment within which they operate.

Indeed the potential impact of local autonomy on local development varies depending on whether local governments are concerned with the delivery of infrastructure and services, or the promotion of local economic development. An assessment of such potential requires a detailed unpacking of services delivery and local development promotion processes.

As for infrastructure and services delivery, autonomy is critical to enable local governments to reach out to local society, including private sector and voluntary and community organizations and increasingly develop form of co-provision and co-production, and mobilize local resources accordingly. Equally important is local autonomy to structure forms of inter-governmental cooperation which increasingly appear as the most appropriate arrangement for the delivery of a broad range of local infrastructure and services.

A focus on local autonomy provides a new perspective on the process of functional reassignments, which remains a critical component of the fiscal decentralization agenda. If local autonomy is adequately protected, (and related accountability obligations defined), the debate on functional reassignments could productively shift from the elusive search of optimum distribution of infrastructure and services delivery responsibilities across levels of government, to the design of mechanisms for inter-governmental cooperation and enhanced state-society interaction, which effectively deliver the local development objective of the reforms.

With respect to inter-governmental cooperation, particularly at the outset of the reform process, greater attention should be given to contractual *delegation* arrangements between the state and local authorities, (as opposed to outright *devolution*) as long as these arrangements come with the margins of autonomy (both in terms of power of initiative and freedom from controls) that local authorities may need to make a positive difference with respect to centralized delivery.

The scope and opportunities for contractual delegation, as entry points in the functional reassignment process to help build local governments' capacity for service delivery, might not have been sufficiently valued and explored in many decentralizing countries. One possible reason is that the greatest obstacle is often not, as one would expect, the initial low capacity of the local authorities to assume delegated responsibilities, but the low capacity of the delegating authorities (Ministries and other central agencies) to properly structure, support and oversee the delegation contracts, and open the space for local autonomous decisions, which ultimately may produce the expected efficiency gains of functional delegations.

Besides allowing for more effective inter-governmental cooperation, a focus on local autonomy would allow for greater interaction with local society, the promotion of active citizenship and the mobilization of local resources for local services delivery. An emerging concept, with potentially important applications in many local contexts in developing countries is that of local service delivery partnerships: voluntary agreements between local authorities, other services providers (in the public, NGO or private sector) and communities of service users (see UK Dept. of Communities and Local Government, 2008). Local autonomy is critical to allow the negotiation of the respective rights and obligations and the structuring of these partnerships which cannot be imposed unilaterally and cannot be reduced to just a technical contract between service providers, as they require that local people get actively involved in the service delivery process, and hold other service providers to account.

But it is with respect to the promotion of local economic development, that the greatest potential, and in some cases the least resistance from central administrations, exist for autonomous local governments' action to mobilize and combine local resources, develop and implement innovative strategies and generate a real additional support to national development efforts. Yet it is also in this area that the limitations of politically driven decentrali-

zation reforms become more apparent as States embarking in decentralization reforms fail to simultaneously adopt, fund and implement a *national policy for local development* that could provide the incentives and the support critical to unleash local initiatives.

The importance of a national Local Development Policy

As stated by a UN agency most active in supporting decentralization reforms and local development over the last two decades, “Decentralization reforms are not a substitute for an explicit, deliberate strategy for local development” (UNCDF, 2011). Ideally, a *local development policy* should be the key driver of decentralization reforms, and contribute to determine how the sub-national system of governance and public administration should actually change. Importantly such policy should be recognized as an essential component of the national economic policy, as important as the macro-economic stabilization or industrial relations policies (Trigilia, 2001). It’s not a local choice, but a national choice to allow local governments to use their potential and by that, contribute to the development at the macro-level. It cannot be left to localities; it must be promoted politically and sustained technically by committed central authorities.

Developing explicit national policies for local development and making them drive the design and implementation of decentralization reforms should therefore be seen as the central challenge for, and the terrain for intense policy dialogue between, decentralizing developing countries’ governments and their development partners.

The two basic principles on which a national local development policy would rest are the ones we have mentioned above: (i) recognizing local development as an endogenous, open and incremental process whose critical pre-condition is a substantial degree of local autonomy, and (ii) valuing local governments as indeed “*the principal legitimate*

agent of the local development process”. Admittedly, adopting these principles requires a shift of perspective that has proved difficult for many central governments and their development partners. This complicates the prospects of development-driven decentralization reforms and legitimates practices that eventually work at cross purpose with them. These are well known and range from the design of national “local development programs” that actually bypass local governments’ policy-making and implementation processes, to the difficulties in reconceptualizing the state-society interaction at local level and mobilize communities for a genuine local development process initiated by local authorities.⁴

Demand for decentralization and the role of leadership in local government

If the adoption of a local development perspective by national governments is critical for the developmental effect of the decentralization reforms, what is also becoming increasingly clear after over two decades of decentralization reforms is that the sustainability of the reforms, their resilience in the face of re-centralization, as well as their *actual* developmental impact ultimately depends on the initiative and leadership exercised by local authorities themselves.

4 In spite of much rhetoric in support of decentralization reforms and local development, in the last two decades, most externally-funded programs have not used local governments as entry points for aid delivery. Conspicuous in this respect have been programs like the Community Development Driven (CDD) and Social Investment Funds (SIF). Obviously the programming of substantial resources for grassroots projects outside the formal institutions of local government planning and budgeting, has neither built local governments’ democratic accountability, nor stimulated active citizenship and civic engagement with local political institutions.

A fundamental paradox of most decentralization reforms is that they are pushed from above rather than pulled from below (Bossuyt & Gould, 2000; Eriksen, Naustdalid & Schou, 1999). 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 (local governments or civil society organizations), remains extremely limited or absent, particularly where local authorities are in their infancy, as it is the case in much of Africa and Asia.

Exceptions do exist, and, not surprisingly, mostly come from Latin America, where municipal institutions have a longer tradition and the representation of local government interests is better organized and politically stronger, so that the scope of decentralization reforms can actually result from a bargaining process between local and national interests (Falleti, 2005). A review of the experience of selected countries in Latin America, shows that the sustainability of the reforms and their resilience with respect to potential reversals is greater when they are initiated from below, by the civil society and organized municipal movement (e.g. in Colombia) rather than from above, by the central government (e.g. in Argentina). It also shows that the sequence of political administrative and fiscal decentralization is different when the reforms are initiated from above rather than below (Falleti, 2005). Interestingly for our discussion, *in both cases* the reforms, as they unfolds in practice, are at variance, in substance and sequence, from what recommended by normative theory, raising issues of development relevance and effectiveness in the first case and of fiscal imbalances in the second.

In any case, the impact that local autonomy could make on development, whether in the area of public services delivery or local revenue and employment creation, remains *potential* (Wolman & Goldsmith, 1990). Its realization ultimately depends on the willingness and ability of local authorities to make use of autonomy. If an effective local leadership does not emerge and takes advantage of the

spaces opened by decentralization reforms, limited as they may be, the developmental promises of decentralization will continue to remain unfulfilled:⁵ a point on which we return below.

Politically-driven vs. development-driven decentralization reforms

How do real world politically-driven decentralization reforms compare with development-driven reforms that would create the conditions for autonomous local governments to promote local development? Again answers can only be country-specific, but some common features emerge from multiple country cases in Africa and Asia.

Typically, politically-driven decentralization reforms, initiated from above by leaders in power, to win national political battles and legitimize and entrench their political regimes, end up establishing local councils with neither fully accountable executive and administrative structures, nor meaningful functions and related resources. These reforms introduce new *political* institutions in the sub-national system of governance but shy away from the *administrative, functional* and *fiscal* changes that would enable them to promote local development. The gap between the political and the other dimensions of the reforms is the clearest signal that the reforms are actually driven by politics, rather than by a local development policy.

Politically-driven decentralization may follow different rationales and take different shapes de-

5 Much remains to be studied about the conditions for emergence of local development leaders, beyond the most obvious impact that electoral systems (direct or indirect election of the local chief executive) and other features of the local political context, may have. This is an area where emerging Associations of Local Authorities could have an important impact developing role models of local leaders and nurturing a culture of local autonomous deliberation and initiative. External support to these efforts would be most beneficial and potentially effective.

pending on country contexts. Most decentralization reforms appear to be rearranging powers within the central administration rather than producing autonomous local governments enabled to make and implement their own local development policies. A rather ubiquitous variant of politics-driven reforms,⁶ is a peculiar form of de-concentration that focuses on transferring powers from central Ministries to sub-national territorial representatives of the State (governors and the like), rather than to local authorities and their councils. These reforms attempt to formally combine, and simultaneously strengthen, two different functions of the empowered governors: those of head of the local branches of the central administration and those of executive of a local authority and head of the local administration.

Again, this particular form of de-concentration is driven by political calculations. Sub-national Governors are, or are perceived to be, easier to align with, and ultimately better instruments to serve, the Presidents' or Prime Ministers' vision as well as partisan and personal interests, than national Ministries and their bureaucratic apparatus. As the prime mover of the reforms is the search for a more direct and more effective mechanism to transmit and implement central directives and policies, rather than to enable localities to develop their own initiatives and resources in pursuit of local development, the election of local councils is not the first step towards the establishment of autonomous and capable local governments, but the political price to pay to provide a semblance of democratic legitimacy to the enhanced powers transferred to sub-national governors. But while the governors' powers over de-concentrated ministries departments may be substantially enhanced, their accountability to the elected Councils would tend to remain weak or nil. As a result, Councils end up functioning as no more than advisory bodies to the newly empow-

ered governors, often reproducing at sub-national level the weak, and rubber-stamping, legislative structures that prevail at national level.

It must be noted how such reforms (shifting powers from Ministries to Governors and sub-Governors, and creating sub/national Councils to legitimize the shift) respond to the logic of neo-patrimonial regimes. As the real objective, in spite of the rhetoric, is to serve parties' and patronage networks' interests, the effect is to further weaken, rather than build, the State, by weakening its formal (ministerial/bureaucratic) structures and related rules-based operation and making them increasingly easier to manipulate and functional to the interests of political networks operating outside its formal rules. The key is to enhance the semi-formal role that sub-national "big men" can play to serve the national "bigger man".

This kind of processes however opens up a double order of contradictions. First, fights within the central administration, initiated by the country leaders, cannot be brought beyond a certain point. So while the reform process can be inspired and initiated by the country's political leadership, it may also soon be left to the care of a relevant single Ministry (of Interior, Local Governments, Local Administration, and the like) which may try to implement the reforms as a program of their own, rather than the whole-of-government effort that they actually need to be. Only to discover quickly that the system cannot be made to work if the question of its functions, resources and outcomes is not comprehensively addressed.

The point here is that many of the current "frozen" decentralization processes seem to follow a common pattern. Leaders, who initiate them because of expected political benefits, are ultimately reluctant to assume primary responsibility for their comprehensive implementation, as this would imply fighting their own administrations beyond the point in which the political costs exceed the benefits. They are then happy to leave decentralization reforms "half way" in the hands of particular Ministries who cannot bring the process beyond electing sub-national councils or at most, establishing

⁶ The author has directly observed such pattern in Yemen, Egypt, and Jordan as well as, with different features, in Cambodia. Most recently Kenya has also moved in this direction.

weak sub-national administrations, without a the required mandate, capacities and resources.

In fact, these Ministries cannot, on their own, infuse the necessary developmental spirit into the new structures, as this requires the protection of their autonomy and the reallocation of important regulatory powers and functions away from sector Ministries and/or substantial changes in intergovernmental fiscal relations, which only sustained high level political support can produce. Without such high level backing they have neither the capacity nor the appetite for inter-Ministerial fights. And to continue pushing on their own, as a typical Ministry of Local Governments or similar, might be tempted to do, often with substantial external support, is not an institutionally sustainable option. While situations may differ from country to country, there are limits to the extent to which these Ministries could, or even should, set up and manage directly large programs to support local government action for local development, financed only by externally aid, without much chance to impact on broader state reform.

The second kind of contradictions opened by politically-driven reform has more positive dimensions. The very election of the councils may end up putting in motion an irreversible dynamics. Sooner or later, councils may start demanding some real accountability of the local executive and administrations and their increasing functioning as implementers of councils' policies. The election of councils opens a window that can hardly be entirely closed by the initiators of politically-driven reforms. This offers a contested terrain in which reform champions (with support from development partners) can engage to ensure that democratically elected councils fight back against their marginalization and start taking responsibilities and obtain powers to participate in the core regulatory and services delivery business of the State, through local administrations accountable to them.

Designing and implementing development-driven decentralization reforms

Reforms champions and their development partners, engaging with real, *politically-driven*, decentralization processes, must continue to advocate, and be guided by, the project of *development-driven* decentralization reforms. Then the important question is: how this project can be articulated, communicated and pursued?

The answer is again, obviously, country-specific, but it may be useful to develop a general framework for both diagnostic and programming purposes, to help assess country conditions, identify key problems to be tackled and develop and communicate the vision of the *development-driven* driven decentralization reforms project. The development of such a diagnostic and programming framework is therefore an urgent and important task for the academic and policy communities. Here I can only advance its most basic outline. The starting point is a proper conceptualization of the linkages between (i) decentralization reforms, (ii) improved local self governance, (iii) local development and (iv) poverty reduction. (Romeo, 2003)

The relation between *decentralization* and *poverty reduction* is evidently very complex, and eludes attempts at measurement, based on a few key variables (see for one: Jutting et al., 2006). In fact such attempts have often left unexamined the real nature of the reforms whose impact on poverty was being tested. While predictably concluding that the impact could not be ascertained, such attempts might have (i) contributed to confuse genuine, development-driven decentralization reforms with what were actually processes of extension of central control of the periphery, (ii) involuntarily lent support to the case for re-centralization.

To begin with, the relation between *decentralization* and *poverty reduction* is mediated by two equally critical concepts: *effective local self-governance* and *local development*. While certainly not the only one, a key factor contributing to *poverty re-*

duction is indeed local *development* (via improved local-level infrastructure and services, better managed local environment and growth in local employment and revenue). This in turn depends on improvements in *local governance* (including effective local political representation, accountable and performing local administrations, popular participation in public decision-making, and effective public-private-community partnerships) but also, and critically, requires a substantial increase in the flow of public and private, domestic and external, resources for investments in local development. Importantly also, under the right conditions, the availability of resources for *investment* in local development can act as a powerful incentive to build capacity for good local governance. And in turn, improvements in local governance depend critically on both an enabling *decentralization* policy and legal framework and a parallel effort of institutional development and *local authorities' capacity building*. A national program to implement a decentralization reforms strategy, driven by the goal of genuine local development, is therefore a complex multi-dimensional program that must contain three generic categories of outputs: policy, institutional and sector outputs.

Policy and legal outputs include the production of (i) general legislation like constitutional amendments, Local Governments Acts, Organic Laws of the sub-national administration, Local Electoral Laws, etc., to define the architecture of the sub-national governance and public administration system and the accountability relations across it, (ii) sectoral decentralization policies as well as legal and regulatory instruments to reassign (devolve, de-concentrate or delegate) functions across the sub-national system, (iii) fiscal decentralization policies and laws to reassign fiscal powers, develop transfers systems and regulate sub-national finances, (iv) sub-national personnel policies and laws, to assign and regulate the development of the human resources of local authorities and administrations.

Institutional outputs refer to changes in organizations and procedures to be introduced at both sub-national and national level, and to drive related

capacity development efforts. They include: (i) institutions of effective local political representation, participation and deliberation, (ii) institutions of transparent and effective management of local public expenditure including strategic planning, capital programming, budgeting, implementation and procurement, assets management, accounting and financial reporting, internal controls and auditing; (iii) institutions of effective local administrations, aligning internal local authorities' structures and procedures with a program-based performance-oriented management approach; (iv) institutions for local service delivery and development management, introducing appropriate provision and production arrangements and improving the local authorities' performance in carrying out both their general mandate and their devolved and delegated responsibilities; and finally (v) institutions for State support and oversight of local authorities, for the provision of technical assistance and training services and effective legality controls and performance monitoring of sub-national authorities.

Sector outputs refer to the actual investments in a broad range of local infrastructure and services improving the basic conditions for growth of the local economy as well as the coverage and quality of administrative and social services available to local communities, improved local environmental management, ensuring a sustainable use of local natural resources and an improvement of the environmental quality of the localities; and promotion of local economic development generating employment and increasing local revenues through activities that leverage the competitive advantages of the localities.

Critical for the success of such program is a *national* policy to promote local development through local governments. Such policy should necessarily include the establishment of a range of mechanisms to finance local authorities and support the production of sector outputs, including *budget financing* mechanisms (both discretionary and conditional), *project financing* mechanisms to address local investment financing requirements as well as *contractual financing* mechanisms associated with inter-

governmental program implementation agreements and functional delegation arrangements.

It is worth repeating that a national program to implement Local Development-driven (LD) decentralization reforms, must produce results *in all the above three categories*. Restricting attention to the policy and institutional development dimensions, at the expense of explicit action to set up appropriate LD financing mechanisms and produce concrete local level sector outputs, would not only miss the local development objective but also impair the effort to develop good local governance practices, as it would deprive local actors of critical incentives. As indicated above, it's common for decentralization reforms not driven by explicit local development policy, to focus exclusively on structural, as opposed to functional, changes in the sub-national system of governance and public administration. Damaging as this may be for the ultimate success of the reforms, such approach is consistent with the political/partisan interests of country leaders who initiate politically-driven reforms but have little incentive to actually complete them, as this would eventually strengthen the State formal systems and capacities, at the expenses of the patronage networks they run. It's not surprising that all this eventually result in disillusionment with the developmental potential of decentralization reforms and a related push for recentralization (Smoke, forthcoming 2013).

Designing and supporting LD-driven decentralization reforms requires therefore:

- That the country's decentralization strategy be derived from a political commitment to local development (a national *local development policy* with equal status than the macroeconomic and industrial relations policies) as a distinct and critical dimension of the country's development effort.
- That a medium-term national program be designed to implement the national decentralization strategy and (i) deliver the required changes in the policy and legal framework within which local authorities are called to operate, (ii) devel-

op the required national and sub-national institutions and capacities and (iii) produce concrete sector outputs and develop appropriate and sustainable funding mechanisms through which increased domestic and external resources can be channeled to local authorities for the delivery of local development.

- That, through the implementation of the above program, sustainable structural and functional changes be introduced in the sub-national system of local governance and administration, in all four dimensions of such system, including changes in (i) the architecture of the system and the accountability relations among its components, (ii) the functional assignments throughout the system, (iii) the related assignment of financial resources (iv) the deployment of human resources and administrative capacities.

Towards a more effective engagement of external aid with real world decentralization processes

Donors and international aid agencies have come to realize that decentralization reforms are essentially driven by politics and are increasingly committed to "think politically" when assessing the scope and modalities of external support to the reforms processes.

Political economy analysis is taking a center stage in analytical work supporting aid programming and is trying to address both the macro and micro political dynamics that help move forward or stall the reform process.

Much more difficult however for development partners is to take the next step and also "act politically" (Cammack, 2007). This would require to take sides, to advocate and take risks, to identify and support reform champions, starting, to think like them, and that includes, where necessary, to accept the detours, the compromises, the inconsistencies and the tactical retreats that such champions

face, and must take, to keep the reforms alive and build a social constituency for them. All this is very difficult for development partners to do, perhaps even more so for the big multi-lateral institutions. Besides all corporate incentives working against it, there is also rarely the capacity, in resident missions, for such sophisticated analysis and behavior and “bringing politics squarely into the aid equation takes many development professionals outside their zones of comfort, and development agencies to the outer edges of what some of them are equipped, even mandated, to do” (Armon, 2007).

So, analytical work may clearly show that the “political will” to reform is never unambiguous, and that, given the intense intra-governmental contestation of the process, there is not such a thing as a single “government position” on decentralization. Yet, in country after country, Development Partners (DP) that support decentralization reforms, assessing them in the frame of a pure “good governance” agenda, are still too much intent to tease out upfront (and often perfunctory) policy clarity, rather than engage strategically, and with the required political sophistication, in the messy process out of which such clarity could eventually emerge. They are still too much intent to set up upfront conditionalities, rather than request and support space for policy experimentation and the building of reforms constituencies. They may be “thinking politically”, but they are still far from “acting politically”. No wonder then if national reform champions squeezed between internal resistances in their own government and unrealistic DP demands for clear government policies as a condition for assistance, may end up asking if, with friends like these, they may ever ... need enemies.

DP’s positions, may be even more puzzling to national reforms champions, when the same donors supporting decentralization and local governance reforms, do not stress the linkage with the promotion of local development by local governments, and instead of advocating a *Local Development through Local Government* approach, support different mechanisms which often work at cross-purpose with the objective of developmental local

governments, including direct resourcing of *community development* initiatives and *sector SWAPs* that marginalize or exclude local governments from development management and services delivery processes. What makes this puzzling is that there is nothing necessary in conceiving these approaches as alternative. *Community development* approaches and *sector SWAPs* could actually be combined quite effectively, and with potentially dramatic effects, within the “Local Development through Local Government” approach, if only the local government perspective was indeed used as the privileged vantage point for their design.

Finally a critical challenge, particularly for large donors and major aid agencies, remains how to match their understanding of decentralization reforms as “whole-of-government” reforms, (something they rightly ask partner governments to adopt) with their own ability to provide a “whole-of-agency” support to the reforms (something they rarely do, or for which they do not have particularly strong corporate incentives). It’s a fact, for example, that while rhetorically supportive of sectoral decentralization, major donors and aid agencies have been unable to make a positive contribution to system-wide functional reassignments by realigning their own sector support programs.

As the same silo mentality that prevents inter-ministerial coordination affects the departments of major aid agencies, these have rarely supported sectoral strategies and programs with the explicit aim of aligning them with system-wide decentralization reforms, to bring about local development through local governments and fulfill the developmental promises of decentralization reforms.

But if donors and international aid agencies must remain consistent in supporting LD-driven decentralization reforms, they must engage with the reform process by explicitly committing to and advocating a *local development through local governments* (LDLG) approach. In practice this may require adopting, alternating and/or combining two main programming approaches, in response to diverse and country-specific situations and opportunities:

1. The first is to take advantage of political openings, when they occur, and advocate LD-driven decentralization reforms, supporting the preparation of national decentralization strategies and programs for their implementation (along the lines suggested above), and adopting them as frameworks for alignment and harmonization of external aid.
2. The second is to engage in more direct partnerships with emerging Local Governments and their Associations, where they have been established, and support policy experiments for local-level institutional innovation in local governance and local development, with the aim of eventually building a constituency for LD-driven national decentralization reforms.

The above “top down” and “bottom up” approaches can obviously be combined, as necessary. In any case what must be kept central is the focus on *local development* as the guiding light and rationale of decentralization reforms, with the understanding that its incremental contribution to national development efforts strictly depends on supporting local autonomy and more intensive and effective local-level interaction between state and society.

Moving beyond a generic support to decentralization reforms, to advocate and support their local development-driven varieties, would actually amount to a fuller recognition that the reform of sub-national governance and administration systems is possibly even more critical to the project of building effective “developmental states” than it is for promotion of “good governance”. It would resonate therefore with recent attempts to rethink the “good governance” agenda and pay increasing attention to the “developmental state” agenda (Fritz & Rocha Menocal, 2007) in a search for their appropriate combination.

Summary and conclusion

Rounds of decentralization reforms have been in the making in the developing world for more than two decades. Initiated by central governments essentially for political reasons, to legitimize and consolidate regimes in power, they have often quickly hit a wall and remained incomplete, as, after creating sub-national political authorities, administrative and fiscal reforms to empower them, have not followed. The ability of organized civil society, including that of the associations of local authorities themselves, to move the reforms forward by pressuring “from below” for institutions of sub-local governance that allow new forms of state-society interaction and promote genuine local development, has been sorely inadequate if not missing altogether. Meanwhile aid agencies, somehow misreading the trend, have made their support to decentralization, part of an often unrealistic global “good governance” agenda, making decentralization a “good” in itself, and underplaying its *instrumentality* for development and the need to engage decentralizing governments on the perhaps more promising terrain of “developmental state” promotion.

Both the primacy of central government initiative in decentralization reforms, and the importance of political, rather than governance or developmental concerns, as drivers of such initiative, are facts that could hardly be expected to change. Domestic champions of development-driven decentralization reform, and their international backers, should learn to live with such facts. Yet, they could arm themselves better as they continue to advocate *developmental* sub-national governance and public administration systems and take advantage of the openings provided by politics to actually build them. To this end three things would help.

First, as a recent but growing literature is stressing, development-driven decentralization reforms champions need to develop a deeper understanding of the *political economy of the reforms*, to gain a more realistic view of opportunities and constraints

for reformers and hone their tactical skills. Second, they should develop a clearer sense of the *instrumentality* of decentralization for development. This will require understanding local development as “endogenous, open and incremental” rather than as the “localization” of national (or global) development goals and programs. Which, in turn, requires the recognition of local *autonomy* as the key to translate decentralization reforms into developmental gains. Indeed most of the frozen decentralization processes alluded to above, could effectively be described as process of “decentralization without autonomy”. Third, they should pay greater attention to the development of a social demand for the reforms as well as to the promotion of individual and collective leadership in local government. This

would ensure that decentralization reforms, while inevitably led from above, also reflect emerging good practices of local governance and local development promotion and are supported by growing citizens’ awareness and political engagement.

More realistic and more effective national decentralization strategies and related implementation programs could then be developed. And a new generation of externally-supported programs that explicitly use local governments and their associations, rather than ministries and/or communities, as entry points for the promotion of local development could be launched. They would go beyond supporting decentralization reforms and good governance and would actually promote “Local Development through Local Governments” (LDLG).

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