



HD INSIGHTS

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Decentralisation and Human Development

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In its broadest sense, decentralization involves a transfer of responsibility from one level to another lower level of organizational hierarchy within a government. It can include a full or partial relocation of political, administrative and financial powers and authority. Decentralisation is closely linked to ideas of local governance and subsidiarity, whereby decision-making happens as close as possible to the people affected by policy decisions.

Decentralisation is a complex process taking place across several developing and transition countries. Decentralisation policies are influencing change at national and local levels with a direct impact on institutions, communities and individuals. As such, decentralisation has the potential to influence a wide range of human development issues, including achievement of the Millennium Development Goals and other locally-defined development objectives.

Despite strong links to human development processes, however, decentralisation is not a panacea for addressing all human development issues. There are often several, sometimes competing, motivations for the initiation and continuation of decentralisation processes - not all decentralisation processes are implemented for human development motivations, and the effects of even the most HD-oriented process can be both positive and negative.

What are some of the positive HD potential and opportunities?

There are many examples of the potential positive results to be gained from a decentralisation of political, administrative and financial responsibilities from central to local levels. These include the greater participation of communities in decision-making processes, which can in turn lead to improved accountability of local governments and political decisions that are more responsive to local needs. Decentralisation can help to improve the delivery of services for the poor, such as education, health and infrastructure in terms of accessibility and quality. It can help better target inter-district and intra-district inequities and ensure better expenditures for marginalized groups by allowing for better prioritization and distribution. A strong network of local administrations may allow a more effective response to external shocks, such as climate-related disasters.

What are some of the risks and challenges?

Still, the potential also exists for decentralization to make HD conditions worse - the negative extremes of the possible potential gains described above. A simple extension of existing power structures to subordinate levels may replace national elites by local elites. Rapid decentralization may lead to poorer fiscal efficiency, fewer public services, or even to the disruption of service delivery. Existing inter-district and intra-district disparities can be exacerbated. Corruptive, rent-seeking structures and cultures at local levels may lead to the monopolizing of funds or continued catering to special interest groups.

Local governments often with less experience and capacities are sometimes asked to deliver on HD goals that national governments with greater power may have failed to achieve. Local communities need new and improved skills to participate in decentralized processes (budget, project, debates, analysis, planning, etc.). They must also realize their participation rights and responsibilities - marginalized groups may have other priorities than participating in debates.

What are the data, research and policy implications?

For these reasons, it is essential that development planners, policy-makers, and practitioners, understand the significance of different decentralisation options and trade-offs. There are various ways of analyzing decentralisation - all complementary to the HD approach - that recognize the need for informed policy choices and their complexity. Policy solutions striving for more effective decentralisation processes motivated by human development goals must:

- involve systematic, holistic and comprehensive analytical approaches;
- consider the roles, needs and motivations of individual agents and actors;
- assess the potential positive and negative impacts of decentralisation;
- explore the longer-term viability and sustainability of policy alternatives; and,
- prioritise options that assess local development contexts and conditions (while still drawing on other regional good practices and lessons learned where relevant).

How to identify inequality through disaggregated data and qualitative surveys?

As part of efforts to offer evidence-based, targeted policy analysis and recommendations, there is a need to use locally-relevant data to assess decentralisation and HD links and their policy-making implications. Some of the data most valuable to analyses and related advocacy include information disaggregated by region, sector, and other parameters that capture locally-relevant characteristics of potential marginalization and inequality. The human development indices disaggregated by region, county, or municipality can help to identify such inequalities.

In addition to providing and assessing statistical data, practitioners should also focus on other complementary sources of qualitative data, including surveys that look more closely at subjective perceptions of the efficiency of local self-government by polling local development actors (local administration, business, NGO, media, political parties, education, culture, religion). Such surveys can look at people's actual ability to influence local decision-making processes, for example, through civic participation in trade unions, public forums and demonstrations, petition signing and other citizen initiatives. Moreover, they can assess local participation in decentralized processes by asking citizens in what ways they feel it appropriate to influence government and municipality activities. In this way the relationship between levels of citizen satisfaction with various public institutions and the extent of civic participation can be explored.

How to increase levels of local accountability and participation?

There is a need for greater accountability of local governments, as well as for local participation and the creation of more effective entry points for people to shape governance. The establishment of clear, legal frameworks that give decision-making competencies to local authorities is one important step. Achieving local accountability and participation, however, takes time - participation can be a matter of mindset, not just legislation. Cultures of participation need to be strengthened by making information on decentralisation more available. The roles of NGOs and other civil society organizations need to be explored, not only as partners in facilitating participatory debates and planning, but also in supporting the implementation of decentralised services. Marginalized groups defined by gender, rural-urban and geographic residence, ethnicity, age, and physical and mental ability require targeted policies. Such policies can be more responsive if formulated with marginalized group participation at local levels.

How to improve equity in social spending?

Policy-makers and practitioners must continue to look at issues of equity in public spending across sub-national regions. Greater attention needs to be brought to inequities between regions and related issues of economic reform, internal migration, social mobility, and social opposition. As sub-national entities are granted the right to raise revenues and invest in local social services, redistributive mechanisms may be needed to balance inequities. Although some equity redistribution can take place locally, there is often a need for central state intervention to ensure more balanced redistribution. As central transfers can aid in reducing inequities, as well as reproduce them, the structure of these central redistributive mechanisms is important.


How to assess the success of decentralisation policies?

In some countries, decentralisation processes are just beginning; in others the process has been ongoing for decades. In both cases, there is a need for participatory, inclusive HD processes to identify a clear set of success criteria with which to benchmark HD-oriented decentralisation, and for such success indicators to be integrated into existing national policy monitoring systems. There is also a need to assess the impact of HD-based decentralisation policies over time. For both national governments and donors, this means institutionalising and drawing on regular, de-politicised review processes that include objective impact evaluations.

Positive changes in human development cannot be guaranteed even by the most well-intentioned, best planned and resourced interventions. Nonetheless, through the combined impact of HD-oriented decentralisation initiatives, collective efforts aimed at increasing the chances for positive human development outcomes can become more successful.

Some General Sources

- UNDP Decentralization, Local Governance and Urban/Rural Development Work Space <http://www.undp.org/governance/sl-dlgud.htm>
- [Decentralised Governance for Development: A Combined Practice Note on Decentralisation, Local Governance and Urban/Rural Development](#) April 2004 by the Democratic Governance Group, Bureau for Development Policy, UNDP, http://www.undp.org/governance/docs/DLGUD_PN_English.pdf
- UNDP, Governance in Post-Conflict Situations: Decentralized Governance, New York, 2004, <http://www.undp.org/oslocentre/docs04/Decentralized%20Governance.pdf>
- UNDP Evaluation Office. *Essentials (Partnership for Local Governance)*, No. 7, August 2002. <http://www.undp.org/eo/documents/essentials/PartnershipforLocalGovernance.pdf>
- UNDP Decentralization and National Human Development Reports, New York, 2006,

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- http://hdr.undp.org/en/media/decentralization_gn.pdf
 - UNCDF Local Development Web-site,
http://www.uncdf.org/english/local_development/documents_and_reports/index.php
 - Center for International Earth Science Information Network (CIESIN), *The Online Sourcebook on Decentralization and Local Development*. Swiss Agency for Development, FAO, UNDP, World Bank and the German Agency for Technical Cooperation,
http://www.ciesin.org/decentralization/SB_entry.html

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