Decentralization and
National Human Development Reports

By Tim Scott

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Decentralization and Human Development:
Findings and Recommendations
From a Review of
National Human Development Reports

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Foreword

It is with great pleasure that the National Human Development Report (NHDR) Unit of the Human Development Report Office and the Bureau for Development Policy (BDP) present this NHDR Occasional Paper on Decentralization. This study is part of a series that came about in response to the suggestion of national human development report teams from around the world who were seeking to apply a human development vision to policy-making in various sectors or themes, but found a paucity of concrete written guidance to support them in this task.

The purpose of the series is to provide theoretical background and practical support for development practitioners to address certain themes within a human development conceptual framework. Studies do not offer 'blueprints' or prescriptive recipes, as the work of making the human development approach operational in a local context must be rooted in the development challenges faced there. The following paper draws upon a thorough review of NHDRs addressing decentralization as well as cutting-edge literature in this field.

Previous Human Development Report Office Occasional Papers, produced in collaboration with BDP and other partners, have addressed the topics of the environment, gender, HIV/AIDS, conflict prevention and human security. These papers are available online at http://hdr.undp.org/nhdr/thematic_clusters/. They are also available in hard copy from the NHDR Unit. Producing the papers has presented a rare opportunity to discuss a variety of themes and their links to human development, and to exchange experiences and good practices in producing NHDRs and other forms of national level policy analysis and advocacy.

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Introduction

Decentralization is a complex process taking place in several developing and transition countries. Decentralization policies influence national and local change, and have a direct impact on institutions, communities and individuals. As such, decentralization has the potential to influence a range of human development issues, including achievement of the Millennium Development Goals (MDGs) and local development objectives.

Despite strong links to human development, however, decentralization is not a panacea for addressing all human development issues. There are often several, sometimes competing, motivations behind decentralization processes. Not all are initiated for reasons purely or even partially related to human development, and the effects of even the most human development-oriented processes can be both positive and negative. For these reasons, it is essential that development planners, policy makers and practitioners understand the significance of different decentralization options and trade-offs.

There are various contemporary ways of analysing decentralization—all of which complement the human development approach used in UNDP's series of global, regional and national human development reports (HDRs). These recognize the need for informed policy choices and the complexity of the issues at stake. One argument maintains that policy solutions striving for more effective decentralization must involve comprehensive approaches based on local considerations; be sustainable over the long-term to address changes in behaviour; and recognize that what may work in one country may not work in another.

While decentralization conditions, challenges and solutions are unique to each development context, considerable benefit can still be gained through a closer look at some of the lessons learned and different approaches that have proven useful in various countries. Such attempts to better understand the relationship between decentralization and human development are key, especially if collective efforts to increase positive human development outcomes are to be successful.

Since 1992, more than 140 countries have produced over 500 national and regional HDRs. Many explore links between human development and decentralization.[1] Given the unique qualities of these reports, they represent a potentially useful body of work targeting the cutting-edge issues of decentralization, human development, and a range of related sectoral and cross-cutting development themes.

This study looks at some of the many ideas and approaches used by the HDRs to address decentralization in specific countries and communities from a human development perspective. In particular, the study synthesizes innovative analytical approaches, data, analysis and recommendations relevant to such key human development and decentralization issues as increased levels of local accountability and participation; more sufficient and efficient use of financing for decentralized public services; improved equity in social spending across regions; and the sustainability of measures supporting these goals.

In part because of the participatory and inclusive ways in which HDRs are prepared, launched and followed up, they themselves have a strongly positive impact on decentralization and human development in some countries. Several examples are provided in this study to further support the call for comprehensive human development-based decentralization processes that are rooted in and respond to local conditions.

The study also offers a summary of general findings and recommendations both for those working directly on HDRs, as well as other researchers, practitioners and policy makers striving to improve the effectiveness of human development-based decentralization processes and policy analysis. These recommendations are non-prescriptive and can be adapted to each local development context.

Due to its design and necessary space and time constraints, the study does not review all human development reports on decentralization. Nor has it been possible to cover all of the decentralization issues addressed by the reports—for example, what HDRs contribute to a related discussion on privatization. In offering a partially up-to-date assessment of the impact of decentralization policies assessed by the HDRs and of the HDR processes themselves, this study is meant to complement other publications by UNDP and its partners on decentralization and human development, many of which are included in the study's bibliography.

NOTES

[1] Annex A provides a list of HDRs reviewed for this study. The reports are also available at: http://hdr.undp.org/reports/view_reports.cfm.

General Links Between Human Development And Decentralization

Before looking more closely at some of the specific things the HDRs have to say on the topic of decentralization, it is useful first to consider some of the general issues linking decentralization and human development. These include the effects of decentralization on human development, as well as the basic conditions and motivations for initiating decentralization processes. It is also important to delve into some of the modern methods of thinking about decentralization, and ways that the human development framework and HDR processes can support them.

As discussed throughout much of the decentralization literature and the HDRs included in this study, decentralization processes have the potential to yield both positive and negative impacts on human development. Efforts to achieve the MDGs and other local and national human development objectives fall in the first category. At the same time, improved human development conditions can support decentralization.

POSITIVE HUMAN DEVELOPMENT OPPORTUNITIES

There are many examples of the gains from decentralization. Under certain local conditions, positive human development results include the greater participation of communities in decision-making processes. This can bolster the accountability of local governments and help ensure that political decisions are more responsive to community needs. To improve transparency and enhance accountability, however, decentralization requires the restructuring of both the existing central and local institutional frameworks.[1] Against this background, the encouragement of local participation can be seen as both an objective and an area in need of parallel support.[2]

Decentralization can allow local governments to better formulate and implement policies that support local development needs. It can support poverty reduction by empowering the poor so they can participate in shaping and implementing policies and programmes. As a policy instrument, decentralization can help to improve the quality and accessibility of basic services for the poor, such as education, health care and infrastructure (for example, roads, water, sanitation and urban services). This can encourage the better utilization of local resources and facilities, and help to lower per unit costs of public services. The time taken for decision-making can be reduced, as well as certain administrative costs.

Decentralization can help ease inter-district and intra-district inequities, and ensure the prioritization and distribution of expenditures to marginalized groups. It can lead to more efficient tax administration and improved accountability, as local populations may better control the management of resources. A well-functioning network of local administrations may improve the sustainability of human development policies, while allowing the donor community and the central government to respond faster and more effectively to external shocks.

Decentralization may also help to improve the collection and analysis of demographic data in different regions. The analysis can further enhance the transparency of local governments and efforts to justify the distribution of resources.

NEGATIVE HUMAN DEVELOPMENT RISKS

There are no guarantees that decentralization will automatically bring human development gains to a country. In fact, the potential exists for decentralization to make human development conditions worse—the negative extremes of the possible gains described above. The HDRs selected for this study recognize this possibility.

Expectations for the positive results of decentralization can be high. But local governments, often with less experience and lower capacities, are sometimes asked to deliver on human development goals that national governments with greater power may have failed to achieve.

The chances of negative fallout from decentralization are greater if these and related issues are not addressed. There must be a local commitment to poverty reduction and other essential goals, but local governments must also acquire the needed capacities to implement and run poverty alleviation and other human development programmes. Local communities also need new and improved skills to participate effectively in decentralized processes related to budgets, public debates, project planning, etc.. They must realize their participation rights and responsibilities—the poor and other marginalized groups often have other preoccupations and priorities than participating in political decisions.

Decentralization needs to involve a democratization of the decision-making process. A simple extension of existing power structures to subordinate levels will not bring about positive impacts on civil society, but may simply replace national elites with local elites.

The rapid decentralization of public service provision may lead to poorer fiscal efficiency, fewer public services assured by the central government, or even the disruption of public service delivery in the short term. The transfer of responsibility to local levels may occur without the provision of the necessary financial means, including through central restrictions on local revenue-raising. Even increased fiscal decentralization, however, does not necessarily lead to increased or better-targeted public expenditure. Existing inter-district and intra-district disparities can be exacerbated. Corrupt, rent-seeking interests may permeate the local level, leading to the monopolizing of funds or continued catering to special interest groups.

MOTIVATIONS FOR DECENTRALIZATION

Decentralization is a long-term process, and not an end in itself. As the reports selected for this study document, there are many different motivations for embracing decentralization—sometimes combined, complementary or even contradictory. Some of these interrelated motivations include efforts to reduce poverty and achieve the MDGs through improved sector-based services, address root causes of human insecurity, enhance state efficiency, adjust to specific political contexts and/or respond to external political incentives.

Enhanced state efficiency can lead to more efficient social services, increased participation and confidence in governance, greater economic opportunities and improved regional equity. Some of the specific political contexts that may prompt decentralization policies include multi-cultural states, transition countries or conflict/post-conflict situations. These policies may also be pursued as part of broader efforts to strengthen good governance and encourage local ownership, equity, transparency, accountability and efficiency. External incentives encompass the criteria for membership in regional and global governance bodies, peace agreements or the structural adjustment programmes of international financial institutions.

EVOLVING THOUGHTS ON DECENTRALIZATION

Given the variety of motivations for decentralization policies, as well as the challenges of successful implementation, it is important to effectively analyse decentralization processes. This is particularly true if the goal is to decrease the risks of decentralization while increasing the chances for human development results.

Several new ways of looking at decentralization have evolved over the past several years.[3] These include such key concepts as organizational change and individual agency, the role of information, non-reductionist perspectives, com-plex social systems, long-term sustainability and policy trade-offs. Many complement the human development analytical frameworks incorporated in the HDRs.

Modern organizational change

Two modern analytical models of organizational behaviour can be applied to understanding and improving decentralization processes. In the standard model, a country is treated as an aggregate unit possessing well-defined preferences and patterns of behaviour. This is the more macro-model that sometimes forms part of the core analytical framework for the global Human Development Report and other global donor reviews from such organizations as the World Bank, UN Children's Fund (UNICEF), etc.

A second model, often referred to as institutional or agent-based analysis, takes a more micro-perspective. It assumes that the behaviour of an organization or country should be taken as the aggregate of the behaviour of individual agents who act according to the influences of a complex set of incentives. This thinking reflects more closely some of the core features of the human development and capabilities approach applied through national HDRs, which recognize and value the role of individual agency.

Role of information

A critical factor influencing the behaviour patterns of individual actors in any system, including decentralization, is their access to information. Transactional costs stemming from imperfect information availability drive a market economy. Similar imperfections in public sector knowledge management can generate behaviour referred to as 'free riding', 'rent-seeking', 'principle-agent conundrum', 'moral hazard' and 'unintended consequences'. All these have serious implications for human development outcomes in any particular setting. The human development approach often highlights inequities in decision-making that are due in part to unequal levels of knowledge and data.

Non-reductionist approaches

Reductionist thinking believes that the whole is equal to the sum of the parts. By understanding the nature of critical parts, predictions on the future behaviour of the whole can be made. Reductionism has dominated thinking about decentralization for the past two decades. This started with the assumption that idealized models of decentralization (devolution, delegation and deconcentration) reflect real institutional patterns. Experience has shown, however, that often this is not the case. A division of decentralization into political, administrative and financial components can sometimes undermine efforts to understand its overall impact. Decentralization cannot be successful in just one domain—it must combine elements of political, administra-

tive, financial and market decentralization.[4] The more comprehensive, multidisciplinary analytical approaches used by most HDRs make them potentially well-suited to offering a non-reductionist analysis of decentralization issues.

Complex social systems

As modern systems thinking has infiltrated public administration, the perspective of complexity and complex social systems has begun to attract increased attention. Complex social systems are more accurately understood when viewed from a polycentric perspective rather than a typical hierarchical pyramid model of organizations. A polycentric view recognizes that many actors influence decision-making and their relative power is constantly changing.

The use of analytical approaches that consider local communities, regions and countries as evolving complex social systems deepens the potential value of national HDRs and other analytical efforts to help practitioners better understand where to focus limited resources and catalyse progress in human development. Recognition of the complex nature of governance frameworks can support a better understanding of the critical relationships influencing human development interventions.

Long-term change in institutions and individual behaviour

Changes to existing institutions can be introduced in a short period, but transformation of behaviour and thinking among individuals can take much longer. The diversity of agents involved in decentralization processes typically makes rapid change difficult, but not impossible. These agents include central and local governments, administrators and politicians, citizens and non-state actors (NGOs, businesses, media, academia and international organizations). Being able to promote institutional reform requires an understanding of the behavioural challenges that may delay or prevent reform, and the inherent long-term nature of behavioural changes. Because political decisions often have short time frames, local and central institutional choices may not always favour a path of development that accords with human development objectives. The human development approach and many HDRs address the issues of sustainability and the importance of addressing cultural behaviours and institutional norms as part of change.

The importance of unique, local conditions

One of the challenges of decentralization is that it affects different processes and places in different ways. Decentralized education services may change differently from health care services. A well-connected, resource-endowed district will change faster and in a different way than an isolated, resource-poor one. Analyses of the local

dynamics—the cultural, socio-economical and historical backgrounds particular to each country, sub-region and local community—need to be taken into account when assessing the conditions and options for decentralization. The level of national ownership enjoyed by most HDRs, along with their participatory and inclusive preparation and follow-up processes, make them well placed to consider local conditions in their analysis.

This study will not attempt to provide a cross-country comparison of decentralization successes and failures with regard to human development. It focuses instead on specific, non-prescriptive examples from the HDRs on approaches to understanding decentralization and determining policy solutions to achieve effective decentralization processes motivated by human development goals.

NOTES
[1] Global *Human Development Report 1993,* p. 79.
[2] Work 2002, p. 6.
[3] Based on a draft review of contemporary decentralization literature and evolving approaches by Paul Lundberg.
[4] Global *Human Development Report 1993,* p. 77.

Decentralization and the HDRs

Since 1992, over 500 national and sub-national HDRs have been produced in 143 countries, in addition to 28 regional reports. These reports represent much more than just publications—they are used as advocacy tools created through a process of broad participation and active engagement within countries and across regions.

Commissioned by UNDP, which as the UN's development network spans 166 countries, the reports bring people together to debate and articulate their development priorities. They strengthen capacities to produce data and analysis. They focus political attention on concrete policies and resources needed to overcome poverty, foster growth and equity, and improve people's lives by expanding their choices and capabilities. Inclusion and equity are some of the hallmarks of the human development framework pioneered by the global Human Development Reports, published annually since 1990. All national and regional HDRs are shaped around this common approach to analysing development.

The launch of a report is frequently a high-profile national, regional or even international event. Prominent political and other leaders often participate, and media coverage can be extensive. In many places, people have come to view the reports as important sources of innovation. Taking on cutting-edge issues, the HDRs make new connections and offer alternative proposals for development. They devise creative but intellectually rigorous means of filling gaps in socio-economic data, including at the local level, where these gaps can be most severe.

Report teams, under the leadership of national institutions and individuals, and with the guidance of UNDP, often choose highly participatory research methods, from door-to-door municipal surveys to opinion pieces published in the final report. This has helped identify hidden disparities and broadened mainstream policy discussions by bringing in traditionally excluded perspectives—from women, the poor, minorities and people living with HIV/AIDS.

Although each report enjoys editorial independence, UNDP provides policy guidance, including six core HDR principles. These ensure minimum standards while encouraging innovation and excellence with respect to the following.

✦ **National and regional ownership** draws on national/regional actors and capabilities throughout the preparation, yielding a product firmly grounded in the country's past and existing development plans, and local development culture

✦ **Participatory and inclusive preparation** gathers together diverse actors as active partners. These include government, non-governmental, academic and non-academic players; men and women; different social groups; and poor and otherwise marginalized people.

✦ **Independence of analysis** emphasizes objective assessments based on reliable analysis and data. Reports are not consensus documents; rather, they are independent publications in which the authors take ultimate responsibility for the points of view expressed.

✦ **Quality of analysis** centres on people, and makes global, regional and local connections. Reports use quantitative and qualitative data to support policy arguments, and to measure and monitor human advances, challenges and set-backs.

✦ **Flexibility and creativity in presentation** involves effective visuals and data presentation, fluid language and a creative style that fully engages the interest of target audiences.

✦ **Sustained follow-up** generates awareness and dialogue, and influences national decision-making, including the design and funding of new state polices and donor programmes.

These qualities help make the HDRs a useful body of work to inform better understanding of a range of development topics, including decentralization.

HDRS FOCUSSING ON DECENTRALIZATION

Given the myriad issues facing different countries and regions, along with the high level of national ownership of the HDRs, it is perhaps not surprising that the reports have looked at numerous themes over the years. They have touched upon economics, education, globalization and human security, to name only a few topics.

Many reports have also considered issues directly relevant to decentralization and human development. This study looks in particular at HDRs taking decentralization and closely related human development themes as their focus (see annex A for a full list of reports and links to their electronic versions.) These reports provide information to help policy makers, researchers, development practitioners and advocates better understand and ideally improve decentralization processes so that they can help increase human

development. The reports selected offer interesting conceptual approaches, research techniques and methodologies; detailed background descriptions and case studies; cutting-edge analysis and policy recommendations; and innovative uses of quantitative and qualitative data. In addition, they have had a strongly positive impact on decentralization and human development through participatory, inclusive and results-oriented preparation and follow up.

In part because of their unique features, these reports reinforce some of the current ways of assessing decentralization discussed in the previous section of this study. Both in general and within their specific contexts, they recognize that policy solutions to support effective decentralization 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 potentially positive and negative impacts of decentralization;

✦ explore the longer term viability and sustainability of policy alternatives; and

✦ prioritize options that assess local development contexts and conditions (while still drawing on other regional good practices and lessons learned, where relevant).

Given the limitations of this study, it is not possible to document everything that the HDRs bring to a discussion of decentralization. The following pages do offer a sample of aspects that are more interesting and innovative, and that contribute to a better understanding of decentralization and its implications for human development. While some of the HDR material discussed is not new from a theoretical perspective, the reports' applications of various decentralization principles and issues to local contexts are fresh and have influenced change.

In particular, this study provides a synthesis of HDR analytical approaches, analysis, recommendations and data relevant to such key human development and decentralization issues as increased local accountability and participation, including that of marginalized groups; the sufficient and efficient use of local financing for decentralized services; improved equity in social spending and the sustainability of measures supporting these goals.

TWO APPROACHES TO ANALYSIS

As noted above, decentralization is a complex process involving many actors and activities. More holistic and comprehensive analytical approaches, such as those used by many HDRs, can be useful for analysing its different parts,

and can help improve overall chances for successful policy recommendations and follow up.

Reports reviewed for this study have many variations, but tend to follow two basic approaches to analysing national and sub-national decentralization processes and their links to human development: a sector-based approach and a cross-thematic approach. Both can be useful, with a large majority of reports including a combination of the two.

A sector-based approach

The sector-based approach can help analyse the impact of decentralization on sectors with more direct and immediate human development significance. Reports look at a variety of sectors, including health, education, agriculture, labour and social services, that have a direct impact on people's capabilities and choices. Some reports look at links between decentralization and multiple sectors, while others focus on a fewer number.

Sometimes, however, when only sector-specific approaches are used, it can be more challenging to capture some of the crosscutting decentralization issues influencing human development, as well as the full range of human development and other issues central to successful decentralization processes. At the same time, a sector focus can allow for more in-depth analysis of specific human development issues and policy options.

Examples of HDRs with sector-based analytical approaches include the following.

Health and education: Several NHDRs devote attention to decentralization and links to education and health. The 1996 Chile NHDR, 2003 Ukraine NHDR, 2004 Macedonia NHDR and 2005 Uzbekistan NHDR, for example, look at challenges represented by the decentralization of the public education and health sectors, while also offering a discussion of possible solutions to increase access, and improve the quality and efficiency of these services. The HDRs explore sector-specific topics such as local capacity, delivery arrangements, financing options, local community and private sector partnerships, and ties to national strategies and the MDGs.

Employment: As part of efforts to address the multidimensional aspects of poverty, some HDRs examine labour issues and employment services. The 2004 Poland NHDR, which takes this theme as its primary focus, looks at some of the negative effects of various decentralized services influencing labour and employment. A sector approach can allow HDRs to offer more specific policy options targeting a range of actors. For example, the Poland HDR offers recommendations for political elites and their expert support; central government administration and other public trust institutions (banks, insurance services and the judiciary);

local governments; entrepreneurs and employers; and various civil society organizations.

The cross-thematic approach

The cross-thematic analytical approach used by several HDRs links decentralization with one or more crosscutting issues influencing human development. These include such topics as gender, governance, the environment, conflict, regional disparities and ethnic diversity. The reports are able to discuss the possible positive and negative impacts of decentralization trends, particularly on the poor and other marginalized groups, while exploring a more comprehensive set of decentralization issues. Crosscutting analysis can offer new ways of looking at some development issues.

Examples from several reports demonstrate the use of crosscutting analytical approaches.

Gender: Gender analysis is mainstreamed through many HDRs targeting broader decentralization topics. The 2004 West Bengal HDR and 2003 Pakistan HDR, for example, do not simply include a chapter devoted to gender issues. Both incorporate gender perspectives on several issues, including the effects of the increased involvement of women in decentralized institutions. HDRs linking decentralization and gender often focus on women's access to social services, which is considered crucial for human development, as well as their increased participation in decision-making.

Good governance: Several reports explore the links between decentralization and good governance. The 2004 Egypt NHDR discusses some of the ways that political decentralization can improve democracy and participation, for example. These HDRs analyse how decentralization can potentially make services more available and responsive to the demands of local communities, while improving the transparency and accountability of local and central governments. They also explore how decentralization ideally encourages the better use of resources and budget prioritization.

Regional disparities: Decentralization can also be linked closely to inter- and intra-territorial equity, as the 2001 Benin NHDR, 1998 Russian Federation NHDR and other reports show. These reports view decentralization as a means to promote regional development while helping to reduce existing inter-regional disparities within countries and improve human development levels within regions.

Marginalized groups: Many reports, such as the 1999 Ecuador NHDR and the 1999 Bulgaria NHDR, discuss decentralization policies in terms of their potential positive and negative impacts on marginalized social groups. These reports look, for example, at how ethnic group participation can increase the access to and quality of social services.

The environment: Some HDRs explore the impact of decentralization processes on environmental issues affecting human development, including the management and preservation of natural resources. The 2001 Lao NHDR, for example, examines the sometimes competing challenges of designing policies that simultaneously strive to reduce poverty, increase food security, respect traditional livelihoods and cultures, reduce regional inequalities and ensure long-term environmental sustainability within a decentralized governance framework.

Competitiveness: HDRs also look at aspects of decentralization that are less frequently analysed. The 2005 Peru NHDR, for example, explores the relationship between decentralization, human development and competitiveness in a globalizing world. By considering various factors influencing living conditions, and taking a holistic approach to efficiency issues, the report identifies new synergies between human development and decentralization.

MEASURING DECENTRALIZATION AND HUMAN DEVELOPMENT

One of the most important contributions of the HDRs, both as a collective body of work and in their individual national contexts, is their innovative use of country-specific data to assess decentralization and human development links and their implications for policy-making. Without reliable and objective quantitative and qualitative data, the reports' policy analysis and recommendations could not be as influential.

Most HDRs rely where possible on a range of data sources, each with their own strengths and weaknesses. Sources include national census and civil registration data; household sample surveys; public administrative data; national and international non-governmental data; and data from bilateral, regional and multilateral development agencies.

Disaggregating data to capture inequality

Some of the HDR data most valuable to policy analysis and related advocacy efforts include information disaggregated by region, sector and other parameters that capture the local characteristics of potential marginalization. Disaggregated information allows for a better reflection and understanding of issues related to both decentralization and a country's human development challenges, particularly with respect to inequalities.

In addition to providing and assessing various direct statistical data—including information on comparative lev-

els and percentages of central and local revenue collection, and public social financing and transfers—the HDRs offer a range of composite indices and qualitative survey results upon which corresponding policy analysis and recommendations are based.

Adapting composite human development indices

Several HDRs[1] have taken internationally recognized composite indices for measuring human development and adapted them to the specific development environment and needs of their country and/or region. Such an approach is arguably essential given the complexity and uniqueness of decentralization processes in any given country. Traditional global composite index measurements of human development (including the human development index (HDI), the human poverty index, the gender development index and the gender empowerment measure) are disaggregated and often revised to incorporate indicators reflecting different local development issues. (For definitions of the indices, see http://hdr.undp.org/statistics/indices/.)

In Egypt a disaggregated human deprivation indicator measures the percentage of the population without access to health services, piped water and sanitation; under-five child mortality rates; under-five malnutrition levels; non-enrolment in primary and secondary schools; illiteracy; unemployment and poverty. A basic needs spending index has been developed in Chile, which adds to the educational component of the human development index such criteria as the availability of meals in primary schools, and subsidies for pre-school and basic education. In Venezuela, a disparities reduction rate measure looks at relative progress made through decentralized social spending policies to achieve greater human development. In Thailand, a human achievement index applies a mix of standard HDI indicators complemented by other composite indices for employment, participation, housing and living conditions, family and community life, and transportation and communications. Additional disaggregated indicators have been proposed to measure community well-being and happiness. A disaggregated caste development index is being calculated in the Indian state of Madhya Pradesh.

Challenges of regional index disaggregation

As noted above, however, given the complexity of decentralization issues and their relation to changes in levels of human development, it can be difficult to assess the direct effects of various decentralization policies. Additional monitoring and measuring challenges occur when comparative indices are disaggregated to smaller sub-national levels.

Observed shifts in the values of disaggregated indices, for example, can be the result of small or isolated non-representative changes in intra-municipal factors. In a small community with a higher-than-average age for citizens, the birth of a child may disproportionately increase average life expectancy. The values of disaggregated indices can also be strongly influenced by external factors. For example, depending on specific reporting definitions, a rise in government subsidies may increase the level of a municipality's reported 'revenue' and lead to a higher ranking, even though these resources were not actually raised within the municipality itself. For these reasons, the ranking of municipalities does not necessarily always lead to useful conclusions for policy revision. In the same way, a standard ranking of regionally disaggregated indices does not necessarily reflect the extent of a region's independence from the centre.

Some HDRs recognize these additional data and analysis challenges. In Bulgaria, for example, the report calculated the HDI for 260-plus municipalities. These are not ranked on a national basis, but within their own respective districts instead. This allows a more detailed identification of the strengths and weaknesses of each municipality and district.

Qualitative assessments of decentralization and human development progress

Some reports[2] also take advantage of other complementary and innovative qualitative data to support better analysis of decentralization policies and related human development challenges. The identification and collection of data for analysis of local government capacities and autonomy is difficult, however. In several countries, HDRs are drawing on and conducting specialized surveys to capture such information. In Albania, for example, an expert survey was conducted to numerically rank the extent to which a theoretical transfer of powers to municipal governments has been realized, based on independently observed levels of implementation.

Other surveys look more closely at subjective perceptions of the efficiency of local self-government by polling local development actors (local administrations, businesses, NGOs, media, political parties, and educational, cultural and religious institutions). Some assess local participation in decentralized processes by asking citizens in what ways (through representative polls, draft submissions to national assemblies, referenda, protests, elections, public meetings, personal opinions, representative actions through NGOs, etc.) they feel it appropriate to influence government and municipal activities. Similar HDR surveys look at people's actual ability to influence local decision-making processes. In Kosovo, for example, a public survey has gathered information on civic participation in trade unions, public forums and demonstrations, petition signing and other citizen initiatives. Through this and other data, the distance of citizens to health and education facilities is compared with the likelihood of political activity, as well as the relationship between

levels of satisfaction with political institutions and the extent of civil participation.[3]

INCREASING ACCOUNTABILITY AND PARTICIPATION AT LOCAL LEVELS

For decentralization processes to effectively contribute to human development, they must help increase the accountability of local governments for and local participation in identifying and planning local funding priorities.

HDRs recognize that local accountability mechanisms created through decentralization can foster discretion in the mobilization and management of development resources. Ideally, devolution can lead to wider political participation, a key feature of human development. At the same time, HDRs, as well as the broader literature, record varying possible modes, levels of intensity and quality of participation. If power is devolved to non-democratic and non-participatory institutions, broader political participation can be hampered.

The HDRs advocate both for greater accountability and greater local participation, and the creation of new and more effective entry points for individuals and civil society to shape governance. Through more empowered local government, people are able to influence policy, participate as active agents in their own development processes, and link policies to the reality of local needs, including those of marginalized groups. By involving people in local decision-making, decentralization can help nurture improved forms of democratic participation.

Several HDRs[4] look at additional examples of partial progress already made in terms of increased local participation—for example, the creation of elected municipal councils. The reports document how, in some cases, efforts to empower local decision-making bodies can be partially strengthened through a re-emergence and encouragement of indigenous forms of democratic traditions, such as the *kurultai* in Kyrgyzstan, which predate 'newer' central state democratic institutions and traditions. Reports assess the building and strengthening of local community organizations, increased opportunities for consultation, and the formulation and co-administration of local, participatory development programmes. Through such local participation, examples of improved transparency and efficiency are noted, as well as increased opportunities for targeted, sustainable local investment.

Clearer legal frameworks giving local decision-making authority

As part of efforts to increase and sustain accountability and local participation, some HDRs[5] highlight the need for clear, legal frameworks that give decision-making competencies to local authorities. The 2002 Libya NHDR, for example, assesses legal frameworks for establishing local planning councils, the *shaabiat*. The report explores such issues as the ability to define priorities and elect representatives who convey these to the centre.

Even with a solid legal framework, however, the local system of governance can remain biased. Local representatives can be indirectly affected by the centre, so their decisions reflect more the directions of the centre than the needs of the local people. Central governments can be less willing to concede their powers to local officials due in part to judgments about the perceived incapability of local officials to perform certain tasks, especially in states with a history of heavily centralized rule. Reports recognize that central governments are often criticized for 'dragging their feet' to accept the authority of local officials, and for trying to maintain control either through political means (by making municipal councils share power with centrally appointed authorities) or financial methods (by making local authorities financially dependant on the centre).

As is the case for other dimensions of decentralization, there are challenges to nurturing local accountability and participation. Several HDRs note that such processes take time—simply passing a decentralization law will not result in immediate and active local participation. Nor does a clear judicial and institutional decentralization framework automatically lead to a successfully decentralized system, or greater levels of local participation and human development, especially in countries with strong traditions of centralization. Participation is often a matter of mindset. In this regard, results-oriented HDR policy recommendations can focus on strengthening cultures of participation—recognizing that participatory democracy cannot be imposed from the outside. Even with the encouragement of central and local governments, it takes time for individual, societal and institutional attitudes to adjust.

Recommendations for increased local and civil society participation

As part of efforts to assess local empowerment and accountability initiatives, a number of HDRs offer suggestions on ways to achieve greater community involvement.

Many reports[6] stress the need to make information regarding decentralization processes more available so that civil society organizations can participate more effectively. Various strategies and information campaigns are suggested, involving public hearings, traditional print media, specialized radio shows, television broadcasts and the Internet, depending upon the local context. Other reports[7] offer more targeted recommendations for expanding debate and consultation. These include recommendations, as in Indonesia, for a national summit to discuss public goods and responsibilities, timing and the level at which they should be provided. This should be organized with the full participation of

civil society, local communities and political representatives. Smaller municipal forums have been recommended to bring together local administrations, businesses, NGOs and other social groups to improve grass-roots participation.

Some recommendations are sector specific. The Macedonia and Poland reports, for example, call for more effective parent-teacher organizations, and new partnerships with local businesses to improve the relevance of education through revised vocational curricula.

Reports also look more closely at the role of NGOs and other civil society organizations, not only as partners in participatory debates and planning, but also in the implementation of decentralized services and complementary human development initiatives. In Uzbekistan, local community structures, or *makhallas,* have been responsible for distributing food and medicine to the elderly and unemployed mothers with children. Because the *makhallas* are often better informed about the living standards, needs and demands of the local population, this approach has turned out to be effective in earmarking limited government resources for the poorest and neediest people.

Some reports note that several challenges need to be addressed to take advantage of decentralized government and civil society partnerships, and community volunteerism. They propose improving the technical and managerial capacities of civil society organizations and their accountability. Local community groups might also require full legal status to enter into formal partnerships involving financial management.

Greater focus on the participation of and support for marginalized groups

An important human development and decentralization topic covered by the HDRs involves marginalized groups, their needs and empowerment. When looking at the increased participation of local communities in decentralization processes, some HDRs[8] focus on the specific effects of decentralization on and the need for greater involvement of socially excluded groups. Depending on the country and community context, the marginalized can be defined and discussed across several parameters, including gender, rural-urban location and geographic residence, ethnicity, religion, age, and physical and mental ability. Marginalized groups are often in greatest need of social services and are the least prepared to cope in their absence. In addition, the marginalized are often the least empowered to participate in the decision-making and decentralization processes that affect their lives.

The reports assess how some local governments are creating innovative entities to reach marginalized ethnic groups and enhance their participation. The Ecuador report describes how local committees are mandated to formulate policy recommendations for the government to reduce poverty among indigenous ethnic communities. In addition, they are allowed to provide incentives to enlarge bilingual education at school, create indigenous funds, and make sectoral interventions in such fields as education and health. This type of participation is being encouraged through mechanisms based on local traditions.

In Nepal, India and Pakistan, attention is devoted in particular to issues facing women and other groups marginalized on the basis of caste, class and occupation. The Nepal HDR details how a Local Self-Governance Act calls for the compulsory representation of women (20 per cent) in local governments, and for representation of deprived and disadvantaged groups through nomination. As noted above, however, there is often a large gap between legislative provisions for such groups and their implementation.

HDRs also look at the role of local services in terms of marginalized groups and employment. In Poland, the 2005 HDR analysed local labour market and employment strategies for their targeting and inclusion of the unemployed and such marginalized groups as the elderly, those with low qualifications, people with disabilities, the chronically ill and ex-prisoners.

EFFICIENCY, SUFFICIENCY AND CONTROL OF LOCAL FINANCING

The decentralization of basic public and social services, including those related to health care, education, labour, water, infrastructure and land management, could have some of the most direct effects on human development. Ideally, decentralization can support broader efforts to improve the quality of and access to basic services.

One of the key issues is financing, including the efficient use of funds and the control of public expenditures raised under a decentralized system. A problem frequently observed by the HDRs is the inadequacy of local funding and/or independent local decision-making over the use of funds. Due to various institutional constraints, local governments are at times unable to revise and implement innovative, more human development-oriented approaches to social spending management. The reports explore many country and community-specific challenges, their potentially negative impacts and possible solutions.

As noted by several HDRs, as well as the broader decentralization literature, there can be many interrelated challenges to achieving financial independence and efficiency:

   ✦ provision of services based on the social pressures of organized lobbying groups, without taking into account real social necessities and costs, increasing the risk of clientelism;

✦ technical obstacles to social spending efficiency;

✦ lack of coordination between the executing authorities of social and financial programmes;

✦ limited coordination of inter- and intra-regional and sectoral spending;

✦ unstable resource availability at local levels tied to negotiations with central authorities;

✦ local financial dependency on the centre;

✦ inequities in resource collection among local entities;

✦ limited local capacity to collect taxes and provide social services;

✦ limited information on the structure and quantity of social spending;

✦ limited capacity among local authorities to establish systems for monitoring spending; and

✦ corruption and rent-seeking at the central level replicated at local levels.

Negative impacts of decentralization on social spending and service delivery

In several countries, including those with transition economies, such as Bulgaria and Russia, the combined push towards a market economy with the initiation of decentralization processes has left many people (often those in rural regions) deprived of adequate basic social services. Several reports[9] help draw attention to such negative impacts, their root causes and possible solutions. They analyse how various aspects of human development are maintained at local levels, where numerous rights and freedoms guaranteed by the state are in principle to be realized: for example, ensuring public security; creating new jobs; providing medical care, standard education and transport; and offering retailing and other services. Due to budgetary problems, however, local authorities are often unable to cover the cost of services, while federal and regional authorities lack the information needed to handle specific cases. The Russia HDR, for example, chronicles how decentralization has led to a weakening of state control over worker safety.

HDRs identify additional problems related to local financing and the heavy dependency of social spending on central funding. In many countries, sector budgets are decided by line ministries and then distributed to sectoral departments at the local level through a finance ministry. In Egypt, for example, due to an overlap between the central and local levels, and a lack of recognition of local governments, the management and delivery of services has not always been adequate. Even in cases where sub-national entities possess the needed competencies, they sometimes

lack the financial means to use them fully. As many reports note, service delivery can become more expensive due to inefficiency—operational costs may use up limited funds that could otherwise be invested in new projects.

Recommendations for more efficient and increased levels of local social spending

Having identified some of the challenges and possible negative impacts of decentralization processes, several reports go on to offer specific recommendations on the need for more independent, efficient and adequate levels of funding for local social spending. These include recommendations to clarify central and local roles, and ensure a certain degree of financial independence at local levels.

As part of efforts to achieve greater efficiency,[10] some HDRs comment on the need for each national and sub-national entity to provide those social services that have a direct impact on the population of their respective territory. In Venezuela, for example, services with a more national impact might be best financed and delivered by the national authority; while those with a more direct regional impact, such as roads, would be the responsibility of regions; and those affecting local levels would be the responsibility of local authorities. Relevant administrative jurisdictions for these services are responsible for identifying necessary financing means.

The reports sometimes offer descriptions and clarifications of central and local government roles. The Macedonia HDR outlines the responsibilities of the central government to determine levels of education (primary, secondary, higher, general and vocational); define conditions for founding a school; prescribe the educational levels of teachers and school staff; make decisions on curricula and syllabi in primary and, in certain cases, secondary schools; define the evaluation system; manage and finance higher state-funded education; and inspect the implementation of central regulations. Local authorities determine school locations, appoint principals of public schools, and fund and control school operations.

The HDRs recognize that there are some services and needs that may not fall easily into clear definitions. More importantly, there are other challenges to overcome beyond a clarification of financing and other social service responsibilities and roles.

To improve the structure of social spending, for example, the 2004 Indonesia NHDR recommends the use of a new budgeting approach that makes a distinct break from previous expenditure patterns. This approach would allow for the reorientation of central and local public spending towards such sectors as education and health. At the same time, the report calls for the establishment of minimum service delivery standards to better ensure sufficient allocations in local budgets to health and education.

Several other reports identify a need to increase the financial resources of local authorities, especially in primary health care services delivery. Local authorities, they argue, may potentially be better informed and may more effectively match needs and preferences to create specialized health packages for groups facing specific health challenges. This ideally could improve community access to social services, in particular for the most vulnerable.

The reports also note, however, that increased levels of local funding do not necessarily always translate into improved levels of human development through decentralized services; nor do they guarantee the sustainability of even the most successful decentralization cases.

INCREASING EQUITY IN SOCIAL SPENDING ACROSS SUB-NATIONAL REGIONS

Several HDRs consider the possibility of increasing equity and corresponding links between decentralization and human development. As regions within a country are often not provided with the same natural and human resources, achieving and maintaining equal development requires horizontal equity. Since risks inside regions include the perpetuation of inequalities (e.g., for marginalized groups), equity must also be based in part on local capacities to establish vertical equity.

Decentralization, as the reports advocate, can influence these types of equity both within and between regions. By increasing choices available to policy makers, decentralization can help ease development gaps, especially through the establishment of horizontal channels of communication among municipal governments and the potential increase in local social demand for services. Greater financial resources and greater local participation are key in this regard; however, they still do not necessarily offer guarantees for greater equity. If decisions on the use of resources and financing do not factor in regional disparities (for example, the failure to consider migration from rural to urban areas or agricultural production problems), they can exacerbate human development challenges.

The HDRs[11] also help bring attention to inequities between regions and the related issues of economic reform, internal migration, social mobility and social opposition occurring between the included and excluded groups within and across territories. Reports look at the dominance of rural areas by municipal centres with large populations, where—as in Macedonia—a concentration of political representatives influences regional allocation decisions. They provide evidence that existing gaps may increase if policies do not allow regions to keep a share of benefits from oil and other natural resources derived from their territories, or make allowances for wealthier districts with stronger tax bases. In Indonesia, HDR data revealed that the richest local government enjoys per capita revenues 50 times greater than the poorest government.

Recommendations for central redistribution systems

Some reports recognize the lack of compensatory mechanisms at the central level and stress the need for redistributive mechanisms to prevent better endowed, more powerful regions from monopolizing financial resources as sub-national entities are granted the right to raise revenues and invest in local social services. Although some equity redistribution can take place locally, there is often a need for central intervention to ensure more balanced redistribution overall. As central transfers can both aid in reducing inequities and reproduce them, the structure of central redistributive mechanisms is also important and receives much attention from the HDRs.

The reports look at the ways in which a number of countries have established systems that present central authorities with the legal obligation to transfer part of the national income to local levels of authority. In some countries, such as Albania, central transfers have been granted to regions or municipalities based in part on the number of inhabitants. This type of mechanism can clearly reproduce inequities, however, as less inhabited regions may remain the weakest due to limited resources. Some HDRs look at other mechanisms that might provide a better redistribution of national resources and foster intra- and inter-territorial equity. The HDRs also acknowledge that decisions on the best redistributive mechanisms must be based on local conditions. Several reports[12] offer descriptions and analyses of different types of redistribution legislation and related mechanisms.

In some countries, such as Armenia, laws on financial leveling are being implemented. These oblige wealthier communities to assist financially weak communities through a solidarity fund. In other nations, such as Albania, criteria such as population size, surface area and services provided are used to determine the size of unconditional transfers from the central government to municipalities. In Venezuela, central funds are distributed taking into consideration the relative percentage of a region's population with unsatisfied basic needs. As some reports stress, however, over-reliance on mathematical criteria carries the risk of overlooking human development priorities. Special policies may be needed on a case-by-case basis.

Reports note that in some countries, such as Bulgaria, priority development areas have not always corresponded to those areas in the country with the lowest human development indicators. To be efficient, the compensatory process might best prioritize the weakest regions, those with low human development, to enable them to grow and provide their inhabitants with improved living conditions.

Because equity-based changes in social spending and their potential impact on human development involve several complex factors and can take several years to materialize, the link between social spending policies and human development is sometimes difficult to measure. How decentralization affects the existing district inequalities within local government jurisdictions is particularly unclear. Great differences may be apparent between countries. As noted by some of the reports, without more in-depth analysis over time, it is difficult to make conclusions regarding the influence of such spending policies.

NOTES

[1] Including the 1997 and 2004 Egypt NHDRs, 1996 Chile NHDR, 2002 Madhya Pradesh NHDR, 2002 Argentina NHDR, 1999 Venezuela NHDR, 2003 Thailand NHDR, 2003 Pakistan NHDR, 2002 Libya NHDR, and 2000 and 2003 Bulgaria NHDRs.

[2] Including the 2001 Nepal NHDR, 2004 Kosovo NHDR, and 2000 and 2001 Bulgaria NHDRs.

[3] UNDP/Oslo Governance Centre 2005.

[4] 2002 Albania NHDR, 2002 Kazakhstan NHDR, 2001 Kyrgyzstan NHDR, 2005 Uzbekistan NHDR, 2001 El Salvador NHDR, 2004 Indonesia NHDR, 2004 Kosovo NHDR, 1998 Mozambique NHDR.

[5] 2002 Libya NHDR, 2001 Benin NHDR, 2002 Palestine NHDR.

[6] Including the 2005 Bosnia and Herzegovina NHDR, 2002 Haiti NHDR, 2002 Palestine NHDR, 2001 Kyrgyzstan NHDR, 1999 Russian Federation NHDR, 2003 Ukraine NHDR, 2003 Pakistan NHDR, 2001 Lao PDR NHDR, 2003 Moldova NHDR, 2001 Nepal NHDR, 2005 Uzbekistan NHDR and 2005 Romania NHDR.

[7] Including the 2002 Haiti NHDR, 2004 Indonesia NHDR, 2000 and 2002 Bulgaria NHDRs, 2004 Macedonia NHDR, 2004 Poland NHDR and 2001 Lao PDR HDR.

[8] Including the 2005 Bosnia and Herzegovina NHDR, 1999 Ecuador NHDR, 2001 Lao PDR NHDR, 2001 Nepal NHDR, 2004 West Bengal HDR, 2003 Pakistan NHDR, 2004 Poland NHDR.

[9] Including the 2003 Moldova NHDR, 1998 and 1999 Russian Federation NHDRs, 2004 Kosovo NHDR, 2002 Argentina NHDR and 2004 Egypt NHDR.

[10] 2000 Madagascar NHDR, 2003 Pakistan NHDR, 2003 Ukraine NHDR, 2002 Palestine NHDR, 1998 and 1999 Venezuela NHDRs, 2002 Argentina NHDR, 2005 Uzbekistan NHDR and 2004 Macedonia NHDR.

[11] Including the 2005 Bosnia and Herzegovina NHDR, 2001 Benin NHDR, 2001 El Salvador NHDR, 2002 Argentina NHDR, 2002 Madhya Pradesh NHDR, 2004 Macedonia NHDR, 2004 Indonesia NHDR, 2005 Romania NHDR and 2005 Uzbekistan NHDR.

[12] Including the 2001 Armenia NHDR, 2002 Albania NHDR, 1999 Bulgaria NHDR, 1999 Venezuela NHDR and 2005 Romania HDR.

HDR Advocacy and Impact

Because of the special way HDRs are prepared, launched and followed up, the reports can have a direct impact on decentralization and human development initiatives within and across countries. In targeting recommendations to stakeholders who also participate in the report preparation process, some HDRs are helping to limit negative fallout from decentralization processes, while expanding opportunities to improve human development.[1]

Policy impact is always hard to measure. Given the complexity of human development and decentralization, it can be particularly difficult to measure the direct cause and effect relationships between decentralization and related socio-economic policies, and corresponding changes in levels of human development. Moreover, in any given development environment, there are often many complementary initiatives that collectively feed into larger development outcomes. Competing priorities and high costs can hinder comprehensive impact evaluations. For many of the HDRs reviewed by this study, insufficient time has elapsed to accurately gauge the full impact of their analysis, policy recommendations and advocacy work.

For others, it has been possible to document several examples of national and local change covering a range of positive results. Some national and local strategies and policies are being revised both in terms of contents and the ways they are prepared, implemented and monitored to better reflect the needs of the poor and marginalized. At the same time, national and local budget priorities are being shifted with corresponding changes in allocation and redistribution systems, as well as legislation. Human development data is being incorporated into statistical and policy formulation systems. Donor funds are targeting more relevant decentralization and human development priorities. Prominent media coverage and civil society campaigns are being used to advocate for these policy changes, as well as longer term changes in ways of thinking.

FIVE REPORTS THAT MADE A DIFFERENCE

The following five impact summaries offer more detail.

2002 Argentina HDR

Published at a time of political and economic collapse, this report highlights how broad-based human development strategies can help repair a legacy of centralized and exclusionary policies. Noting that Argentina has the human and economic resources to overcome its crisis, the report offers core proposals drawn from extensive consultations. Its recommendations call for an equitable decentralization policy, more cooperative federalism, and genuine and sustainable competitiveness as key to human development. The report produced an extended human development index (EHDI) that includes quantitative measurements of infant mortality, unemployment and education quality to reveal overlooked social and geographical differences. A special gross geographical product measurement profiles provincial statistics that did not previously exist. Surveys polled ordinary citizens across the country on competitiveness and democracy. A massive outreach campaign, timed in part to coincide with national reform discussions, stretched from the media to the poorest communities via a cultural caravan. The Ministries of Social Development, Health and Education are using the EHDI for designing policies and deciding resource allocations. Parliament referred to the report for drafting a bill on federal tax co-sharing. Provinces have begun preparing human development indices and reports as a first step towards designing decentralized local human development strategies.

2003 Egypt HDR

A national and a series of seven sub-national governorate reports present Egypt's first comprehensive picture of local development and look at how people can participate in local decision-making. The sub-national reports emphasized multiple layers of participation in their preparation, from round tables in the governorates involving hundreds of local people, to a cross peer review process where researchers in one governorate critiqued the findings of those in another. The national report features locally disaggregated data, profiles the role of civil society, and delves into links between participation and education, the media and the private sector. For the first time, it calculates the human development index across all of Egypt's 451 sub-administrative units, allowing policy makers to identify pockets of poverty hidden by national statistics. In response to the report, the Prime Minister has requested a major programme, the Municipal Initiative for Strategic Results, which supports greater access to basic services in 58 sub-administrative units with the worst human development indicators. Information from the report has also fed into the preparation of the national Poverty Reduction Action Plan, shedding light on issues such as employment and infrastructure improvement. All seven governors have agreed to work with Local Councils on using the reports to guide plans for closing

development gaps, and to provide matching funds from public and private sources. Governorates now employ a resource allocation formula that factors in a disaggregated human development index.

2004 West Bengal HDR

For a quarter century, the Indian state of West Bengal has pursued land reforms and decentralization more extensively than anywhere else in India. This report explores the implications of these policy choices for the state's economic growth and human development. It probes both achievements, such as increased agricultural productivity, and drawbacks such as the lack of adequate employment opportunities. The report takes an important new look at what happens when state and federal development paths diverge. It describes how West Bengal, despite substantial autonomy and impressive progress, is grappling for a foothold in India's rapidly changing macroeconomic environment. In a time of declining resources from the central Government, the report argues for universal and high-quality social services, but urges the adoption of innovative mechanisms and delivery systems, rather than returning by default to the development solutions of the past. The state's Chief Minister has called for Cabinet action on issues highlighted in the report, including an increase in rural landlessness and nutrition shortfalls for women and children. Over 80 state ministers, economists, local representatives and NGOs have attended a follow-up workshop, with participants calling for improving education and health services by shifting resources to the community level. A Human Development Research and Coordination Unit has now been established. National media coverage disseminated the report's key ideas—relevant to all Indian states—across the country.

2004 Kosovo HDR

Produced in an election year and as the international presence in Kosovo declines, this report explores the relationship of participation and representation to human development. It identifies wide variations in human development across different communities, revealing the difficult circumstances of the Roma and high insecurity among Serbs. There has been no census in Kosovo since 1981, which has severely hindered policy-making. The report features a human development data set for 30 municipalities based on a household survey that reached 6,000 households. Questions on participation yielded data for a participation index, with figures broken down by ethnicities, municipalities, and urban and rural residents. An extensive outreach campaign was conducted that included a short film festival and a mapping of human development achievements by municipality. A new law was passed to carry out a population and housing census, one of the report's recommendations. The report also helped prompt the adoption of a new

Law on Decentralization. The Prime Minister has created an Office for Public Safety to move towards democratic oversight of the security sector, while the Office of Good Government has embarked on an anti-corruption campaign. The Ministry of Labor and Social Welfare has started an employment project to reduce barriers to economic participation. UNDP and other donors are using the survey data to identify communities most in need of support.

2003 Thailand HDR

In the wake of the Asian economic crisis, the HDR team sought to explore how Thailand can negotiate globalization, and reduce vulnerability and inequalities. Extensive interaction with local communities captured the ways people are regaining control of local development, such as through community credit schemes. This rich source of information shaped the report's proposals on how the national Government, communities and development organizations can work together to claim and protect community rights. A specially designed human achievement index (HAI), combining indicators on eight issues from employment to family life, reveals a clearer picture of disparities among Thailand's 76 provinces than typical income or poverty assessments. Community representatives drafted the first chapter, 'The Communities' View', and reviewed other chapters at regional forums. The report is structured around testimonials from individuals and community groups on issues ranging from managing agricultural debt to restoring lost access to natural resources. Provincial governors use the report for setting priorities and resource allocations, and for negotiating with central authorities on disparities between provinces. After a meeting of the governors of the northeast provinces affirmed the merits of the HAI, provincial statistical offices began improving data collection. Thailand's main opposition political party has referred to the report in shaping its positions on development. All major Thai newspapers have featured the report on their front pages and in follow-up editorials.

THE IMPORTANCE OF FOLLOW UP

These and other examples of HDR impacts have been achieved in part through well-planned advocacy and follow-up strategies. To influence change, the HDRs must not only present well-written and substantive information—equally important are the actions taken once a report is published.[2] A carefully orchestrated advocacy strategy, including outreach, communication, marketing and monitoring of results, is needed. This in turn requires solid financial commitment and additional specialized expertise. Although each country context is unique, successful advocacy and follow-up outreach strategies have shared several common features.

Media and outreach

Successful strategies have included:

✦ an outreach strategy and team established at early stages of the HDR preparation process;

✦ distinct initiatives planned for each target audience (media, policy makers, the public, etc.);

✦ key findings, policy messages and indicators identified for outreach materials;

✦ a press kit and other outreach materials prepared, including simplified versions of the HDR;

✦ pre- and post-launch briefings held for policy makers, and print and broadcast media; and

✦ additional outreach events held over time, including national and local seminars to discuss findings with all partners, radio and television series, drama events, donor meetings, etc.

Proactive marketing and dissemination

Important steps comprise:

✦ detailed marketing and dissemination plans designed well in advance;

✦ promotional materials prepared, including HDR brochures, CDs, videos, Web site, etc., and

✦ tailored HDRs and complementary materials distributed to a wide audience, including national, sub-national and international stakeholders in various languages.

NOTES

[1] See the HDRO publication 'Ideas, Innovation, Impact: How Human Development Reports Influence Change'.
[2] For more information on HDR advocacy and follow up, please see the HDR Toolkit at: hdr.undp.org/nhdr/toolkit/.

Conclusions

Given the limitations of this study, it has not been possible to document everything that the HDRs bring to a discussion on decentralization. The study has offered a sample of HDR practices that are interesting, innovative and contribute to a better understanding of decentralization and its implications for human development. While some of the material that has been discussed is not necessarily new from a theoretical perspective, the reports have featured some new applications of various decentralization principles.

In particular, this study has synthesized HDR analytical approaches, analyses, recommendations and data relevant to such key human development and decentralization issues as increased levels of local accountability and participation, including for marginalized groups; the more sufficient and efficient use of local financing for decentralized services; improved equity in social spending; and the sustainability of measures supporting these goals.

Sector-based and cross-thematic approaches

Some of the reports reviewed rely on sector-based and cross-thematic analytical approaches. Both can be useful, with many reports including a combination. The sector-based approach can help analyse the impact of decentralization on sectors with more direct and immediate human development significance. Sometimes, however, sector-specific approaches make it more challenging to capture some of the crosscutting decentralization issues affecting human development.

The cross-thematic approach links decentralization with one or more crosscutting issues influencing human development. This allows reports to discuss the positive and negative impacts of decentralization, particularly on the poor and other marginalized groups, while exploring a more comprehensive set of issues. New ways of looking at some development issues can emerge.

Identifying inequality through disaggregated data and qualitative surveys

As part of efforts to offer evidence-based, targeted policy analysis and recommendations, HDRs use locally relevant data to assess decentralization and human development links and their policy implications. Some of the most valuable HDR data include information disaggregated by region, sector and other parameters that capture locally relevant characteristics, especially the potential for marginalization and inequality. In addition to providing and assessing statistical data, the HDRs offer a range of composite indices. They take advantage of other complementary qualitative data, including specialized surveys targeting issues of efficiency, perception and capabilities.

Increased local accountability and participation

This study has illustrated how HDRs advocate for the greater accountability of local governments, as well as for local participation and the creation of more effective entry points for people to shape governance. Many HDRs address the need for clear, legal frameworks that give decision-making competencies to local authorities. Several note that achieving local accountability and participation takes time—participation is often a matter of mindset, not just legislation.

HDR recommendations focus on strengthening cultures of participation by making information on decentralization more available. Some reports look at the role of NGOs and other civil society organizations not only as partners in facilitating participatory debates and planning, but also in supporting the implementation of decentralized services and complementary human development initiatives. The HDRs also view marginalized groups through a number of lenses: gender, rural-urban location and geographic residence, ethnicity, religion, age, and physical and mental ability. Some reports assess how local governments are creating entities to address the needs of the marginalized and enhance their participation.

More sufficient and efficient use of local financing

While the greater institutional accountability of local authorities and increased local participation in decentralization processes can help increase prospects for human development, this study has shown how reports also focus their research and analysis on the challenge of inadequate levels of local funding and/or inadequate levels of independent decision-making over the use of funds at local levels. Due to institutional constraints, local governments are at times unable to revise and implement innovative, more human development-oriented approaches to social spending management.

The reports explore many country and community-specific challenges, their potentially negative impacts and possible solutions. Several reports offer recommendations related to the clarification of central and local roles. At the same time, the HDRs recognize that some services and needs may not fall easily into clear definitions, and that there are other challenges to overcome beyond a clarification of social service responsibilities

Improved equity in social spending

Several reports look at equity in public spending across sub-national regions. They bring attention to inequities between regions and related issues of economic reform, internal migration, social mobility and social opposition. Some reports recognize the lack of adequate compensatory mechanisms at central levels and stress the need for redistributive mechanisms to prevent certain regions from monopolizing resources. As central transfers can aid in reducing inequities, as well as reproduce them, the structure of central redistributive mechanisms receives much attention; the reports offer assessments of different mechanisms. They acknowledge that equitable changes in spending and their potential impact involve complex factors and can take years to materialize, especially given that links between social spending, other polices and human development are difficult to measure.

HDR advocacy and impact

Because of the way HDRs are prepared, launched and followed up, the reports can directly impact decentralization and human development initiatives. Results-oriented and created by participatory, nationally owned preparation processes, the reports are helping to limit some negative effects of decentralization and increase positive influences on human development. Due in part to the work of the HDRs, some national and local strategies and policies are being revised to involve and better reflect the needs of the poor and marginalized. Budget priorities are being shifted, with corresponding changes in allocation and redistribution systems, and legislation. Human development data is being incorporated into statistical and policy decision-making systems. Donor funds are targeting more relevant human development priorities. Prominent media coverage and civil society campaigns are being used to advocate for these policy changes, as well as longer term changes in ways of thinking.

Throughout, this study has also illustrated how the reports, both in general and within their specific contexts, reinforce some of the more current ways of addressing decentralization by recognizing that policy solutions striving for more effective decentralization and human development goals must:

✦ involve systematic, holistic and comprehensive analytical approaches;

✦ consider the roles, needs and motivations of individual agents and actors;

✦ assess the potentially positive and negative impacts of decentralization;

✦ explore the longer term viability and sustainability of policy alternatives; and

✦ prioritize options that assess local development contexts and conditions (while still drawing on other regional good practices and lessons learned where relevant).

RECOMMENDATIONS AND POLICY IMPLICATIONS

While recognizing that decentralization conditions and solutions are unique in each development environment, there is still much value in sharing HDR 'good practices', as well as highlighting analytical and advocacy challenges. Not all HDR teams have been able to achieve the same high levels of quality, innovation and policy impact described in these pages. At the same time, there is much room for other partners to benefit from a greater application of the human development approach to decentralization issues.

The recommendations in this study can be considered and possibly adapted by HDR teams, and other researchers, practitioners, advocates and policy makers interested in the human development impact of decentralization processes. The recommendations build on successful ways in which the HDRs and human development approach are already being used to treat decentralization. They also involve additional challenges and policy implications for HDR teams and national and international partners to consider as part of efforts to improve the quality, relevance and long-term influence of analysis and advocacy for human development.

HDR teams and other groups involved in similar exercises can take advantage of the many potential comparative advantages of the human development approach and the core standards upon which successful HDR processes are already based. While positive changes in human development cannot be guaranteed even by the most well-intentioned, and best-planned and resourced interventions, through the combined impacts of the HDRs and complementary decentralization initiatives, collective efforts aimed at increasing positive human development outcomes can be successful.

Provide comprehensive, multidisciplinary analysis

Given the complexity of decentralization and human development objectives, HDR teams and development partners should continue to offer comprehensive, multidisciplinary analysis of local issues, rather than a more limited sector-based analysis or an approach that focuses on only one aspect of decentralization, for example, political or administrative or financial issues. Analysis must not assume that decentralization is a panacea for development. There must be an effort to respond to the inherent tensions of a process in which certain traditional powers are shifted to local levels, while other national responsibilities for ensuring cross-regional equity may increase. For governments and donors,

this approach may mean revising institutional structures to allow for better cross-disciplinary communication.

Ensure locally relevant and owned HDR processes

Given that decentralization and human development processes are specific to countries and communities, HDR teams should support objective, independent, nationally owned processes that look at local issues and draw from local knowledge. There is also room for all development partners to look more at data, evidence-based arguments, policy options, and the experiences of other countries and regions. Governments and other partners may need to do more to support and institutionalize effective partnerships with research institutes and local civil society organizations.

Ensure participatory, inclusive HDR preparation

Given the importance of individual and group agency, as well as the influence of cultural norms and traditional ways of thinking about decentralization and human development, HDR teams and their partners should continue to utilize highly inclusive, participatory processes that include marginalized groups and support learning and capacity building. For national governments, this might entail greater efforts to institutionalize participatory planning and management processes at central and local levels. For development agencies, including UNDP, this might mean placing greater emphasis on support for government partnerships with civil society organizations, as well as an expansion of existing capacity development programmes.

Focus on gender issues, marginalized groups, human development data

Given the negative and positive potentials of decentralization processes, particularly on highly vulnerable segments of society, HDRs and related research and advocacy work should continue to focus on inequity, gender issues and marginalized groups. HDR and broader policy and advocacy initiatives should further strive to gather and assess quantitative and qualitative information disaggregated by gender, region, sector and other parameters that capture local characteristics of potential forms of marginalization. Governments and other partners may need to expand efforts to incorporate human development data into the work of national statistical offices and other data agencies, and to institutionalize this work through legislation, funding and training.

In addition to building on strengths already afforded by the human development approach and HDR principles, those involved in HDR processes and broader efforts could devote attention to remaining analytical and advocacy challenges. Many are related to the long-term nature of decentralization and corresponding changes in development.

Identify criteria for successful human development-oriented decentralization

The number of years decentralization processes have been underway varies by country. In some countries, decentralization might be just beginning; in others it might have been going on for decades. In the case of the former, there is a need for participatory, inclusive human development processes to identify a clear set of criteria to benchmark the success of human development-oriented decentralization, and for such indicators to be integrated into existing national policy monitoring systems.

Assess decentralization impacts

A key challenge facing most HDR teams and other partners involves the need to assess the impact of human development-based decentralization policies over time, as well as to look at the impact of previous HDR processes. For countries both embarking on decentralization and with it well underway, HDR teams and their partners could benefit from more detailed assessments of past and current policy initiatives. Ideally, for HDR teams this implies undertaking follow up at least three to five years after an initial HDR on decentralization is produced. For both national governments and donors, it means institutionalizing and drawing on regular, de-politicized review processes that include objective impact evaluations.

Invest in follow-up advocacy and capacity building programmes

Report processes with the greatest impact have involved extensive preparation; detailed recommendations based on a discussion of policy options and trade-offs; well-coordinated and well-resourced dissemination, outreach and advocacy campaigns; and follow-up capacity development programmes to support implementation of key policies. Such sustained follow-up is essential for all reports seeking to influence change. Both governments and donors need a willingness to reassess pubic investment and technical assistance priorities, as well as a commitment to plan and allocate necessary technical and financial resources over a long-term period.

HDRs Targeting Decentralization

These reports are available in electronic format at: http://hdr.undp.org/reports/view_reports.cfm.

Albania	2002	*Challenges of Local Governance and Regional Development*
Argentina	2002	*2002 Contributions to Human Development in Argentina*
Armenia	2001	*Ten Years of Independence and Transition in Armenia*
Benin	2001	*Regional Development and the Challenges of Decentralization*
Bosnia and Herzegovina	2006	*Better Local Governance*
Bulgaria	1999	*Trends and Opportunities for Regional Human Development*
Bulgaria	2000	*The Municipal Mosaic*
Bulgaria	2002	*Municipalities in the Context of Districts*
Chile	1996	*Decentralization*
Ecuador	1999	*Decentralization*
El Salvador	2001	*Dessarollo Humano*
Egypt	1997	*Public Spending*
Egypt	2003	*Local Participatory Development*
Egypt	2004	*Choosing Decentralization for Good Governance*
Haiti	2002	*Governance for Human Development*
India	2002	*Using the Power of Democracy for Development*
India	2004	*West Bengal Human Development*
Indonesia	2001	*Democracy and Human Development in Indonesia*
Indonesia	2004	*The Economic Arithmetic of Democracy*
Kazakhstan	2002	*Rural Development in Kazakhstan: Challenges and Prospects*
Kosovo	2004	*The Rise of the Citizen: Challenges and Choices*
Kyrgyzstan	2001	*Democratic Governance: Alternative Approaches to Kyrgyzstan's Future*
Lao PDR	2001	*Advancing Rural Development*
Libya	2002	*Decentralization*
Macedonia	2004	*Decentralization for Human Development*
Madagascar	2000	*The Role of Governance and Decentralization in Poverty Reduction*
Moldova	2003	*Good Governance and Human Development*
Mozambique	1998	*Growth Equity, Poverty and Human Development*
Nepal	2001	*Poverty Reduction and Governance*
Pakistan	2003	*Poverty, Growth and Governance*
Palestine	2002	*Community Participation in Local Government and Development*
Peru	2005	*Finding Opportunities for All Through Competitiveness*
Poland	2004	*Working Out Employment*
Romania	2003-5	*Local Governance for Human Development*
Russia	1998	*Regional Disparities*
Russia	1999	*Implications of the Financial and Economic Crisis of 1998*
Thailand	2003	*Community Empowerment and Human Development*
Ukraine	2003	*The Power of Decentralization*
Uzbekistan	2005	*Human Development and Decentralization*
Venezuela	1998	*Decentralization and Human Development*
Venezuela	1999	*Public Spending and Decentralization*

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This Occasional Paper draws upon experiences and practices for addressing decentralization issues based on a review of current literature and National Human Development Reports (NHDRs). The paper explores the linkages between decentralization and human development. It offers a discussion of contemporary debates and practical guidance to assist NHDR Teams, UNDP Country Offices and others looking at decentralization within the framework of the human development conceptual approach.

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