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1 INTRODUCTION

Decentralization has quietly become one of the fashions of our time. Over the last ten or fifteen years, numerous governments in less developed countries have begun or seriously considered decentralizing. Many bilateral donors and international development agencies (including various United Nations agencies and the Ford Foundation) have sought to encourage this. These trends persist and interest in the topic continues to grow. The World Bank and the US Agency for International Development are currently initiating major inquiries into the utility of various types of decentralization for the advancement 'good government' and fiscal responsibility.

A great deal of research has also been done on recent experiments. This essay draws upon evidence that has emerged from a large number of these studies¹ to consider the promise and the limitations of decentralization for the promotion of democratic governance.

2 DEFINING DECENTRALIZATION

The term 'decentralization' has been applied to several types of initiatives, four of which are worth mentioning here. It sometimes refers to **privatization** – the transfer of tasks formerly performed by state agencies to the private sector. Its advocates argue that this constitutes both decentralization (since power is being passed from central governments to private firms) and democratization (since, in their view, it increases choice for 'customers' who receive services). But it is excluded from this discussion, partly for reasons of space and partly because its critics have raised serious doubts about both of these sets of claims. They argue that the private sector firms which take over tasks from the

state are themselves often quite large so that, far from being decentralized, power is actually passing from one major power centre to others. They also argue that user charges, which often come with privatization, exclude many poorer people and thus do not necessarily increase choice.

Second, the term 'decentralization' refers to **deconcentration** – that is, the dispersal of agents of central governments into lower-level arenas. If the higher authority which does the deconcentrating is democratically elected, this has some relevance to a discussion of democratic governance. But it is usually undertaken by governments which are not democratically accountable. Indeed, it is often used as a device to provide such governments with greater penetration into and control over lower-level arenas and civil society (organized interests). This is most tellingly apparent from Njuguna Ng'ethe's analysis of deconcentration in Moi's Kenya,² which made it more not less difficult to promote democracy. For these reasons, deconcentration will be excluded from this brief analysis.³

Third, 'decentralization' sometimes refers to downward **fiscal transfers** by which higher levels in a system cede control over budgets and financial decisions to lower levels. This authority can pass either to deconcentrated bureaucrats and/or unelected appointees on the one hand, or to elected politicians on the other. When the latter occurs, fiscal decentralization becomes relevant to democratic governance. It will therefore receive some attention here.

Finally, 'decentralization' refers to **devolution** – the transfer of resources, tasks and decision-making power to lower-level authorities which are (a) largely or wholly independent of the central government,

¹ I draw mainly upon the unpublished work of analysts who presented findings on three recent occasions: a Ford Foundation symposium on decentralization in five African nations in Nairobi, October, 1993; a World Bank workshop at Harper's Ferry, West Virginia in June, 1994; and an international conference on 'Democratic Decentralization in Africa and Asia' (supported by the Overseas Development Administration) at the Institute of Commonwealth Studies, University of London in September, 1994.

² N. Ng'ethe, 'The Politics of Democratization through Decentralization in Kenya', unpublished paper.

³ For reasons of space, we also exclude from this discussion a variation on deconcentration – 'delegation' which is deconcentration to parastatal agencies with some financial and administrative separation from the main bureaucratic hierarchies.

and (b) democratically elected. Devolution – that is, **democratic** decentralization – will therefore be our main concern here.

In the discussion that follows, we look first at what democratic decentralization can achieve when it works well. We then turn to the impediments which stand in the way of it working well, and conclude with comments on how its successful working might be facilitated.

3 WHEN IT WORKS WELL

Democratic decentralization, when it works well, has many virtues. It is no panacea, but it can yield substantial benefits. It encourages greater political participation. The term ‘participation’ here partly implies electoral participation – both voting and taking part in election campaigns. Levels of both tend to be high in Africa and Asia, and levels of the latter often greatly exceed those common in the West.

The term ‘participation’ here also refers to active involvement in politics between elections – joining or forming voluntary associations, contacting elected politicians or bureaucrats, signing petitions, taking part in meetings to voice appreciation, protests, desires, etc. Levels of this type of participation vary somewhat within Africa and Asia. In countries where rulers have long repressed and intimidated organized interests – including some former and currently Leninist regimes, but also cases like Côte d’Ivoire⁴ – these forms of participation are seriously underdeveloped. But in such diverse places as Ghana, Nigeria, Uganda, the Philippines, India, Bangladesh and Sri Lanka levels are quite high by international standards. Decentralization tends to encourage moderate-to-substantial increases in these forms of participation.

It also tends to enhance ‘responsiveness’ from government institutions, usually quite considerably. This is true not only in the three countries where decentralization has worked quite well – the Philippines, various Indian states and possibly Uganda – but in places where it has had more

ambiguous results like Bangladesh, Côte d’Ivoire before the fiscal crisis of 1988, Hong Kong, and at times, Nigeria. The **speed** of response often increases markedly, since officials at lower levels need no longer obtain higher approval before they respond, or – when they do require approval – it tends to come more quickly. The **quantity** of responses – usually meaning small-scale development projects – also increases, partly because decentralization tends strongly to produce a shift of resources away from large-scale projects like major dams, hospitals, etc., to micro-level initiatives. The **quality** of such projects, as perceived by ordinary citizens, also tends to improve somewhat. This is true whether the test that we apply is either (i) the congruence between projects implemented and the needs of communities as identified by citizens, or (ii) evidence from citizens on the satisfactory or unsatisfactory nature of outputs.⁵

Decentralization can also improve the performance of government institutions by enhancing quite markedly the flow of information between them and the general public. This is true of information flows both from institutions downward to citizens, and from citizens upward to government. District-level health officials in one Indian state found that a successful experiment with decentralization contributed mightily to their effort to maximize the number of children receiving free inoculations. It did so because the huge number of newly elected councillors were far better able to persuade parents (especially mothers) of the benefits of the scheme than bureaucrats had been before decentralization.

In the same state, the establishment of new councils with fully 55,000 elected members created an army of information-gatherers who fed reports, complaints and demands constantly to officials at sub-district and district levels. One of these bureaucrats, who had been in charge of a district both before and after decentralization, found that the amount of information reaching him increased more than ten-fold. As he put it, ‘I thought I had been well informed under the old set-up, but after the change, I realized that I had known very little. It was a humbling experience.’⁶ (see following page for footnote.) Because

⁴ See for example, R. Crook, 1991, ‘State, society and political institutions in Côte d’Ivoire and Ghana’ in J. Manor (ed.), *Rethinking Third World Politics*, London and New York: Longman: 213-41.

⁵ I am drawing here mainly on R. Crook and J. Manor, ‘Enhancing Participation and Institutional Performance: Democratic

Decentralization in South Asia and West Africa’, Report to the Overseas Development Administration, January 1994. This project received substantial support from ESCOR, the research committee of the Overseas Development Administration, and entailed extensive field research in Bangladesh, Karnataka state in India, Ghana and Côte d’Ivoire.

they had so much more information, officials in that state could respond far more effectively, thanks to decentralization. They struggled to cope with information overload, and they had to invest more time and energy in checking the veracity of councillors' claims on government resources, but they coped reasonably well with these difficulties.

One crucially important aspect of this was the way in which the new system yielded early warnings of potential disasters in outlying areas – especially droughts and outbreaks of disease in their early stages. Word passed from local councillors to the district-level where elected politicians had the leverage to ensure that the government machinery responded quickly, to prevent these problems from getting out of control.

When it works well, decentralization can also reduce absenteeism among public employees. Workers in, for example, local-level schools and medical facilities who formerly turned up for work irregularly find that once elected local councils are created, their negligence gets reported to councillors who have the power or the connections to ensure that pressure is applied to them to mend their ways. These employees also tend to work harder when they are on the job and to adhere more closely to the rules than before. The result is a significant improvement in the provision of services at no extra cost to taxpayers or the exchequer. It should be stressed that improvements on this front occur less often than gains in responsiveness. Evidence for such changes emerges only from India's states and from the Philippines.⁷ But it is still possible.

Another potential, but comparatively rare gain from decentralization – for which we have evidence only from India – is a decline in the overall amount of corruption. This is not to say that the number of people involved in corrupt acts declined. Since decentralization always expands the number of people with political influence, it inevitably increases the numbers engaging in malfeasance. But in India (Karnataka state), the creation of elected councils yielded a system which was far more transparent than the one that preceded it.

In the earlier system there, a group of four or five key people at the sub-district level could conspire to

steal very large proportions of government development funds intended for grass roots projects, without being detected. This was possible because they were usually the only ones at that level who knew the full amount of money available for development. After decentralization, hundreds of people in each sub-district had access to that information, and this ruled out the old kind of concealment. Enough people acted as watchdogs on one another – bureaucrats on politicians and vice-versa, plus members of rival political parties on each other – that would be profiteers could only hope to pilfer modest sums. The total amounts stolen thus decreased.

Unfortunately, the absence of evidence of similar trends outside India suggests that this kind of gain is difficult to achieve. It may only be possible in places where democratic politics has existed for very long periods – and there are very few such places. (This theme is examined more fully in the next section of this article.)

Democratic decentralization also creates a very large number of new opportunities for people who wish to pursue politics as at least a part time career. This eases frustration which can build up to dangerous levels and can lead political activists into destructive factional infighting. It also enables them to develop political skills which are hugely important in making democratic systems work. Evidence of this has emerged even from countries where decentralization experienced significant difficulties. Those who prove themselves to be especially adroit at bargaining, representation, coalition-building and policy design have some prospect of advancement, while those who are less able often fall by the wayside.

It has to be stressed that even when decentralization works well, there are certain areas in which it tends to fall short of expectations. These need to be understood alongside the benefits if we are to have a realistic understanding of what it can and cannot achieve.

Much, though not all of the evidence from recent research suggests that it is unrealistic to expect decentralization to facilitate planning from local arenas upward. This is true for several reasons. Councils located quite near the village level face

⁶ Interview, Bangalore, 22 April 1993.

⁷ *Ibid.*, and E. Panganiban, 'Democratic decentralization in contemporary times: the new local government code of the Philippines', unpublished paper.

severe shortages of bureaucratic personnel to assist elected politicians in organizing a plan. Councils located at somewhat higher levels often have numerous civil servants working for them, but their careers have been spent issuing and executing orders rather than gathering data and consulting politicians and leaders of various interests, as they need to do when constructing a plan. As a result, 'plans' tend to be politicians' rather random wish lists hastily assembled at the last moment, after inadequate consultation with others. To make matters worse, politicians and bureaucrats at higher levels of governments tend to be reluctant to accept proposals that come up from below, even though they may loudly extol the virtues of decentralized planning in public statements.

Recent studies also suggest that decentralization is unlikely to contribute much to efforts to mobilize local-level resources – another oft-mentioned goal. The problem is not so much that resources do not exist at the grass roots – some do, even in very poor countries. The main difficulty is that elected politicians are disinclined to impose fresh taxes, lest they become unpopular with their constituents. They are especially concerned about taxing prosperous groups – those from whom most mobilizable resources would need to be raised – since most elected councillors come from such groups and they often depend mainly on those groups for re-election.

A limited amount of countervailing evidence to the comments in the previous paragraph has, however, emerged from Africa. In Uganda, elected local councils have succeeded in imposing new taxes without serious resistance from below, because citizens have been persuaded that this will produce tangible benefits. Fragmentary evidence from Nigeria⁸ reinforces this point. There is also evidence from a wider array of African countries to indicate that decentralization strengthens the tradition (which is much stronger there than in most of Asia) of voluntary contributions from within local communities to fund grass roots development projects.

Finally, it is unrealistic to expect decentralization to enhance the effectiveness of government institutions in alleviating poverty and assisting vulnerable

groups. Representatives of poorer, low status groups usually have more influence at higher levels in political systems than at the local level. In many Indian states, for example, electoral considerations compel political parties to provide significant numbers of leaders from such groups at the state level with ministerial posts. There is thus a kind of power-sharing between prosperous elites and poorer groups at that higher level. But village life in most states is still largely dominated by prosperous, landed elements.

As a result, decentralization in most Indian states represents a shift of power and resources from a level where the poor have some influence, to levels where they have far less. Local councils in India tend systematically to avoid fulfilling their legal responsibilities to provide assistance to poor, low status groups.⁹ If poverty programmes are to be pursued seriously, it may therefore be best to leave them in the hands of higher levels of government – unless (as is sometimes true) politicians and bureaucrats at all levels are equally disinclined to assist the poor.

Despite these drawbacks, however, it should be clear that when it works well, decentralization has much to recommend it. But evidence from recent studies also suggests that in most parts of Africa and Asia, it is quite difficult to make decentralization work well. This takes some explaining.

4 IMPEDIMENTS TO MAKING DECENTRALIZATION WORK WELL

Democratic decentralization can only work well when two crucial prerequisites are met, and when at least some of a longer list of helpful (but non-crucial) conditions exist. In most less developed (and some of the more developed) nations, these requirements cannot be met with any adequacy.

What are the crucial prerequisites? We have already noted that it is essential that decentralization be democratic – mere deconcentration will not produce many benefits and may make things worse. But that is a rather crude statement which does not take us very far. To be more specific, it is crucial that decentralized institutions be **accountable** – in two

⁸ I am grateful to Dele Olowu for this information.

⁹ Crook and Manor, 'Enhancing participation and institutional performance: democratic decentralization in South Asia and West Africa', Report to the Overseas Development Administration, January 1994, chapter two.

ways. First, bureaucrats must be accountable to elected members of decentralized councils. Second, elected councillors must be accountable to citizens.

Neither type of accountability is easy to achieve. In countries where democracy has been either non-existent or an off-and-on phenomenon, bureaucrats tend to have little regard for politicians – especially the sort of small fry who get elected to decentralized councils. Even if they overcome their disinclination to cooperate, bureaucrats often lack important skills which they need to work productively with elected leaders. These include the ability to accept unwelcome orders, to provide elected politicians with information and options without seeming overbearing, or to urge caution or play the devil's advocate without provoking a clash of minds, etc.. Many civil servants also find themselves torn between their duty to elected politicians and their desire to please bureaucratic superiors higher up in their ministries. For these and other reasons, it is hard to ensure accountability of bureaucrats to elected politicians.

It is also hard to ensure that politicians remain accountable to voters. One widespread problem here is the tendency of politicians in central governments to cultivate heads of elected councils as backers. This is particularly common when a decentralized system has been created mainly to provide national leaders who have seized power by force with a much-needed support base and an air of democratic legitimacy. When for example General Ershad, the Bangladeshi dictator, gave chairmen of the sub-district councils that he created *carte blanche* to misbehave in any way they liked, he caused them to feel more accountable to him than to their constituents.¹⁰

Even when this problem does not arise, elected councillors often fail to maintain regular contacts with voters. This tends to happen even in systems which impose legal requirements on them to do so. They find it irksome to keep facing complaints and pressure for favours, despite the fact that these often reflect unrealistic expectations which the councillors themselves may have inspired in earlier election speeches. Politicians in countries without sustained experiences of democratic politics are especially likely to cut themselves off from citizens, partly because they have not fully internalized the

notion that the state and elected leaders have obligations to the electorate – a point discussed more fully below.

The second crucial prerequisite for a successful decentralized system is adequate resources for elected councils. Some analysts – especially specialists in public administration – are inordinately worried that if councils receive most of their resources from higher levels of government, they will be controlled from above. In other words, these analysts fix on the issue of the **formal autonomy** of councils more than the amount of resources available to them. Recent research indicates, however, that the availability of sufficient resources – even if they come from higher levels – tends to ensure in practice that councils will have substantial autonomy.

Here and elsewhere, the public administration literature is excessively preoccupied with the formal rules of decentralized systems. It pays too little heed to the informalities of politics. A little empirical research on the actual machinations of elected politicians would quickly show that members of well resourced councils usually find ways of asserting their authority and achieving considerable autonomy by bending or eluding the formal rules. That may appear hopelessly untidy and even reprehensible to those who fix on the rules, but it is how democratic politics inevitably works, and it often produces creative outcomes.

There are often, of course, real constraints on the amount of resources which higher levels of government can make available to decentralized institutions. This is especially true when national regimes are engaged in structural adjustment programmes that entail cuts in public expenditure (but not only then). Structural adjustment in Ghana (together with bad faith on the part of national politicians) wrecked its decentralization experiment. It has caused less serious problems in Uganda, and economic liberalization in India may create similar difficulties for the national decentralization scheme that is being undertaken in consonance with two constitutional amendments in 1993. A fiscal crisis in Côte d'Ivoire in 1988 paralysed local councils that had previously developed promisingly, when funds from above were available. This set of issues is examined further in the next section of this article.

¹⁰ *Ibid.*, chapter three.

What other, less crucial factors help decentralization to work well? Multi-party competition is one of these. If the party which enjoys a majority on an elected council is faced by opposition forces who are constantly on the look out for mistakes, inefficiencies and malfeasance by those in control, then the power of the ruling groups will be checked and the cause of transparency will be served. This is true even if the opposition goes to excess in accusing the ruling party of dirty doings – as it frequently does. The proceedings of such councils often appear unseemly, petty and needlessly turbulent, but this process facilitates restraint, probity and accountability by power holders.

It is often argued that local government works best when political parties are kept out of elected councils, but this is both naive and misguided. It is naive because in countries with lively party competition, parties find ways of extending their influence on to low-level councils, even if this is barred by law. It is misguided because although party competition on councils quickens conflict within lower-level areas (and therefore makes community-wide participation in development activities less likely), such competition tends to make government more transparent, clean, responsive and accountable.

The problem here is not the excesses of parties, but the fact that in many countries, multi-party competition scarcely occurs. If democratic decentralization is undertaken in a country with a one-party system, or where party competition has not developed very far or is effectively thwarted by higher political authorities, then the benefits which follow from conflict between parties on decentralized councils will not be realized. Since most countries in Africa and Asia fit one of these descriptions, it is difficult for democratic decentralization to flourish in them.

Another factor that can facilitate the working of decentralization is a free and lively press. When journalists with an investigative bent follow the proceedings of elected councils closely, and report on lively exchanges between forces on councils (including accusations from the opposition of malfeasance and poor performance), the business of government becomes more transparent and pressure mounts on politicians to behave responsibly and responsively. But we find here again, that in many African and Asian countries, the press is sufficiently hemmed in or intimidated that it cannot

do much to facilitate the working of democratic decentralization. Newspapers are also often poorly developed in outlying areas where decentralized councils operate.

Decentralization works best when it encounters a lively civil society (that is, organized interests with some autonomy from the state). If social groups are aware, assertive and well organized for political purposes, they are likely to keep elected representatives well informed of their problems, and hard pressed for responses and for effective, honest governance. But in much of Africa and Asia, organized interests have had so few opportunities to interact with powerholders that they are unused to this. They often lack organization, understanding, sophistication and effective leadership with the skills to extract responses from politicians and bureaucrats. Even if they possess some of these, they may have grown heartily cynical about the capacity of government to achieve anything positive. In many more extreme cases, the state has coerced and intimidated social groups for so long that they have come to regard politics as a dangerous game that is best avoided.

In all of these circumstances, it is difficult for healthy collaboration and (yes) conflict to develop between elected representatives and civil society. Problems can also emerge when things go to the opposite extreme – when organized interests are so exceedingly lively that they are hugely impatient and place heavy demands on politicians in new and/or inadequately resourced institutions that are still finding their way. If those institutions were strong and well-funded, they could probably cope creatively even with a volatile civil society. But this is seldom the case, and volatility can often overwhelm decentralized bodies before they can establish constructive relationships with society.

One further, related aid to the workings of such bodies is a set of attitudes that has seldom taken firm root in most parts of Asia and Africa. If both citizens and elected leaders believe that the state and politicians have heavy obligations to the voters who put them in office, it is far easier to ensure that decentralized councils will be accountable to citizens. This notion has achieved wide currency in India, where it helped decentralized councils to form creative connections to social groups and operated as a check on excesses by politicians.¹¹

¹¹ *Ibid.*, chapter two.

But in most of the rest of Asia and Africa, where democratic politics have not been sustained for as long as in India, such attitudes have not taken hold to anything like the same extent.

A prolonged experience of democratic politics also helps in the development of tolerably constructive relations between councillors and bureaucrats – and thus to ensure the other type of accountability, of civil servants to elected representatives. This is partly a matter of attitudes and partly a matter of skills. If democracy is seen as the norm, as the way government does its business, then bureaucrats will be inclined to develop a *modus vivendi* with politicians, even though they may not enjoy it. A long experience with democratic processes will also have taught both politicians and civil servants skills mentioned earlier, ways of dealing with each other in a spirit of give and take, that help to make decentralized councils reasonably effective and responsive to society. But since in most of Africa and Asia, democracy has existed either intermittently or not at all, these attitudes and skills – which were patently present in the Indian episode – are hard to find.

5 HELPING DECENTRALIZATION TO WORK WELL

The most important comments here follow logically from the opening remarks in the previous section. If higher authorities want decentralized institutions to achieve things, they must see that they have adequate resources and they must seek to ensure that elected councillors possess the powers to make bureaucrats accountable to them, and that councillors can be made accountable to citizens.

Most of the councils' resources will need to be provided from above, at least in the first few years of their existence and possibly well beyond. This is true because major impediments stand in the way of local resource mobilization by councils, as we noted in the previous section.

Citizens at the grass roots, particularly in Africa, recall earlier episodes in which local councils imposed taxes and then provided few tangible benefits. They are therefore understandably reluctant to pay existing or newly imposed taxes to either national or local authorities. If decentralized councils are given enough resources from above to show that they can provide benefits, then popular cynicism

may be eroded, and the willingness to pay taxes may increase. Those who argue, perhaps rightly, that the proper use of locally-raised tax revenues can enhance the legitimacy of government need to understand that before this can happen, action may be needed to overcome well-founded cynicism among people at the grass roots about paying any taxes.

It is unwise for higher authorities to attempt to create democratic, decentralized institutions at the same time as they are implementing significant financial cut-backs. That usually implies that elected councils will have fewer resources available to them than government agencies had before their creation. That inevitably causes them to disappoint voters, since they cannot deliver the quantity of projects and services that were previously forthcoming. Councils will then be blamed for something which is the fault of higher authority, and this can undermine the legitimacy of the decentralized system.

The main contribution which higher authorities can make to ensuring accountability is in relations between bureaucrats and councillors. By taking steps (i) to prevent politicians or bureaucrats at higher levels from trying to control low-level bureaucrats, at the expense of elected councillors' influence over them, and (ii) to strengthen the hands of councillors in their dealings with bureaucrats, they can make a difference.

There is much less that they can do in a positive sense to ensure that councillors remain accountable to voters – other than holding fresh elections on time, something which higher authorities are often reluctant to do. This kind of accountability must, in the main, emerge from interactions between councillors and citizens. There are, however, some negative actions which higher authorities can avoid. If a political regime at the national level allows or even encourages elected councillors to get away with dubious actions because it needs their political support, as was the case in Ershad's Bangladesh, this can distract council leaders from the need to act accountably towards voters. This has proved to be a widespread problem which can seriously undermine experiments with decentralization.

People who design decentralized systems should also take note of one further, mundane point. It is far easier to make democratic decentralization work if elected councils are created at levels to which the

government has already deconcentrated bureaucratic agencies. If that has happened, then all that is required is a transfer of control of bureaucrats to newly elected councils. That can prove difficult, but it is still far easier than trying to deconcentrate a bureaucracy to new levels **at the same time** as you try to create new councils there as well. The latter task is much more complicated than the former.

One huge problem here is that central governments that undertake democratic decentralization often do not do so wholeheartedly. Even when they do, once decentralized systems are in place, politicians at higher levels discover that decentralization means ceding power to elected representatives lower down. Once their jealousy is roused, they react in ways that damage decentralization — by manipulating the system in order to erode the resources, autonomy and accountability mechanisms available to lower-level councils.

It is exceedingly difficult to protect decentralized systems against this sort of thing. Indeed, it is probably the single most serious threat to even halfway effective performance by elected councils.

We have seen legislatures at the state level in Karnataka, India and at the national level in Bangladesh pass new laws within the last three years that undercut the once formidable powers of councils there.

Even constitutional amendments to strengthen decentralization in countries where constitutions are taken seriously do not always produce the intended outcomes. In 1993, the Indians amended their constitution to bolster decentralization, but the laws which many state governments have since put in place to conform to the new constitutional requirements have intentionally denied the new councils the powers and resources that they require to operate effectively.

It is therefore difficult to be optimistic that the current wave of decentralizations being undertaken and considered across much of the world will produce the kind of benefits of which democratic decentralization is demonstrably capable in the best of circumstances. It **can** produce better governance, but the difficulties that stand in the way of that make it unwise to expect that it is **likely** to do so.