

DECENTRALISATION AND POVERTY REDUCTION : DOES IT WORK ?

**(Workshop on Decentralized Governance)
Fifth Global Forum on Reinventing Government
(Mexico City, Mexico, November, 2003)**

**Division for Public Administration and Development
Management
UN-DESA**

Decentralization and Poverty Reduction : **Does it Work ?**

BACKGROUND TO THIS WORK

- **Immediate Antecedent : The two Workshops, Senegal, July, and Kenya, August, 2003, on Decentralization that DESA helped organize; Purpose of Workshops, Participants, and Outcomes. Progressively Asia and African Experiences are Drawn Together.**
- **How does this work fits in with the Responsibility of UN-DESA and in particular the Division for Public Administration and Development Management (DPADM)?**
- **How we hope to continue this work and in what directions ? Including, prospective EGM meetings on Engaged Governance, and on Measuring Decentralization in addition to advisory and TC related work.**

LAYOUT OF THE PRESENTATION

This Presentation is in Four Main Parts

- **Decentralization – Initial Questions . These deal with the nature of decentralization, how it fits into the MDGs, and Reinventing of Government, and particularly its connection to Poverty Reduction;**
- **Background, and Participating Countries to the Two (WEST and EAST AFRICA) DESA Workshops on Decentralization;**
- **Decentralization and Poverty Reduction; Connecting Links and Prospects; and**
- **Conclusions and Challenges.**

**The presentation follows broadly the detailed paper on
“Decentralization and Poverty Reduction : Does it Work?”
submitted to this Forum**

1. DECENTRALIZATION : SOME INITIAL QUESTIONS

- **A.**

HOW DOES DECENTRALIZATION FIT INTO THE SPHERE OF GOOD GOVERNANCE ? SHOULD THIS BE TAKEN AS SELF-EVIDENT OR IT HAS TO BE DEMONSTRATED ? For example, are there equivalent preconditions to decentralization as there are for “good governance”?

- **B.**

WHY IS THE PROCESS OF DECENTRALIZATION LIMPING THOUGH EVIDENTLY IT IS SUPPORTED BY BOTH DONOR NATIONS AND DEVELOPING COUNTRIES? and,

- **C.**

WHERE DOES DECENTRALISATION FIT INTO POVERTY REDUCTION AND BY EXTENSION INTO THE MDGs ?

2. COUNTRIES CHOSEN, AND THE FORM, CONTENT AND CONSTRAINTS OF **DECENTRALIZATION**

2.1. SAMPLE OF COUNTRIES AND SHARED ATTRIBUTES

- **WORKSHOP ON DECENTRALIZATION AND SOCIAL INCLUSION: DAKAR, SENEGAL, JULY, 2003**
- **PARTICIPATING COUNTRIES: BENIN, GAMBIA, GHANA, NIGERIA, SIERRA LEONE, LIBERIA, BURKINA FASO, GUINEA, SENEGAL, MAURITANIA**
- **WORKSHOP ON LOCAL GOVERNMENT : CAPACITY DEVELOPMENT AND THE ASIA, AFRICA EXPERIENCE**
- **NAIROBI, KENYA, AUGUST, 2003**
- **PARTICIPATING COUNTRIES : ETHIOPIA, KENYA, TANZANIA, UGANDA, GHANA AND NAMIBIA**
- **IN BOTH CASES STRONG PRESENCE OF ASIAN EXPERIENCE AND QUEST FOR COOPERATION**

2. COUNTRIES CHOSEN, AND THE FORM, CONTENT AND CONSTRAINTS OF DECENTRALIZATION (cont'd).

2.2. SHARED ATTRIBUTES OF THE TWO GROUPS of COUNTRIES;

- **WITH THE EXCEPTION OF ETHIOPIA, A COLONIAL PAST WITH ECHOES OF DECENTRALISATION (DISTRICTS OR THE PREFECTORIAL SYSTEM)**
- **MOST ARE LEAST DEVELOPED COUNTRIES, LDCs, WITH POVERTY RATIOS, ON AVERAGE, OVER 50% OF POPULATION**
- **SIGNIFICANT INEQUALITIES - INCLUDING HIGH GINI COEFFICIENTS
GROWTH (GNP) BELOW MDGs REQUIREMENTS**
- **POLITICAL AND ADMINISTRATIVE DECENTRALIZATION**
- **LITTLE PROGRESS WITH FISCAL DECENTRALIZATION**
- **CAPACITY GAPS BOTH AT THE LEVEL OF THE DECENTRALIZED ENTITIES
AS WELL AS THEIR SUPERVISION**

2. COUNTRIES CHOSEN, AND THE FORM, CONTENT AND CONSTRAINTS OF DECENTRALIZATION (cont'd.)

2.3 FORM, CONTENT AND CONSTRAINTS

- **Form and Content: **
 - ◆ Devolution (with Uganda and Ethiopia as examples);
 - ◆ Deconcentration – Idea of subsidiarity and examples from West Africa
 - ◆ Delegation – where centre retains power while there is a transfer of functions. Of the three, devolution least progressed and empowerment of local communities not readily observed.
 - ◆ In the vast majority of countries, decentralization increasingly is enshrined in the constitution, which gives it a political aura, if not clout. The reality is rather different, for participation and empowerment of communities lag behind intentions and constitutional instruments.
- **Constraints : **
 - ◆ A host of constraints exist. Some can be traced back to the historical inheritance, including the level of centralization inherited from the colonial period;
 - ◆ Capacity gaps, both in institutions and skilled personnel limit the implementation and transfer of power from the centre to the periphery, including zones, regions, districts and communities; and
 - ◆ Political exigencies lead to an inability to make the transition to a people-centre governance, with its commensurate implications for empowerment and participation, even where the legislative authorities have decreed otherwise.

3. DECENTRALIZATION AND POVERTY

ALLEVIATION

- **Connecting Links :**

A greater measure of accountability, and responsiveness which reduces costs of malfeasance and transaction costs for working with rural communities;

Opportunities for mobilizing resources at the community level enhanced, and making better use of social capital and community-level networks; and

Decentralization may elevate standards of conduct in the provision of services with the participation and monitoring by community and civil society agencies.

- **Prospects :**

Examples are given in the main paper, including from UNDP and UN-DESA work where decentralization supports poverty reduction initiatives (UNDP – Lessons from Nine Local Case Studies on Service Delivery to the Poor; UN-DESA – Working together with the Human Security Fund and Supporting the South Asia Centre for Policy Studies). In Africa prospects are still confined by progress in two other directions. First, empowerment and participation by communities, and second, by the political process and the building of capacities or the decentralized entities –here both political and fiscal considerations play a part.

4. CONCLUSIONS AND CHALLENGES

- **Attention to-date focused more on form rather than content and process of Decentralization;**
- **Decentralization though embraced it is subject to political manipulation and control by centre;**
- **Examples on impact on Poverty still in infancy with few documented examples; and**
- **Both good governance as well as the strengthening of capacities at the sub-national level must go hand in hand for an improved decentralized process.**