

Diagnostic Framework For Decentralization and Local Governance

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Diagnosis for what?

- **Health of Local Government?**
(What is it today, What would it be in future if current trends persist, What if external changes are drastic: Climatic change? Change in Environment?)
- **Health in relation to what standards?**
(What is the best possible? What is minimum which could be accepted to remain effective and relevant?)

What about Good Governance as Standard to diagnose Local Government?

Characteristics of Good Governance

1. Participatory,
2. Consensus Oriented,
3. Accountable,
4. Transparent,
5. Responsive,
6. Effective and Efficient,
7. Equitable and Inclusive and
8. Follows the Rules of Law

Minimizes Corruption and Takes into account voices of most vulnerable in society in decision makings

(Source: OECD, 2001)

Local Governance

Comprises a set of institutions, mechanism and processes through which Citizens and their groups can articulate their interests and needs, mediate their differences, and exercise their rights and obligations at the local level. The building blocks of good local governance are: Participation, Partnership among key local actors, Capacity of local actors across all sectors, Multiple Flows of Information, Institutions of Accountability, and Pro-poor orientation (UNDP, 2004)

Local Governance Vs Good Governance

S.No.	Good Governance	Potential of Local Governance
1	Participatory	Democratization: Political decentralization
2	Consensus Oriented	Locals better equipped to mediate differences and evolve consensus
3	Accountable	Physical proximity 'pushes' for Accountability to Citizens
4	Transparent	Multiple Flow of Information and Watching eyes of Citizens
5	Responsive	Closer to citizens and their needs
6	Effective and Efficient	If Functions, Finances and Functionaries are devolved
7	Equitable and Inclusive	Pro-poor and Affirmative policies
8	Follows the Rule of Law	Legal framework ensures so

Local Governance, Decentralization and Deconcentration

- **Local Government and Decentralization closely related terms but not synonymous**
- **Local Government always represent some form of decentralization but decentralization does not always need to take a form of local government**
- **Local Government in true sense represent highest form of administrative decentralization, that is Devolution.**
- **When local government essentially act as agent of central government rather than as instrument of self expression, it is Deconcentration rather than Devolution**

Devolution, Deconcentration, Delegation and Decentralization

Transfer of Authority to	Aspects of Governance Transferred			Generic Name
	Policy/Decision Making	Financial Management	Admin/service delivery	
Autonomous Lower Unit	Devolution	Devolution	Devolution	Devolution
Semi-autonomous	Delegation	Delegation	Delegation	Delegation
Subordinate or Sub Unit	Directing	Allocating	Tasking	Deconcentration
External/Non Governmental	Deregulation	Privatization	Contracting	Divestment

Assessing Decentralization

1. **Reasons** for Decentralization
2. **Assessment of Concepts and Approaches: Forms** of Decentralization
3. **Potential Stakeholders** and Their analysis
4. **Analysis of Environment**
5. **Implementation** of Decentralization

1. Reasons for Decentralization

- **Ideological: Distrust or Lack of Confidence or Reaction against Central Government.**
- **Political: Democratization, Autonomy, Offloading the functions**
- **Efficiency and Effectiveness of Public Services and Infrastructure Maintenance**
- **Provide resources and authorities for local priorities and needs**
- **Push or Pull from External Environment/Actors**

2. Forms of Decentralization

- **Political Decentralization** **Autonomy, Democratization, Election**
- **Administrative Decentralization** **Deconcentration, Delegation, Devolution**
- **Fiscal Decentralization** **Revenue Generation, Revenue Sharing and Expenditure**
- **Economic Decentralization** **Deregulation, Privatization, Corporatization**

2.1 Political Decentralization

- **Vertical federal structures of Government: Statutory Provisions for Autonomy of Institutions.**
- **Participatory Democracy: System of free and fair elections of Representatives by Citizens**
- **Local Decision makings by elected local representatives of people.**
- **Greater participation of marginalized people in the governance processes.**
- **(Mutually Exclusive) Division of Power among Tiers of Governments (Local, Provincial and National) among Institutions of Governance (Legislative, Judiciary and Executive).**

2.2 Administrative Decentralization

Shift of Responsibility, Field and Local Administration: Deconcentration or Delegation or Devolution ?

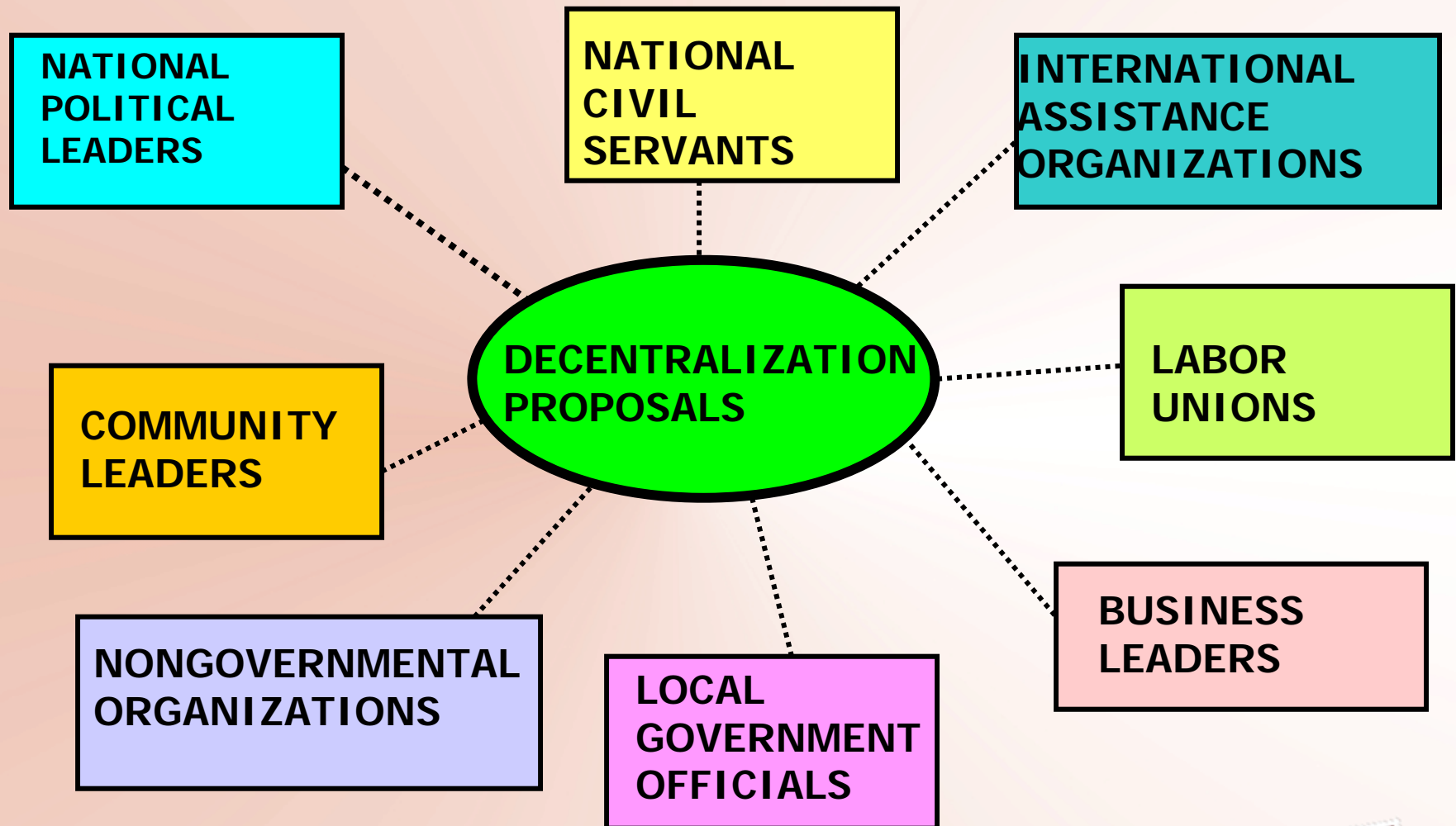
The transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies to field, units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, area-wide regional or functional authorities, or non-governmental private or voluntary organizations.

2.3 Fiscal Decentralization

Fiscal Decentralization means

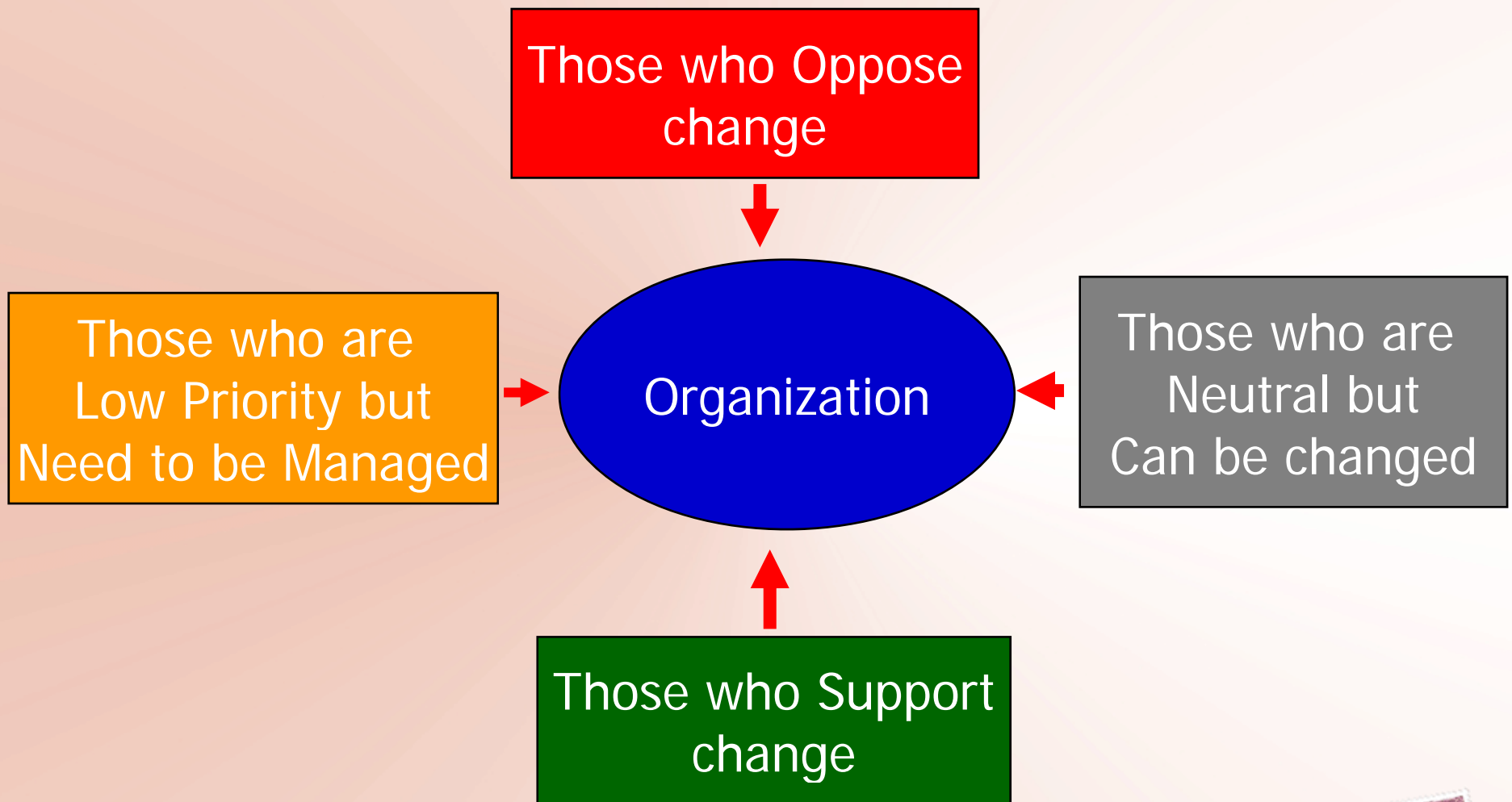
- 1. Power to generate its Own Resources (by taxation, levying fee and charges and borrowings)**
- 2. Predictability of the amounts available to local institutions through Transfer or Sharing of Resources among different tiers of Governments.**
- 3. Timely availability of Resources**
- 4. Freedom to utilize financial resources as per priorities and needs of local people.**

3a. Potential Stakeholders



Adapted from DENNIS A. RONDINELLI, UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

3b. Stakeholder Analysis



4. Analysis of Environment

- **Social Realities: Traditional Institutions (authoritarian, centralist or democratic) and Practices (inclusive or sectarian or patriarchal)**
- **Politico-Bureaucratic Realities: Legal framework, National leaders and their commitments to decentralization, Political will, Division of Responsibilities among various ministries/tiers of government, Orientation of Bureaucracy**
- **Capacities of External Actors: Civil Society, International Actors, Local Associations, etc**

5. Implementations of Decentralization

- **Trust between Central-Local Levels, Government and Civil Society, Public and Private Sector**
- **Political Will of Leadership**
- **Proactive Engagements of Civil Society**
- **Legally supported Activity/Responsibility Mapping of Different Actors and consequent irreversible devolution of Functions, Finances and Functionaries**
- **Capacity Building of Local Governments and actors their in.**
- **Decentralization is a Process not an End in itself.**

Diagnosing Decentralization

S. No.	Factors Influencing Decentralization	Enabling or Not?
1.	Reasons of Decentralization	<ol style="list-style-type: none"> 1. Democratization 2. Offloading of Functions 3. Better Service Delivery
2.	Forms of Decentralization	<ol style="list-style-type: none"> 1. Political: Legal Framework 2. Administrative: Devolution 3. Fiscal: Financial Autonomy
3.	Stakeholders Analysis	Categories of Stakeholders and their positions
4.	Analysis of Environment	<ol style="list-style-type: none"> 1. Social Realities 2. Political Realities 3. Capacities of Actors
5.	Implementation of Decentralization	<ol style="list-style-type: none"> 1. Political Will 2. Capacity Building Initiatives 3. Trust/Synergy among Actors

Diagnosing Decentralization

S. No.	Factors Influencing Decentralization	Questions
1.	Reasons of Decentralization	What is driving Decentralization in Cambodia since 2002
2.	Forms of Decentralization	What are the indicators of Political, Administrative, and Fiscal decentralization at Commune level in Cambodia?
3.	Stakeholders Analysis	Categories of Stakeholders and their positions: (i) National Level (ii) Local Level
4.	Analysis of Environment	1. Social Realities 2. Political Realities 3. Capacities of Actors
5.	Implementation of Decentralization	1. Political Will 2. Capacity Building Initiatives 3. Trust/Synergy among Actors

Index of Decentralization

Index of Decentralization =

Cumulative Index based on Indices for Devolution of 3 Fs (Functions, Finances and Functionaries) and Freedom in relation to these 3Fs

= **Suitable Combination of indices for 4F's** (Functions, Finances, Functionaries and Freedom)