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Concepts of Decentralization and Local Governance

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to

Inter-Regional Dialogue on Local Governance and Gender in Decentralizing and
Transitioning States

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Introduction

- Decentralization is a way to bring government closer to the people and increase participation of all groups
- Women can play a role in decentralization
- Decentralization will have an impact on women

Outline of Presentation

- What is decentralization?
- Why has decentralization occurred?
- What are the benefits?
- What are the costs?
- International comparisons
- Role of local government
- What is the role of women in decentralization?
- What is the impact of decentralization women?

What is Decentralization?

- Decentralization is the assignment of fiscal, political, and administrative responsibilities to lower levels of government – states or provinces, cities, districts

What is Decentralization?

- Deconcentration – dispersion of responsibilities within a central government to regional branch offices or local administrative units
- Delegation – local governments act as agents for central government, performing certain functions on its behalf
- Devolution – local governments have the authority to decide on what is done and to implement decisions

Fiscal Decentralization

- Expenditure assignment – who does what?
- Revenue assignment – who levies taxes?
- Vertical imbalance – how do you resolve imbalance between revenues and expenditures?
- Horizontal imbalance – how do you adjust for differences in needs and capacities of sub-national governments?

Why Has Decentralization Occurred?

- Increased democratization (e.g. Latin America)
- Transition from command to market economy (e.g. Eastern Europe)
- Need to improve local service delivery to large populations in centralized countries (e.g. East Asia)
- Challenge of ethnic and regional diversity (e.g. South Asia)
- Failure of central governments to provide effective public services

Benefits of Decentralization

- Efficiency from moving government closer to the people; services reflect local preferences
- Greater accountability
- Increased responsiveness on the part of local governments who are responsible to the people who elected them
- Improved service delivery
- Increased local participation

Benefits of Decentralization

- Greater revenue mobilization by broadening the tax base
 - Intergovernmental transfers could be reduced
 - Local governments, with knowledge of the local economy, can identify tax base more easily (track property ownership and land based transactions, issue licenses)

Benefits of Decentralization

- Nation building
 - When citizens participate in their own governance, in a decentralized system, may achieve greater level of national stability
 - Especially important where there is an ethnic or religious mix of population that creates divides

Costs of Decentralization

- Potential for macroeconomic instability if sub-central revenues decline or borrowing is excessive
- Need to provide transfers to local governments who cannot provide adequate services without levying very high tax rates
- Concerns about lack of local administrative capacity

Costs of Decentralization

- Concerns about lack of locally responsive and responsible officials with sufficient discretionary financial control
- Potential for corruption may be greater, but no solid evidence

Conditions for Successful Decentralization

- Local decision process needs to be democratic - - costs and benefits of decisions are transparent and all those affected have opportunity to influence decisions
- Costs of local decisions must be borne fully by those who make the decisions -- those charged with providing local services and infrastructure must be accountable to those who pay for them (the taxpayers) and to those who benefit from them (the users)

International Comparisons

- Measures of decentralization:
 - Spending decentralization – ratio of sub-central spending to general government spending
 - Revenue decentralization – ratio of sub-central own revenue to general government revenue
 - Tax revenue decentralization – ratio of sub-central tax revenue to general government tax revenue
 - Tax autonomy – ratio of taxes over which sub-central government have some base or rate-setting autonomy to general government tax revenue

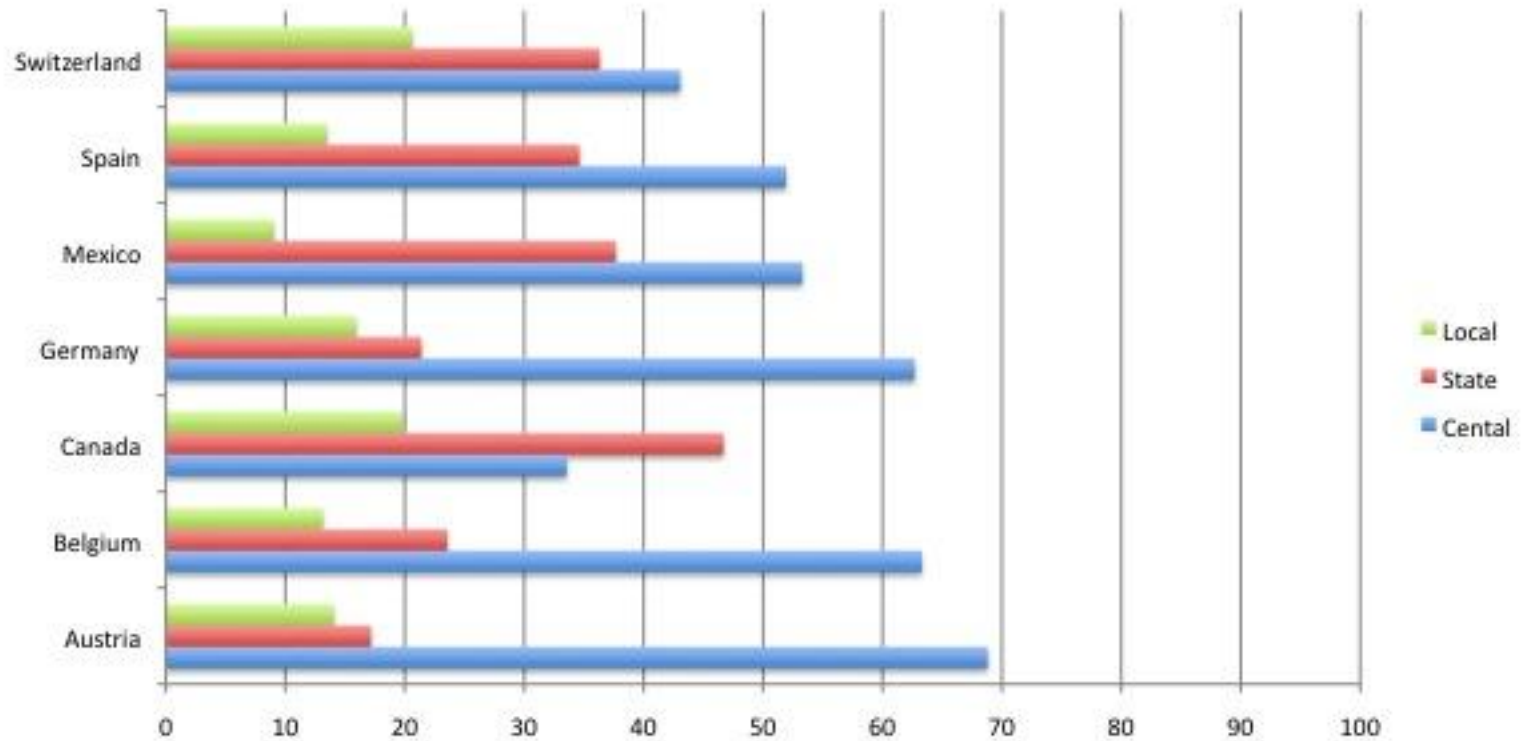
International Comparisons

- Degree of decentralization varies widely among countries
- Spending has decentralized more than revenues over last 20 years
- Result is increasing vertical imbalance and growing intergovernmental transfers

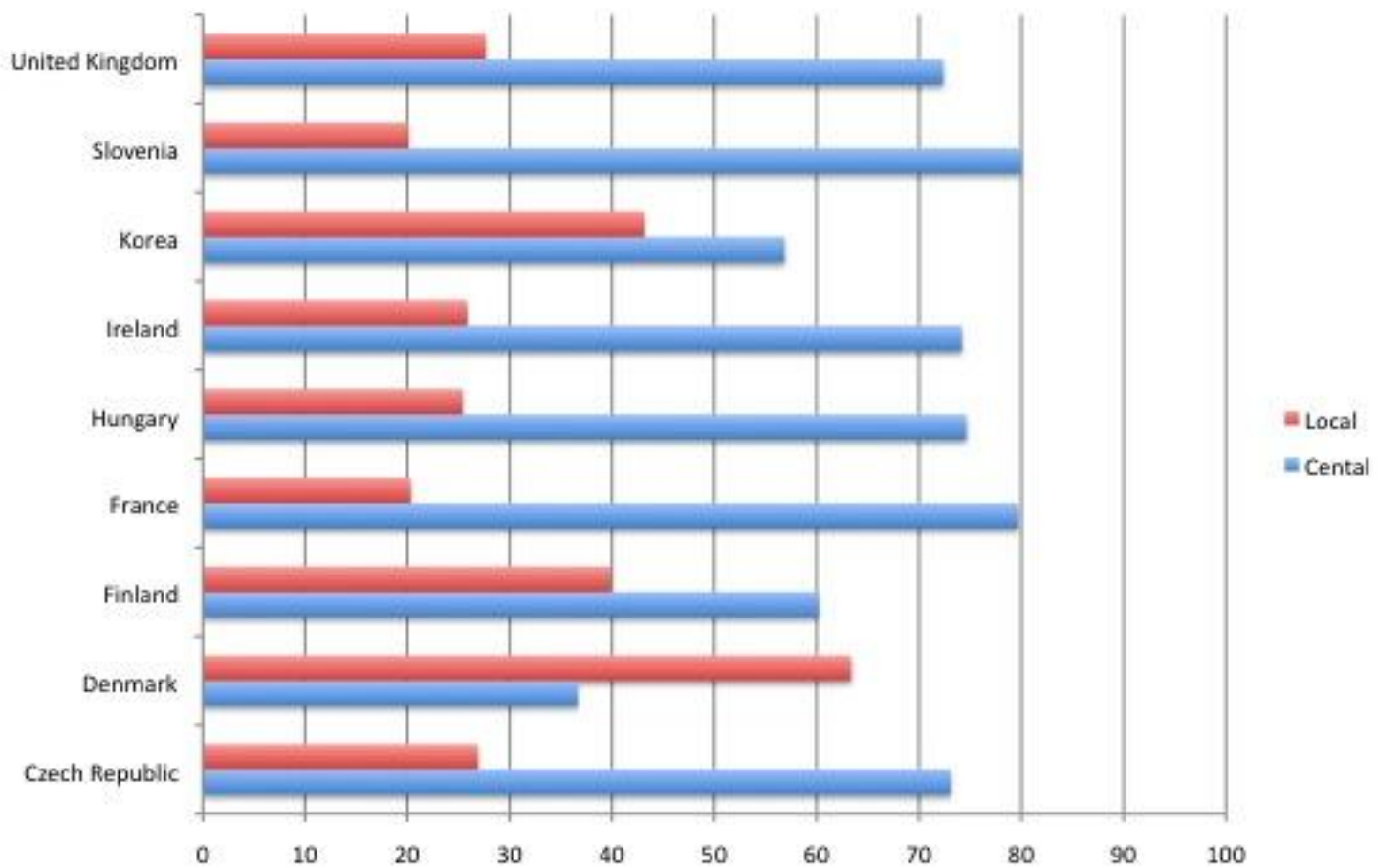
International Comparisons

- OECD countries – sub-central share of total expenditures averaged around 31% in 2011; values ranged from 12% to 66%
- OECD countries – average sub-central share of total revenues averaged around 15% ranging from 8% to 55%
- Tax autonomy is around 11% of all tax revenue and some sub-central governments have none

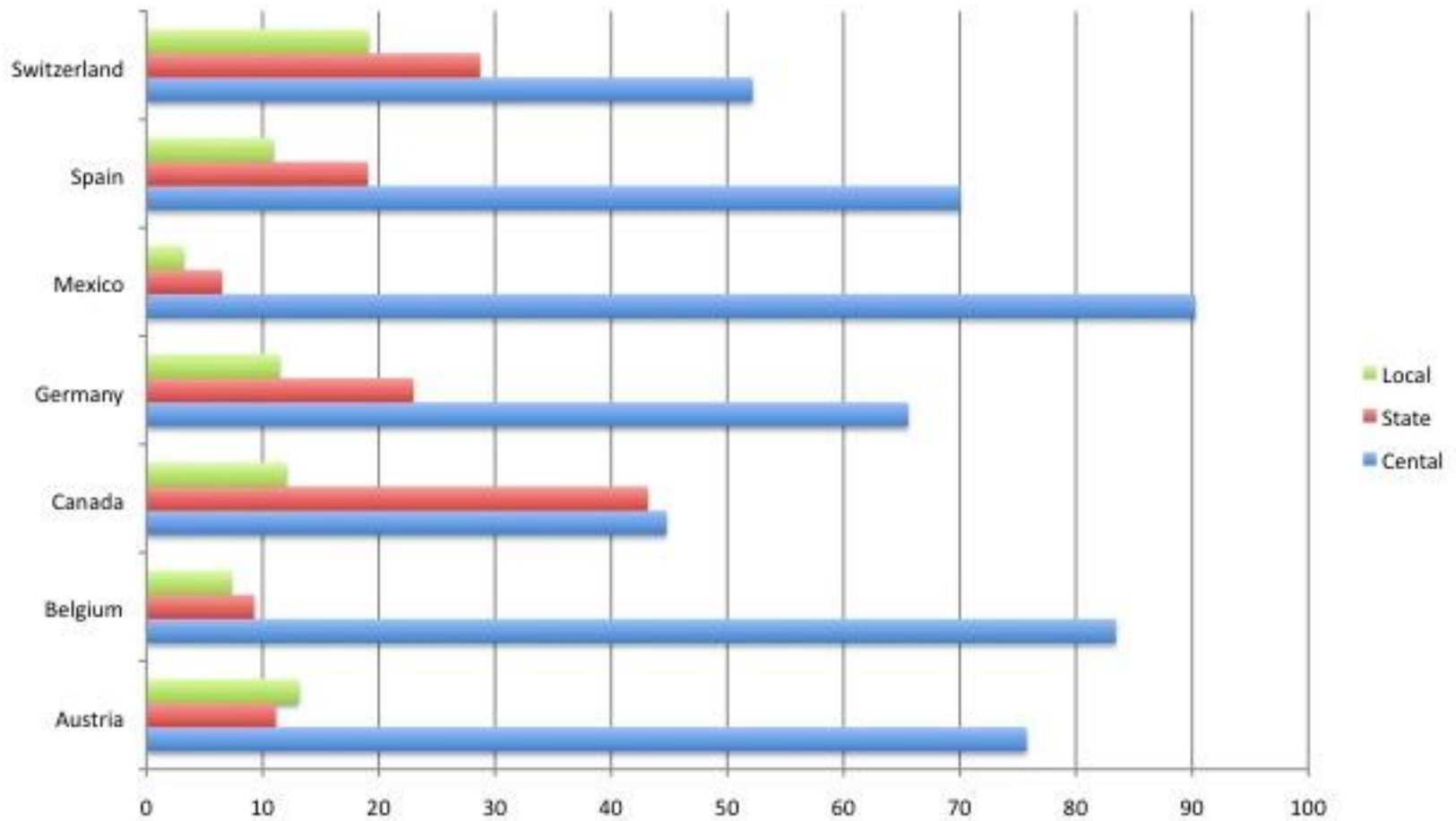
Consolidated Expenditures (2010)



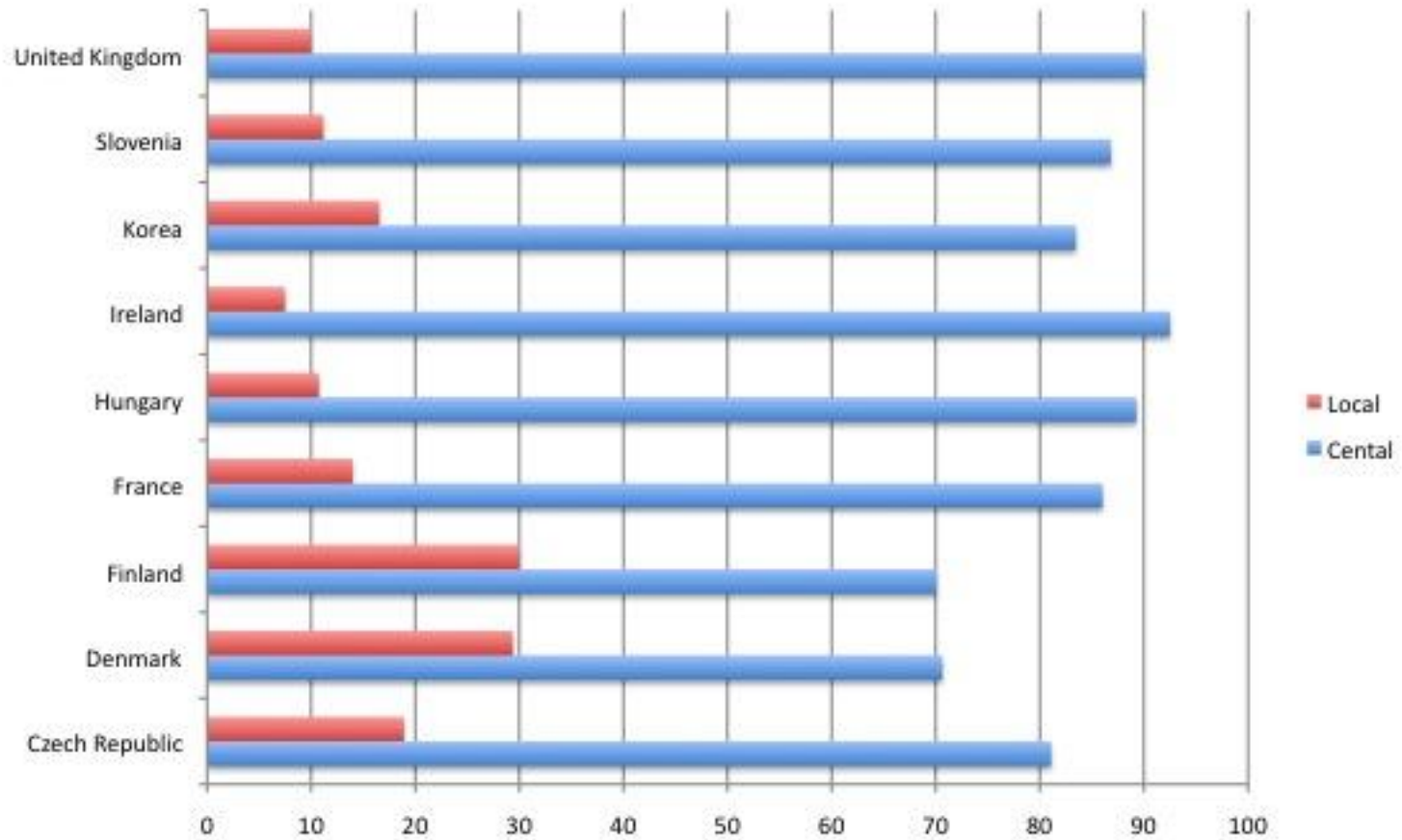
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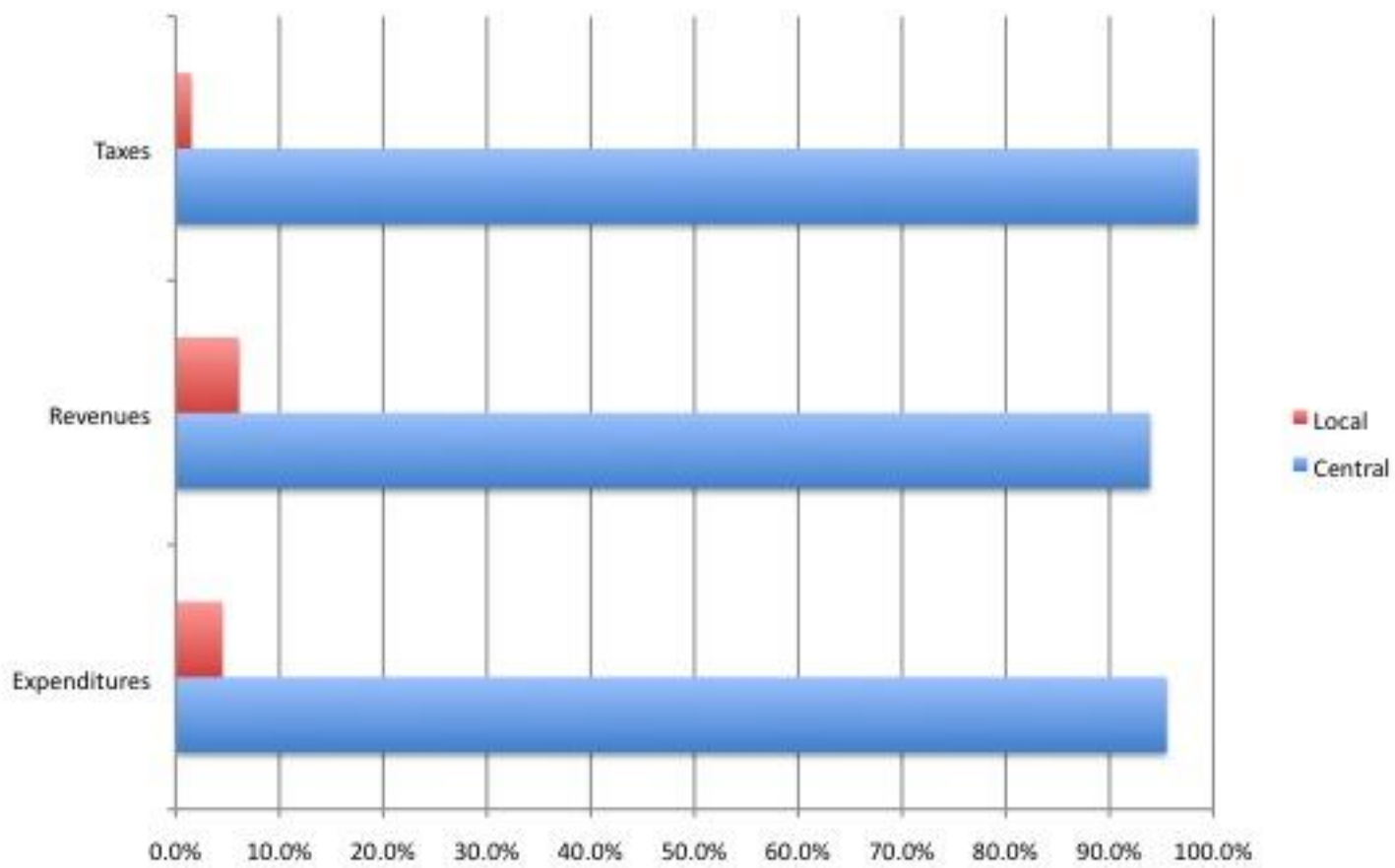
Consolidated Government Revenue (2010)



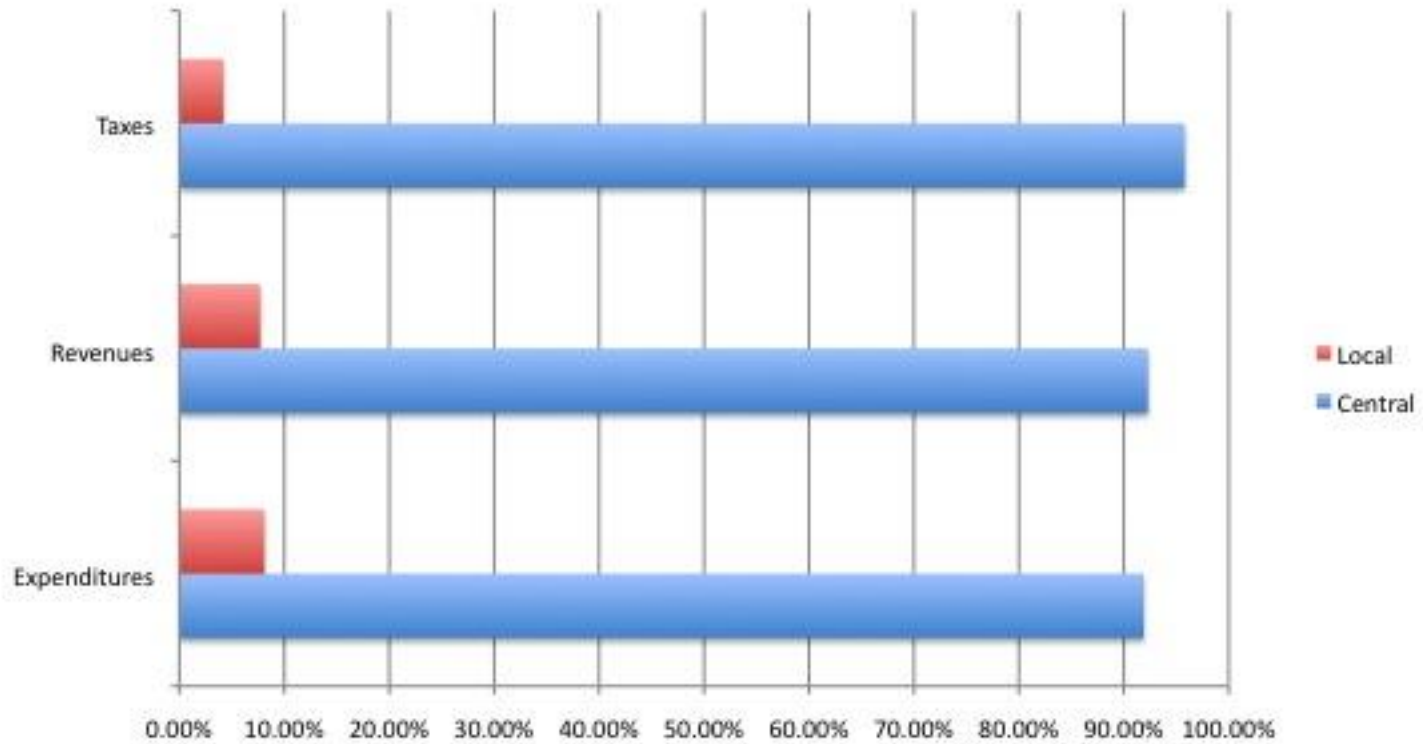
Consolidated Government Revenue (2010)



Tunisia (2011)



Jordan (2009)



Role of Local Government

- Major role assigned to local governments is to provide goods and services within a particular geographic area to residents who are willing to pay for them
- Stabilization or redistribution are more appropriate at higher levels of government

Local Government

- Efficient provision of services requires decision-making be carried out by the level of government that is closest to individual citizens
- Where there are local differences in tastes and costs, there are clear efficiency gains from delivering services at the local level
- Local policy-makers should make decisions about what services to provide, how much to provide, and who should pay for them.

Local Government Services

- Differ among countries around the world
- Generally include transportation services (including roads and transit), environmental services (including water, sewerage, and solid waste collection and disposal), protection (including police and fire protection), recreation and culture, planning and development, economic development, social services, housing, health, primary and secondary education

What is the Role of Women in Decentralization?

- Different priorities
 - Work on strategies to attain “women-friendly” policies
 - Support spending on women’s priorities (e.g. access to water, health care, housing)
 - Gender budgeting to ensure spending on services to women is maintained

What is the Role of Women in Decentralization?

- Different approaches
 - More likely to include women and incorporate citizen input
 - More likely to emphasize communication
 - More likely to perceive themselves as “facilitators”
 - Place a higher value on compromise

What is the Impact of Decentralization on Women?

- Benefit from service delivery improvements that government in close proximity can provide (e.g. health, primary schools, low-cost water and sanitation services)
- Benefit from increased accountability at local level
- Decentralization provides more “access points” for local participation

What is the Impact of Decentralization on Women?

- Women have greater affinity for “politics where we live” and engaging in policy issues that affect them and their families (e.g. schools)
- Political parties have been reluctant to run female candidates; local politics is often non-partisan

What is the Impact of Decentralization on Women?

- Local elections generally have lower campaign costs; smaller financial hurdles for women
- Less arduous time and travel commitments
- Gain valuable experience; increase chances of being elected at the national level
- Create higher community profile and name recognition
- Lower levels of competition; increase odds of being elected

Final Comments

- Decentralization has taken different forms in different countries at different times
- Local government is an important level of government because it is responsible for delivering important services
- The role of women in decentralization and the impact of decentralization on women reflect different institutional, political, and economic contexts