

Theoretical Approach to Decentralization : An Introduction

Lalitha S. Fernando

Introduction

Since 1980s decentralization seems to be a widely accepted strategy in the area of development administration accompanied by the expansion of democratization process at lower levels of government. As a development strategy, its popularity has not been reduced so far, but now decentralization has been given more recognition. "The literature on development in recent years has been re-emergence of the debate on decentralization both as an important condition for achieving sustainable development and as a fundamental goal in good government (Chilklo: 2000:26). Thus decentralization seems to be an immerging issue reflecting an attempt towards more democratic and participatory approach to development, aiming at good governance which is associated with the ideas of liberal democracy.

There has been a considerable discussion on decentralization concerning the experiences related to both developed and developing countries. However only a few scholars have attempted to explore its underlying assumptions and theories. The purpose of this paper is to review and examine the existing theories and concepts relating to decentralization. At the beginning of this paper it discusses meaning, assumptions, various forms and theories related to decentralization. The latter part of the paper involves desirable and undesirable aspects of decentralization. However whether those arguments are good or bad are in the mind of the observer. In order to have any success of decentralized program, prior understanding of the term seems to be paramount important. This is an attempt to provide introductory and useful guidelines to those who are interested with the subject.

What it is Decentralization: Concepts and Meanings.

Decentralization is a very broad term and implies several different phenomenon. Various authors like Rondinelli 1981; Mawhood 1983;and 1987, Rondinelli et al 1983; Hyden 1983; Smith 1985; Conyers 1981; etc define the term in various perspectives. According to the Oxford

dictionary, the term implies transforming decision making power from central government to its regional government. The dictionary sees decentralization as a political phenomenon, which involves sharing decision-making power with its local level governments.

Different people use the term, decentralization to mean very different things. For Hyden (1983:85) the concept of decentralization is broad and concerns many different phenomenon, as a result it is not surprising those writers to disagree on a common definition. There is much evidence that the impact of decentralization varies from one country to another. Those arguments signify the complexity and debatable nature of the subject.

“Decentralization is the assignment of fiscal, political administrative responsibilities to lower levels of government is occurring worldwide for different reasons, at different paces, and through different means (World Bank: 1998:4). The World Bank sees the term as political, administrative and also financial phenomenon. Thus decentralization could be seen as a condition that moving away from centralized management system. Centralization and decentralization may not be as diametrically opposing concepts or mutually exclusive forms, of political or administrative organizations as all governments have mixture of centralized and decentralized functions.

For Robbins (2000), decentralization as a managerial and organizational phenomenon and it refers to the degree to which decision making is concentrated at a single point in the organization. Robbins' idea could also be applied to the government, when decision-making power is highly concentrated within a center. However it would not be possible to draw a clear line to distinguish the two terms, decentralization and centralization though it could be regarded as a position in which one extreme involves high degree of concentration and other extreme involves high degree of Decentralization.

Smith (1985:1) sees decentralization as both reversing to concentration of administration at a single center and concerning powers of local government. For him decentralization involves transferring decision making power and administration from the center to lower levels of governments and also seems to be much related with politics.

Conyers (1981:108) defines decentralization as at any transfer of powers or functions of government from the national level to any sub national

Theoretical Approach to Decentralization

level. For Conyers decentralization both political and administrative phenomenon and focusing on transferring both decision making and administrative power to fewer tier governments.

The above definitions provide some different perspectives, decentralization. Rondinelli and his associates contribute much to the field and provide more explanatory definition. According to Rondinelli decentralization implies transferring or delegation of authority to plan, make decisions and manage public functions from the central government and its agencies to field organizations of those agencies, subordinate units of government, semi-autonomous public cooperation, area-wide development authorities, functional authorities, autonomous local governments or non-governmental organizations. Rondinelli's definition is descriptive in nature and it discusses about what and why those powers have to be transferred. Power should be devolved to make decisions, plan and implement according to the author.

Having observed all those definitions it may be concluded that decentralization refers to the process of devolving administrative and decision making power from central level to the sub national level of government. Those power and authority may change horizontally as well as vertically depending on the levels of decentralization. Thus a question may arise that how and in what extent of such power has to be transferred to the decentralized organizations. The question could be answered perhaps by examining various forms of decentralization.

Forms of Decentralization

Rondinelli (1981:137) Hambleton Robbin (1988:125), Rondinelli and Nellis (1983), Rondinelli et al (1989), Gilson Lucy (1994:425) etc. discuss several forms of decentralization. Mills (1993) points that when designing decentralization there are three crucial decisions to take; (1). Decentralization to what level? (2). To whom? And (3) what tasks?

According to the authors in relation to the first question the possible levels are community, local or district levels, regions or province that is the tier of administrative hierarchy. Responding to the second question, that is decentralizing to whom, Gilson et al (1994:452) point that it depends on the overall design of decentralization and in particular the extend and power of local government. "In a devolved system the sub national level is

substantially independent of the national level with respect to a defined set of functions and in a deconcentrated system, by contrast only some administrative authority is given to the local offices of central government ministries" (Mills et al: 1990 cited in Gilson et al 1994: 453).

Relating to the third question, what tasks has to be decentralized, again Gilson et al (1994) point that the allocation of tasks to the decentralized units varies in relation to the form and extent of decentralization. Having illustrated a case study in relation to health sector in Tanzania, they explain various forms of decentralization. Their illustration is presented in Table 1.

Rondinelli (1981) distinguished decentralization as "functional and area. Functional decentralization is the transfer of authority to perform specific tasks or activities to specialized organizations that operate nationally and area decentralization is always primarily aimed at transferring responsibility of public functions to organizations within well defined sub national, spatial or political boundaries. Rondinelli (1981) identified four types of decentralization namely devolution, deconcentration, delegation and privatization. The below are the discussion of those forms of decentralization.

Deconcentration :

Deconcentration is regarded as the least extensive form of decentralization. " This merely involves the shifting of workload from central government ministry headquarters to staff located in offices at outside of the national capital and the staff may not be given the authority to given to decide how those functions are to be performed: (Rondinelli: 1981:137). Thus by a shifting of workload from headquarters to its branches at the field, the government would increase autonomy of its regional offices which means simply the administration of the periphery by the use of officials in the outside.

This form of organizational arrangement is common to both in developed and developing countries. For instance in order to implement policies of the Ministry of Education in Sri Lanka, several branch offices are being operated in every district throughout the country. These officers are not allowed to make decision in designing the policies related to the subjects but are responsible in implementing the plans designed by the head office

Theoretical Approach to Decentralization

or the Ministry. This type of decentralized structure is common feature within the administrative system in Sri Lanka.

Delegation

Delegation involves transfer or creation of board authority to plan and implement decisions concerning specific activities or a variety of activities within specific spatial boundaries to an organization (Rondinelli: 1981). It is assumed that those organizations to which transferred the responsibility are capable of making decisions and carrying them out both administratively and technically.

This form of decentralization may involve by creating various structures of organizational arrangements such as parastatal organizations, statutory bodies, cooperation, and the like. During 1960s and 1970s various governments have established several public cooperations (such as University Grant Commission, Tea Development Board, Sri Lanka Investment Board) in Sri Lanka. By a normal legislative enactment of parliament, the government invested in the field of transport, banking, insurance, production, trade and the like. Those organizations were given necessary commercial flexibility for increasing the speed of the decision making and implementation than existing rigid departmental arrangements.

Devolution (Political decentralization)

Most extensive form of decentralization may involve by creating of independent levels and units of government that would be called as devolution or political decentralization. "... Divestment of functions by the central government and the creation of new units of governments outside the control of central authority" (Rondinelli: 1981:138). Thus devolution could be regarded as inter-organizational pattern of power relationship while deconcentration could be regarded as intraorganizational pattern of power relationship.

According to Rondinelli (1981:138) devolution involved certain institutional arrangements. Those are the followings:

Lalitha S. Fernando

- Local governments are given autonomy and are clearly perceived of a separate level over which central authorities exercise little or no direct control.
- Local government must have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions.
- Local government must be given power to raise sufficient resources to perform specified functions.
- The need to develop local governments as institutions in the sense that those local organizations providing service that satisfies citizens' needs at local level.
- It is an arrangement in which they are reciprocal mutually benefiting and coordinate relationships between central government and local governments.

It seems to be that devolution means sharing of state power (in terms of both decision making and legislative) between central and local government alone with financial resources. Devolution is mostly accomplished through elective and legislative provisions.

In Sri Lanka the idea of devolution seemed to initiate in 1980s by introducing District Development Council Act in 1980. Those councils were established in each district for responding to the demand of Tamil Members of Parliament, for a degree of political decentralization. However there were much criticism that District Development Councils were not given enough power (both legislative power as well as the power to generate income) to perform development activities within their boundaries. By introducing 13th Amendment to the Constitution in 1987, the government established the existing provincial council system, which has been given greater degree of decision-making and legislative power than ever had been used in Sri Lanka.

Privatization

Privatization can be regarded as another form of decentralization, even though some authors do not want to include this, under the form of decentralization. According to Rondinelli (1981) decentralization means diversifying government responsibilities for functions and have either transformed them to voluntary organizations or allowed them to be

Theoretical Approach to Decentralization

performed by private enterprises. These transfers may involve with parallel organizations such as trade associations or professional groups, cooperation, non-governmental organizations and etc. These responsibilities and activities to be performed by parastatal organization such as licensing, regulating, supervising, managing and etc. that were previously performed by the central government.

For instance, in Sri Lanka voluntary organizations such as Sarvodaya Movement plays an important role in delivering services such as day care services, facilitate training for self employed personnel, providing assistance to small businesses. Similarly international non-governmental organizations also operate rural and regional development projects and self help programs, which provide services of irrigation, sanitation facilities, and infrastructure facilities for isolated areas. Some public organizations handed over to private institutions to carry out some services namely garbage collection, cleanings, and revenue collection, which are previously handled by the government institution as another example to privatization.

Illustrating a case study of health management program (in Table 1) Gilson and others (1994) point that under the form of privatization, legislative power and some regulatory power that must be retained by the central government. But it involves activities such as financial controls, selecting strategies, planning, resources allocation and other activities of implementation. Thus privatization involves extensive degree of decentralization which could bring more authority over the implementation activities.

Table 1. Decentralization in functions and different types of decentralized system.

Functions	Deconcentration to Ministry field Office	Devolution to Local Government	Delegation	Privatization
<u>Decision Making</u>				
* Legislative	-	**	-	*
* Revenue Raising	*	**	**	***
* Policy Making	-	**	**	**
* Regulation	-	**	*	-

* Planning and Resource Allocation	**	**	***	***
Management				
* Personnel	*	**	**	***
* Budgeting and Expenditure	**	**	***	***
* Procurement of Supplies	*	**	***	***
* Maintenance	*	**	***	***
* Intersectional Collaboration	*	***	***	***
* Interagency coordination	*	**	***	***
* Training	*	**	***	***

Key: *** Extensive Responsibilities
 ** Some responsibilities
 * Limited responsibilities
 - No Responsibilities

Source: Mills A. and others (1990) quoted by Wilson and Others: 1994:454.

According to the Table 1, deconcentration seems to be the least form of decentralization, which involves decision-making power, and limited responsibilities of administrative and managerial levels. Devolution seems to be the most extensive forms of decentralization involving power of decision making, revenue raising and administrative activities. Similarly privatization also involves extensive forms of decentralization that is somewhat similar to delegation.

Theoretical Approach to Decentralization

Whatever the specific design, decentralization is always combined with some elements or degree of centralism and also the topic is in debatable nature. For further understanding, it may be useful to search whether any assumptions or theories underlying the term.

Theories of Decentralization

There seems to be no specific or any unified theory to explain what decentralization is about and how it operates. The idea of decentralization emerged in 1950s with Riggs (1956), Maddick (1963) and the United Nations (1962) and etc., and those seem to be influenced by neoclassical economic writings. During the late 1970s and the 1980s the subject had become a popular strategy in the field of development administration. Rondinelli and Cheema (1983) Rondinelli, Nellis and Cheema (1983) and Mawhood (1983) see decentralization as organizational arrangements. Slater (1989), Smith (1985) and Conyers (1983) viewed the term as relatively related with politics, which has much wider role to play.

Smith (1985) examines decentralization from a normative standpoint and considers the role which social theorists have ascribed to it the modern state. The author's ideas seems to be useful for some one those who are interested with theoretical issues on decentralization. Similarly Rondinelli and Nellis also add several explanations in this regards. Those are;

1. Local government and Liberal democracy;
2. Economic interpretation of local government;
3. Marxist interpretations of the state at the local level,
4. Policy analysis approach.
5. Political economy framework

These approaches are discussed in details as follows:

1. Local Government and Liberal Democracy:

Simply democracy means the government by its popular aspirations. Totemeyer G. (1999) defines democracy as what a government does and lays down in rules must be based on the consent of its people, particularly the electorate. Smith (1985) points that the liberal democratic writing emphasizing the local government as the best method of arranging for local administration of public services that fall into two categories:

(a). National level and (b). Local level. It is said that at the national level values related to political education, training in leadership and political stability and at the local levels the relevant values are equality, liberty and responsiveness.

On the basis of this idea it is assumed that if a country enjoys democracy at the national level which helps to restore the democracy at local levels. Wilson (1984:13) also points that national democracy entails local democracy as a means of administration. " Democratic decentralization is said to perform for the democratic state is political education" (Smith: 1985:20) in which could be gained on the way of liberal democratic perspectives. It facilitates opportunities for knowing people's idea relating to the problems of development that may provide lessons for politicians so that they could identify how to utilize the limited resources in an effective manner. In other word politicians could learn from its citizens and ultimate result would be people's satisfaction towards the government.

The second function of democratic decentralization is that local government provides a valuable training ground for national legislators. " Many success politicians at the national level have prior experience at the local level. Hence no doubt that local governments provide valuable political experience to the activist" (Smith: 1985: 22). Thus local governments are assumed as training ground for new politicians those who need to develop their career in the future.

Third function of the local government at the national level is the establishment of condition of political stability. According to the experience at the local level, people could choose their leaders who could be trusted and which is necessary condition for maintain stable democracy in a country. Smith argues that liberal democratic idea support political stability, which is a prior requirement for reaching desirable development goals. Similar to that point Sharpe (1981 cited in Smith: 1985) notes that democratic decentralization is said to contribute to the breeding of better societies.

Democratic liberal ideas seems to be much related to the concept of "good governance" which involves achieving greater efficiency, more responsiveness and flexible public service. In this line decentralization came to be viewed as a good governance issue and, as a result it recognized as mechanism for fostering democratization and sustainable development" (Healey and Robinson: 1992 cited in Chikulo: 2000).

Theoretical Approach to Decentralization

When turning to the local level several values could be identified relating to liberal democratic writings, which are political equality, accountability and responsiveness. It is assumed that decentralization provides more access to people's participation, which helps to citizens' aspiration that strengthens the condition of political equality. Thus it could be argued that if there is more access to people participation in the development process greater equality could be built on a political ground. Similarly some others argue that local governments give additional opportunities for voting, forming political associations and exercising freedom of speech. If more people have chances for involving decision making at the development process which implies that needs and aspiration of people who live in local areas are satisfied. In that sense local people may be much benefiting from the development process.

The second function of democratic decentralization for the local level is to facilitate accountability and thereby liberty. "...Local democracy provides for greater accountability and control than field administration, public corporation or appointed agencies. The process involved in local government makes accountability more meaningful because of the elective element linking bureaucrat and citizen (Smith: 1985:27). However (Sharpe: 1981 cited in Smith: 1985) argues that liberty of the individual may be confused with the liberty of communities. On the other hand it could be argued that more centralizing power will tend to inhibit the liberty of citizens at the local level, as centralization tend to concentrate most of access of government resources towards the center. In contrast to decentralization, central government may limit the liberty of the people at local level.

Responsiveness is the third value of local government according to Smith. Responsiveness may be implied that government's ability to provide what people demanding. If local governments are more capable in this regard it could be considered that they are managing local affairs in effective way. In order to perform in such a manner, local governments should have sufficient financial resources, other wise responsiveness may not be achieved. Ylviasker (1959) notes that this point would be related to welfare values of the government.

By maintaining closer communication with people, local government will be able to meet community's demand and that could be regarded as social welfare at the local level. Several writers like Wilson (1948) and Maddick (1963) emphasize the importance of local knowledge and information to

where local diversity is required. Smith (1985) also notes that local knowledge is as a prerequisite of responsiveness and flexibility in determination of local priorities. However peoples' demands could not be met if local governments suffer insufficient resources, which is one of obstacles of local governments in practice.

2). Economic Interpretation of Local Government

According to Smith economic interpretation is based on the perspectives of public choice and collective goods. "Public choice is the study of political market that involves collective expression of individual preferences through an aggregate decision making process such as voting" (Johnson: 1991). Collective good could be regarded as public goods, which imply a certain class of goods that are provided by political market. According to economic interpretation of local government, rational individuals choose their place of residence by comparing packages of service and taxes, which are offered by different municipalities. It could be reasonable to assume that if residence (citizens) are less satisfied from the authority they should have options to choose another authority where the level and mix of services relatively close to taxes which they pay. In order to perform this approach free and fair election is most essential requirement at the local level. Thus decentralization could be regarded as an important mean for increasing personal welfare.

Smith notes that the economic interpretation implies that local government must proceed a diversity of goals and services in order to match the different individuals' preferences. For this purpose local government should inform to citizen about different alternative packages that are available to the people. In order to offer different alternatives one could argue that both managers and politicians in the local governments are required to play strategic role. So that consumer (citizens) satisfaction could be maximized. Supporting to this point Rondinelli argues (1981) that the application of public choice theory can be effective in countries where decisions are still being made about whether or not to decentralize and when decentralization is in early stage of conceptualization.

However the theory does not exist without its critic. Public choice theory assumes that pure public goods exist for which there are no spill over into adjustment jurisdictions, but Benett (1980, cited in Smith: 1985) argues that it is deficient. Further he claims that if various local governments

Theoretical Approach to Decentralization

provide the same goods and services people are to be taxed in different way according to their income level but the theory does not concern this point. Therefore “ any application of public choice theory needs to be aware of the problem of income distribution” (ibid: 35).

Smith (1985) highlights another limitation related to grants from the center to the local government. That may be based on various considerations depending on the nature of local government, (e.g. size, population, needs and resources of the local government) that deny the expression of preferences of local inhabitants. Similar to this point Dupre (1969: cited in Smith: 1985) also agrees that the economic efficiency may be served at the expenses of participation and autonomy if fiscal considerations locate power outside the community. However it could be argued that those limitations could be overcome if local governments have enough power to generate income for implementing their plans.

Further criticism related with one of main assumptions based on the public choice theory which is related to the concept, “methodological individualism” which assumes that people act rationally, always pursue their own economic self interests and will make optimal economic choices in order to achieve their self interests. However this assumption may be undermined when the unit of residence is not an individual but a family. Related to this point Stanyer (1980 cited in Smith: 1985) argues that the preferences of a family may not be the same as an individual of the family which may be created by lot of compromises between family members. So that any decision to relocate a family will not maximize the utilities of all its members, argues the author.

(3). Marxist Interpretations of the State at the Local Level

Marxist writings are related with the ideas of capitalism. Here the argument is that citizens' preferences have to be identified in relation to class or consumption patterns.

Marxist's approach provides useful guidelines not only for local governments for designing their role, but also to the central government for deciding what type of relationships should be maintained between local government and the central government.

Marxist's view assumes that capital accumulation can be created at the local institution and if those institutions have considerable autonomy to perform. So that they can provide necessary infrastructure like communication, transport roads and etc. in order to energizing production mechanism. However much criticism could be seen related to this idea also.

Smith (1985) argues that local governments may try for capital accumulation and allocation of resources may tend to more profitable production or non-profitable consumption in housing, education, health, and public transport. However one could argue that for overcoming these drawbacks central government's intervention should be practiced in local bodies. However it might violate the underlying assumptions of decentralization.

In addition Smith highlighted another area of criticism to this theory relating to the ideas of capitalism and democracy. Democracy implies ruling by government according to majority's consent. However at the local level the majority seems to be the working class (in many cases it is a common phenomenon). So that local governments have to be ruled according to their interests that might create disagreements to the interest of propertied class. In that way conflict might be developed within various groups at the local level. "Centralization has been interpreted as a reflection within the state apparatus of the needs of monopoly capitalism: However development of capitalism at the local government may be controlled by working class's interests is not the same as capitalism" (Smith: 1985:40).

Saunders (1980) also identifies three limitations relating the Marxist perspective in local government namely ecological political and economic. "Ecologically towns and cities encapsulate inequalities in the urban environment which impose different living conditions on different categories of people" (Ibid.: 190). People in the town may response to market forces while those who are in local areas may depend on elected councils. With relation to political limitation the author argues that as politicians at the local level much depend on bureaucrats and their plans, if central governments impose heavy intervention which may create difficulties to local government. Under the economic limitation Saunders argues that most local governments are constrained by financial resources and due to the reason, they have to depend on central government

Theoretical Approach to Decentralization

allocation which may also create extra difficulties by preventing local government as to work as its own.

(4). Policy Analysis Approach

This approach is mainly based on public administration and financial theory with different perspectives on decentralization. "The neoclassical economic approach is concerned with macro economic issues based on equilibrium models while the policy analysis approach is concerned with specific decisions usually but not always focused on micro analytical issues" (Rondinelli et al: 1989:61) and those are related with economic, political, behavioral, administrative and other factors that affect policy implementation.

Field research has focused heavily on identifying the sources of resources of government, revenue, assessing the equity and strength of those revenue sources, and examine the dependence of local government transfers, identifying bottlenecks in the system of revenue generations and financial management, examine the mechanisms to stimulate greater local resources mobilization (Bahl and Schroeder: 1981; cited in Rondinelli and Others: 1989:61). There seems to be that much of the research in policy analysis approach has been concerned primarily with exiting practices and conditions of local governments. Rondinelli and others (1989) also suggest that this approach would contribute for designing better policies, assessing policy alternatives, developing programs for successful implementation and evaluating whether they achieved expected goals. Thus policy analysis approach may be useful in planning and implementing local government.

5. Political Economy Framework

Political economy reflects the recognition of the importance of both fields of political science and economics. "Political economy is intended to suggest the symbiosis of neoclassical economics, public choice theory and policy analysis" (Samoff :1990:526). Having combined the policy analysis approach and public choice theory, Rondinelli and others (1989) offer an integrated approach, which they called as political economy framework, which has several components as follows:

Lalitha S. Fernando

- There should be clear understanding of which goods and services can provide effectively and efficiently, who are the users, what is the existing institutional and organizational arrangements? Those have to be concerned when designing any decentralized structure.
- Decentralized organizations or bodies must have sufficient financial resources and also must have stronger authority to raise revenues.
- Feasible institutional arrangements for service delivery (such as privatization, deconcentration, delegation, and devolution).
- Socio economic and political conditions affect for designing of policy and implementing programs. For instance strong political commitment, clearly specified laws and regulations and decision-making capabilities and its flexibility are crucial in this regard.
- Feasible policy interventions and instruments that can guide for policy formulation, project designing, financial and technical assistance and also program evaluation and all these must facilitate decentralization.

Political economic framework sees decentralization in terms of both managerial and political grounds and it provides better guidelines in designing and implementing effective decentralized policies.

In summary, the liberal democratic theory concerns political reasons and emphasizing the importance of democracy as a way of facilitating decentralization. Public choice theory is based on economic factors and tries to combine also political factors to their analysis. Marxist's thinking takes historical events of capitalism to analyze social movements and class interests in relation to local governments. The policy analysis approach accompanied with political analysis framework seems to be more helpful to understand decentralization as it incorporates not only political and economic reasons but also behavioral social environment and other related factors that influence when decentralization put into practice.

However in practice the evidence suggests that in many developing countries have not attempted to decentralized policies mainly for economic reasons, but for achieving political objectives and related results seems to be somewhat complex. Even though the results are not much satisfactory,

Theoretical Approach to Decentralization

it would be useful to examine why many governments tend to adopt decentralized structures and policies.

Rational for Decentralization

In a democratic world citizens like the idea of decentralization, as it promises desirable ends in terms of economic, political and social aspects. Decentralization has long been assumed as an effective tool and many nations use decentralized planning and management as a development strategy in order to response the popular expectations. Similarly there seems that international development agencies and donor agencies mainly the World Bank, United Nations Development Program who encourage decentralized practices for their recipient countries as an important criteria for financial assistance. As a “policy strategy” decentralization aims at transforming the exiting administrative system and processes and ultimate objective of such transformation would be improving access to resources, people participation and policy effectiveness. Thus decentralization supports local autonomy and expands the scope for decision making available to local participants. Similarly decentralization is seen as an effective administrative technique in the field of development administration. Those desirable aspects could be identified in two broad categories in terms of managerial and political perspectives.

Managerial / Technical Rationality.

From managerial point of view decentralization is regarded as a way of achieving economic and administrative efficiency. According to Cheema and Rondinell (1983) decentralization has been a reaction to three main historical factors in development process: (a). Disappointment with the results of centralized system of planing during the 1950s and 1960s; (b). The emergence of the growth with the equity in the 1970s which required new organizational structures including those concerned with popular participation; (c). The increasing socio economic complexity of developing countries resulting the realization that decentralization might be more effective way of planning and administration. Further it is also assumed that decentralization is necessary to accelerate the peace and spread the benefits of growth, integrative diverse regions in heterogeneous countries and use scarce resources more efficiently to promote development in poverty stricken areas. Smith (1992) also emphasizes that the idea of decentralization will assist the rural masses to enjoy the

benefits of development from which they have been so widely excluded occupies a central place in development theory. Evidence related to several developing countries suggests that over-centralized management structure in the government tend to deteriorate the conditions of living standards of people who live in rural and remote areas. The World Bank recommends decentralization as a broader “market surrogate strategy” designed to make public enterprises and bureaucracies more responsive to their clientele.

Rondinelli and Cheema (1983) also note that there is a greater chance of success if institutions provide for popular participation, local leadership through decentralization. They also argue that if the poorest groups in developing societies are to obtain a large share of government service, means must be found to decentralize public service delivery and involve beneficiaries in planning and decision making at the local level. When delegating authority in development planning and management to field officers who are closer to the problems, decentralization could be regarded as a way of overcoming the rigidity that is attributed with national planning. Thus decentralization brings measure of flexibility and effectiveness.

Some other writers also see decentralization as necessary condition for increasing the scope of decisions and thus incentives available to local participants all as well as to build institutions and to encourage structure to focus and stabilize such participation. On that basis people participation seems to be an essential ingredient in the development process and decentralization has been seen as a way of inducing that participation. One of arguments of the United Nations (1998) in this regard is that decentralization facilitates significant opportunities for local and national development and also it has direct and indirect opportunities for poverty alleviation. Similarly Chambers R. (1983) with a sociological perspective, argues that in order to have more benefits from development, “spatial reversals” are required and decentralization is an important way to that spatial reversal. “It is thus one way of breaking into what Chambers terms as “the deprivation trap” i. e. that mutually reinforcing situation of powerlessness, vulnerability, physical weakness, poverty, isolation into which the majority of the world are locked” (Gingham and Others: 1992:375). Similarly Chambers argues that local materials, technology, plans, policies according to the interest of local people are often appropriate and more economical than transported extensively from headquarters. In that sense decentralization promotes local innovation, which is an essential requirement for regional and rural development. “In a decentralized system, local official could have closer contacts with local

Theoretical Approach to Decentralization

people that would allow them to obtain better information which facilitate to formulate more realistic and effective plans” (Rondinelli: 1981). If this is the case, decentralization could increase the efficiency in provision of public goods and services. The World Bank (1998) is also in this line by arguing that decentralization is to improve the competitiveness of government that will make local governments trying to satisfy the wishes of its citizens.

Political Rationality

In this regard Dele (1995 cited in Oyugi: 2000) identifies four dimensions of state decentralization namely political, economic, administrative and fiscal. Each dimension is associated with expected outcomes. In his schema, political decentralization is supposed to emphasis political rights, civil liberty, institutional pluralism and pluralism in policy choices. These in turn are expected to leading for greater community participation, higher level of accountability, institutional responsiveness, and political integration reduction in bureaucratic corruption and government waste, argues the author. All these are much more related with the idea of good governance. “Good governance presupposes the acceptance and institutionalization of democratic values, viz, openness, popular participation, accountability, decentralized authority, the rule of law, fairness, equity, and a sense duty” (Chilklo: 2000:4). However in order to achieve: good governance and development, decentralized management seems to be a pre-condition but needed much more than it.

Crook and James (1994) also notes that advocates of the policy have justified that decentralization as a key element in building good government; interpreted as greater accountability, transparency and pluralism. Moreover the authors emphasize that the features of good government have in turn been linked to development in so far as they reduce the role of bloated and overstaffed central bureaucracies, and lead to more efficient, realistic and adopted development strategies. Thus decentralization brings roots which are closer to its people.

Maniza and Conyers D, (1996:179) also identified three arguments which may be characterized under political rationality of decentralization. Those are (1). Decentralization induces popular participation. The authors called it as a personal or human right as expressed by Keneth Kaunder (former President in Zambia). According to the President it is the “participatory

democracy” and claimed that it should be regarded as a necessary, addition to “political democracy”. (2). Decentralization enables the reduction of regional inequalities, in terms of levels of development; thereby ensuring that no region is left lagging behind. The argument here is that if it is given greater autonomy to those regions that will be able to achieve their interests more effectively. (3). Decentralization may strengthen political unity, contrary to the counter argument that decentralization weakens national unity.

Those arguments of Maniza and Conyers could be applied to multi ethnic and multi religious societies like Sri Lanka especially as a political solution for its existing ethnic problem. Because the existing violence movement which demanding separation from the state and they are struggling for independence since last three decades. “Decentralization increases representation of various groups in decision making in the allocation of resources and involvement which may support to increase political stability and national unity” (Rondinelli: 1981). Further the author argues that by creating alternative means of decision making, decentralization can offset influence or control over development activities by entrenched local elite who are often unsympathetic to the needs of the poorest groups in rural communities.

Similar to those arguments Smith (1985) claims that decentralization is said to strengthen accountability, political skills and national integration. Further the author argues that it brings government closer to the people, provides better service to clients groups, promotes liberty and welfare and also facilitates as a training ground for citizen participation and political leadership both local and national level

In this line, Rondinelli and Cheema (1983) also claims that as decentralization makes government more knowledgeable and more responsive to local conditions which could allow local officials and leads to identify local needs more effectiveness. In that way people at the local level are benefited from the government in somewhat more equitable manner by facilitating political and administrative penetration of remote areas.

On the basis of those arguments it may be concluded that decentralization would reduce the gap between central and locality as it provides more access to people participation in decision making at the development process. In that sense decentralization guides to more equitable distribution

Theoretical Approach to Decentralization

of resources throughout the country that may facilitate greater linkages to democratization. According to all those arguments it could claim that decentralization is a necessary condition for social economic and political development. However it should be noted that all potential benefits have not been empirically verified and the results of decentralization appeared to be mixed and even some cases seem to be much more complex. (For instance, experience of political decentralization in Sri Lanka). Discussing empirical evidence relating to decentralization efforts is beyond the purpose of this paper, though it may be useful to examine whether any negative aspect of decentralization.

Critiques of Decentralization

Contrary to all these favorable arguments, several scholars criticize the term. In this line, Griffin (1981) comments that in many countries power at the local level is more concentrated, more elitist and applied more ruthlessly against the poor than at the center. According to his thought one could assume that it might be cases that the power which is handled by politicians and local elite tend to allocate the government resources in favor of their interests. If this is the case the gap between rural and local levels could be widen leading to incidence of poverty in rural areas.

Similarly there could be seen very often in third world that even where there is genuine intention to devolve power, it may be hampered by many factors such as influential pressure groups, or dominant elite and the like. In this sense “decentralization is like a mirage, myth and a mask” (Slater: 1989). Here the author means that decentralization can occur by the name, but always isolated in terms of participation and direct control by people who are given authority at local level.

Smith (1985) also sees decentralization in a negative perspective. “Decentralization appears parochial and separatist and threatens the unity of the general will; it reinforces narrow sectional interests; it is an antiegalitarian through its support for regional variation in the provision of public goods” (Ibid.; 5). This time for Smith decentralization tends to involve socially destructive forces as it cuts the road to the way of separation of unitary states in which creates political instability. Smith's arguments could be applied to one of Sri Lankan cases in relation to provincial council system where the central government had to dissolve

Lalitha S. Fernando

the North-East provincial councils due to their deceleration of independent status from the center in the late 1980s.

From the managerial perspective, decentralization promises a way of increasing economic efficiency via social welfare. However Wood R. S. (1959) argues that in the U.S.A. decentralization have reacted strongly against what they see as inefficiencies and diseconomies of political fragmentation, leading to urban sprawl, inadequate open spaces congested school mediocre administration, smog traffic jams and the breakdown of mass transportation systems.

In addition, decentralizations creates more institutions and hierarchies at the local level that would increase maintaining and administrative expenses to both central and local governments which is one of major limitations of decentralization. Another example could be found in Sri Lanka where implementing provincial councils system throughout the country involves heavy administrative machinery including the central government that involves considerable administrative cost. Ultimately the citizens would have to suffer with the financial burden by creating extra hardship for them.

On the other hand if the administration at local levels has not equipped with the required management skills, knowledge, experience and competence, (in many cases developing countries are concerned, this is a common feature in central government also) then desired objectives would not be achieved as expected. If those are the cases, it could be called as "decentralization is good in theory, but bad in Practice".

Theoretical Approach to Decentralization

References

Conyers, D., (1983) "Decentralization: The Latest Fashion in Development Administration" in Public Administration and Development, Vol. 3,

Chikulo, B. C., (2000) "Decentralization for Good Governance and Development: The Zambian Experience", Regional Development Dialogue, Vol. 21, No. 1., United Nations Center for Regional Development, Nagoya, Japan

Crook, Richard and James Manor (1994) *Enhancing Participation and Institutional Performance: Democratic Decentralization in South Asia and West Africa*, A Report to ASCOR, The Overseas Development Administration.

Hyden G., (1983) "No Shortcuts to Progress: Africa Development Management in perspectives", University of California Press.

Meddick, Henry, (1963) "Democracy, Decentralization and Development", Asia Publishing House, Bombay.

Mawhood, Philip, (ed.) (1983) "Local Government in the Third World: The Experience of Tropical Africa", Chichester and Wiley.

Oyugi Waiter, O., (2000) "Decentralization for Good Governance and Development: Concepts and Issues", Regional Development Dialogue, Vol.21, No. 1., United Nations Center for Regional Development, Nagoya, Japan

Rondinelli, D. A., (1981) "Government Decentralization in Comparative Perspective: Theory and Practice in Developing Countries" International Review of Administrative Sciences, 47, (2).

Rondinelli D. A., (1989) "Decentralizing Urban Development Programs: A Framework for Analyzing Policy" U.S. Agency for International Development, Office of Housing and Urban Programs, Washington D.C.

Rondinelli, D.A, and Cheema, S., (1983) "Implementing Decentralization Policies: An Introduction" in Decentralization and Development. Sage Publication,

Lalitha S. Fernando

Rondinelli D. A., Nellis J. R., and Cheema, G. S., (1983) "Decentralization in Developing Countries: A Review of Recent Experience", (World Bank working Paper Series, N0.581) Washington D.C., World Bank.

Rondinelli, D. A, Nellis J. R., (1986) "Assessing Decentralization Policies in Developing Countries: A Case for Cautious Optimism in Development Policy Review, 4, (1).

Rondinelli D. A, James S. and McCullough and Ronald W. Johnson, (1989) "Analyzing Decentralization Policies in Developing Countries: A Political Economy Framework" in Development and Change.

Smith, B. C., (1985) "Decentralization: The Territorial Dimension of the State" George Allen and Unwin Publishers Ltd.

Smith, B. C., (1992) "Introduction: Development Administration in the Third Development Decade" in Brian Smith (ed) Progress in Development Administration, John Wiley & Sons Ltd.

Slater, D., (1989) "Territorial Power and the Peripheral State; The issue of Decentralization in Rural Sri Lanka" in Planning and Administration Vol. 16, No.2.

Slater, D., (1989) "Territorial Power and the Peripheral State; The Issue of Decentralization" in Development and Change, Vol. 20.

Stephen, P. Robbins, (2000) "Managing Today" Prentice Hall, Upper Saddle River, New Jersey.

Samoff, J. (1990) "Decentralization: The Politics of Interventionism" in Development and Change, Vol. 21.

UNDP (1962) "Decentralization for National and Local Development" in 'United Nations Development Program, New York.

UNDP (1998) "Public Sector Management Reforms in Asia and the Pacific: Selected Experiences from Seven Countries" in United Nations Development Program, New York.

World Bank (1983) World Development Report, Oxford University Press, Oxford.

Theoretical Approach to Decentralization

World Bank (1998) Rethinking Decentralization in Developing Countries.
The World Bank Sector Studies Series, (ed.) Jennie Litvack, Junaid
Ahmad, and Richard Bird, The World Bank, Washington D.C.