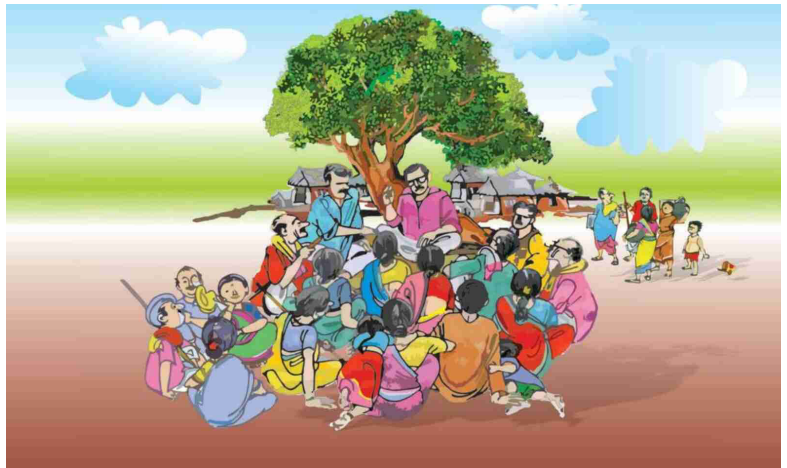


# THEORY OF DEMOCRATIC DECENTRALISATION AND LOCAL GOVERNANCE ADMINISTRATION

## The Concept of Decentralization

The word 'decentralization', literally means 'away from centre'. Decentralization of authority means dispersal of decision-making power to the lower levels of organization (B.L.Fadia and Kuldeep Fadia, 2010). The locus of decision-making is transferred from Central governments to regional, municipal or local governments (Elizabeth Linda Yuliani, 2004). Decentralization cannot be easily defined and it has many forms and dimensions. Decentralization is the process of redistributing or dispersing functions, powers, people or things away from central location or authority. There is no common definition of decentralization and its meaning varies because of the different ways it is applied. The concept of decentralization has been applied to management science, in private businesses and organizations, Political Science, Law and Public Administration, Economics and Technology.



Decentralizing government is thought to be conducive to good governance, although experience suggests decentralization alone is no guarantee. It can be a means to encourage participation in the public policy process and can hold governments more accountable for their actions. At the same time, decentralization enables local officials to take responsibility for economic and social development. For instance, decentralization can foster a more efficient use of resources if projects are locally conceived, and economic performance can be improved since local entrepreneurship tends to flourish in decentralized settings where there is often greater access to credit and information on business opportunities.

The term "decentralization" implies not only the devolution of powers, but also a process in which responsibilities and duties are transferred by a higher or central authority to the institutions or organizations at the lower levels, thereby providing to the latter adequate incentive for autonomous functioning. Decentralization has spatial aspect, i.e. when the activities of wide organization are spread over a wide geographical space, then planning and control of the widely dispersed activities may be done better not from central headquarter but away from it. The other arguments in favour of decentralization are that decentralized units function better because of autonomy given to them and central control is reduced. In organization theory, decentralization is an aspect of intra-organizational differentiations, i.e. in large-scale organization, decentralization is done through segmentation and arrangement and self-sufficient clusters or decentralized divisions are formed and these clusters have their own domain. Decentralization has also been approached from the point of view of organization decision-making. In a complex organization numerous decisions are taken and efficiency is achieved if decisions are taken quickly. Therefore, when speed assumes critical importance, decentralized decision-making is being given importance.

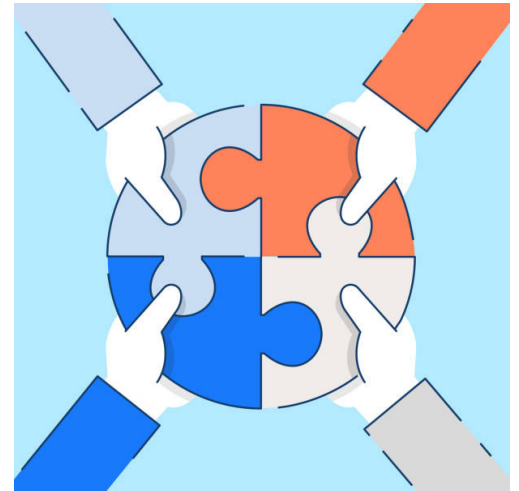
Organizational decentralization manifests itself in territorial dispersion of units and delegation of authority. For instance, field administration in the form of district and sub-divisional administration, represents decentralization through territorial differentiation and dispersion. It is an important part of state administration. Field administration lies away from state headquarters to provide access to the client. Delegation of authority accompanies territorial dispersion of the governmental unit. Kochen and Deutsch in their seminar paper entitled, "Toward a Rational Theory of Decentralization: Some implications of a Mathematical Approach," have advanced the theoretical knowledge about decentralization in politics and organizational designing. According to them, a functional theory of decentralization has to be related to organizational task performance and ultimate survival, i.e. the survival of organization depends on the feedback of information from the environment in order to ascertain the results of their actions and to take corrective measures. The issue of centralization versus decentralization has to be examined from the point of view of exchange of information and of things and persons with the environment. They look at decentralization as a problem in logistics. Decentralization is rational or cost-effective if movement of messages, men, and materials lead to successful task performance in relation to meeting the demands and pressures from the environment.

### Approaches to the Concept of Decentralization:

The different approaches to the concept have been clearly and profoundly presented by Fesler James W. He classified the different approaches to the concept of decentralization in the following four categories: the doctrinal, the political, the administrative and the dual role.

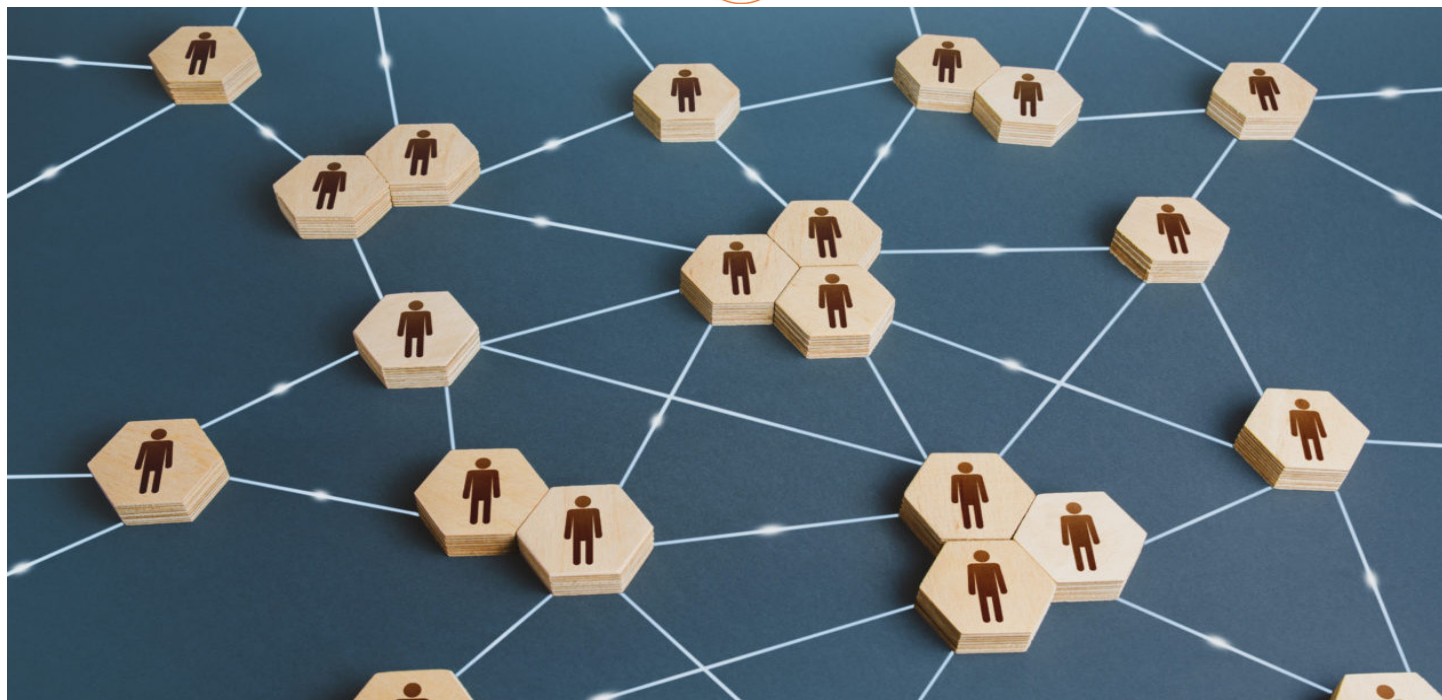
### The Global Perspective

It is well documented that decentralization was a well thought and executed style of governance in ancient world. There are many sophisticated debates on decentralization in the political literature of 18th and 19th centuries. When there was no adult franchise in the western world then emerged the concept of devolution of power to the people. The British system of local government found in South Asia, Africa, Australia and North America was conceptualized as a devolved local self-government with the characteristics of a representative elected council and citizen's participation, while in Europe, parts of North and West Africa and South America, it was distinguished by deconcentration, that means domination of executive and presence of rigid hierarchy. Decentralization is conceptualized as a deconcentrated administrative organ for relieving administrative congregation, because over centralized governance did not make it clear what needs to be done for different places and how to meet the desires of the people.



The globalization pushed more countries to adopt quasi-market economies including the countries which had dictatorial, authoritarian, totalitarian governments. Good governance came to be seen as transparent, reprehensive, accountable, and participatory and its need arose. New concepts of decentralization emerged as well. During the 1970s and 1980s, globalization forced some governments to recognize and realize the constraints of central economic planning and management. During the same period shift in development theories and also change in strategies of international aid agencies like World Bank, IMF, etc., away from central economic planning and trickle-down theories of economic growth towards meeting basic human needs, growth with equity objectives, and participatory development also led to increasing calls for decentralization. International aid organizations promoted decentralization as essential for development carried out by local communities and local governments. There was awakening that decentralization will accelerate development, will remove bureaucratic bottlenecks which arose because of centralized government planning. Governments at that time followed three primary forms of decentralization, deconcentration, devolution, delegation until the late 1980s. By the mid- 1980s with the continued weakening of those economies which followed central planning, disappearance of cold war, increase in international trade and investment, the conventional concepts of economic development and governance and also of decentralization forces got reshaped by economic and political forces prevailing at that time. There was fall of authoritarian regimes in Latin America in 1980s and in Central and Eastern Europe in 1990s and switching over to market economies and rise of democratic principles in East Asia renewed the interest in decentralization. The countries in Latin America, Central Europe were overseeing the transition from state planned economies to market-economies and were focusing on strengthening private sector, downsizing large central government bureaucracies, and also strengthening local governments. In fact IMF, World Bank and other international development organizations also prescribed decentralization as part of structural adjustments to promote good governance, restore markets in those countries which were seeking aid from these institutions. Not only these aid institutions which put condition of decentralization upon countries, there was pressure from various groups like political, ethnic, other economically peripheral groups to get greater autonomy in decision-making and strong control over utilization of natural resources, e.g. Africa. The central governments in Africa was not able to deliver effectively and provide services to local areas and this led to discontent among masses and hence calls for decentralization. The demand for decentralization(devolution) were





raised in other large number of countries like India, Belgium, Quebec, Wales, Scotland, Malaysia, Baltic Countries, Mexico, former USSR, etc as there was discontent with regard to allocation of national expenditures. Moreover, there was, "New Public Management" movement in 1990s in rich countries which also influenced the international development organizations and many reform-oriented public officials in developing countries. During the same period, a book *Reinventing Government* which discussed about reforms in United States, also influenced the other countries to go for decentralization for providing quality services to people. This book and advocates of, "New Public Management" supported that local problems should be dealt with by local people as they are conversant with the problems of their respective areas and government can achieve its objectives by participation of people at the grassroots level.

### **The Emergence of the Concept of Decentralization in South Asia**

The factors that contributed to the emergence of concept of decentralization in South Asian countries are being discussed below:

As mentioned earlier, many changes took place in the closing decades of the last millennium in many spheres and these included changes in governance also. The decades of 1950s and 1960s focused on centralization but that could not cure the maladies prevailing at that time. So demands for poverty alleviation, civic amenities, and better health facilities were raised by people and civil society groups in several countries and central governments were pressurized to deal with myriad problems. The need for decentralization was felt and expert writings in 1970s also promoted decentralized system of governance. Ultimately in 1980s, debates in support of decentralization picked up momentum and this decade saw beginning of wave of decentralization which swept the globe. During this period, i.e. 1980s many influential people in African, Asian and Latin American governments, in international development agencies, and in academic life became enthusiastic about decentralization. This led to adoption of decentralization in developing countries to achieve the development goals. The phenomenon of decentralization became a reality in Third World countries and they included South Asian countries also. There are many diverse factors which contributed towards sudden emergence of decentralization as a major theme in South Asian countries. These factors are historical, social, political and economic. Some of the important ones are summed up as follows:

The South Asian countries like India, Sri Lanka, and Nepal, etc were governed by authoritarian regimes. There were movements to bring democracy and finally these countries underwent transition from autocratic to democratic. The establishment of representative form of democracy at the national level in these countries is reckoned as the first initiative towards returning power back to the people. Once democratic governance was established at the national level then political devolution from centre to state, provinces, or local governments came fast on the heels of national re-democratisation. Hence in these countries, decentralization can be seen as the 'second wave' of democratic reform.

What has also led to emergence of decentralization for the governance at local level in South Asian countries is, presence of village councils in the olden times as they used to be very effective in dealing with local issues. This belief in the village councils led to opinion building for setting up of local self-government institutions as near to the people as could be in some of these countries through political decentralization, e.g. Panchayats in India. The other cause or factor which led to movement toward political decentralization is presence of ethnic diversity in some



of the countries. The ethnic groups demanded political autonomy. For example, in India, over centralization of power at the Centre led to many problems, and unrest in many regions also. This made the political devolution necessary to manage stresses and strains. Similarly in Sri Lanka also there was sense of alienation in north-eastern region and in order to remove that sense of alienation and diffuse tension, elected provincial councils were established. Besides these factors, there are other fundamental reasons which caused decentralization to become a widespread phenomenon. The centralized form of development could not reach the beneficiaries, i.e. rural communities. For example in India centrally Sponsored schemes were started but they did not involve the local people for village development and hence failed. In Nepal also the distant Centrally controlled system could not reach the remote mountain hamlets.



One reason which cannot escape notice is that in South Asian countries with the adoption of economic liberalization policies, the process of decentralization picked up the momentum. The government decentralization started taking place simultaneously with the introduction of Structural Adjustment Programmes and economic liberalization policies. Conceptually, there is a logical connection between privatization and decentralization, if the context is reduction of control of central-state structures over economic decision-making and also that decentralization will help in reaching the beneficiaries and deliver tangible benefits arising out with economic liberalization. Moreover, some international donor agencies also encouraged decentralization as part of an overall Structural Adjustment Programme. Definitely economic liberalization contributed towards providing favourable climate for the promotion of local governance institutions, but it would not be right to consider economic decentralization as a predominant factor.

Last but not the least, the nationally planned development or centralised form of development adopted in developing countries was followed in East European Bloc. But in this Bloc, the centralized planning for development failed, leading to inequality and poverty. The central administration was inefficient and irresponsible. This gave lesson to developing countries to rethink and this generated consensus as well as favourable climate for decentralization. The studies have shown that the causes which led to decentralization differ from country to country. There is no single factor which is sufficient to explain the decision to decentralize in all countries or in a single country. Decentralization in one country could be due to combination of causes. For example advent of multi-party political systems in Africa, the deepening of democratization in Latin America; the transition from command to a market economy in Eastern Europe and former Soviet Union; the need to improve delivery of local services to large populations in the centralized countries of East Asia; the challenge of ethnic and geographic diversity in South Asia, as well as ethnic tensions in other countries and the attempt to keep centrifugal forces at bay by forging asymmetrical federations; and the plain and simple reality that central governments have often failed to provide effective public servicing are the multiple causes which made the decentralization widespread in developing countries. ■

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