1.0 INTRODUCTION

The failure of the centralized state in Africa as well as in a number of Asian countries in development management and service delivery has recently given rise to movements for decentralization and good governance, linked to local and regional development and poverty reduction. As a result, many of the target countries in the proposed project have experimented with one form of decentralization or another in search of an appropriate design. The target countries (Ethiopia, Ghana, Kenya, Namibia, Uganda, Tanzania, Bangladesh, People's Republic of China, Republic of Korea, Malaysia, Thailand, and Singapore) are now at various stages in their decentralization efforts.

In view of the widespread poverty in some of the target countries resulting from weak local governance and lack of development, some of the governments of these countries, in collaboration with development partners, have been putting in place the appropriate institutional structures and processes to address the problem.

In support of the efforts of the target countries in Africa and Asia in meeting the challenges of decentralized governance, and the United Nations Department of Economic and Social Affairs (UNDESA), the United Nations Centre for Regional Development (UNCRD), the Special Unit for Technical Cooperation among Developing Countries, United Nations Development Programme (SU/TCDC, UNDP), in collaboration with the African Institute for Capacity Development (AICAD) and the Japan International Cooperation Agency (JICA), propose to undertake a project entitled “Capacity Development in Local Governance: Africa-Asia Cooperation.” Towards this goal, a needs assessment study mission was conducted in both Africa and Asia in order to: (a) assess the need for capacity development in local governance in the target African and Asian countries; (b) identify training and research institutions for future collaboration; and (c) gather the necessary data and information for use in preparing both the needs assessment report and the draft project document.

The Needs Assessment Mission Report was presented and discussed at a workshop held in Nairobi, Kenya, from 28 to 29 August 2003. The finalization of the report has benefited from the suggestions made by the participants in the two-day workshop.

The report presents the findings of the needs assessment mission that was undertaken in five African countries (Ethiopia, Kenya, Namibia, Uganda, and Tanzania) by Dr. Asfaw Kumssa, Coordinator, UNCRD Africa Office and Prof. Walter Oyugi, UN consultant for the Africa study, from 30 May to 19 June 2003 and in three Asian countries (Malaysia, Thailand, and Singapore) by Dr. Asfaw Kumssa and Ms. Josefa Edralin, UN Consultant for the Asia study, from 23 June to 2 July 2003.

Due to time constraints, the study mission teams could not travel to some of the target Asian countries (Bangladesh, China, and Korea) and Ghana in Africa. Information on these countries is based on secondary sources.
2.0 AFRICA COMPONENT

2.1 Decentralization for Good Governance and Development in Africa

In most of the African Asian countries which got their independence from the former colonial powers, the system of government inherited at independence was highly centralised. The logic of centralisation was inherited and reinforced in the interest of nation-building and the preservation of national integrity and unity. It was this over-concentration of power, accompanied by intricate legal and administrative devises that would progressively lead to state control of the management of the national economy as well.

Centralisation of power led to the imposition of policies on the localities. As the state began to fail as the main provider of basic needs, as exemplified by the declining service standards in education, health, access roads, etc., as well as declining access to basic foodstuffs and employment, a crisis would soon develop that would attract the attention of the outside world. The food crisis from the mid-1970s in a number of African countries would be one such example. And encompassing these shortcomings was the problem of poor institutional governance, which was increasingly drawing the elites in the urban and rural areas against the system. These factors would precipitate the movement for decentralisation in Africa.

2.2 Decentralization, Good Governance, and Development as Visions

The need for the decentralisation of government had been a major concern even before some of the African and Asian countries in the project gained independence. Two world conferences held in 1961 to discuss this concept and whose proceedings are reported in a paper published in 1962, which is credited with giving decentralisation its first conceptual clarity: the transfer of authority on a geographical basis whether by deconcentration (i.e., delegation) of administrative authority to field units of the same department or level of government, or by the political devolution of authority to local-level units or special statutory bodies. This definition, while remaining the standard one, has since been improved upon by subsequent writers.

Decentralisation per se is not an end in itself; it is a strategy of involving lower units of government in decision-making in matters affecting them. In this regard, it is a manifestation of participatory governance: good governance in other words.

The concept “governance” and not government has been popularized for the reason that it is more inclusive and brings into focus all the actors with a stake in what governments do. A UNDP definition which is widely accepted defines governance as:

… the exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. Governance comprises the complex mechanisms, processes, and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Governance as a concept recognizes that power exists both inside and outside the formal authority and institutions of government. In many formulations, governance includes government, the private sector, and civil society.

Decentralization is supposed to provide a setting within which good governance can be realised. Good governance is participatory, transparent, and accountable. It promotes the rule of law and equitable allocation of resources. Put differently, good governance is responsive governance.

2.2.1 Local-Level Development and Poverty Reduction

Good governance in a decentralised system is supposed to lead to local socio-economic development and poverty reduction. Poverty expresses itself at the point of service provision. Usually, this is the community level. Therefore, local-level development for poverty reduction usually targets specific communities. For a service to be provided at the community level, development projects have to be initiated and implemented.

Local-level development and poverty reduction in the African countries in the project are twin critical problems. Up to 30 per cent of the population in Africa live below the poverty line (US$1 a day). With specific reference to the target African countries, the situation is worse in some countries. For instance the national population living in abject poverty for Ethiopia, Uganda and Ghana are 55, 40 & 35 per cent respectively.\(^2\) Therefore, decentralisation for good governance and development linked to poverty reduction is a critical need.

In the context of poverty reduction, project implementation is relevant only if it directly addresses specific problems related to poverty. These problems are mainly socio-economic in nature. And to address them adequately, the dimensions of poverty and the characteristics of the poor must be established. More importantly, to address the problem of poverty in a comprehensive manner, its human and regional dimensions must be identified and addressed in a transparent and participatory manner.

The irony, however, is that there is no single country in Africa which does not have some kind of a policy document that is directly intended to address this problem. Yet, year in, year out, available evidence suggests that the problem of poverty and inequality, which is associated with it, are on the increase in all the six target African countries. Which is to suggest that poverty reduction policies and strategies pursued so far in these countries may have themselves contributed to the rise rather than decline in the levels and characteristics of the problem.

### 2.2.2 Perceptions of Poverty

The literature on the subject suggests that poor people perceive their conditions largely in terms of material deprivation: not enough money, lack of employment, inadequate food, clothing, and housing, allied with inadequate access to health services, education, and clean water. They also give weight to non-material factors: inadequate security, peace, dignity, and power to control their own destinies. Therefore, conceptually the notion of poverty is much more inclusive and goes beyond the dollar-per-day value that is associated with the percentages referred to above.

### 2.3 Decentralization and Local Governance in Africa

#### 2.3.1 Overview of the Situation

The colonial state was organizationally spread throughout its territory and this is what the incoming African governments inherited at independence, namely, a centralised state system with sub-national units which acted under the guidance of the centre. It was a weak form of deconcentration, but one, nevertheless. Throughout the continent, regardless of who the colonial power was, the ministerial/departmental hierarchy was complemented with a system of political decentralisation involving the ceding of powers, in selected functional areas, to elected sub-territorial units of government, generally referred to as local authorities. It is these authorities operating through elected councils which gave expression and meaning to what is generally referred to as local government. Thus, in all African countries, central government agencies operated alongside local government structures, with the two sometimes performing different functions and at times overlapping ones.

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The situation in the Anglophone countries has been characterised by a myriad of institutional experimentations in search of appropriate forms of central-local relationships. Countries which gained independence earlier than others, such as Tanzania, began by establishing structures at the various levels of field administrative hierarchies intended primarily as mechanisms for coordinated decision-making in the development process. This marked the beginning of the establishment of the institutions that would be replicated in many sub-Saharan African countries in the subsequent years. The development committees, however, operated within guidelines centrally determined by the relevant ministries put in their charge. Yet, for many governments they were regarded as representing a form of decentralisation of decision-making for local and national development.

Many writers in their review of the performance of these committees throughout the continent all agree that they do not have an identity of their own and, therefore, have been used by the centre simply as mechanisms through which to gather information and to communicate government policies. With regard to the structure of field administration, some Anglophone countries have experimented with a unified/integrated/prefectoral system (e.g., Tanzania 1971-81; Zambia 1980-90) before reverting again to the inherited partnership system.

Indeed, there is virtually no country in Africa which has not engaged in the search for an appropriate institutional structure for enhancing the participatory role of the stakeholders in the governance process at the various levels of the sub-national units of government.

However, it was not until recently that a number of African countries took a bold decision to put in place what could be regarded as strong designs of political decentralisation, at least on paper. Examples include Ethiopia, Uganda, and South Africa. For the majority of the countries, however, the search for appropriate forms of devolution still continues; while at the same time experiments are being carried out through what might be referred to as strong cases of deconcentration. The experience of Kenya under the so-called District Focus for Rural Development (DFRD) introduced in 1983 falls in this category, even though the available information suggests that today the initiative has become a pale shadow of its beginnings, as the programme has been dogged by problems of lack of accountability and transparency in the management of decentralised development funds.

### 2.3.2 Local Governance

The concern with good local governance in the recent years is based on the assumption that development at the local or community level has been slowed down by poor governance at the centre, which has over the years impacted negatively on the localities.

In practically every African country, the centre has continued to have a conspicuous presence in the localities, and this presence has tended to subordinate the wishes of the local communities to those of the centre through its field agents. In this scenario, local communities have become mere agents through which the will of the state is realised, since no meaningful leverage has been given to communities to organise themselves in a manner that can enable them to influence centrally-determined decisions that affect their own lives. It has also been established that even where local communities have organised themselves into groups (i.e., community-based groups), these groups more often than not are captured by the agents of the centre and/or local elites who use them to promote interests other than those of the community.

It is the need to establish a ‘community voice’ in decision-making on development issues that has since especially in the 1980s led to the proliferation of ‘advocacy’ civil society organisations in a number of African countries with the empowerment of local communities in decision-making as the main agenda. Schemes of decentralisation designed to strengthen the voice of service recipients at the sub-national level are currently being experimented with in a number of countries. In a few countries, some progress has been made whereas in others, the lingering bureaucratic
authoritarianism still renders such efforts nugatory. Therefore, the problems associated with bad
governance such as corruption and lack of transparency and accountability still survive in the
decentralised governments.

2.4 Decentralization Policy in Selected African Countries

2.4.1 Background

The project targets six countries, namely, Ethiopia, Ghana, Kenya, Namibia, Tanzania, and
Uganda. Of these, only five were visited by the study team, Ghana having been left out primarily
due to time constraint. Nevertheless, Ghana remained in the study on the understanding that
relevant data pertaining to the issues of interest to the project would be generated through the
perusal of the extant literature on the issues under review. The information on the countries visited
was collected through a combination of interviews with the relevant governmental officers and non-
governmental organisations in the capital cities, as well as from the review of published papers and
official reports availed to the team by those interviewed.

The information available suggests that all the countries under review have been engaged since
independence in some form of decentralisation, although the actual form which decentralisation has
taken at different times, varies in substance from one country to another. A closer examination of
the information also reveals some areas of commonality in both the design and experience of
decentralisation programmes. This will become clearer as we make comparative assessments of the
situation on the ground in the individual countries as outlined below.

2.4.2 The Policy Framework

For a long time in the six countries under review, the policy which informed the organisation of
government in the field was the one inherited at independence according to which local government
structures operated alongside central government line ministries in the field. According to this
partnership system, local government authorities continued to remain as appendages of the ministry
responsible for local government, except for Ethiopia and Uganda which have recently designed
strong decentralisation programmes (at least on paper) to address pressing political concerns.

Between the time of independence and now all the three countries (Ghana, Kenya, and Tanzania)
have experimented with various forms of decentralisation before falling back again on the old
order.

Namibia, on the other hand, presents a unique case in that throughout the Apartheid period, the
African “reserves” were run as ‘Bantustans’, with the exclusion of non-whites in the structure of
power and development. Against this background, the central theme in the decentralisation policy
of Namibia is the political empowerment of the people marginalised under Apartheid. Unfortunately, though, the decentralisation system which has been put in place closely resembles
those of Kenya, Ghana, and Tanzania. Ministerial departments have so far remained in place, with
the Ministry of Local Government, Housing and Regional Development as the parent ministry of
regional and local authorities. It still treats sub-national units of government more or less as
departments of the ministry, as is the case in Kenya, Ghana, and Tanzania.

2.4.3 The Legal Framework

The line of demarcation between a policy framework and legal framework is a thin one. Nevertheless, an attempt is made here to identify the legal framework within which decentralisation operates in the six countries. In five of these countries, that is, Ethiopia, Ghana, Namibia, Uganda, and Tanzania, decentralisation is a constitutional category in that decentralisation as a policy is
clearly spelled out in the constitutions of these countries and subsequently elaborated upon in specific Acts of Parliament creating various types of local authorities.

However, the situation in Ethiopia is a little different. The coverage of decentralisation policy in the constitution is more elaborate than in the other four countries. According to the constitution, the Ethiopian state is supposed to be a full-fledged federal system in which the next highest level, that is the regional state, is by law required to superintend over the lower units of government, namely, the Zones, the *Woredas*, and the *Kebeles* in addition to the municipalities and the urban areas falling under the region. In practice, however, Ethiopian federalism has not worked as originally intended, partly because it was not a negotiated federalism but one imposed from the centre; which is why the centre has continued to exercise extensive controls over technical policies, laws, regulations, and taxes since, and in spite of, the inception of the federal system. The constitution itself is also deliberately vague in defining the relationship between the various levels of government.

Of the six African countries, it is only Kenya where decentralisation as such is not provided for in the constitution. Rather whatever exists is contained in the relevant Acts of Parliament creating the local authorities as sub-units of government with specific powers and functions devolved to them. Secondly, forms of administrative decentralisation exist and are usually spelled out in special documents. These are basically administrative instruments codified and issued as a policy document to guide whatever the state wishes to do. The District Focus Rural Development (DFRD) being implemented since 1983 and the Local Government Reform Programme (LGRP) currently being implemented in Kenya, and also in Ghana, Tanzania, and Uganda fall in this category.

What is important to point out is the discrepancy between what the laws and guidelines on decentralisation provide and the actual practice on the ground. The information available in the literature as well as that obtained during the mission to the countries under review both indicate that decentralisation policy is under stress as the centre everywhere has been reluctant to let go the powers they have been used to over the years.

### 2.4.4 Decentralization System In Practice: Relationship Between the Centre and the Localities

#### 2.4.4.1 Types and Forms of Decentralisation in Place

As stated above, devolution and deconcentration remain the standard forms of decentralisation in spite of the other “forms” which have been introduced in the literature on decentralisation since the 1980s.

Such forms of decentralisation are well-articulated in the papers submitted to the UNCDF workshop organised in Cape Town in the year 2001, which have since been published as a report, but also appear in *Public Administration and Development* Vol. 23, No. 1, 2003. Therein, three types/forms of decentralisation have been identified, namely, fiscal, sectoral, and institutional. However, to put it mildly in dissent, these are not forms of decentralisation, but aspects/subsets of devolution, for there would be no meaningful devolution in which the devolved authorities are denied authority and power over sectoral departments (service departments), the rights to raise and spend revenue (which is what fiscal decentralisation is about) and the freedom for local organisations to exercise discretionary powers over matters which fall within their jurisdictions or which affect their existence (which is what the so-called institutional decentralisation is about).

Decentralisation efforts everywhere in the six countries is under a lot of stress. These stresses arise from the fact that, in most of these countries, what constitutes decentralisation is not clearly spelled out—a situation which has been responsible for the crisis of implementation of decentralisation programmes. There are issues, problems, and challenges which are unique to the individual
countries. On the whole, however, the countries share a lot in common in terms of experience. It is these experiences that we turn to below.

2.4.4.2 Key Issues in Decentralisation

A major policy issue shared by all the six countries under review is the design issue, relating to what a programme of decentralisation is supposed to achieve. A key design issue relates to the nature of the relationship between the centre and the decentralised units of government. Where devolution is emphasized, as in the case of Uganda, no provision has been made for how the various line ministries operating in the field are to be coordinated at the national level. As presently designed, the Ministry of Local Government is responsible for decentralisation, but without the clout to coordinate the activities of line ministries with regard to those activities that find expression at the district level.

Ethiopia’s experience presents yet another design issue which has not been properly addressed, and that is, the nature of the relationship between the regional states and the lower levels of government under their jurisdictions. That failure has led to the lower-level units, namely, the Zones, Woredas, and Kebeles, relating to the regional states in the same way sub-national units of government in a deconcentrated unitary system relate to the centre. Perhaps it is in realisation of this that the federal government, has since 2001, been putting in place design parameters that would give the district (the Woreda) some functional operational identity of its own in the hope that this will filter down to the Kebeles.

Elsewhere, in Ghana, Kenya, Namibia, and Tanzania, where the parallel system of decentralisation is still in operation, the problem of functional overlap persists and the mechanisms through which the deconcentrated and the devolved authorities are linked to each other horizontally are weak by virtue of lacking a strong focal point at that level. As a result, local authorities continue to relate directly to the parent ministry—that is the Ministry of Local Government—as the line ministries, on the other hand, also continue to relate to their parent ministries at the national capital. This sort of situation has occasionally created problems especially of duplication in the programming of development and the delivery of services at the local-level.

There is usually little or no correlation between financial capacity and the assignment of functions and responsibilities. What seems to be lacking in most of the African countries is an established principle of allocation of functions. Such a principle would also act as a guide in deciding what ought to be retained at the centre and what ought to be devolved to the localities. The principle of subsidiarity according to which, “the centre acknowledges the potential of the subordinate ones and exercises only those tasks that the latter cannot fulfil” may be known but is rarely invoked in the design and implementation of decentralisation.

An equally important issue relates to the discretionary powers which sub-national governments are supposed to enjoy in the performance of their mandated functions. Because ‘the one who pays the piper calls the tune’, local governments by virtue of their financial weakness have lost their voice in their relationship with the centre. Even in situations where the law allows them to operate in a certain predetermined manner, the fact that somebody else is paying requires them to seek approval. The act of seeking approval from above has had the effect of limiting the power of institutions of governance at the sub-national level from engaging other stakeholders in decision-making for development. There is fear of whetting the appetite of the said stakeholders in a situation where they (the local authorities) have no power over the final decision. Indeed, in all the five countries visited, this point was cited as the main reason why people have lost interest in participating in decision-making at the local-level (i.e., the knowledge that those who engage them in decision-making do not have the right to the last word on the decisions being made).

2.4.4.3 Problems Facing Decentralization Projects
The issues identified above are suggestive of the problems which decentralisation is currently facing in many African countries. Decentralisation as a method of organizing the structure of governance is about power-sharing between the centre and the localities. If, indeed, decentralisation is the undoing of centralisation, then the first problem that any decentralisation project faces is how to disengage from the persistent grip of the centre. Such disengagement is only possible in a situation where there is appreciation of the potential benefits of decentralisation by the centre. The appreciation is woefully lacking.

The second problem, though not in order of importance, is the perception or misperception by the centre that strong local governments are potentially a threat to territorial integrity, especially in culturally diverse societies that African countries are. The weakness of Ethiopian federalism is informed by this fear; so instead of empowering the regional states, the federal government has chosen to ignore the key provisions in the constitution regarding power relationships. It is this same fear that influenced the design of the present local government structure in Uganda. The Museveni government was fearful of the revival of Baganda nationalism, which is why the movement for ‘federo’ was nipped in the bud, giving rise to the present system.

Equally important is the lingering attitude at the centre that capacity to perform tasks that may be assigned to local governments does not exist at that level. Namibia is currently using that perception as an excuse to delay the transfer of functions to the regions. Ethiopian regional states have, since the inception of federalism, continued to deny the lower units in the region (Zones, Woredas and Kebeles) the power to operate without reference to the region, also on grounds that capacity does not exist at those levels.

There is also the problem of dual loyalty occasioned by the employment of senior staff by local governments which cannot guarantee them upward professional mobility, thereby forcing such staff to maintain their loyalty to the line ministry functionally.

General insecurity presents yet another problem in quite a number of African countries. In situations of instability and insecurity, resources cannot be mobilised and programmes cannot be developed let alone providing services to the needy.

The discussions with key government informants during the team’s mission identified various aspects of insecurity in particularly three of the five countries visited.

2.4.4.4 Financial Relationships: Revenue Mobilisation and Sharing Mechanisms

In all the six countries, the centre still determines all matters pertaining to taxation. Even in countries where there is relatively strong devolution by law, notably Ethiopia and Uganda, the centre in practice still determines the structure of taxation for all sub-national units of government. This remains the case even where devolved authorities have been given the power in the legal instruments creating them to act otherwise.

In all the five African countries visited, the bulk of the revenue in any local government area is still collected by the central government by way of direct and indirect taxes. And the rate of collection by the central government of earmarked revenue is usually far better than the rate of collections by local authorities from their own assigned sources. What is more is the fact that revenue collected by the central government is usually easier to collect. There are also sources of revenue other than taxes which, although based in areas of local authorities, are collected by the central government without any accruing benefit being shared with the local authority in question.

The collection of revenue from a local authority area by the central government without any share-out arrangement has been a major source of friction between the central government and the
concerned local authorities. It is against this background that in recent years, the principle of revenue-sharing between the central government and the local authorities has been accepted in many countries, as a way of improving the financial situation of local authorities. As a result, and within the context of local government reform programmes in the countries under review, there is what one might call the 5 per cent formula, according to which the central government is now transferring 5 per cent of income tax collected by the central government to local authorities on well-established criteria. In the case of Namibia, municipalities are required to remit 5 per cent of what they collect to regional councils in which they are located, the assumption being that they are better endowed financially than the regional councils.

One country—Uganda—has put in place a unique revenue-sharing mechanism. The law requires the districts to pass on to the lower units of district government 65 per cent of the total revenue received in any given fiscal year to be distributed among the lower units according to principles established in the constitution and the Local Government Act. These transfers affect only funds that accrue to the district by way of its own revenue, plus any other funds it may receive from the central government, notably, unconditional grants and equalization grants. This is a good practice worthy of emulation.

In all the six African countries, financial support from the central government including funds from the donors account for 67-80 per cent of the revenue of local authorities on the average. This has led to the loss of voice vis-a-vis their relationship with the centre.

Acting through the relevant central government ministries responsible for decentralisation, the central government ensures that devolved authorities are held accountable for the management of resources raised locally as well as those remitted to them from the central government and other sources.

In the countries visited, close surveillance of financial management by local authorities is influenced by the perception of central government that local authorities are too weak in the area of financial management to be left on their own. The other reason is the dependence on the centre for the bulk of their revenue due to the unstable resource base for most of them.

The omnipresence of the central government also manifests itself in the budgetary process. Local government budgets in Ethiopia, Ghana, Kenya, Namibia, Uganda, and Tanzania are subject to approval by the parent ministry before any implementation can begin. Any variation in the item of expenditure after the budget has been approved is also subject to further approval by the centre. In Ethiopia and Uganda, the situation applies only where conditional grants are involved.

Financial weaknesses of devolved governments, thus, deprive them of the freedom to govern themselves without too much interference from the centre.

2.4.5 **Key Linkages Between Decentralisation Policy, Local Development, The National Development Agenda, and Poverty Reduction**

It is generally assumed that decentralisation provides a conducive environment within which development and service provision to the poor can be enhanced, as it brings decision-making closer to the point of service delivery. However, bringing decision-making closer to the point of service delivery *per se* is not a sufficient condition for enhancing either development or service provision. Experience suggests that the assumption that decentralisation is accompanied by popular participation and, therefore, influences the structure of access to basic needs services is in many situations a myth. The whole notion of the poor engaging in decision-making for their own development remains a contested theoretical terrain, in the absence of a well-defined empowerment design. And therefore, in assessing the linkage between decentralisation, local development, and poverty reduction in the selected countries these limitations must not be lost sight of.
If decentralisation entails separation of powers in the political and administrative spheres and, therefore, implies multiple points of access, then, it is unrealistic to expect decentralisation to contribute to poverty reduction where the inequality is within and not between regions or localities. To adequately address the problem of poverty, its dimensions and characteristics must be isolated within a given area before intervention strategies are put in place. A few cases are illustrative. In Ethiopia, national policy documents highlight poverty reduction as their overarching policy objective, but in practice poverty reduction measures are not mainstreamed in both the decentralisation policy and sectoral development programmes.

In the Tanzanian reform context, decentralisation is linked to local participation and it has been made an obligation on the part of the council to implement schemes intended to involve people in decision-making about their own development. The institution of public hearing is a legal category introduced under section 3b of Act No. 7 of 1982 as amended in 2001. Public hearing is intended to serve as an instrument to entrench public participation in planning and budgeting. In order to operationalise the institution of public hearing, the councils are required, by law, to establish service boards. The boards are supposed to constitute direct popular access to fora where decisions are made on the production or allocation of public services. Membership is open to all citizens residing in the respective areas of jurisdiction of the councils. It is inclusive of government officials, members of the public, and other stakeholders. In practice, however, these meetings are never held. Hence, there is no meaningful linkage between decentralisation, local development, and poverty reduction in Tanzania.

In Kenya, poverty reduction has been stated as a policy concern in every Development Plan since independence, but the actual implementation has lagged behind the aspiration. Even under the DFRD, there is no attempt to relate it directly to poverty reduction. Poverty reduction has never been a policy priority, which is why poverty and inequality have increased over the years.

The one country that presents a rather unique case is Uganda. Uganda has had some experience with a project that sought to integrate decentralisation strategies with development at the local-level as well as poverty reduction. This experience is drawn from a pilot development programme implemented in five districts between 1997 and 2002 known as District Development Project–Pilot and Kotido District Development Project. It was started by the Government of Uganda with the support of two donors, namely, UNCDF and UNDP. The primary purpose of the project was to experiment with modalities and procedures for strengthening development at the district level within the context of the decentralisation policy put in place from 1992 and enacted into law in 1997. By its nature, the project lent itself to the testing of the linkage between decentralisation, local-level development, and poverty reduction. A final evaluation of the project after four years established that through the funding mechanisms introduced and specifically linked to the national programme of poverty eradication (i.e., Poverty Eradication Action Plan), earmarked funds both from the donors and the central government were channelled to local government as conditional grants to be used in the five critical sectors, namely, primary education, health care, water and sanitation, agriculture, and access roads. Participation by the various units of local government as well as by the local people was built into the programmes.

In addition, there was also the Capacity-Building Fund which targeted all levels of government at the district level and below and was intended to benefit the beneficiaries of the development programme as well. Although the project succeeded in constructing many facilities for service provision (social infrastructure investment) the generalized approach to poverty had the effect of neutralizing the impact of the programme on poverty reduction, as no effort was made in the design of the programme or during the course of the implementation of the programme to categorise the poor as a basis for designing policies that target each group according to its own peculiar needs. Otherwise, as an experimental programme, its achievements were impressive in many areas. And it is the lessons which were learned in this programme that are being replicated in LGRP which
initially targeted the city of Kampala but which by last year was being progressively extended to the rest of the districts using some of the modalities which were in operation in the project.

In short, therefore, the experiences gained in some of the cases given above tend to suggest that much still remains to be done in establishing linkages between decentralisation policies, local development, and poverty reduction. To achieve these linkages, decentralisation policy has to be purposive. What is meant by development and who are the poor -- have to be clearly defined in the context of the individual situations.

2.4.5.1 Private-Public Partnership in Local and Regional Development

Partnership between the government and the private sector at either national or local level, in a manner that consciously seeks to promote socio-economic development or public interest, is still in its formative stages in countries where it may be in practice. A survey of the six countries provide few, if any, cases where the private sector (i.e., profit-making enterprises) have joined hands with any government in national/regional/local development, beyond what some may be providing occasionally to charity organisations.

However, where there is convergence of interest between the two some joint effort is possible. This is illustrated by an on-going collaboration between the City Council of Nairobi and the private businessmen in the Central Business District to empower the police to eradicate rising insecurity targeting the businessmen.

2.4.6 The Future Challenges

Implicit in the issues and problems discussed above is the challenges, which they pose to the future of decentralisation in the respective countries. By and large, decentralisation is weak in Africa because of the attractiveness of centralisation of power. This is the greatest challenge that any decentralisation project in Africa has to face. In the last decade, a lot of political liberalisation has taken place in Africa not because the centre wanted it so, but partly because the international community demanded it and in so doing created an environment in which the local civil society organisations would emerge to challenge the authoritarianism in the body politic. It will require a similar movement at the local level if genuine decentralisation of power is to be realised.

The other major challenge relates to lack of a structured framework within which to monitor the performance of the programmes of decentralisation in some of the countries under review. To monitor and evaluate the performance of decentralisation in promoting good governance, development, and poverty reduction, baseline information on the state of governance, development, and poverty situation before the start of implementation, must be obtained. It is the information so obtained that will become the baseline against which progress or lack of progress in each of the three areas can be measured once the decentralisation programme is under way. This would require good knowledge of indicators of good governance, socio-economic development, and poverty reduction. Although there is a lot of material of a conceptual nature in these areas, there is little or no evidence that development managers in Africa are ever guided by them in the design and implementation of programmes of decentralisation. This remains a major challenge.

2.4.7 The Institutions of Governance

This section discusses the role of the various actors in local governance and development. The nature of the relationship between the institutions of governance and the general public is a major variable affecting the nature of governance at the local level. Where institutions with a presence at the local level act as ‘enclosures’, they circumvent any efforts to influence their decisions by those likely to be affected by them. The openness and accountability of an institution attracts popular participation, an engagement without which there cannot be democratic governance at the local
level. Democratic governance at the local level creates a culture of identity/empathy, on the part of the people, with the actions of the government. Thus, institutional responsiveness defined as the achievement of 'congruence between community preferences and public policies' naturally leads to the activities of the institutions being valued by the public.

2.4.7.1 The Role of National Ministries in the Field

The manner in which central and local institutions present themselves in the governance process in the six countries is similar in many respects. To begin with, there is a strong presence of central government agencies in the field regardless of the form of decentralisation that is in operation in the individual countries. In the area of development planning, for example, the Ministry of Planning and National Development in all the six countries is still responsible for national development planning and, in that role, regards local-level institutions simply as sources of information required for plan-making. In Ghana, Kenya, and Tanzania, district planning systems have been put in place, but are merely used for purposes of information gathering. What are referred to as district plans do not influence the implementation process in any appreciable way. However, in Uganda and much less so in Ethiopia, relatively strong devolution has given districts and regions, respectively, some clout in project identification—especially those projects financed from the districts’ own revenue sources. But for those centrally financed, the line ministries still set the pace through the so-called sector-wide planning. Furthermore, there is still dependence on the centre for the supply of skilled manpower.

On financial matters, decentralised governments are still largely dependent on remittances from the centre. The ministry responsible for finance (the Treasury) is responsible for financial planning and approval of budgets for the entire government system. Even where there is decentralisation through devolution, the devolved authorities’ budgets are subject to approval by the Treasury through the ministry responsible for local government. In all the six countries, the phenomenon of conditional grants, which account for about 80 per cent of the financial flows from the centre to the devolved governments, suggests strong influence of the line ministries on the management of the grant.

2.4.7.2 The Role of Regional and Local Authorities

The point then is that even when local institutions are presumably devolved, they essentially simply remain deconcentrated institutions. The omnipresence of the centre is the rule rather than the exception. With regard to the roles and functions of regional and local authorities, again the situation is quite similar in the six countries. In this regard, however, it should be pointed out that it is only Ethiopia which has a regional government in the constitutional sense of the word, i.e., the regional state which derives its powers from the constitution, but whose powers have been undermined by the centre for reasons already given above. This has led to their progressive loss of voice in their own governance. Elsewhere in the other countries, administrative regions exist, but they are not levels of government and, therefore, have little, if any, decision-making powers that may influence the goings-on at the district level. So, the critical level, in the case of devolved powers, is the district, in the case of the five countries in the project.

The general weakness of elected local government authorities in the project countries has been addressed. Suffice is at this point only to give some illustrations.

Thus, the general perception in some countries is that the presence of local councils does not make any differences in their lives. A few cases are illustrative. In Ghana, a survey of two districts in 1992 reported that 70 per cent of the respondents felt that the District Assemblies (DAs) did not respond to their needs with only 22 per cent reporting that they were better than the previous (unelected) system. And a survey of Kumasi City Council residents, found that the majority of the respondents ‘strongly disagreed that the council was sensitive to the residents’ needs’. Still in Ghana, a study of three rural districts in Brong-Ahafo and Western Regions reported that
‘community-level aspirations were completely ignored’ in drawing up district plans. A survey done in Tanzania reported that only 29 per cent of the respondents in a survey of attitudes to decentralisation felt that elected representatives had real influence.

And in Kenya, the same institutions have been characterised by steady decline since the mid-1960s such that in the rural local authorities, it is almost impossible to find any tangible projects which can be associated with local councils. And even in the large cities and municipalities, such as Nairobi, Mombasa, and Kisumu, the mismanagement of the councils has led to declining quality and quantity of services. The situation has been compounded by the internal wrangling within the councils, which has had the effect of depriving them of a common voice when they relate to the central government on matters which affect them. Thus, decentralisation while making some difference in a few countries has not emerged as a critical factor in addressing governance issues at the local-level as it is generally assumed.

In deconcentrated systems represented by line ministries and the so-called development committee system, the situation in the countries such as Ghana, Kenya, Namibia, and Tanzania where the system still operates suggests that sub-national units of the line ministries have no appreciable powers to make binding decisions at their levels of operation. This is also the case with the hierarchy of development committees as may exist at the district levels and below. But even in cases where the districts have been given relative autonomy in district planning, as for example in Uganda, the widespread lack of planning skills still make the districts dependent on the centre for guidance. In Uganda, because of sector-wide planning, the line ministries’ role in district planning remains strong.

2.4.7.3 The Role of NGOs, CBOs, and Individuals

This sub-section deals primarily with the role of NGOs, Community-Based Organisations (CBOs) and the citizens as individual actors. One of the assumed objectives of decentralisation is to provide an opportunity for local-level organisations and individuals to participate in decision-making in the governance of the communities which they represent, and in particular, in areas which affect their well-being.

There are countries where CBOs are playing a major role in filling the vacuum left by the inability of the central government to provide local services. The self-help movement in Kenya based on community organisations is a case in point. Again the failure of the state to provide security at the community level has led to the establishment of vigilante groups in some countries, e.g., the Sungusungu groups in Tanzania.

The NGOs have had a long history in contributing to development at the local-level in many countries especially the missionary affiliated ones. However, the “modern” development NGOs have emerged especially in the last twenty years or so as a result of the failure of the state to provide local services. Their proliferation has, however, been facilitated by the policy of donor organisations who, on realizing that resources channelled from them to the state were not reaching the intended beneficiaries, have opted to strengthen the NGO sector as an alternative channel of delivery of donor assistance to the poor. These organisations are strongly entrenched in some countries, e.g., Kenya, Uganda, and Ghana, but rather weak in others, e.g., Ethiopia, Namibia, and Tanzania. In the case of Ethiopia and Tanzania, the problem has historical roots: in both countries for a long time, the one-party state never allowed any other organisation to operate without being an appendage of the ruling party, such that even today, most of the NGOs in these countries are still struggling to find a foothold.

In the meantime, there has emerged in the recent years a new type of NGOs mainly concerned with advocacy. It is these organisations that have played a major role in the last decade in the political sensitization of the people about human rights issues including the wider area of good governance.
In all the six countries, these organisations have never been given freedom of operation. However, their own weakness lie in the fact that most of them tend to operate in the urban areas with little or no meaningful presence in the rural areas.

2.4.7.4 The Role of Donors

The other non-state actors at the local level are the donors with institutional presence at the grassroots level. Where a donor organisation is not satisfied with how its financial resources are being disbursed by either the central, local government, or an NGO, it would often resort to establishing a presence in the localities as a way of ensuring that the intended service is indeed provided to those who need it. This situation has led to the proliferation of donor presence in the rural areas in all the six African countries.

Indeed, in practically all the countries in the project, a substantial percentage of the funds allocated to local government authorities for development programmes comes from donor agencies. Until recently, in all these countries, donor assistance was being channelled to the line ministries through the treasuries for reasons of accountability. And every donor organisation was acting on its own in deciding which project(s) to support. There were and still are donor organisations which, with the knowledge of the government, opt to deal directly with the individual local authorities in supporting their (i.e. donors’) favoured project(s). Where such an arrangement has been the case, accountability by the recipients has been to the donors directly. The situation where donors operate on the basis of adopting a particular given local authority for support has arisen primarily because of their wish to assume a higher profile through direct supervision of the implementation project.

The problem of uncoordinated donor intervention is due largely to the unwillingness of donors to contribute to a common pool from which the central government can redistribute the assistance to the needy local authorities or district councils on criteria agreed upon between the donor and the recipients. It is only in the last year or so that some donors operating under the Donor Development Group in Uganda, for example, have agreed to contribute to such a common pool. Similarly, in Tanzania, donors have began experimenting with ‘basked funding’. A ‘satellite’ account for all local councils covered by the programme has been set up under the LGRP in the name of a given local authority. It is drawn from and accounted for by the local government in question. Accountability is on a quarterly basis. Failure to account satisfactorily leads to denial of access. Auditing of the fund is done half yearly.

In summary, therefore, the local-level institutions remain weak as actors in the governance process.

2.4.8 Decentralization Monitoring and Evaluation Process: Impact on Quality of Local Governance and Development

In a decentralised system there usually arises the need to put in place the mechanisms through which the various levels and units of government can be made aware of the activities of one another. A monitoring, evaluation, and feedback system is one such mechanism through which such information can be generated and shared. The system also provides a mechanism by which the activities of various units of government can be made accountable by way of checks and balances. If decentralisation is to serve the purpose for which it has been established, information must be obtained at all stages touching on all issues related to its implementation.

If decentralisation is about good governance and development in the context of service provision, then the baseline information on each one of these concerns needs to be collected, analysed, and stored in a manner that would make it possible for the information to be retrieved and disseminated whenever there is a need to do so. Obtaining data on the existing situation before decentralisation provides a basis against which progress or lack of progress can be measured. On the other hand, performance monitoring as a process involves periodically measuring a project’s progress toward
explicit and long-term objectives. Monitoring and evaluation in combination, therefore, assist in assessing the nature of the situation during the course of the implementation of the project, compares the present with the past, and provides feedback that enables project management to respond to developments or trends that require immediate attention.

Like monitoring and evaluation, feedback should be obtained at regular intervals, for example, quarterly, biannually, and annually, and the information obtained should be communicated through a medium that is easily accessible to those who are interested in keeping track of the performance of a given programme.

Information available suggests that monitoring and evaluation is one of the major missing links in most development programmes including projects of decentralisation. What is regarded as monitoring and evaluation in some countries is simply the system of tracking expenditure patterns in the field. If and when an evaluation exercise is ever carried out, it is usually by outsiders, i.e., by those who financially support a particular project or programme.

### 2.4.9 Training and Research Programmes

#### 2.4.9.1 The Rationale and Need for Capacity-Building

The information available from the six countries in the project clearly demonstrates that there is lack of capacity to implement decentralisation programmes, especially in areas related to operationalisation of good governance, design and implementation of development programmes, and the identification of the characteristics and dimensions of poverty at the local level. The scope of the problem is not the same in all the countries. In Ethiopia and Namibia, for example, the existence of capacity gaps is much more pronounced.

Capacity weakness manifests itself in two critical areas: lack of skilled manpower at the district level and weakness of institutional capacity in a much wider sense.

In general, conceptual skills are lacking at various levels of government. The ability to interpret government policies is thus impaired. This has had a negative impact on the quality of governance at the local level.

Therefore, the need for capacity-building was stressed in all the five countries. The key areas requiring capacity-building intervention were identified and they include: conceptual capacity in governance, development, and poverty reduction strategies; policy analysis; implementation strategies; skills in project planning incorporating project identification and budgeting; participatory decision-making; sector-specific training interventions; financial management (including expenditure tracking, accountability, auditing and basic book-keeping skills); need for clearer understanding of what decentralisation entails for various levels of government as well as for stakeholders; poverty reduction strategies including ability to mainstream poverty issues in development planning; ability to mainstream gender and HIV/AIDS issues in the planning process; vertical and horizontal communication and relationships; mechanisms for conflict resolution between the centre and localities in devolved systems; ethics in public service; monitoring and evaluation techniques; and skills in data collection, analysis, and communication.

However, it should be noted that in all the countries in the project, the recognition of the existence of capacity gaps has attracted a lot of attention both from respective governments and the donor community, such that there is not a single country where some action is not being taken in one way or another to address some of the identified capacity gaps. We found some very well-developed intervention strategies already being put in place by the individual countries to tackle these problems.
In all the six countries in the project various state-supported training programmes both at the national and local levels are ongoing. They are pre-service training programmes which are usually sector-specific and are conducted over relatively long periods of time running from two to three years, usually ending up in the issuance of certificates and diplomas. The target group is usually school leavers. These programmes are fully financed from government resources and are used to provide the pool from which the civil service recruits junior and mid-career personnel. Otherwise, the senior personnel are recruited from the pool of university graduates. Apart from pre-service training, training also takes the form of “in-service,” which is either supply driven or demand driven. A combination of these exists in all the six countries. The weakness in the training programmes is that a lot of effort is expended on supply-driven programmes and, therefore, fail to address critical skills gaps.

At the national level, there exists in every country a major training facility responsible for in-service training, particularly of senior public servants sponsored by their own organisations. The reality of the situation, though, is that at any given point in time, these institutions can only accommodate a small number of students because of their own limited capacities.

Whereas most of the training facilities/institutions existing in Africa are national institutions, there are regions in Africa with institutions which attract trainees across national boundaries. The Eastern and Southern Africa Management Institute (ESAMI) based in Arusha, Tanzania is one such institution. It has residential training courses, targeting both top civil servants as well as middle-level cadre. It has also an (annual) “campus” which is held in different countries in rotation. Like the national institutions, it too has its own capacity limitations in that it cannot adequately respond to the demands of such a large region.

In summary, the need for training of skilled manpower still remains in the six countries in spite of the existing individual governments’ own efforts.

There are many institutions in the six countries which are engaged in “applied” research. Some of these institutions are sectoral research institutions carrying out applied research, targeting appropriate interventions in given sectors.

However, the majority of research institutions are university-based. Some are engaged in applied research, others in basic research while a few others are engaged in both. Some of the institutions in these countries are also engaged in the teaching of especially post-graduate programmes. In that sense, they are also contributing to capacity-building in another form.

Thus, should a need arise for collaborative research between the proposed project and an institution in any of the project countries, it should not be difficult to decide which one to establish cooperation with, depending on the subject matter of the research.

Training interventions will be made at international and national levels to address the skills gaps already identified. The international training course referred to as “training of trainers” will target the officers from the participating countries who are responsible for training of personnel in the decentralisation project. Within the individual countries, training will be conducted at two levels: the national level and at regional and district levels (combined). The curriculum will be designed to suit each target group. The training method will also vary from one group of trainees to another, so
will the faculty involved. The material to be used in each course shall be developed by the faculty involved in the course. (For more on training see the project document).

SECTION III: ASIA COMPONENT

3.0 Capacity for Decentralized Governance in Asia

3.1 Strategic Visions on Sustainable Development in Asia

The World Summit on Sustainable Development (WSSD) – held in Johannesburg, South Africa, from 26 August to 4 September 2002 – strengthened the concept of sustainable development and the linkages between poverty, the environment, and the use of natural resources. Achieving sustainable development requires ensuring environmental as well as economic and social sustainability. Many environmental problems stem from poverty, although many problems also arise from the production and consumption patterns of the rich, particularly in developed countries. Thus, reducing poverty can play an important role in protecting the environment. The relationship between poverty and environmental sustainability also has a gender component.

The WSSD also reaffirmed the global commitment to the full implementation of Agenda 21 and the United Nations Millennium Development Goals aimed at reducing poverty and promoting sustainable development. With the exception of Singapore (a high-income country), the governments of the countries under review (i.e., Bangladesh, Malaysia, People’s Republic of China (hereinafter, China), Republic of Korea (hereinafter, Korea), and Thailand) have all developed poverty reduction strategies. Governance is seen as the foundation for sustainable development and poverty reduction.

In Bangladesh (a poor, overpopulated, parliamentary democracy with a low level of human development), poverty reduction is a central theme in the national development policies. Lack of income and employment opportunities, aggravated by increased population and labour force, on the one hand, and environmental degradation, health care and sanitation, on the other, have made poverty problems more acute. The present economic growth rate (below 5 per cent) and the low rate of savings and investment are incapable of breaking the poverty cycle. Even with its successes in growing out of deep poverty, closing the rural-urban gap in economic growth, and advancing maternal and child health over the past ten years, Bangladesh is still far from reaching the Millennium Development Goals such as those relating to hunger and sanitation. The government’s strategy is thus to accelerate economic growth and increase investments in the priority sectors -- agriculture, industries, and rural infrastructure (through subsidies) as well as education, health, and human resource development (especially for women and youth). In March 2003, the government finalized the interim Poverty Reduction Strategy Paper (I-PRSP) entitled, “Bangladesh: A National Strategy for Economic Growth, Poverty Reduction and Social Development,” for wider dissemination to the public.

Malaysia, a middle-income country with a constitutional monarchy and a medium level of human development, is currently implementing its Eighth Malaysia Plan (2001-2005) and its Third Outline Perspective Plan (OPP3), which constitutes the second decade of development under the government’s Vision 2020. The goal of Vision 2020 is for the country to become industrialized. The OPP3 focuses on “building a resilient and competitive nation” -- by raising the quality of development and generating high sustainable growth. It also addresses environmental and natural resource issues in an integrated manner. The OPP3 is based on the National Vision Policy (NVP), with national unity as its overriding objective. The NVP incorporates the key strategies of the New Economic Policy (NEP), namely, eradicating poverty irrespective of race and restructuring society, and those of the National Development Policy (NDP), which emphasizes balanced development. The NVP also introduces new policy thrusts – including developing Malaysia into a knowledge-based society; generating endogenously-driven growth; addressing pockets of poverty in remote
areas; and increasing the income and quality of life of those in the lowest 30 per cent income category. All poverty reduction programmes will be consolidated under a special programme called, “Development Programme for the Poorest,” which will inculcate the concept of self-reliance. The long-term benefits of shared growth are reported to be political stability through broad-based development (with an emphasis on education and health), and poverty reduction.

China, a low-income communist state with a large population, has achieved impressive reduction in poverty driven by an economic growth of more than 9 per cent a year in the 1990s. However, it still has large pockets of persistent poverty, particularly in the geographically isolated northwestern provinces which have experienced much lower growth, compared with the coastal provinces. It also continues to face serious human (social) development challenges such as rising social and economic inequality, and the absence of a social safety net. Urban poverty is a relatively new phenomenon, associated with growing unemployment. Land reform, linked with equity, is also on the political agenda. The government will intensify efforts to stimulate growth through spending on infrastructure and poverty relief, and through rural tax reform.

The Government of Thailand’s Ninth National Economic and Social Development Plan (2002-2006) specifies its goals for poverty reduction and growth. Between 1988 and 1996, the poverty incidence dropped from 33 per cent to about 11 per cent of the population. But it increased to 16 per cent during the Asian economic crisis of 1997-99, causing the gaps between the rich and poor to widen. Incomes are distributed unequally. Regional inequalities are also pronounced. Poverty is concentrated in rural areas due to limited access to needed resources and limited economic opportunities. The concepts of sufficient economy (proposed by His Majesty King Bhumibol) and Buddhism as a way of life were considered as possible themes for the Ninth Plan.

Korea has achieved rapid economic growth and human development due to a number of factors: high savings and investment ratios, a well-educated labour force, equitable income distribution, and well-directed export-oriented development strategies. The percentage of the population living in absolute poverty has drastically decreased due to rapid economic growth. However, the Asian economic crisis exposed some weaknesses in its development model – including high debt/equity ratios, massive foreign borrowing, and an undisciplined financial sector. Combating poverty is a continuing strategy. The government has prepared the Productive Welfare Guidelines on social welfare. The government is currently implementing its Livelihood Protection System under the National Basic Livelihood Security Act of 2000. The government also continues to focus on human resource development through enhancement of knowledge and information capabilities. To integrate environment and economic development in decision making and accelerate sustainable development, a Presidential Commission on Sustainable Development was established in September 2000 under the Office of the President.

Singapore, a highly developed and successful free-market economy, enjoys an open and corruption-free environment. In the longer term, the government hopes to establish a new growth path that will be less vulnerable to the external business cycle than the current export-led model. The government’s key strategy to integrate environment and development in decision making is to incorporate the planning and construction of environmental infrastructure in development projects. The Singapore 21 Vision, launched in April 1999, is an example of the government’s notion of a more participative society. It calls for a society where all the key sectors (public, private, and people sectors) will play active roles in shaping the country’s future development. The Singapore 21 Committee has published its report, Singapore 21: Together, We Make the Difference.

3.2 Needs Assessment on Decentralized Governance in Asia

Decentralized governance is a process that is very specific to the country in which it is being implemented. Each country is different. The history and culture of each country significantly affect the design and implementation of decentralization. Additionally, the level of economic...
The development of each country determines the total resources that are available for decentralization. The higher the level of economic development, the higher is the level of activities that can be carried out, and vice versa. With low levels of resources, decentralization cannot be implemented and sustained. With low technical capacity, local governments cannot take over and maintain the services or functions devolved to them. Moreover, the number of tiers or levels of government, the size of the population or the geographic area of local governments, and ethnic diversity strongly influence decentralization efforts in each country. In the target Asian countries (except Singapore), the local governments have been reshaped by some of these factors.

3.2.1 Correlation Between Governance and Decentralization

According to a World Bank study, there is a strong positive correlation between the quality of governance and fiscal decentralization. Applying a governance index with four components, the study ranked countries in the world (including five of the target Asian countries—China, Korea, Malaysia, Singapore, and Thailand) on the basis of their governance quality (see table 1). The countries were assessed by four criteria: (a) citizen participation (political freedom and political stability); (b) government orientation (judicial efficiency; bureaucratic efficiency; and lack of corruption); (c) social development (human development; and egalitarian income distribution); and (d) economic management (outward orientation; central bank independence; and inverted debt to GDP ratio).

However, in the target Asian countries there appears to be a lack of correlation between the quality of governance and decentralization (in terms of both administrative decentralization or deconcentration, and political decentralization or devolution). For example, countries with high governance index (e.g., Singapore) are strongly oriented towards centralization (and so was Malaysia until recently and Korea in the 1970s). On the other hand, countries with fair and poor governance indices (e.g., Thailand and China, respectively) are more oriented towards decentralization (see table 1 and figure 1). Thailand has recently moved towards political decentralization, although its administrative structures remain centralized. China continues to be politically centralized amidst a process of administrative and fiscal decentralization. Bangladesh was not included in the World Bank study, but its key concerns are ineffective decentralization and local government.

It is important to note that the centralization-decentralization framework is an initial attempt to place the target Asian countries on a continuum. Further research is needed to refine the framework, based on in-depth analysis of the countries’ history and administrative and political elements.

**TABLE 1. GOVERNANCE INDICES OF COUNTRIES COVERED BY THE ASIAN NEEDS ASSESSMENT STUDY**

<table>
<thead>
<tr>
<th>Good Governance</th>
<th>Fair Governance</th>
<th>Poor Governance</th>
<th>Governance Quality Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td></td>
<td></td>
<td>65</td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td></td>
<td>58</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td></td>
<td></td>
<td>57</td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td></td>
<td>43</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td>39</td>
</tr>
</tbody>
</table>


**Note:** Bangladesh was not included in the World Bank study.
### FIGURE 1. CENTRALIZATION-DECENTRALIZATION CONTINUUM IN ASIAN COUNTRIES

<table>
<thead>
<tr>
<th>Administration</th>
<th>Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatively More Centralized</td>
<td>Relatively More Decentralized</td>
</tr>
<tr>
<td>Singapore</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>Malaysia</td>
<td>China</td>
</tr>
<tr>
<td>Relatively More Decentralized</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>Republic of Korea</td>
</tr>
</tbody>
</table>


**Note:** This framework illustrates variations among countries in terms of administrative and political centralization/decentralization. The matrix is divided into four quadrants. Countries that lie in the upper left quadrant have centralized administrative and political systems while those that lie in the bottom left quadrant have centralized administrative systems and decentralized political systems. On the other hand, countries that lie in the upper right quadrant have decentralized administrative systems and centralized political systems while those in the bottom right quadrant have both decentralized administrative and political systems.

### 3.2.2 Centralization and Decentralization Experiences in Asian Countries

A principal feature of government in most of the target Asian countries has been the centralization of government administration following independence. After independence, the pursuit of nation-building and economic development required centralization.

The Governments of Singapore, Malaysia, and Thailand (the countries visited during the Asia Needs Assessment Mission) are implementing programmes of centralization and decentralization as a means of promoting national unity and developmental objectives, as well as democratic objectives (in the case of Thailand). National unity continues to be the goal of development in Singapore and Malaysia given the multiethnic and multicultural nature of the nations.

In Singapore, the governmental system is centralized. Centralization is associated with the absence of local government. The country’s small territorial size (692.7 km2) and demographic size (approximately 4.4 million), urbanized status, and efficient communication system are some of the reasons given for adopting a centralized system of governance. Politics is dominated by the People’s Action Party (PAP) which has held power since the country gained autonomy from the UK in 1959. Government administration has been deconcentrated to the Community Development
Councils (CDCs), which function as local administrations in their districts. The CDCs initiate, plan, and manage community programmes. They also provide various community and social assistance services for the residents. They are managed by a council composed of the mayor and council members who are appointed by the Board of Management of the People’s Association. Five CDCs were formed in 1997.

Malaysia operates a federal system of government. Decentralization is viewed from two perspectives – the sharing of powers, functions, and resources between the federal government and the thirteen states as defined in the constitution; and the sharing of powers, functions, and resources between the states and the local governments. For government administration, the country is organized along three tiers: federal, state, and district government. Below the district government are local governments. In terms of federal-state-local government relations and allocation of powers, the federal system tends to be heavily biased towards the federal government. The states and local governments are politically and economically subordinate to the federal government. Local governments fall under the exclusive jurisdiction of the state governments; they are not political subdivisions but are merely administrative organs of the state governments. The National Council for Local Government (NCLG) formulates policies and gives advice on local government matters. It is supposed to act as a communication forum and a conduit between the state and federal governments. However, it is reported that the federal government has seldom consulted the NCLG, insisting upon its central authority with respect to local government matters. Moreover, it is reported that the state governments are still in a strong position to dictate policies upon the local governments. Local elections continue to be suspended. District and municipal councilors are appointed by their respective state governments. As part of administrative reforms, the government is slowly shifting from the British legacy of centralization to limited devolution. There have been reports of positive changes in the governance structure -- including changes in unitary/federal/composite format; balance between rural development and urban management; and decentralization. Within the concept of decentralization, five trends are emerging – devolution, deconcentration, dispersion, de-bureaucratization, and strengthening municipal/local autonomy. However, it has been observed that recent developments in local government seem to indicate a reversal process towards “recentralization” of powers. Local governments derive their powers from three acts: the Street, Drainage and Building Act 133 (1974); the Local Government Act 171 (1976); and the Town and Country Planning Act 172 (1976).

Thailand has a unitary system of government. Prior to its recent efforts to decentralize, it was characterized as a highly centralized government system. The 1997 constitution broke new ground by providing that: “The State shall decentralize powers to localities for the purpose of independence and self-determination of local affairs…having regard to the will of the people….” The Decentralization Act of 1999 is the main legal document guiding decentralization in the country. It specifies six main areas of decentralization, namely, Infrastructure; Quality of Life Services; Community Order; Commerce and Tourism; Environment and Natural Resources; and Culture. It also provides for a transition period for arrangements for transferring powers and functions from central to local governments, as follows: (a) the first four years (2001-04) for partial transfer of public services to the localities; (b) the following five years (2005-10) for complete transfer of public services to the localities and for enabling citizen participation in local government; and (c) from 2011 onwards for providing full autonomy to local governments. A Committee on Decentralization to Local Government Organizations was created, chaired by the Prime Minister or the Deputy Prime Minister. The Office of the National Decentralization Committee (ONDC) is responsible for developing strategic and implementation plans for decentralization, executing transfers of functions and personnel, and increasing the tax/revenue ratio of local governments. It is also responsible for monitoring and evaluation of the decentralization process. The Action Plan on Decentralization details the functions to be transferred to 7,951 local government organizations – including provincial administrative organizations (PAOs); city and town municipalities; tambon administrative organizations (TAOs or subdistricts, formerly sanitary districts); and two special local administrative organizations (the
Bangkok Metropolitan Administration (BMA) and the City of Pattaya. There is political participation in the selection of local chief executives in BMA and Pattaya, and in the municipalities, as well as in selection of tambon council members.

Korea has a unitary, democratic form of government. It has a long history of local autonomy involving informal, voluntary local institutions for the purpose of promoting mutual help among the people. The local government system comprises two tiers: the upper and lower levels. The upper-level local governments include seven metropolitan and nine provincial governments, with relatively broad territorial jurisdictions. The lower-level local governments include ninety-one counties (rural local governments) and seventy-two cities or urban districts, which are basic level local governments. Deconcentration was first adopted by the government for the purpose of rural development. The revised Law on Local Autonomy, enacted in 1990, established the local assemblies of cities, counties, and districts. As part of democratic reforms, local elections were held in 1995. Currently, local governments have relatively more autonomy and discretionary power. As a result, however, there were reports about local chief executives diverting funds or spending public funds to ensure their reelection. Furthermore, corruption and bribery in service provision were reported to be prevalent at the local level. This points to the need for accountability on the part of local governments.

In China, there are four levels of government: central, provincial, (urban) district or (rural) county, and (urban) neighbourhood committee or (rural) township. The urban residents’ committee or the rural village is not strictly classified as a local government unit. The three largest cities (Beijing, Shanghai, and Tianjin) have provincial status and include both urban districts and rural counties. Relations between levels of government are politically hierarchical under the Chinese Communist Party. Local governments are the administrative organs of the state under the leadership of the State Council. Lower-level local governments fall under the guidance of higher-level local governments. The fiscal decentralization strategy was inherently a political decision which granted the provinces greater economic discretion in return for their political loyalty. It increased the financial capacity of local governments, although it also contributed to increasing disparities among the regions. Local governments are increasingly playing an active role in local economic development. The increase in their extra-budgetary incomes is an indicator of their growing autonomy. But large differences exist between provinces with respect to the proportion of central versus local capital construction investment. This shows that central government still has control over resource allocation.

Bangladesh, with a unitary form of government, has experimented with four different decentralization schemes since 1958, none of which was evaluated as having delivered its promised benefits. These included: the Basic Democracies Programme which became a patronage mechanism for providing funds for public works down to the village level; the relief committees of party members at thana and district levels which declined in popularity due to alleged corruption; the introduction of a new village-level institution (Gram Sarkar) which was to be linked to union, thana, and district levels as a basis for popular participation but was soon abolished; and the Upazila programme for the coordination of development projects, which also failed due to charges of corruption. The establishment of local government is embedded in the 1972 constitution. There are differences between the local government structures in rural and urban areas. Rural-regional local government consists of districts, thanas, unions (rural micro areas), and grams (villages). Urban local government consists of city corporations (for the six largest cities – Dhaka, Chittagong, Khulna, Rajshahi, Barisal, and Sylhet) and pourashavas (or municipalities, for all other cities and towns). Both types of local government are managed by elected bodies. Women have special places in local government. Although local governments have attained some degree of autonomy, the central government continues to have control and close supervision over local governments. The territorial jurisdiction, functions, and revenue/expenditure patterns of local governments are determined by central legislation. The patron-client relationship is reflected in the relationship of central government to local government in Bangladesh.
As discussed above, decentralization is a recent initiative in most of the target Asian countries. There is a learning curve in their decentralization process. With effective information dissemination and training, residents of localities will become better informed about the nature of decentralization and local governance, and in a more democratic environment, be more effective in voicing their concerns.

3.2.3 Local/Regional Development in the Context of Decentralization

Local/regional development requires decentralized institutions to ensure an accountable, transparent, and predictable environment for policy- and decision making at the local/regional level. Although decentralized planning has assumed importance in the countries studied, the central government sets the agenda through policy guidance. Local capital development expenditures require authorization from the central government.

Local/regional governments or authorities also have to contend with government decentralization. In the countries under review, there is a need to clarify the relationship between central, regional, and local governments in decentralization plans, as well as the role and status of local/regional governments in the intergovernmental system.

Singapore’s Concept Plan embodies its long-term development and land-use strategies. The Concept Plan 2001 maps out the country’s vision for the next forty to fifty years, based on a population scenario of 5.5 million. It is based on public consultation through focus group discussions and internet feedback, and includes proposals for housing, recreation, business, infrastructure, and identity. The Ministry of National Development and the Urban Redevelopment Authority (URA) are the agencies concerned with development.

In Korea, the regional development policy has two clear aims: (a) special area development for the promotion of industrial development and for the development of lagging regions; and (b) balanced regional development in terms of population, economic activities, and service provision, through the development of rural industrial estates in small- and medium-sized cities, and extended regional growth centres. Local autonomy has decentralized the regional planning process.

In Malaysia, the overriding objective of national development plans is towards balanced (total) development (i.e., ensuring equitable distribution of income, employment opportunities, improved standard of living and enhanced quality of life, and a united and just society). The principal thrust of regional development is on enhancing regional balance through rapid development of the less developed states. During the OPP3 period, the government will diversify the economic base of the slow-growing states into manufacturing and services. Strategies to reduce disparities between urban and rural areas include strengthening of rural institutions, greater use of information and communications technologies (ICTs) in rural areas, and improving the linkages between urban and rural economies. Rural communities will be regrouped into small townships to facilitate the provision of infrastructure facilities and services. Indicators will be developed to facilitate monitoring of the quality of life of the rural population.

In Thailand, local/regional development is oriented towards export-oriented manufacturing-based economic growth. Globalization is influencing the new strategy towards an emphasis on -- the decentralization of regional development planning; industrial location (in which Bangkok will become relatively less important as a market, and coastal locations with good ports will become more important as gateways to international markets); the provision of incentives to influence the location of economic activity (e.g., tariff privileges or corporate tax inducements); and the comparative advantages of different regions (in which the Bangkok Metropolitan Area will serve as a knowledge region). Three types of developments plans are prepared: (a) the Central Development Plan comprising the national, ministry, and departmental plans; (b) the Provincial Development Plan comprising the provincial, district, and tambon or subdistrict plans; and (c)
Local Government Development Plan prepared by each local government organization (PAO, municipality, TAO, and Pattaya City). Plan coordination issues that need to be addressed include the overlapping of functions and responsibilities among different government agencies, the parallel system of provincial and local government development plans, and limitations in performing the duties of the coordinating units.

In China, since the government instituted its economic reform and open-door policies, the regional policy has shifted from balanced regional development to economic development in the coastal areas, and then to the development of inland areas. The government’s approach has also shifted from a centrally-directed planning system to a locally-initiated development strategy leading to the decentralization of power and authority, the restructuring of central-local government relationship, and changes in the organizational structure of the local economy (particularly the establishment of township and village enterprises (TVEs) managed by township governments, the private sector, and village cooperatives).

### 3.2.4 Fiscal Decentralization

Finance is a major component of decentralization. Experience in the countries reviewed shows that there is no one best formula for financing decentralization. The central and local governments must decide how to finance decentralization based on their individual circumstances, needs, and resources.

Although the structure of financing varies between countries, common patterns exist. Following are some weaknesses:

First, local governments have inadequate “own resources” to finance their expenditure functions. Although a large variety of local taxes are levied, the most common sources of “own” revenues are the property, business, and sales taxes, and licenses and permits.

In Malaysia, the federal government obtains between 84 per cent and 88 per cent of total government revenues while the thirteen states obtain only 12 per cent. Local governments greatly depend upon assessment rates (property tax) imposed on the improved or market value of property, as their main source of income or revenue. The fact that state governments are not in a position to provide financial support to their constituent local governments constitutes a significant bottleneck to the implementation of decentralization in the country.

In Thailand, the revenue generation capacity of local authorities is very weak. Local revenues are low (on average, only 1.2 per cent of gross domestic product (GDP), or 7 per cent of central government revenues). The Decentralization Act only provides for decentralization of expenditures for devolved services. The proportion of revenues to be allocated to local government organizations and shared among them, was expected to increase from 13 per cent in FY 2000, to 20 per cent in FY 2001, and finally to 35 per cent within four years. A strong rural bias was observed, with financial resources being devolved to TAOs and PAOs. However, based on efficiency considerations, TAOs may not be able to achieve the desired redistribution effect. On the other hand, limited increases in fiscal transfers are being given to cities.

In Korea, most local governments are reportedly not financially sound and therefore, have to rely on the central government for financial support. Their income is derived from self-generated revenue and grants from central and upper-level local government – including categorical grants for specific programmes, revenue-sharing (central government transfers), and shared taxes (grants provided by central government to promote national and local interests, e.g., local road construction, rural development, environmental protection, juvenile delinquency, and regional development). Moreover, the central government exercises considerable authority and influence over the local governments’ budget. Local governments must follow central government guidelines
Similarly, in Bangladesh, rural local governments are highly dependent on central government grants. However, inadequate, unreliable financial commitments from the central government have given rise to a number of problems with the implementation of decentralization. The local sources of income are taxes, rates, fees, and user charges as well as rents and profits from properties. Weak tax management and corruption are some of the reasons given for low tax collection. On the other hand, urban local governments can raise between 55 per cent and 75 per cent of their own-source revenues and the rest comes from government grants. Donor grants also contribute a significant share of a city corporation’s budget.

Second, user charges can bring benefits to local governments, but their potential as a means of financing decentralization remains more potential than reality. Local governments are dependent upon transfers (shared taxes) and grants or subsidies from central government, and in some cases, from donors. Based on the “benefit principle” of equity, user charges should be levied on the direct beneficiaries or recipients of services. Those who are not in a position to pay, can contribute in kind, or work for a short period to pay for services received.

Third, debt financing or borrowing to finance infrastructure projects is discouraged and subject to certain conditions or restrictions (e.g., Malaysia); subject to approval by the Minister of Home Affairs (e.g., Korea); and seldom used due to complex rules. Malaysian local authorities which need funds to finance their development projects may sell local authority bonds to the public. In Thailand, the existing legal and policy restrictions prevent local governments from gaining access to private capital markets.

For low-income areas, local governments can mobilize funding through micro-finance or micro-credit schemes.

Fourth, there are very few cases of public-private ventures for capital improvement due to lack of expertise at the local level, particularly lack of skills in capital budgeting (e.g., Thailand). However, the Bangkok Metropolitan Administration (BMA) has allowed the private sector to invest in infrastructure projects through various forms of concessions. In Malaysia, some of the critical local government services (e.g., sewerage and solid waste management, and cleaning and maintenance of public parks) have been contracted out to the private sector. Malaysia, Thailand, and Korea have established deliberation councils to reduce the information and transaction costs of private agents.

Fifth, there are variations in financing between local governments within countries as well as between countries. Such variations reflect differences in income or resources. Large cities or municipalities (e.g., Bangkok, Dhaka, Kuala Lumpur, Seoul, Beijing, Shanghai, and Tianjin) are richer and tend to carry out a wider range of functions. Such variations also reflect differences in policy choices (e.g., a choice between levying higher taxes and the quality or quantity of services). In China, the system of intergovernmental revenue sharing is characterized as a nested hierarchy – i.e., the central government sets the revenue-sharing rules with the provinces; in turn, each province specifies the sharing system with its prefectures, and the prefectures for the counties, and the counties for the townships.

Sixth, local governments lack power to levy new taxes to meet development needs. Local taxes are stipulated by law (e.g., Korean local governments cannot impose container, tourism, or environment tax). However, some local governments have not adequately exercised their power to levy development charges (e.g., Malaysia). With the shift in local government functions, from service provider to facilitator or enabler of local development, their weak financial position should be strengthened.
As shown above, local governments in the countries studied are underfinanced. Channeling more resources for decentralized service delivery depends in large measure on strengthening their fiscal capacity. There is a need to reform their fiscal system to reduce their reliance on conventional means to finance decentralization. Too often, the system is arbitrary, unfair, and inefficient. There are new and innovative ways to finance decentralization but many local governments are constrained by inertia and lack of political will to experiment and innovate. Others do not use their existing resources efficiently because of lack of technical capacity. In Malaysia, for example, a UNESCAP study reported that most local governments are unable to prepare their annual financial accounts, thus hampering auditing work.

Resource allocation is another weakness. Decentralization policies are sometimes prepared for political use with little or no consideration for resource availability and management. It is difficult to sustain the decentralization process which does not consider the resource constraints within a system of local governance. It is, therefore, essential to consider the resource implications of the decentralization process. In Thailand, budget decision making and allocation is still centralized, making it nearly impossible to integrate development projects at the provincial level.

Gender-responsive budgets empower women’s organizations and civil society to hold governments accountable for their commitments to promote gender equality. They ensure consistency between social commitments to achieve gender equality goals (e.g., education and employment) and the resources being allocated.

In fiscal decentralization, participatory public expenditure management (PPEM) is becoming the standard practice. According to the Social Development Department of the World Bank, it is turning out to be an effective element in good governance advocacy because it promotes a “surgical” approach to examining government expenditure and performance. Three examples of civic engagement are the Sustainable Penang Initiative (SPI), Singapore’s Interactive Web-Based Feedback Mechanism, and budget advocacy initiated by the Institute for Development Policy Analysis and Advocacy (IDPA) in Dhaka, Bangladesh. SPI is a project undertaken by the Socio-Economic Environmental Research Institute (SERI), an agency of the State of Penang, Malaysia. It is an annual process that provides trend-series performance monitoring information to guide policies and programmes. Singapore’s interactive web site, initiated by the Public Feedback Unit, gathers feedback through structured poll questionnaires to enable the government to get a better understanding of “ground feelings”. The IDPA has conducted surveys in Dhaka’s slums and in rural areas to determine people’s understanding of and opinion on how the government budget should be allocated. The critical success factors in these initiatives are the availability of a technical group that will pilot the methodology and will be willing and capable of transferring the technology to citizen groups; the availability of external financing to pilot the initiative; the interest of citizen groups to sustain the initiative; and dissemination of results to the public.

### 3.2.5 Decentralization of Personnel

The decentralization process requires strong local governments. This suggests that the quality of managerial, planning, and technical personnel is the crucial variable. The lack of trained personnel in local government in some countries (e.g., Bangladesh and Thailand), has usually resulted in greater dependence on consultants to conduct studies and to manage decentralized functions. But reliance on consultants does not guarantee that the programmes will be effectively implemented or more responsive to local needs, or that the capacity of local governments will be developed.

In Thailand, the personnel management problems in local government include: lack of security of tenure; limited career opportunities; limitation on salary increases; difficulty in transferring local officials; lack of access to the central provident fund; and lack of information on pension fund entitlements. The lack of a unified civil service policy covering both central and local government personnel, acts as a disincentive for central government personnel to transfer to local government
service. In the decentralization of personnel, there is a strong urban bias because people are reluctant to work in rural areas. The Local Personnel Committee that was created through the Local Personnel Administration Act of 1999 may look into these issues.

Similarly, in Korea in the early 1990s, 75 per cent of manpower was concentrated in the central government. Measures to transfer personnel to local governments have not been successfully implemented. However, the Law on the Promotion and Transfer of Central Authority to Local Governments, enacted in 1999, is expected to result in the even distribution of personnel.

In Malaysia, more urban services are being privatized or contracted out to remedy the lack of professional expertise and also to ease the financial burdens of local governments. More managerial and technical positions in local governments have also been created. Local officers are also given more opportunities to attend training courses locally and abroad, as part of capacity development.

3.2.6 Capacity of Local Governments to Perform Devolved Functions or Services

Decentralization is overcrowding, but at the same time, retaining the traditional functions of local government. The problem can be linked to financial and personnel constraints. The benefits of decentralization depend crucially on local government capacity to perform the devolved functions. Many local governments have neither the financial and administrative capacity nor the technical capacity to make the devolved programmes work effectively. They tend to use available financial and personnel resources for their own purposes due to lack of procedures for accountability. Thus, there is a need to build the capacity and responsiveness of local governments for decentralization and improved service delivery.

Local governments would be served by developing measures to gauge their effectiveness in service delivery that include internal measures of service quality through performance measurement, and external measures through citizen satisfaction surveys or report cards.

In China, the Provincial Expenditure Review conducted by the World Bank in 2000, found that counties and townships provide the bulk of vital public services – including 70 per cent of budgetary expenditures for education and from 55 per cent to 60 per cent for health. Cities at prefecture and county levels are responsible for financing unemployment insurance, social security, and welfare. Local governments are also responsible for financing infrastructure investments, although they are not permitted to borrow. These devolved functions or services are not adequately supported by an effective system of intergovernmental transfers. Budgetary pressures on local governments have increased since the introduction of the Tax Sharing System in 1994, which re-centralized revenues without adjusting the functions of local governments. A parallel centralizing trend was observed at the subnational level, because of increasing expenditure shares at the provincial level, at the expense of counties and townships.

In Thailand, a study by Webster indicated the need to re-engineer the PAOs and the tesabans (urban municipalities) to improve their planning and implementation, organization and management, and service delivery. It proposed the strengthening of the role of PAOs in decentralization, to include: serving as a new tier for service delivery; conducting strategic planning for the province; acting as a catalyst for the extended urban region inter-jurisdictional coordination; managing integrated rural development and rural-urban linkages; and assisting and facilitating TAO functions. The PAOs can also serve as key coordination interface between rural-urban top-down and bottom-up forces. Consolidation of the more than 7,000 TAOs is also proposed to achieve more efficient service thresholds (e.g., schools), economies of scale, and effectiveness of devolved personnel. The TAOs vary in the size of their geographic area (from 0.60 km2 to 910 km2) and population (from 21 to 45,189). They lack capacity to deliver services in an efficient and effective way. There are proposals for the joint implementation of TAO programmes
or the merging of small TAOs for viable service delivery. Apart from organizational and management weaknesses, the capacity of local government organizations is constrained by rules and regulations on procurement, use of grants, and budgeting and accounting.

Likewise, in Korea, there are proposals to remove at least one of the three layers in local government – city-county-ward (eup-myun-dong) – to enhance the efficiency and effectiveness of local administration.

3.2.7 Fragmentation of Institutional Structures at the Local Level

The growth of local governments, field offices, special-purpose agencies or local state-owned enterprises, local development authorities, the private sector, and nongovernmental organizations (NGOs) has fostered the emergence of fragmented institutional systems at the local level. Fragmented structures cannot achieve desired decentralization goals. They make implementation and control of resources difficult.

The target Asian countries (except Singapore) have dual systems of local government, with a devolved local government system and a deconcentrated or field staff from the central government ministries. There are some issues relating to these forms of decentralization:

First, there is a lack of clarity about what functions or services should be handled centrally, and what functions or services should be handled at the local level. Without a clear definition of the roles of central and local governments, there can be no clear statement of accountability.

Second, local government officials are frequently overruled by central government officials who have more political and financial power and technical expertise. Power struggles between central and local governments create a volatile political environment.

Third, there is lack of horizontal coordination among central government line agencies at the local level, as well as between them and local government personnel. They tend to be more interested in protecting their own ministries’ interests instead of promoting cooperation. Coordination is further complicated by sectoral specializations and the compartmentalization between technical line departments and the departments of planning and finance at the local level. Bureaucratic rigidity works against these cross-cutting issues.

Therefore, evaluations of decentralization should consider the relationships among central government offices, and between central and local government offices, both at the local level. Moreover, the artificial divide between poverty reduction programmes and education, health, cultural, and environmental plans needs to be broken down. There is a need for policy guidelines for a multisectoral policy response. This notion requires a change in language and in mindset from sectoral to intersectoral actions at the local level.

3.2.8 Opportunities for Civil Society Participation

Decentralization is an interactive, political activity. It involves all those with a “stake” in local governance, including the beneficiaries of services. Local stakeholders are those who will be affected by the decisions or plans and those who can make programme implementation successful. Local governments should seek new ways of working with them. They can help to focus and coordinate the activities of different stakeholders through participatory planning. However, promoting participation is a difficult process due to the complexity of relationships between communities. This underlines the importance of developing local government capacity to negotiate conflicts between different interests or between ethnic or religious groups, and build up consensus and alliances on strategic issues relating to local governance. In this context, local governments should redesign their governance system to facilitate the involvement of stakeholders. Local
governments can be used as a forum at which certain stakeholders can develop and convey their visions of effective decentralized service delivery. They can also be used as a tool to coordinate the actions of civil society.

In Singapore, the term “civil society” began to appear in government policy pronouncements in 1991. In 1997, the Prime Minister declared the promotion of civil society to be a national priority. The government’s “Singapore 21” vision for the 21st century, includes civil society as one of the five pillars on which the society of the future will be built. The question raised, however, is whether these statements of political intent will be followed by concrete policies and legal reforms. Currently, NGO representatives sit in Parliament, and participate in the political process. The Working Committee on Civil Societies, a network of NGOs, was represented on the drafting committee for “Singapore 21.” Nonetheless, some academic researchers feel that the NGOs have not enjoyed the degree of development achieved by NGOs in other countries.

As an emerging “communitarian democracy,” the Government of Singapore has established civic groups and local organizations – such as Residents Committees, Citizens Consultative Committees, Community Development Councils, and Town Councils. These government-led organizations aim to create opportunities for people to participate in various community activities that concern them. Perceptions of participation in these organizations vary according to the source of information. Some practitioners feel that “getting the job done” (e.g., through timely delivery of services) matters more than citizen participation (a personal view of the mayor of the North West Community Development Council). On the other hand, some academic researchers feel that there are structural, administrative, social, and political constraints to participation in those organizations. First, members are appointed rather than elected by the organizations themselves, indicating the likelihood of central control over them. Second, the organizations’ programmes and activities are often directed by the government agencies concerned. Third, with too many levels and varieties of local organizations, the intensity of participation may be reduced. Other researchers are worried about the linkage of the organizations with the People’s Association, their strong political affiliation with the ruling People’s Action Party, and their possible conformity to its political agenda.

In Malaysia, participation in local government activities depends on the type of local government (whether municipal or district), local leadership, and financial resources. In some municipalities, the public may participate in local government-driven activities (e.g., river beautification programmes). However, there are also community-driven programmes, with local councils providing assistance in the form of logistics and loan of lorries/trucks and equipment. Participation in local planning is also encouraged, through public representation in local planning authorities.

There are two types of NGOs in Malaysia: the advocacy-oriented NGOs that work for the protection of consumers’ rights, human rights, and the environment, or address economic and social problems; and NGOs that are engaged in social welfare and health care. Very few NGOs are active in rural development, since they are heavily concentrated around urban areas, especially Kuala Lumpur, Selangor State, and Penang State. Those that are involved in poverty eradication programmes often carry out their activities independently; nevertheless, they play a supportive role in those programmes. The government’s basic attitude towards NGOs has been to characterize voluntary social organizations as illegitimate, hence they were closely guarded to avoid their interference in politics; and to approve only those activities that the NGOs themselves declared as not harmful to the country’s security. The Malaysia Incorporated Policy encourages relations between the public and private sectors through the establishment of consultative panels, annual dialogues, participation in seminars, sports, and social events, and permission for government departments to receive tokens of appreciation (non-monetary) from the private sector.

In Thailand, public participation in local government affairs had been minimal. This was partly due to the lack of a legal basis for participation, and partly to the lack of the public’s knowledge of
local government. However, in drafting the 1997 constitution, civil society organizations offered suggestions to the Constitutional Drafting Assembly. The constitution itself allows citizens to gain more control over the national and local governments. Prior to 1997, there were only about 465 development NGOs. New governance institutions have been created (e.g., the Ombudsman’s Office, the National Anti-Corruption Office, the Anti-Money Laundering Office, and the Administrative Court System) with a mandate to facilitate the growth of a stronger, more transparent, and open democratic society. However, civil society is still too weak to perform these monitoring functions independently and effectively. Among the NGOs that have made enormous strides in promoting rural development is the Population and Community Development Association (PDA), an NGO previously focused on family planning. It launched the Thai Business Initiative in Rural Development (TBIRD), a programme that mobilizes the private sector to bring its skills and resources to rural areas through projects that upgrade basic needs, develop income-generating alternatives, strengthen village institutions, promote environmental awareness, and improve educational opportunities and facilities.

In Korea, during the 1990s NGOs were active in advocacy activities; they made policy proposals and monitored government activities. They were regarded as the “fifth power” in the country. They formed coalitions to maximize their political power. However, critics have criticized this approach as “being too close to government,” and “managing without the presence of citizens”. In 1999, there were 20,000 groups concerned with civil society, women, the environment, and voluntary services. The government provided direct support to registered NGOs. State-NGO relationship has been reshaped from the undesirable pattern of “regulation and resistance” to “collaboration in areas of shared aims”. There is an increasing number of civic organizations in urban areas (e.g., Citizens Coalition for Economic Justice, Citizens Coalition for the Environment, and associations of residents and youths). Mechanisms for these groups’ participation in local decision making have been put in place – including citizens consultative committees, civil monitoring system, residents’ demand for audit and inspections, citizens suggestion boxes, and mayors’ open office policy. Volunteerism is flourishing, with nearly 3.9 million people volunteering their time to participate in various activities.

In Bangladesh, the government has developed close relations with NGOs. There are about 1,000 NGOs engaged in health care, education, and micro-credit. Foreign donors are also providing more and more funds for the promotion of NGOs. Some NGOs play an important role in poverty alleviation (e.g., the Bangladesh Rural Advancement Committee, or BRAC, and the Grameen Bank). BRAC sets an example of how community development can help raise social consciousness while the Grameen Bank is best known for its success in mobilizing rural savings, generating income for the rural poor, and implementing rural development projects. On the other hand, many NGOs have been criticized for failing to represent the poor. With a net poverty rate of one percentage point per year since the early 1990s, decentralization has not tangibly increased the participation and improved the economic and social conditions of the poor. This provides a compelling reason for focusing on local governance. Local governments can contribute more towards increasing the rate of poverty reduction by empowering them.

In China, only two types of organizations are given legal status; these are social associations and non-governmental, non-profit institutions. Other organizations have to register as enterprises or as subsidiary organizations. The Bureau of Administration of NGOs within the Ministry of Civil Affairs, regulates and manages the NGOs. NGOs are restricted in conducting political activities. Nonetheless, the country’s leaders have taken steps to increase participation and accountability in local government, with the introduction of elections in some townships.

### 3.3 Further Research on Decentralized Governance

The promise of decentralized governance is increasingly reflected in the public administration literature. However, research has focused more on the concept, history, and legal basis for
decentralization, and less on its consequences for the central and local governments, and civil society. As decentralized governance becomes government practice, it brings new challenges to decision making and planning. How governments in Asian countries choose to apply the concept will determine the relationship between those engaged in governance.

First, research should evaluate the actual outcome of decentralization. There is a need for more empirical evidence to support the idea that decentralization works--and that it specifically helps achieve faster responses to local needs; more accountable, transparent, and less corrupt governments; improved delivery of basic services; better information flows; stronger conflict resolution mechanisms; increased mobilization and motivation of local stakeholders; and expanded opportunities for political representation.

Second, research should analyse the impact of institutional factors (e.g., effective state capacity; empowered, committed, and competent local governments; and engaged, informed, and organized civil society) on decentralized service delivery and the quality of governance. By focusing on these factors, it may be possible to evaluate the conditions for effective decentralized governance in the Asian countries under review.

Third, research should assess the political obstacles to decentralization in Asia. Many technically appropriate and economically effective decentralization programmes fail because policymakers and planners fail to make explicit assessments of political risk. Decentralization programmes face many potential opponents including local elites whose economic interests and political influence may be challenged by successful decentralization.

Finally, research should analyse the implications of rapid urbanization on governance in Asian countries. Their governmental systems and governance structures have been slow to respond to the challenge of urbanization.

4.0 LESSONS FOR AFRICAN AND ASIAN COUNTRIES AND THE PROSPECTS FOR AFRICA-ASIA COOPERATION

Many of the target African countries (except Ethiopia and Namibia) achieved political independence around the same time as their Asian counterparts. They were subjugated under the colonial rule and inherited from their colonial past, devastated economies with a high unemployment rate and rampant poverty both in rural and urban areas. However, less than half a century later, with a committed and visionary leadership, the target Asian countries (except for Bangladesh and to some extent Thailand) managed to overcome those socioeconomic problems and almost transformed themselves into modern societies. Korea, Malaysia, and Singapore have been transformed into the Newly Industrialized Economies (NICs) and their population is enjoying a high standard of living. China is also growing at a very high rate of 7 to 9 per cent per year since 1990 and has managed to reduce the level of poverty. The majority of their population enjoys higher standards of living and the poverty level has been dramatically reduced.

Korea and Singapore are often regarded as models of success of formerly underdeveloped and economically backward countries that have transformed into modern and advanced societies with efficient infrastructure and an effective urban environmental management policy.

The rapid economic success of these Asian countries has generated a lot of interest. There is a great deal of demand from developing countries, particularly African countries, for Asian countries’ economic and technical cooperation, as well as to learn from their successful local and regional development experiences. Obviously, Asia’s successful local and regional development policies cannot be generalized and clinically replicated in the target African countries because of the differential economic and environmental conditions in the two regions. The population of African countries is rural-based with only a small portion of it living in urban areas. Moreover, cultural
differences in the manner in which both societies are organized and developed exist.

Most of the target Asian countries have ‘strong’ and committed governments. In Africa, most governments are weak and do not have the capacity to enforce laws and policies, even if they are enshrined in government documents. In Asia, the developmental state, endowed with a long-term development vision, protected and subsidized national firms (state-owned enterprises) to give them a competitive edge in the international market. The developmental state also formulated long-term strategic plans for their countries and then worked to create the institutional arrangements needed to translate those plans into a highly focused set of strategic priorities.

Through proper identification of their comparative advantage, meticulous planning and relentless implementation, and with the support of committed leadership, most of the Asian countries in the project have transformed themselves from poor underdeveloped countries into highly industrialized countries. In the case of Singapore and Korea, they have also been developed into important financial hubs in the world economy. These policies and achievements hold valuable lessons for African countries.

As indicated earlier, the past three decades have witnessed phenomenal economic and social development in these Asian countries. These successes have created immense opportunities for renewed cooperation between Africa and Asia. Africa has a lot to learn from the development experiences of some Asian countries in such areas as economic management, local governance, and human capacity expansion. Differences in endowments between the two regions and variations in stages of technological and economic development offer ample opportunities for experience-sharing. Development cooperation between Africa and Asia portends tremendous opportunities and challenges. It is an opportunity because there is potential in areas of transfer of ideas and experiences that could be harnessed to the advantage of Africa. Asian countries, in turn, have the opportunity to know more about Africa and understand its potentials. Indeed, Asian countries can learn a lot from African experience with various forms of decentralized governments. The challenge in establishing robust and sustainable development cooperation between the two regions requires new attitudes, approaches, and understanding.

Cognizant of the important role that the Africa-Asia exchange programme could play in African development, the exchange of information and experiences in local governance and development planning and management between senior policymakers, administrators, planners, and scholars in Africa and Asia should be facilitated. The potential benefits of the programme will be enhanced by strengthening African capacity to learn and apply lessons from Asian development experiences and by establishing institutional linkages between African and Asian research and training institutions.

The Africa-Asia exchange programme should focus on three main areas: (a) collaboration in organizing thematic training courses in Asia; (b) inviting Asian senior policymakers and scholars to participate as resource persons in various Africa training courses and senior policy seminars; and (c) short exchange study visits through which African and Asian senior scholars and policymakers who will serve as resource persons during training courses and seminars, observe examples of decentralized governance and development planning in action. The Africa Office’s past experience with study visits was that it had enhanced the overall quality of its training courses and policy seminars, by virtue of the fact that the resource persons gained new insights and skills which contributed to the improvement in the content and quality of their paper presentations.

Towards this end, the study mission teams met with the representatives of government ministries and agencies in the target Asian and African countries and discussed the potential for collaboration. They all agreed, in principle, to provide local support for this kind of endeavor and showed keen interest to collaborate with the UNCRD/UNDESA in implementing the training courses and seminars on a cost-sharing basis. In particular, the Governments of Singapore, Malaysia, and Thailand have shown keen interest to support in-country training courses in their respective
countries. In addition, the Government of Singapore pledged to support the senior policy seminars also on a cost-sharing basis.

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