

**DECENTRALIZATION AND DECENTRALIZED GOVERNANCE FOR  
ENHANCING DELIVERY OF SERVICES IN TRANSITION CONDITIONS**

This paper is offered as a background paper for the *Regional Forum on “Enhancing Trust in Government through Leadership Capacity Building”*, to be held in St.Petersburg, 28-30 September 2006  
The findings, interpretations and conclusions expressed in this paper are entirely those of the author<sup>1</sup> and should not be attributed to the UNDESA

*“The rationale for decentralization is that power over the production and delivery of goods and services should be handed over to the lowest unit capable of dealing with the associated costs and benefits” (Mohan Kaul)*

## **Introduction**

In recent years the topic of decentralization has received great attention. The increased interest is not only because of its theoretical appeal, but it is related to the rising number of countries adopting a more decentralized system. The widespread economic liberalization along with political change towards openness and democracy is one of the driving forces. In transition economies, including the transition countries in Europe and Central Asia (ECA)<sup>2</sup> such trend was largely driven by the limited administrative and financial capacity of the center, while in some other regions the policy shift may be prompted by the collapse and erosion of central control. However, decentralization is not about weakening central authority. The important goal is to make the local government more responsive to the needs of local population. Most discussions about decentralization accordingly center on attempts to improve the delivery of services.

The countries in ECA region started the transition process with wholesale restructuring of their political systems. The discontent with welfare state institutions and the challenges that globalization processes triggered have modified the professional discourses on state, governance and democracy. The need for decentralization and devolution of power from central to local authorities has become one of the priorities in changing the state in these countries. The devolution of power necessarily intervenes with service delivery responsibilities, public finances arrangements, rebuilding central state capacities and institutions. While reasons for decentralization in the region vary, decentralization reform has been one of prevailing common prescriptions for addressing a wide range of other issues, including economic inefficiencies, macroeconomic instability, governance deficiencies, and poor delivery of public services.

Interrogating some of the basic definitions on decentralization, decentralized governance and good governance and their significance for the ECA region, this paper focuses on the recent decentralization efforts made by the transition countries in ECA, concentrated around the implementation of the current decentralization agenda. It further explains why there are different approaches on the decentralization processes in these countries. At the same time, it recognizes that the decentralization everywhere is considered as a necessary mechanism to address a number of critical issues, including delivery of services.

The section on legal, institutional capacities and financial resources at local level, attempts to underline the problem of limited capabilities that exists in local governments in these countries. The paper also addresses the importance of accountability and community empowerment in enhancing and improving service delivery. It suggests establishment of institutions and mechanisms to promote accountability in order to control governments' abuses and increase governments' responsibility.

Recognizing the predominant role of the public sector in delivery of services in ECA countries, the paper also explores the potential of different forms of public-private partnership, as well as the role of the civil sector in providing service delivery. Finally, while some of the challenges these countries are facing with in improving their governance systems are addressed in the concluding remarks (e.g. the fight against corruption), they are not further elaborated in this paper.

### **Decentralization, decentralized governance, and good governance**

Decentralization is defined and interpreted in several ways. Sometimes it is considered a term, sometimes a concept, a process, a theory, a methodology, or a policy, even a trend (Katalin Tausz). One of the most common definitions is that it is a process through which authority and responsibility for public functions is transferred from the central government to local governments, civil societies and other non-government organizations. It is a spectrum rather than a single state, ranging from deconcentration, delegation to devolution, and delocalization. But, decentralization should not be seen in over-simplistic manner, as a movement of power from the central to the local government. It is rather a process of redefinition of structures, governance procedures and practices to be closer to the citizenry.

Decentralization is a generic term which covers a number of models such as the following: deconcentration which refers to the process of administrative decentralization whereby the central government designs a structure that enables its field agents and offices to work in close proximity to the local people; delegation which is the transfer of responsibilities from central government to semi-autonomous bodies that are directly accountable to the central government; devolution which is the process of transferring decision-making and implementation powers, functions, responsibilities and resources to legally constituted, and popularly elected local governments; delocalization which is the spatial distribution of central government socio-economic development facilities and activities such as schools, hospitals, etc. in peripheral regions<sup>3</sup>.

Today, throughout the world there is a broad-based movement towards greater decentralization. Decentralization and local governance are recognized as basic components of democratic governance as providing the enabling environment in which decision-making and service delivery can be brought closer to local people.

Due to the historical, socio-economic and other diversity, the reasons for introducing decentralization in the transition countries in ECA are different. In most of them, particularly those from Central and Eastern Europe, the process of decentralization appeared as a necessity after the collapse of the authoritarian regimes. There was a clear need for devolution of power from central authorities to local levels, which necessarily intervenes with service delivery responsibilities, public finance arrangements, rebuilding central state capacities and institutions etc. In others, decentralization has been promoted as a way to assist countries with diverse populations and multi-ethnic settings, as it

allows greater political representation for various stakeholders<sup>4</sup>. In some countries (Bulgaria, Croatia, and Latvia), traditional centralized structures of controlled state owned companies, large networks of service providers, extended social infrastructure for public employees still have to be transferred to more efficient forms of operation. Nevertheless, in general, decentralization everywhere was considered as a necessary measure to address some of the critical issues – starting from macroeconomic instability to improving the delivery of public services. It is also important to note that the process of decentralization and governance reforms in all transition countries have been strongly promoted and supported by foreign governments, and donor agencies.

One of the very important role of decentralization in transition countries is that it can improve governance by helping to remove bottlenecks (often caused by central government planning and control) and red-tape that delay decision-making; allowing greater political representation of diverse political, ethnic, religious, and cultural groups in decision-making; empowering citizens to hold government decision-makers and service providers to account; relieving top managers in central ministries of “routine” tasks to concentrate on policy; and it may also increase political stability and national unity by allowing citizens to better control public programmes at the local level<sup>5</sup>. Decentralization strengthens citizen participation by bringing governments closer to the people they are intended to serve. The success of decentralization as a tool for citizen participation, however, critically depends upon the strength of local government institutions (Heymans, 1996).

Decentralized governance is commonly regarded as a process of transferring powers, functions, responsibilities, and resources from central to local government and other entities on local level. From the organizational point of view, it is a process of restructuring of authority, so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels. Decentralized governance provides the legal, administrative and fiscal frameworks for the empowerment of people and their institutions at sub-national levels, from regional to local.

UNDP defines decentralized governance as a systematic and harmonious interrelationship resulting from the balancing of power and responsibilities between central governments and other levels of government and non-government actors, and the capacity of local bodies to carry out their decentralized responsibilities using participatory mechanisms”. UNDP also uses “decentralizing governance”, believing that decentralization of the public sector, in itself, will not be effective unless support is also provided to strengthen local governance, involving the public, private and civil sectors.

In developing countries and particularly in least developed countries the concept of decentralized governance often is using as an instrument for democratization and poverty reduction. Transition countries in Europe and Central Asia are not exception from this, although the socio-economic and especially political conditions are different. As part of the overall governance system of any society, decentralized governance offers opportunities for enhanced service delivery. Nevertheless, while decentralization and

decentralized governance is necessary, it is not a sufficient condition to enhance delivery of services. Similarly, enhanced delivery of services may contribute to, but does not guarantee successful decentralization.

Other aspects which are important for decentralized governance to play successful role in enhanced and efficient service delivery are as follows: the relationship between decentralized governance and participatory development management; financing decentralized governance for service delivery; local government cooperation; monitoring and evaluation of service delivery in decentralized governance; capacity building and human resources development in local governance performance, as well as the role of the leadership and the public trust which is extremely important.

Leadership and how it works on local level is one of the key elements for the overall success of the decentralized governance. For transition countries and their complex processes of decentralization and public administration reforms, it is even more important.

Public trust is an indicator for the successful development of local government reforms in transition countries. In many of these countries, including those in Central and Eastern Europe, it is a newly established mechanism. Public opinion surveys in these countries during the past decade suggest that local governments seem to be more trustworthy organizations, than the most powerful political institutions<sup>6</sup> (including the parliament or the president of the country). Societies recently liberated from authoritarian party states often prefer weak state systems with strong delivery capacities. Furthermore, in some of the ECA sub-regions, there are still state regimes with the authoritarian and highly centralized governments which fall short of the universally accepted democratic principles. As a result, the pace of democratization in these countries continues to be slow. These governments have failed to identify the country's priorities and development strategies in all spheres and need support for further empowerment in identifying and addressing their priorities. The consequences of such centralized policies are evident. Due to lack of reforms processes, including decentralization, and administrative reform, they are weak in service delivery, but strong in controlling the civil liberties, means of production, and not frequently violating human and political rights<sup>7</sup>.

Good governance is of crucial importance for effective governance at all levels – central, regional, and local. It implies that decisions (at all levels) are taken and implemented in a manner that is free of abuse and corruption, and with regard for the rule of law, it is participatory, transparent, responsive, consensus-oriented, equitable and inclusive, effective and efficient, and accountable.

Decentralization's major contribution to good governance is thought to be positive impact on service delivery. This is achieved through broader citizen participation on local level or their elected representatives in planning and decision-making processes, which should improved capacity to deliver services to all (local) units. In many cases the effectiveness and efficiency of public service delivery are the most highly ranked characteristics of the autonomous local governments. Citizen participation ensures that public goods and delivery of services are consistent with voter preferences and public

sector accountability. The potential for improving service delivery throughout decentralization depends, among other factors, on accountability. Without a strong system of local accountability, devolving authorities and financial resources to local governments can lead to waste of misuse of public funds, and the potential for political capture at the local level can distort the benefits of decentralization. On the other hand, where corruption is systemic at the central level, devolution may enhance service delivery.

### **Current decentralization trends in transition countries in ECA region**

Throughout much of the region, recent years has seen a significant improvement in strengthening decentralization activities and ability to deliver services. Such trend is a result of the overall positive economic developments, particularly the strong economic growth and implementation of the reforms in economic policies, public institutions and civil service reforms.

Decentralization has a significant contribution to the countries' efforts to reach the Millennium Development Goals (MDG's). Although, many of transition countries in Europe, including Commonwealth of Independent States (CIS) are still recovering ground lost after the collapse of the Soviet Union, overall the region is on track to achieving the MDG's<sup>8</sup>. However, most of them need to target services toward excluded and marginalized groups. It is a similar situation with the countries of Central Asia which have not only suffered from the multiple effects of post-Soviet economic collapse, but are being faced a unfavourable landlocked geography.

There are several important trends that characterize the decentralization agenda of the transition countries in ECA region:<sup>9</sup>

- a) *EU integration* has a significant influence over the governance and public administration reforms in the region. Ten of these countries joined the EU in 2004, and two more have attained candidate status (in 2005). Many others also have focused their further development agendas on EU accession as a medium or long term objective. EU regional policy and, legislative and other requirements are contributing to the promotion of decentralization reforms in all countries in the region. Also, the regional administrative capacity is not only of benefit for the transition countries, but it is of utmost importance to the EU as a part of redistributive policies (structural and other funds at regional and sub-national level).
- b) *Post-conflict recovery and multiethnic processes* has challenged the decentralization across the region. It has been a factor of renewed instability and conflict, which has affected among others, civil society organizations and has spread mistrust. Multiethnic communities are a serious challenge to the formulation of the reform strategies on protection of minority rights and reduction of the possibility of conflict.
- c) *Regional cooperation* has increased during the last decade and plays an important role in strengthening the overall processes of stability and democratization of the region. It has clearly essential political objectives, to ensure improved security

- and to encourage the democratic reforms, e.g. the inability of the Central Asian and Western Balkans governments to fully cooperate at the regional level is one of the major obstacles to the regional stability and development.
- d) *Traditional value systems* and the changes in these systems is another important trend in decentralization process in the region. The incorporation of norms of cultural diversity clearly demonstrates such changes. The complexity of the reforms requires a number of “system values” to be changed. There is a significant demand for the widespread recognition of ethnic and cultural diversity in political and economic spheres, which requires innovative managerial competences and changes in the traditional way of conducting business in public administration.

Obviously, the EU new accession states from the region have made most significant progress in developing decentralization process, and modernizing their governance systems. Nevertheless, they have been constrained insufficient financial resources to operate local government units, and by a lack of accountability mechanisms.

The experiences within the countries from Central Asia of their economic and democratic transition are different. Most of them however, have remained highly decentralized without a functioning accountability mechanism. Further efforts are needed in implementation of the administrative reforms, to refine the legal and regulatory frameworks. The capacities of lower level of government should be strengthened.

In many countries of the CIS democratization and decentralization processes are slow. In some of them central governments are strong. In general, the governments of these countries are still characterized by the failure to identify the country's priorities and development strategies in all spheres. They need support for further empowerment in identifying and addressing their priorities, strategies and development policies and practices. Most of these countries remain lag behind others in the region, and the process of decentralization of power should be intensified.

The Western Balkans face two development challenges: first, these countries emerged from a decade of conflict and crisis, which influenced the economic, social and political life and structures and second, delayed transition from their socialist systems required significant reforms in their economies and public administration. Local governments are characterized by fragmented structures with unclear division of levels and powers, and non-existent accountability mechanisms. They have very limited financial discretion and fiscal powers and weak capacities to implement reform. The EU adopted a regional strategy implemented through the “Stabilization and Accession Process” (SAP) which sets the entry requirements for the Western Balkan states at the same level as for the new member states and accession states. Requirements are similar with regards to decentralization and regional self-government.

In sum, decentralization processes vary from one to another sub-region. In many of the ECA transition countries where the concept of the role of the state is clearly defined (EU accession states), comprehensive decentralization reforms have been implemented. However, it is not the case in some other countries (e.g. Central Asia and Western CIS and Caucasus).

There are several key challenges of decentralization in transition countries which are important for successful implementation of the local governance reforms in the region: (a) enabling environment for decentralization; (b) institutional capacity to lead and implement reforms; (c) legal and institutional frameworks for decentralization; and (d) accountability, human rights and community empowerment. They are all interrelated, though there are differences among the sub-regional groups of countries (for example, the environment for decentralization in Central Asia and Western Balkans as post-conflict environments is very different than in Central European States, now EU members).

### **The role of the legal, institutional capacities and financial resources at local levels**

Although legalistic approach towards reforms, including decentralization and local governance reform prevails in transition countries, and even the necessary legislation may be in place, the institutional capacity to lead and implement the reforms might be not sufficient. A common problem in these countries is the weak policy making capacity at central and local levels. Because of insufficient policy-making capacities the development of the decentralization strategy is often entrusted to the outside experts or specially created units. Traditionally, most attention is given to the strengthening of policy-making capacities at the central level, leaving the policy-making skills at local levels at the periphery. In many of these countries there is no clear mechanism of cooperation between regional and local-self government, which would provide a possibility for local governments through their associations to consistently and actively represent and defend their interests.

Also, during the decentralization process, regional and local governments are expected to be able to assume decentralized responsibilities and to provide high quality services to local communities. Therefore a wide range of managerial capacities such as planning, financial and human resources management skills, project development and other abilities must be developed. Priority capacity needs differ significantly from region to region<sup>10</sup>. As experience suggests, innovative approaches and the expansion of the range of instruments to develop capacities are necessary, as the traditional ones (such as training and consulting), prove insufficient to achieve sustainable results.

Despite the progress made in improving capacity building, main challenges remain. These include: administrative/civil service reform, which often fails to include local administrations; the goals of capacity development programmes and projects do not always correspond to the objectives of reform strategies; legal framework does not ensure the sustainability of capacity development policies; the approach to capacity development of local government administration is usually ad-hoc or based on partial needs assessments; there is a need for better coordination between donors and government institutions; local capacities are not properly and sufficiently utilized and there is a tendency to establish new institutions instead of strengthening existing ones.

Another challenge of the institutional capacities at local level is the issue of retaining professional and qualified local government staff. In many countries it is a serious

problem, mainly as a result of the fact that central governments try to ensure sufficient professional standards only at central, and not at local level

In a number of these countries local government units are small size and it is often used as argument against decentralization (many countries have numerous communities with municipal status and a population below 1000 inhabitants). They do not have necessary administrative, technical, financial, human and organizational capacities to perform their duties and to carry out service delivery, including in some of the essential areas (primary education, waste disposal etc.). At the same time, most of them depend on the state support which enhances further the centralist tendencies, particularly in those countries where already have existed centralist structures<sup>11</sup>. Thus, the opponents of decentralized governance have an argument to claim that decentralization reforms will not benefit for better governance system in the country.

Local governments in transition countries have not only very different and limited capabilities to deliver, but also to finance services, which frequently impede the process of fiscal decentralization. There is a need to set up a system where different local governments are given different financing powers and expenditure responsibilities. Also, in many instances, these countries possess very limited revenue-raising capacity – thus making them highly dependent on the central government subsidies. It inevitably limits the capacity of local governments to provide and enhance services their citizens require and diminish their responsibility. Very low local revenue autonomy across the region is one of the great difficulties for successful delivery of services.

One of the common problems in most of transition countries in the region is their weak ability to monitor the development of the local government finances, mainly due to absence of fiscal analysis unit (in the Ministry of Finance) to continuously monitor local government finances, and information system with detailed data about the finances of sub-national governments. Also, there is not developed municipal finance markets.

### **Accountability and community empowerment**

The notion that decentralization leads to a more efficient delivery of government services rests on the premise that local governments can be held accountable, in that they have the obligation to answer public questions regarding their decision-making processes and actions. Governments' service delivery should reflect the interests of citizens and respond to their needs and concerns<sup>12</sup>. However, due to government unresponsiveness which occurs regularly in these countries, there is a mismanagement of public funds, corrupt allocations of public contracts, etc. Because of a multi-ethnic and post-conflict nature of the region, governments' accountability should be one of the priorities in designing and implementation of decentralization reforms.

The potential for improving service delivery throughout decentralization depends, among other factors, on accountability. Without a strong system of local accountability, devolving authorities and financial resources to local governments can lead to waste of misuse of public funds, and the potential for political capture at the local level can distort

the benefits of decentralization. On the other hand, where corruption is systemic at the central level, devolution may enhance service delivery.

Accountability can be promoted through the establishment of particular institutions and mechanisms to control governments' abuses and increase their responsibility (one of the possible ways is through application of sanctions). In improving the accountability in transition countries, both the model of horizontal accountability and vertical accountability should be introduced and implemented. State institutions that monitor and control abuses by other public agencies must be strengthened, by fostering their autonomous position vis-à-vis the state and their links to other public institutions. Also, the demands of the civil society organizations, including the media, and the private sector, which compose the main structure of the vertical model, should be more articulated. The efficiency of these accountability models largely depends on the capacities of civil society organizations and watchdog institutions to strengthen accountability and accountability mechanisms. Civil society organizations formed at local level are easy to observe and facilitate widespread participation through running for office, advocacy with local government officials, or directly participating in leadership selection. If civil society monitoring mechanisms are strong, the downward accountability of local staff will tend to encourage a closer connection between public services and citizen demands.

Community empowerment is one of the important challenges in transition countries. The activities of civil society, particularly NGO's and independent media are critical, and the government should create environment that are supportive to civil society growth. In only few countries the level of activities of civil societies and the media is more advanced, than in the others. However, in most of the countries in the region the process of community empowerment is very slow. There are many reasons for such situation, including lack of adequate mechanisms and instruments for better local community participation in the decision-making and insufficient grants funds to support community initiatives.

Rising awareness about the role of local government's institutions, citizen's right and goals of the decentralization reform are extremely important, as well. In the post-conflict multiethnic societies, raising awareness is crucial, as the people are skeptical to the reforms and their real effects.

### **From public to private sector delivery of services: the role of public-private-partnership and civil society**

For economies in transition to a higher reliance on market provision of goods and services it is of great importance to be able to identify which aspects of government services are the most suitable for market provision and which ones are not. In determining the effectiveness of the methods of delivery service contracts, it is important also to rely upon a wide definition of efficiency<sup>13</sup>. In most of ECA transition states the

public sector is still a predominant form of delivery of services. However, in recent years, in some of these countries (Central and Eastern European states), new experiences have been introduced. One of such experiences is the public-private partnership.

Public-private partnership is a relatively new experience. It is influenced by new policies on public services, and it is a result of a new approach and mutual established trust among governmental and nongovernmental sector in the implementation of public duties. Its main elements are as follows: (a) privatization of some service provision; (b) establishing private companies for provision of public services; (c) widespread use of contract management; (d) cooperation and initiated market elements in social services. Private companies were established for the provision of water supply, collection of solid waste, public cleansing, etc, on the basis of formerly state-owned assets. Stakes were acquired by local governments, who were then entitled to sell them. This form of local management is completely different from traditional power-based local administration. Such arrangement of service provision makes it possible to concentrate financial resources from outside the local budget.

Contract management is another form of service delivery also based on public-private partnership (local governments and private firms). Services are delivered directly by the contracted providers. At the same time, funding for service provisions comes from the municipalities and/or the customers. In this model, public functions are maintained, although the influence of the local administration is less than it would be if it were directly involved in the delivery of services.

One of the new forms of public-private partnership which has been successfully implemented in developed economies is the Alternative Service Delivery (ASD)<sup>14</sup>. This model used by many governments to transfer programmes and services to the private sector for the continued delivery of services, was introduced in the late 1970's and 1980's in developed countries as a response to a general pressure to reduce costs. ASD is about rethinking the role of government in direct service delivery and looking other options for better and cheaper ways of delivering programmes and services. This model of service delivery is seen as a major form of decentralization, and is gaining greater universal acceptance as a mode of delivering services to the public. Many studies indicate that the non-government and private sector can deliver services at a lower cost than a government and at the same time, maintain or improve the quality of the services being delivered<sup>15</sup>. Although ASD is basically implemented and developed in developed countries since the governments of these countries and the private sector have established successful relationship for a long period of time, it is to be expected that transition countries also could develop this mechanism.

The role of civil society in delivery of services is also a new phenomenon in most of the transition countries. The number of civil sector organizations has grown dynamically during the transition. Since the majority of civil sector organizations focus their activities at the local and regional level, the local government often helps to subsidize such organizations, and to support them providing a normative basis. This relationship has been reinforced beyond financial relations, and links have been established between local

government and local civil service organizations in respect to public service delivery. The civil sector, alongside the state and the market is promoting local government in the broad sense: it connects various actors to services through privately organized and self-managed solutions, no matter whether these actors are consumers, providers, activists or professionally involved participants.

## **Conclusions and Recommendations**

Transition countries have big opportunities to improve further and enhance the delivery of services both on central and local level. In that regard, searching for the right balance between central government control and decentralized governance is of great importance. As it has been underlined in this paper, decentralization is a very complex and political issue. Political decentralization has advanced in many of the transition countries however the process is far from complete. In number of these countries, the central government is still involved in the delivery of local services; local governments have few sources of own-revenues; local governments have limited access to borrowing for capital projects, and the design of intergovernmental transfers does neither address regional fiscal equity nor convey appropriate incentives for fiscal discipline, improved service delivery performance, and accountability to citizens.

On the other hand, decentralized governance, as part of overall governance system of any society, including transition countries, offers important opportunities for enhanced service delivery. Decentralized public governance can help realign public service incentives through greater accountability to citizens. However, it must be properly planned and well implemented. Many of the transition countries, recent years, have strengthened their local human, administrative, and technical capacities to carry out service delivery effectively, but still many challenges remain for all of them.

One of shared challenges these countries (including new EU members and accession states) are facing the notion how to improve governance (at all levels) in fighting against corruption. In many of these countries there is a determination to slow the growth of corruption. One of the signs in that regard is the existence of numerous regional and international anti-corruption conventions adopted recent years. While many countries have signed such conventions thus committing themselves to implementing their provisions in the fight against corruption (including the UN Convention against Corruption), one of the main problems they face with is deciding how to proceed. Some of the countries that have signed anti-corruption conventions do not actually face the problems in regard with the establishing institutional arrangements for implementing the provisions. Others do have this problem. But for both where exist institutional capacities and those without institutions are in place, the capacities that would make them effective are either lacking or inadequate. Institutional and human capacity building then becomes a critical issue in the implementation of the conventions (particularly the UN Convention against Corruption), and rebuilding trust in government. Although the progress in transition countries in fighting corruption is evident and it is a continued process, it will

require persistent attention to weaknesses and to new challenges as they arise. Greater attention needs to be paid to judicial and procurement reforms; better regulation of conflicts of interests; further improvements in financial audits and control; etc<sup>16</sup>. In fighting corruption, the role of country's leadership remains of great significance in all transition countries.

In order to improve further their decentralized governance and enhanced delivery of services, countries in transition should take into consideration following measures and activities:

- Decentralized governance must become part of the overall enabling environment in the decentralization reforms processes and programmes in all countries;
- Institutional and administrative capacities must be in place, in order to implement successfully local governance reforms (in developing successfully these capacities an introducing and implementing of innovative approaches and instruments is also required);
- Decentralized governance can not be useful mechanism for enhanced and efficient service delivery, without well trained, professional and qualified local government staff;
- Existing legal framework in the decentralized governance systems in these countries should be further developed and upgraded with more effective legal instruments and institutional framework;
- Continuous attention should be paid to the fiscal decentralization reforms, in order to ensure that local governments have enough fiscal control to plan their activities in most efficient way, including service delivery;
- Further strengthening of the role of the civil society, NGO's and other stakeholders in local governments can improve overall administrative and particularly financial systems and accountability mechanisms;
- Efficiency is of enormous importance for a successful delivering of public services. Quick and cost-effective service delivery is core element for efficient delivering;
- Improve transparency through introducing clear procedures, good work standards; transparent budget, independent auditing, anti-corruption measures, code for civil servants etc;
- Strengthen measures to fight corruption and promote the cause of clean government.
- Ensure active popular participation in government which is considered as a requirement for good governance.

## NOTES

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<sup>1</sup> Dimce Nikolov, UNDESA/DPADM/GPAB

<sup>2</sup> In this paper transition countries in Europe and Central Asia (ECA) refers to the region that consists of the following five sub-regions: Central Asia (Kyrgyzstan, Tajikistan, Turkmenistan, Kazakhstan, Uzbekistan); the Commonwealth of Independent States (CIS) and Caucasus (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russian Federation and Ukraine); European Union Accession Countries (Turkey, Bulgaria, Romania, Poland, Lithuania, Latvia, Estonia, Slovenia, Czech Republic, Slovak Republic, Hungary, and Cyprus); and Western Balkans (Serbia, Montenegro, Bosnia and Herzegovina, Macedonia and Croatia).

<sup>3</sup> See John-Mary Kauzya “Decentralization: Prospects for Peace, Democracy and Development”, p.4

<sup>4</sup> Jurgita Siugzdiniene, Dejana Popic: “Local Governance and Decentralization in the ECIS region”, p.2

<sup>5</sup> Trocaire for Wood Angela, “Demystifying ‘Good Governance’: an overview of World Bank Governance Reforms and Conditions”, December 2005

<sup>6</sup> P.Swaniewicz (Editor): Public Perception of Local Governments, LGI Books, OSI/LGI, Budapest 2001

<sup>7</sup> Gabor Peteri, Violetta Zentai: Lessons on Successful Reform Management, OSI/LGI, 2002

<sup>8</sup> UNDP, “Decentralized Governance Monograph: A Global Sampling of Experiences”, April 1998, p.6

<sup>9</sup> J.Siugzdiniene and D.Popic: Local Government and Decentralization Sub-practice, p.2

<sup>10</sup> For example, in Central Asia there is a lack of basic knowledge and understanding of the role and responsibilities of local-self governments, the importance of citizens’ participation, accountability mechanisms, and effective service delivery techniques, whereas the EU and accession countries lack skills for strategic planning, project development, and capacities to better absorb EU structural and pre-accession funds

<sup>11</sup> Significant financial incentives and technical support provided by central level of government are necessary so as to promote the merging of small communities

<sup>12</sup> J.Siugzdiniene and D.Popic: Local Government and Decentralization Sub-practice, p.10

<sup>13</sup> Richard Denniss: “Managing the Transition from Public to Private Sector Delivery of Services”, p.5

<sup>15</sup> In their book “Reinventing Government”, Osborne and Gaebler identified 36 different types of alternative service delivery approaches used in U.S.A.

<sup>16</sup> World Bank: “Anticorruption in Transition 3: Who is Succeeding ... and Why”, Washington DC, July 2006

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