DECENTRALIZATION, LOCAL GOVERNMENT AND DEMOCRATIC INSTITUTION BUILDING

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Abstract

While there has been a great deal of attention devoted to issues of decentralization and local governance by practitioners, scholars and the international development community during the course of the past several decades, much of the focus has been upon issues of fiscal decentralization. In this article, the relationship between decentralization, local governance and democratic institution building is examined. Attention is devoted to the role of decentralization and local governance in terms of the dispersal of political power, the creation of civic space and the relationship between local government and civil society. In addition, issues of maximizing citizen choice and enhancing local economic development are also examined. This is followed by a review of the critical issues involved in the building of democratic local governance. Eight recommendations for doing this are presented. They include the need to recognize the complexity of the process, understand the importance of citizen participation and the need for an adequate and dependable revenue base. Attention is also paid to the need for effective management practices, as well as the role of national governments and civil society in the development of strong and effective democratic local governance.
Introduction

In the six decades that have followed the conclusion of World War II, concern about issues of decentralization and the development of local government has grown throughout the world. This concern was given an initial impetus by the belief that strong local governments were important elements in the development of democratic societies. It was further encouraged by the disillusionment produced as a result of the difficulties – indeed, in many instances, the failures - of efforts to encourage effective democratic and economic development within the framework of highly centralized states. Since the 1960s, those concerns have resulted in growing attention being paid to issues of decentralization, and especially to the relationship between decentralization, local government and democratic institution building, by both practitioners and scholars of government reform.

One consequence of the reaction against centralist strategies of development can be seen in the efforts of the principal international economic development agencies to energetically promote national decentralization strategies. The World Bank and the United Nations Development Program, as well as some regional development agencies (such as the Inter-American Development Bank), have in the past several years become vigorous advocates for the strengthening of local governments and the decentralization of national governments. Many of the national donor agencies (such as the U.S. Agency for International Development and the Swedish International Development Agency) have become even more aggressive in such efforts. In fact, concern about decentralization and local government is not a new phenomenon. Two and a half centuries ago, the French philosopher, Jean-
Jacques Rousseau, observed that Swiss cantons served as vehicles for the preparation of their citizenry to engage in democratic governance.\textsuperscript{1} Even more relevant is the assessment of democratic governance in the, then newly-formed, United States by another great French writer, Alexis de Tocqueville, who focused upon the importance of local government and civil society in terms of the development of democratic institutions in the country.\textsuperscript{2}

While in recent years there has been a great deal of research on issues of decentralization and local governance, much of it has focused upon issues of fiscal decentralization and such matters as how the taxing and expenditure policies of more decentralized governments might vary from that of more centralized government.\textsuperscript{3} Surprisingly, not a great deal of attention has been devoted to the relationship between decentralization and democracy. In this article, we seek to examine the relationship between decentralization, local governance and democratic institution building. We conclude with some recommendations regarding key elements in the strengthening of local governance. In doing so, we shall draw upon the historic experience of the United States, as well as the many countries currently engaged in processes of decentralization.

**On the Benefits of Decentralization/Local Governance**

**A Note on Definitions:** Before attempting to examine the relationship of decentralization and local government to democratic institution building, it will be useful to clarify some key terms. In part, this is because the concept of decentralization is not always very clearly defined. One of the things that has added some misunderstanding to the debate and discussion over decentralization is the frequent
confusion within countries over issues of decentralization, devolution and deconcentration. In many countries, efforts made to "encourage decentralization" have ended up in considerable failure. Often, this has been because these efforts have focused not on decentralization, but rather on devolution or deconcentration. That is to say, central governments have sought to devolve responsibility for service delivery to local governments but have not allowed them to have the necessary revenue raising authority or have tried to create administrative structures through which they remain able to maintain control of what are essentially national government programs being managed at the local level.

In fact, real decentralization involves the devolution of both the responsibilities and the resources needed to carry out required functions to relatively independent and autonomous sub national authorities that are accountable principally to the citizens of their region and/or community.

There is obviously a long history of discussion about, and consideration of, the attributes of democracy and democratic governance. During the course of the past half century, most attention in this regard has focused upon four basic attributes. These include: the conduct within a country of free and fair elections; the existence of a reasonably well organized and competitive party system; a delineation of, respect for, and protection of basic civil liberties and human rights within the society; and the encouragement, support of and active participation of a vigorous civil society and, in particular, strong interest groups.

While democracy and its attributes have been the topic of much thought, writing and discussion, it is still the case that there are not totally precise measures of or delineations of where democratic governance begins or ends within a society. In fact, democratic government is inevitably a "work in
progress." The institutions and processes of democracy are constantly in a state of evolution. Such evolution is not always necessarily in a progressive or productive fashion. Clearly, there are moments in almost all societies in which democratic processes and values suffer setbacks. Likewise, there are other times when what is normal, evolutionary progress toward higher levels of democratic governance sometimes becomes dramatic movement.

**Decentralization and Political Power:** The most important benefit of organizing government structures in a decentralized fashion is that decentralized governance fragments and disperses both authority and political power. While it often tends to be overlooked in an era of declining confidence in government and the rise of multi-national corporations, the reality is that government still remains, potentially, if not always in fact, the single most powerful institution in any society. Not only does it set the rules that govern the economic sector, but government, and government alone, has the authority, capacity and power to legitimately take one's wealth, property, liberty and even one's life. Unfortunately, history provides many instances where centralized authority and power quickly became abusive authority and power. In the face of this potentially awesome power, it is important to establish and maintain a system of checks and balances with regard to the exercise of governmental power.

Decentralized governance systems represent one, if not the single most important, means of implementing and exercising checks and balances. In this regard, decentralization has two manifestations. First, it is manifested in terms of decentralization of the capacity to exercise power within a government. That means, as regards to structures of governance, that, as political
philosophers such as Montesquieu and Madison have argued, it is critical that no single unit, branch or actor be allowed to exercise all aspects of power and decision making within a government. In most cases, this has meant establishing independent judiciaries and lawmaking bodies. These, of course, are the principals that influenced the initial establishment of the US government and, more recently, various other post-World War II governmental reforms, such as those in Germany and other European countries.

Obviously, the other important way to disperse power within any system of governance is through the establishment of multiple levels, jurisdictions and units of government, each of which has some measure of independence and autonomy from the other. This helps to ensure that power and authority are not concentrated and to promote the creation of competing elites, which serves to check the independence and power of each other and the central government. One can clearly see evidence of this phenomenon at work in the experience of Russia over the course of the past two decades. During the 1990s, regional governing units emerged as far more authoritative and influential institutions of governance within the country. In so doing, they served to significantly lessen the capacity of the Kremlin leadership to dominate policy-making within the nation. During the past decade, as authority has been recentralized, the power of regional and local governments has been systematically reduced.

**Creating Civic Space:** Because decentralization disperses power and authority, it also creates additional civic space. By generating more centers of political and administrative power, there are inevitably more venues in which civil society – community organizations, interest groups, business
associations, labor unions, the media, etc. - can develop and find sustenance. This is extremely important in terms of the building of democracy in that it contributes significantly to the creation of non-governmental centers of authority and power within a society. Such centers of power, particularly when they operate responsibly and independently of governmental control, serve to hold government accountable. Indeed, because of the importance of civil society organizations in that regard, they are receiving increasing attention from international donors who are proponents of democratic development. Throughout the transitional world, multi-lateral and bi-lateral donors during the past few decades have focused on encouraging the creation of many different kinds of civil society organizations. This has included unions, rural community development organizations, environmental and anti-poverty groups and the like.

The emergence of strong local governance also helps to create opportunities for the development of opposition political groups and, in particular, creates a resource base for opposition political parties. It is not by chance that in many Latin American countries, which over the past quarter century established elected local governments for the first time, the second most important elected political office in the country, the mayoralty of the capitol city, has served as a base of support for opposition parties seeking to challenge dormant national governments. Argentina, El Salvador, Mexico, Paraguay and Peru, among other countries, have witnessed this phenomenon. The successful election to these local offices serves as a major political resource for opposition groups in their efforts to gain power. Similarly, in highly economically developed countries the existence of decentralized governance generally, and local government in particular, serves to provide a
significant opportunity for political oppositions to mobilize and seek to concentrate their efforts in order to gain the political power that comes from holding an important office.

Decentralization and local governance also serve to create numerous training grounds for the development of democratic skills and practices. As noted earlier, beginning with Rousseau, students of democratic governance have observed that local government provides not only a stepping stone to higher office, but also serves as an initial training experience in democratic decision making and the processes of negotiation, compromise and the like, which are necessary elements in ensuring democratic governance. In transitional countries, where there is no tradition of democratic participation, this is particularly important, as it provides an arena where those who have not been a part of the traditional governing elite can begin to develop their own political skills and experience. In Bolivia, where the government has moved aggressively in the implementation of the "Popular Participation Law," one finds an excellent case of integrating formerly marginalized individuals into the political system through the structures of local governance.8

**Providing for Diversity:** Decentralized governance also, as a host of economists have noted, provides the citizen with greater opportunity for choice at the same time that it provides more options for individual citizens seeking a positive response from government. In essence, having both multiple local governments and alternative levels of governance provides greater options for individual citizens seeking the provision of a particular kind or level of governmental service or the redress of a particular problem. If the individual is unable to receive desired service from one unit of government at one level, they then have the option of pursuing, over the short- or the long-run,
strategies designed to elicit a more positive response from another unit or level of government. This has especially been the case in the United States where many public services are either directly provided by two or more of what can sometimes be three or four levels of government (national, state, regional and/or county and municipal) or, alternatively, are financed by two or more levels of government.

In so doing, decentralized governance more readily provides for diversity in the provision of governmental services in response to popular demands. Obviously, in many countries, different regions have different needs and varying degrees of resources. They also are the home to different ethnic, regional or tribal groupings which may have very different interests in receiving governmental services. A decentralized governance system with strong local governments provides both opportunities for a certain measure of uniformity in service availability within a country and opportunities for making desired local adjustments in order to be more responsive to the immediate needs and interests of the local population. This is especially the case in federal systems like Brazil and India, but it also serves a similar purpose in more centralized countries like China and Ukraine.9

Local governments functioning within a system of decentralized governance frequently serve to provide the citizenry with a greater sense of political efficacy.10 In general, people tend to respond more positively to government that is nearer to them and seems more familiar. This will often be the case even though the policies pursued by the government may not necessarily be the most favorable to the individuals involved. This is seen frequently, for example, in developed countries where the
local tax system often is more regressive but in public opinion polls citizens characterize local, rather than national, governments as fairer and more responsive to their needs.

**Local Government and Civil Society:** The interaction between local governments and civil society is often, even in transitional societies, very substantial and often highly reciprocal in the sense that each side seeks to influence the other. Governments not only significantly shape the environment within which civil society operates, but agencies of government will very often seek to mobilize one or more elements of civil society to support goals which they wish to advance though the policy-making process. On the other hand, especially in western political cultures, it is commonplace for civil society organizations to aggressively pursue their own policy goals through political ends and that frequently involves seeking to influence local governments. In transitional countries, this also is becoming more common. Indeed, in countries like Chile and Sierra Leone, local civil society organizations played key roles in bringing down authoritarian military regimes.

In general, decentralized government can be a very important element in the facilitation of an active and lively civil society. The more decentralized government is, and the stronger local governance capacity is, the more opportunities - in essence, the more arenas - are provided for the emergence of civil society institutions. In fact, very often it is the existence of local governance, combined with the emergence of local civil society institutions that truly creates the pluralism that is so central to democratic institutional development. In that regard, local governments can and have played crucial facilitating roles in the development of vibrant civil societies. Local government policy and administrative practice can profoundly impact the capacity for civil society to emerge and play a role
in governance. Likewise, the actions of local political leaders can either be supportive of or create major impediments to civil society development.

The regulations, statutes and procedures adopted by local government can either hinder or facilitate the development of all sorts of civil society organizations, including locally based non-governmental organizations (NGO's). For example, the adoption and use of public hearings by local governments provides an important forum for civil society organizations to both impact public policy and gain legitimacy. Likewise, the use of citizen advisory bodies and public-private collaboration, as well as the making available of extensive public information about government operations, contribute to the ability of civil society to function effectively.

Increasingly, local government leaders are recognizing that it is often in their interest to encourage the development of a civil society. This is especially so when local political officials are from a different political party, or faction, than national officials. Consequently, in many communities throughout the world, where there has been tension between government and civil society organizations, new alliances are developing. This has become even more pronounced in the countries where, as democratic governance has begun to take root, popularly elected mayors have come to office. Sub national government leaders are now increasingly perceiving that locally based civil society organizations represent, at the least, important allies in their effort to build institutional and financial resource capacity for their cities.
While the relationship between civil society and local government is very clearly reinforcing and mutually beneficial to both parties, there are also some paradoxes in such relationships. In particular, the relationship between local governments and non-governmental organizations can be problematic. In many countries, some of the strongest local NGO's were, in fact, initiated by the international donor community as vehicles to facilitate going around incompetent or corrupt national, regional and/or local governments for the provision of assistance. This has meant that, in some instances, significant rivalry for international donor resources has developed between emerging local institutions of government and established non-governmental organizations.

Such conflict has been further exacerbated by the fact that, in many instances, when seeking to assist local governments, international donor organizations have tended to use NGO's to provide this assistance. In more than a few cases, this has caused resentment on the part of local government officials who frequently see themselves as being both more knowledgeable and having more legitimate authority than the NGO's that have been commissioned to provide them with technical assistance. Nevertheless, whatever the potential pitfalls might be, there is no question that the emergence of local government as a governance force is occurring hand-in-hand with the emergence of NGO's as important forces in many countries. Clearly, working both separately and together, strong local governments and vibrant NGO's are among the key builders of an effective democratic society.
Decentralization and Economic Development: An especially important, but frequently overlooked, benefit of decentralized government is that it provides an important opportunity for local economic initiative.\textsuperscript{11} As is evident in many parts of the world, highly centralized governance systems tend to concentrate both political and economic power in the capitol city of the nation. This concentration often serves to work against the interests of other cities and communities within a country. When power is highly centralized, other communities often have great difficulty in creating an enabling environment that can facilitate community and economic development. Typically, they lack the revenue to invest in the kind of infrastructure necessary to facilitate private sector economic development. Decentralized governance and strong local governments can more readily mobilize the resources and authority needed to provide much greater opportunities for meaningful and responsive economic development.

One can get a good sense of the connection between economic development and the strength of subnational governance in a country simply by comparing the figures regarding percentage of governmental resources spent at the sub national level with levels of development. In highly economically developed European and North American countries and in Japan, in excess of 40 percent (as high as 70 percent in Sweden) of all governmental spending takes place at the sub national or local level, while in the economically less developed parts of the world that figure typically ranges from 3 to 20 percent. Data provided by the Economic Development Institute of the World Bank serves to further illustrate the differential resource base of sub national government in economically more or less developed regions of the world. For example, in North America and in
Europe, 57 percent of all public sector employment is at the sub national level, while in Africa the comparable figure is 6 percent; in Latin America, 21 percent; and in Asia, 37 percent. Thus in both respects, funding and personnel, there is a very high correlation between proportions of public employees and expenditures at the sub national level and the degree of national economic development.

The relationship between the relative importance of the role of sub national government and the level of economic development is understandable. High levels of local autonomy and governmental capacity (including revenue raising ability and the authority to enact relevant local legislation) are clearly necessary for successful local economic development. Putting in place the appropriate legal framework and the necessary physical infrastructure is an important precondition of economic productivity. Absent such capacity, it becomes difficult for entrepreneurs to initiate new economic activity.

**Eight Recommendations for Building Democratic Local Governance**

As noted at the outset, in many countries, experiments with the building and strengthening of democratic local governance have now been underway for some time. As a consequence, there is an increasing body of knowledge regarding what we can do to make things better. Among the most important lessons learned are the following:
1) Recognize the Complexity and Fragility of Reform Processes

Even in the most highly developed and strongest local governments, the process of reform is a complex and difficult one. Frequently, one must negotiate among many established interests with strong needs and/or desires to maintain existing practices. Such groups will sometimes resist efforts to bring about systematic reform. In transitional and developing countries, the problem of institutionalizing reform can become even more complex. Often, the institutions of government are not strong enough to implement significant reforms. In other instances, where reforms are implemented, the pressure to revert back to past procedures and practices is often very strong.

The process of institutional reform can be further complicated by the fact that many of the organizations that support and encourage such efforts frequently approach these matters with a very short-term perspective. The key advocates and supporters of reform frequently leave the scene much too soon, giving those who wish to lessen or obviate the impact of reform the opportunity to do so with little or no resistance. In other cases, economic or political circumstances well beyond the control of the participants in any reform process frequently complicate and undermine reform initiatives. Consequently, it is crucial that those involved in the process of building and/or reforming the institutions of local governance recognize that such efforts often require both much patience and a long-term commitment. Just as there will be success and triumph, there will be losses and disappointments. Nevertheless, the lessons of history make it clear that with sustained effort and commitment, local governance reform can be achieved.
2) Citizen Empowerment is a Prerequisite to Effective Local Governance

The single greatest virtue of local governance is its closeness to the people who are being governed. However, all too often, only part of the people being governed are effectively involved in or able to influence their local governments. Frequently, the poor and the marginalized within a community are not able to effectively influence the decisions of their local governments. Such a situation serves in the long-run to undermine the effectiveness of local government - both as a democratic institution and as a generator of needed economic development.

Consequently, it is critical that efforts to build and strengthen local government include major initiatives to encourage the empowerment of all citizens – especially the poor and the marginalized. Programs that reach out to the urban poor, that provide them with adequate information to understand both the opportunities for and the responsibilities inherent in local governance, are critical. As experience in many highly developed countries has shown, the failure to undertake such initiatives will have significant costs in ways ranging from civil disorder, to growing financial burdens, to a decline in basic infrastructure and economic capacity.

3) Recognize the Centrality of an Adequate and Dependable Revenue Base

In many instances, in transitional and developing countries, regional and local governments possess only the most limited revenue raising capacity – thus making them highly dependent upon central government subventions. Increasingly, as new demands are being brought to bear upon them, they
become ever more dependent upon their national governments to provide funding either through routinized transfers or by specific appropriations. Such dependence inevitably limits the capacity of local governments to provide the services their citizens require and to play their role in the process of democratic institution building.

The authority and capacity to raise revenue, whether through imposing taxes and fees, or incurring reasonable debt, is essential to the building of strong local governments. That is so not just because revenue is a pre-requisite to the provision of effective and adequate public services, but also because the raising of revenue forces local public officials to act more responsibly. Public officials who are required to impose taxes upon the people who are going to vote them in or out of office will remain attentive to their constituents and behave responsibly. Public officials who do not possess the independence to, and the responsibility for, imposing taxes will remain dependent and, consequently, can afford the luxury of acting irresponsibly and/or passing governance responsibility on to others.

4) **Strengthen Management Capacity and Information Systems**

There is no one best way to structure a decentralized governance system. Those countries which have adopted decentralized governance systems reflect significant variation in terms of both the formal structures of sub national governance and with regard to what services are carried out at national, regional, local or community levels. In general, there is a tendency to devolve education and health services to the most local level, but even in these areas, there is much variation. In fact, in almost all cases, the organizational structuring of the institutions of sub national governance (and
the resolution of the issue of what services will be carried out at what level) is a product of citizen demand, local history, administrative capacity, institutional self-interest, perceived efficiency and political negotiations. Moreover, these decisions, once made, are almost never set in stone. In truth, adjustments are frequently being made between the central and the local governments on these matters.

However, while there is no best structural arrangement for local government, it is imperative that the management capacity of most local governments be significantly enhanced. This is frequently true in highly developed countries, as it is in transitional countries. In many instances, local governments lack adequately trained staff. They also often lack the kind of information on citizen needs that is necessary to respond effectively to them. Critical for performance is the implementation of various kinds of measurement and quality management systems. However, in many cases, the need is even more basic than this. In many communities, basic financial management practices, both in terms of budgeting and accounting, are woefully lacking. The effective implementation of such systems is, in many cases, critical to maintaining public confidence and trust in government.

5) Effective Budgeting and Planning are at the Heart of Local Government

There is no more important annual document produced by any government than its’ budget. The budget reflects both the specific priorities and the general goals of the municipality for that time involved. That is why it is critical that municipal budgetary processes be open, transparent and highly professional and that the staff of the budget agency be committed to such goals.
Almost as important as the budgetary process within local government are the planning activities that occur. This is especially the case when local planning activities, as they should, involve a wide spectrum of the citizenry. Community based planning that reflects the needs of the entire community – its’ women, its’ children, its’ elderly, its’ poor, its’ minorities, its’ youth – is perhaps the single most effective means to develop priorities that truly reflect the needs of the community. Consequently, the implementation of participatory strategic planning techniques is increasingly important to the development of effective local government and the linking of the outcomes of such processes to the development of budget priorities is even more important.

6) Accountability and Transparency are Essential for Citizen Confidence

Throughout the world, citizens are increasingly demanding that government be both accountable and transparent. This is especially true at the local level, where citizen confidence in government is very directly related both to the responsiveness of government to the needs of citizens and its openness to participation and involvement by them. For citizens to participate effectively in government, they must be able both to understand it and to have confidence in it. Local governments in many parts of the world, being relatively new institutions, have the opportunity to set a new standard of excellence in terms of accountability and transparency and, in so doing, to help reverse the growing trend of citizen disillusionment with government institutions.
7) **Strengthen the Partnership between Local and Central Governments**

The growth and emergence of local government around the world has certainly been one of most notable achievements of the democratic institution building and governance strengthening efforts of the past several decades. Grass roots activists, local leaders, national leaders and international organizations have all contributed to the strengthening of local governance. However, it does appear that the past decade has witnessed a decline in the commitment by many governments to this movement. One can see this in most parts of the world and it is a serious development, given how dependent local governments are upon the attitudes of national governments. National governments - through their legislation and through their fiscal policies - shape the environment within which local governments operate and can limit or support their capacity to act effectively.

Meaningful decentralization requires strong support from national government policy-makers and institutions. This may take the form of enabling legislation as well as legislation providing local units of government with the capacity to act autonomously and independently to provide needed services, regulate local activities and raise the revenue necessary to adequately fund local services. Even the most permissive and supportive national government, if acting alone, cannot adequately insure meaningful, vibrant decentralization. Clearly, there has to be significant local demand and concern for the development and maintenance of a decentralized governance system. The reality is that the leaders of most centralized government are not, in truth, anxious to give up either the resources or the authority to control them. For political purposes, one may frequently hear national leaders speak of the need to encourage decentralization, local government capacity and citizen
participation, but the reality is that too often such statements gain meaning only when there is pressure from the local community to carry them out.

Consequently, it is of critical importance to the future of local governance that national and local officials, as well as civil society representatives, work together. In that regard, it is especially necessary that those at both the local level and the national level recognize that the strengthening of one or another level of government does not represent a “zero-sum game” in the sense that, if one level of government is enhanced, another will inevitably become weaker. Indeed, much contemporary experience, particularly in those countries where governmental institutions are highly developed, suggests quite the opposite. When one level of government becomes institutionally stronger and more competent, pressure builds for the other existing levels of government to follow suit and likewise enhance their capacity.

8) Build Coalitions with Civil Society

Clearly, one important development during the past decade for those concerned about the future of democracy and good governance has been the emergence of civil society organizations and grass roots activism in many countries of the world. The reality is that both through their own independent activities and, increasingly, through their ability to influence other institutions, civil society and its representatives are beginning to shape the policies and actions of both local and national governments in important ways.
On the other hand, governments, both at the national and the local level, can create environments that are either friendly to and supportive of civil society growth or that retard and limit its development. Through the protection of such basic rights as freedom of speech, association and press, as well as through a variety of specific legislative actions (including taxation, financial support and regulatory activity) government – both national and local – can profoundly impact the ability of civil society institutions to develop and flourish.

It is crucial that civil society organizations and local governments work in partnership to explore the most effective means for delivering services to the citizens of a given community. In some cases, it may well be that civil society organizations represent a more effective means for the delivery of the basic services that citizens require. On the other hand, it is equally imperative that governments not abdicate their responsibility for the delivery of needed services to their citizenry on the assumption that civil society organizations can provide them. The most effective system of delivering needed services to citizens involves both civil society and local government working together.

**Conclusion**

Much has been written about issues of decentralization and local governance over the course of the past quarter century. For various reasons, a great deal of the scholarly literature in the field has focused on issues of fiscal decentralization -- its success and failure and the implications thereof. One unintended consequence of these discussions is that less attention has been paid to the manner in which issues of decentralization and local governance impact upon democratic institution building.
Similarly, in recent years, less attention has been paid to the processes by which one builds strong, effective, democratic local government.

In this article, we have sought to remedy these oversights by calling attention to and reviewing both the case for decentralization and local government in terms of the building of strong and responsive democratic institutions. In that regard, we have focused upon the role of local government as a political institution and the multiple roles that it can play in supporting the building of democratic societies. We have also attempted to lay out a series of conditions that are necessary preconditions to both effective decentralization and the building of strong local governments. Of particular importance in this regard, is the recognition that governmental reform is a complex task and that absent adequate fiscal resources, it is unlikely that local government can emerge as an effective actor in a democratic society.
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