

Decentralisation ‘done correctly’ — politics, hope, and global variations

In this second blog post exploring key ideas in [Decentralised Governance: Crafting Effective Democracies Around the World](#), co-editor, Professor Jean-Paul Faguet, explores the complex relationship between politics and decentralisation.

As my previous blog post [‘What Decentralisation is, and what it is not’](#) argues, decentralisation is not a simple technocratic reform, but rather: (i) highly complex, and (ii) always political.

Decentralisation’s political effects are carefully considered [in chapter 4](#) of [Decentralised Governance](#), ‘Realising the promise of partial decentralisation’, where its authors, Shanta Devarajan and Stuti Khemani, point out that decisions to decentralise are often taken by leaders seeking political advantage. They are implemented – or not – by officials whose power and status will be directly affected by reform.

Democratic accountability and government responsiveness can be greatly improved with effective decentralisation. This is achieved through the simple but profound expedient of changing the incentives that local officials face. In a centralise regime, local officials’ incentives are upward-pointing, towards national authorities. By devolving power and resources to locally-elected administrations, decentralisation re-orientes officials’ incentives downwards, towards local voters. This is one of the simplest but most powerful lessons of 50 years of reform. In so doing, decentralisation ultimately affects not only local but also national public goods, as well as the responsiveness and accountability of the entire state.

Done correctly, decentralisation should make local governments better attuned to local economic conditions. This should, in turn, help boost economic growth. And the sum of many localities boosting economic growth is stronger national-level growth.

But this concept of decentralisation being ‘done correctly’ hides more than it reveals. As we pointed out in the previous blog post, countries decentralise in very different ways, devolving different sets of powers over different public services to different levels of

subnational government, with different revenue-raising powers and different degrees of subnational democracy. The reason for this is deeply political. Any decentralisation programme entails winners and losers, and how the programme is designed and implemented will largely determine who those winners and losers are, as well as the size of their gains and losses. Countries have different kinds of political parties and movements. Those movements throw up different kinds of leaders. And such actors inhabit different political equilibria. This is why the types of decentralisations that get implemented can vary hugely from one country to another.

Analysing the political nature of decentralisation in chapter 4 of *Decentralised Governance* leads its authors, Devarajan and Khemani, to the striking conclusion that **most decentralisations are partial**. Not only are they not full expressions of some similar underlying blueprint, they are not even full expressions of the diverse blueprints that national reformers publicly declare or write into law. Politics systematically gets in the way of a full, clean implementation.

By definition, decentralisation requires centralised administrations to hand over power and resources to lower-level politicians with independent mandates. Put simply, central officials often don't want to do this. They'd rather keep power and resources in their own hands. So they fight a rear-guard action to limit, or even undo, reform. The extent and nature of the reform that is finally implemented is the equilibrium outcome of many battles between those who want to make reform and those who want to stop it.

The upshot of this conflict between central officials and lower-level politicians is that most decentralisations are incomplete in the sense that economic theory would predict, and often feature large mismatches between devolved responsibilities and accountability. These partial decentralisations nonetheless represent political equilibria that balance competing forces, making it difficult to change them at the margins.

But Devarajan and Khemani also show that politics provides strong grounds for hope. In many countries that have decentralised, greater contestation in local elections has led to improved service delivery. This is because decentralisation often leads to more, better people getting involved in local politics. Reform shines a brighter light on local governance and brings more information into the public realm. As a result, citizens are better able and willing to judge officials' performance. This leads to greater accountability, better governance, and faster development.

But in decentralisation, politics is not everything. In recent decades, a great deal of experimentation has occurred in explicitly non-political realms, known as *mechanism design*, which I shall explore in the next blog post.

Further reading

1. Jean-Paul Faguet, What Decentralisation is, and What it is Not [Please add link]
2. Dilip Mokherjee, [Decentralised targeting of transfer programmes: A reassessment](#)
3. Anirban Mitra and Sarmistha Pal, [Impact of fiscal decentralisation and ethnic heterogeneity on choice of local polity](#)
4. Zaki Wahhaj and Abu S. Shonchoy, [Birth Registration in the Developing World: Bridging the gap between policy and practice](#)

The views expressed in this post are those of the author and do not reflect those of the International Development LSE blog or the London School of Economics and Political Science.

This article was first published with the [LSE Press Blog](#).

Image credit: [Pekka Nikrus](#) via [Flickr](#).