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Decentralization of Governance: Concepts & Forms

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Introduction

Decentralization has been applied on a large scale since the 1980s as an effective strategy in the field of administrative development amid democracy expansion, especially at the local levels of governance. The talk about development in recent years has led to the ongoing debate on the effectiveness of decentralization as a precondition for access to sustainable development and also as a key component of good governance. In fact, researchers' debate on the decentralization experiments in many developed and developing countries took much more time and effort than their debate on the theoretical backgrounds and assumptions of the decentralization strategy of governance.

This paper is an attempt to provide an introduction to the basic theories and concepts related to 'decentralization of governance' as one of the central concepts of public policies.

First: Decentralization - Concepts and Definitions

Decentralization is a multi-layered term that encompasses many phenomena. Many researchers such as Rodney (1981), Mao Hood (1983 and 1987), Rondinelli with other researchers (1983), Hayden (1983), Smith (1985) and Conyers (1981) and others defined decentralization from different perspectives. Given the definition in the Oxford Dictionary, the word "decentralization" refers to 'the transfer of authority from central to local government'. The Oxford Dictionary definition considers 'decentralization' as a political phenomenon that relies primarily on transferring the decision-making authority to different levels of instead of restricting it to only one central body.



Hayden's definition

Researchers also have different views on the use of the term 'decentralization'. For example, Hayden (1983: 85), as well as some researchers, says that the concept of decentralization is broad and involves several phenomena. Accordingly, the absence of a standard definition of 'decentralization' is, in fact, predictable. There is ample evidence suggesting that the results of adopting 'decentralization' vary from one country to another and from one region to another. Therefore, the arguments presented on the basis of these experiments indicate the complexity of the concept of decentralization in governance. In other words, Hayden links the definition of decentralization to the environment in which it is applied, which means that the term is more connected to application rather than being a 'theoretical' term.

World Bank's definition

According to the World Bank, types of decentralization include political, administrative, and fiscal decentralization, as follows:

- The fiscal definition of 'decentralization' is: the transference of "expenditure responsibilities and revenue assignments to lower levels of government".
- The administrative definition of 'decentralization' is: seeking to "redistribute authority, responsibility, and financial resources for providing public services among different levels of government.
- The political definition of 'decentralization' is: to give citizens or their elected representatives more power in public decision-making.

The World Bank's concept of 'decentralization' is used around the world at different levels, for different reasons and by different means - considering decentralization to be a political, administrative and economic phenomenon. Thus, it can also be understood that decentralization is a move or transition from the central situation, giving the impression that the concepts of centralization and decentralization do not necessarily mean that they are completely conflicting. We can also understand that both 'decentralization' and 'centralization' can be combined in a one system of



governance, as the administrative and political functions of government can vary in the application of the two concepts.

Robbins' definition

For Robbins (2000), decentralization is an administrative and organizational phenomenon that refers to the extent of decision-making focus within the institution. The Robbins concept of decentralization can also be applied to the administrative style of governance when decision-making comes from the central government. However, it is difficult to draw a dividing line that shows the difference between decentralization and centralization except through looking at them on a contradictory basis. While centralization is understood as the concentration of decision-making in one central point (in the hands of one central government), however, decentralization depends on the spread of the decision-making area to include several points (local levels of government over the country).

Smith's definition

Smith (1995: 1) views decentralization as the opposite concept of the concentration of management in a single center (one central body) as well as the distribution of power among the local levels of government. For him, decentralization is a political term that requires the transfer of decision-making and management from the center to lower levels of government, affiliated systematically to the central government.

Rondinelli's definition

Perhaps Rondinelli is the most important contributor to defining decentralization, as he provided a broader and more comprehensive definition of the term. For him, decentralization means: The transfer of responsibility for planning, management, and resource-raising and allocation from the central government to:

- (a) Field units of central government ministries or agencies,
- (b) Subordinate units or levels of government,
- (c) Semi-autonomous public authorities or corporations,



- (d) Area-wide regional or functional authorities, or
- (e) NGOs/PVOs.

He believes that the authority's powers must be reduced by the transfer of planning, decision-making and execution powers as well.

What combines these definitions is the area of delegation of authority powers, whether this authority was administrative, planning, decision-making, or even an economic authority related to the collection of taxes. This authorization is either provided to local levels, or to special sectors within the government; or there could be a combination of centralization and decentralization at the same time. The distribution of power may be longitudinal or crosswise, depending on the level of decentralization required. This makes us ask: What are the forms of decentralization? And to what extent can the government's powers be transferred and delegated to different, decentralized levels?

Second: Types of decentralization

Researchers, most notably Rondinelli (1981: 137), Hamilton, Rubin (1988: 125); and Gilson Lucy (1994: 425), discussed different types of decentralization. In order to reach a decentralized form of governance, three important questions need to be answered: 1) to what extent will decentralization extend? 2) who will be authorized? 3) what tasks are required (to be transferred)?

For the first question (To what level can decentralization extend?), Mills (1993) said that application of 'decentralization' may include the community, municipalities, neighborhoods, sectors, or governorates.

As for the second question (Who will be authorized?), Gilson (1994: 452) said that it depends on the overall design of the decentralization policy and on the strength of local governments as well.

The third question (What tasks need to be decentralized?), Gelson (1994) said that the conversion of some tasks into decentralized administrative units varies according to the level of decentralization required. Rondinelli (1981) differentiated between 'functional decentralization' and 'regional decentralization'. Functional



decentralization is the delegation of authority to specialized organizations for carrying out specific tasks. The regional decentralization is primarily aimed at transferring the authority of public functions to organizations within well-defined local, geographic or political boundaries.

Third: Forms of decentralization:

There are four different forms of decentralization: de-concentration, delegation, devolution, and privatization:

1- De-concentration:

'De-concentration' is often considered to be the weakest form of decentralization and is used most frequently in unitary states (countries where the government is the highest central system of governance). The government redistributes decision making authority and financial and management responsibilities among different levels of the central government. It can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries. It is noteworthy that no authority is given to employees in deciding how to carry out their tasks. In other words, this form of decentralization allows the hiring of more employees, but in offices located outside the capital, giving the central government an opportunity to reduce its burdens and pressures and increase administrative efficiency, but at the same time, the decision-making authority is still in the hands of the central government in the capital, that is, administration seems to be distributed, but the decision-making authority is still central.

This form of administrative distribution is common in both developing and developed countries. For example, in Sri Lanka, the Ministry of Education carries out its policies through several offices located in all sectors over the country. These offices are not allowed to make decisions regarding the re-consideration of the education policy, the school subjects, the form of study or the mechanism of its application; but they only carry out the plans drawn up by the Minister of Education or the Ministry.



2- Delegation:

'Delegation' is a more extensive form of decentralization. Through delegation central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units. Usually these organizations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services.

This form of decentralization gives these public institutions greater freedom and speed to take decisions and carry out the tasks entrusted to them, but at the same time it does not give them all the government privileges in addition to being always accountable to the government.

3- Devolution (Power Transfer):

The third type of decentralization forms is 'devolution' or the transfer of power. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of administrative decentralization that underlies most political decentralization, as it is "The transfer of the central government's functions to new government units outside its influence" Rondinelli (1981: 138).



Therefore, devolution is related to power relationship between a number of organizations, unlike de-concentration which is a form of power relationship within the same organization.

However, the difference between devolution and delegation lies in the political form adopted by the devolution, where power is transferred to local governments, giving them the right to benefit and manage the natural resources within a range of geographical boundaries drawn to them. In other words, the form of transfer of power depends mainly on political decentralization, where local or municipal government boundaries are set and the right to control their income and impose charges on services within its geographical boundaries is granted. However, 'delegation' depends on decentralized administration, where the central government transfers the power of decision-making and administration to intermediate communities, semi-autonomous organizations, or local governments without the allocation of political authority over their geographical boundaries.

Also in 'devolution', the local government has the right to enact its own legislation, contrary to the 'delegation' form, which entitles formulation of the general policies that will be applied without enacting their legislation.

However, 'devolution' is also different from the federal system of governance, where sovereignty is divided according to the constitution between the central government and a number of other political provinces. This is different from the political power given in the form of the transference of authority to municipalities, for example. In spite of this political authority, these areas are ultimately subject to the supreme sovereignty of the state, as the constitution does not provide for its independence.

Devolution is the most comprehensive form of decentralization according to Rondinelli (1981: 138). However, there is a number of institutional arrangements that are required, including:

- The local government must be given full authority provided that the central government does not exercise any kind of control or interference in its affairs.
- Clear and legal geographical boundaries must be drawn up for the local government where this government exercises its powers and runs its public projects.



- The local government must also be given the authority and the right to collect and raise sufficient resources to implement its projects.
- Permanent development of these local governments as institutions based on serving and providing the needs of citizens at the local level.
- The central government's view of local governments should be a mutually beneficial and cooperative relationship to meet the needs of citizens.

Devolution appears to be a kind of partnership of the State's power (in terms of decision-making and enactment of laws and legislation) between the central and local governments, as well as the sharing of financial resources.

4- Privatization:

Privatization shifts responsibility for functions from the public to the private sector. However, some researchers do not consider privatization as another form of decentralization. According to Rondinelli (1981), decentralization means the distribution and transfer of roles and functions from the central government to voluntary organizations. This transfer may involve parallel institutions such as commercial associations, businessmen associations, private companies, non-governmental organizations, etc. These responsibilities and tasks carried out by the semi-governmental organizations may include the issuance of licenses, or the organizational, supervisory, and administrative tasks, which used to be carried out by the central government, reducing their burdens.

In general, privatization can include: 1) allowing private enterprises to perform functions that had previously been monopolized by government; 2) contracting out the provision or management of public services or facilities to commercial enterprises; 3) financing public sector programs through the capital market and allowing private organizations to participate; and 4) transferring responsibility for providing services from the public to the private sector through the divestiture of state-owned enterprises.

While de-concentration is considered the least decentralization form as it does not allow access to the decision-making power, as well as the limited administrative



responsibilities and functions, however, on the contrary, 'devolution', as a form of power transfer, can be considered the most decentralization form, where decision-making is allowed, as well as the enactment of local government legislation, the management authority, and benefiting from the local financial resources.

Privatization also involves some aspect of decentralization that can be considered somewhat similar to the form of 'delegation', where in both forms, decision-making powers are transferred to companies outside the control of the central government. However, the difference is in the fact that privatization involves government contracts with private companies while in 'delegation' contracts are made with public sector companies.

Conclusion

Apart from decentralization forms, decentralization remains somewhat combined with centralization, making the whole matter controversial and debatable. We have discussed several different definitions of the term 'decentralization', which makes it a more dynamic application. Also, 'decentralization' is closely related to the conditions of the environment where it is applied rather than being a dialectical theory. Decentralization is based on experimenting more often than on theory. Therefore there is always a lack of specific theories to explain the nature of decentralization. However, researchers began writing about decentralization in the fifties of the last century, and developed in the writings of the authors of post-classical economics. But with the beginning of the seventies and eighties of the last century, decentralization has become a general strategy in the field of administrative development, mainly related to the political form of governance. (1)

(1) The views expressed in this article are entirely those of the author's and do not necessarily reflect the views of EIPSS.