Democratic Decentralization

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Purpose

The strategic objective that democratic decentralization serves is to broaden legitimacy, transparency, and accountability within the political systems of the countries where the United States Agency for International Development (USAID) is providing development assistance.

The Research Triangle Institute is engaged in a task to clarify how and under what circumstances decentralization can be used to induce higher levels of democratic behavior. That is, what factors strengthen the link between decentralization and democratic *results?*

The purpose of this paper is to provide a conceptual framework for understanding democratic decentralization. Such a framework could offer a consistent basis for thinking about project design and for assessing democratic decentralization activities.

The conceptional framework is presented in the sections that follow the summary, below:

- ▸ Definitions
- ▸ Why is democratic decentralization important?
- ▸ Motivating forces
- ▸ Characteristics and key relationships in democratic decentralization
- ▸ Target systems
- ▸ Entry points
- ▸ Design considerations
- ▸ Implementation
- ▸ Performance indicators
- ▸ Conclusion.

Summary

The conceptual framework for democratic decentralization presented in this paper defines two key relationships of democratic decentralization: the relationship between the central government and local government (*decentralization)* and the relationship between local government and citizens *(democratic local governance).* Five key characteristics of democratic decentralization are also identified: (1) implementing legal reforms to devolve power; (2) increasing local

governments' ability to act; (3) increasing local government accountability, transparency, and responsiveness; (4) enhancing the role of civil society and (5) improving the quality of life.

To bring democracy and governance together in democratic decentralization requires finding the appropriate **entry points** to access the system and the appropriate **motivating forces** to change the system.

The motivating forces that cause stakeholders to choose democratic decentralization are seen as a continuum, varying in the degree of control any change agent has over those forces. For example, there is little control over environmental conditions and more control over institutional forces and individual interests.

Entry points are places to access the system. An entry point that seems unrelated to democratic decentralization all may provide the opportunity to facilitate that change.

To assist in designing and evaluating programs in democratic decentralization, we identify the implementation process, design considerations, and performance indicators.

Definitions

There is no single set of definitions for the complex dynamics of democratic decentralization. Nor can any particular definitions be completely adequate.[1] However, it is essential to define a common language to develop a framework, so we define and discuss the key terms as we use thing be low.

Democratic Decentralization

Democratic decentralization is the development of reciprocal relationships between central and local governments and between local governments and citizens. It addresses the power to develop and implement policy, the extension of democratic processes to lower levels of government, and measures to ensure that democracy is sustainable. Democratic decentralization incorporates both decentralization and democratic local governance.

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[1] Historically, the word "decentralization" has been used to refer to many quite different institutional reforms. To the public finance economist, decentralization usually means *fiscal decentralization.* Reforming the intergovernmental fiscal system is usually the first priority. To the political scientist, decentralization usually means a set of *policy* issues, a focus on who has authority and responsibility. The political scientist tends to focus on the structure of power and authority and how it is wielded. To the institutional economist, decentralization usually involves getting an *incentive system* in place so that individual behavior meets expectations. To the sociologist, decentralization usually means *participation,* and the role of informal organizations and community groups is a major focal point. The urban planner or economist may stress yet another element— decentralization as a strategy for enhancing *local economic development*. Finally, the civil society expert sees decentralization as a path to *democratic local governance*.

Decentralization

Decentralization is the transfer of authority, responsibility, and accountability from central to local governments. Decentralization can take various forms, commonly described in public administration terms as deconcentration, devolution, and delegation. Decentralization also has several dimensions that reflect, in general terms, increasing and often sequential stages of progress in achieving the governance objectives of decentralization. These stages are:

- Administrative decentralization (functional responsibility)
- Financial decentralization (access to resources)
- Political decentralization (accountability).

These are illustrated in the pyramid to the right (**Figure 1**).

Figure 1
Stages of Decentralization

The political dimension is especially critical for democratic decentralization because it reconstitutes the state in a democratic way. It provides a process at the local level through which diverse interests can be heard and negotiated and resource allocation decisions can be made based on public discussions. Democratic local governance does not exist in a vacuum. Authorities beyond the local level must be persuaded or influenced to support the legitimization and empowerment of local governments.[2] Genuine political power sharing is a key element often missing in the political dimension of decentralization.
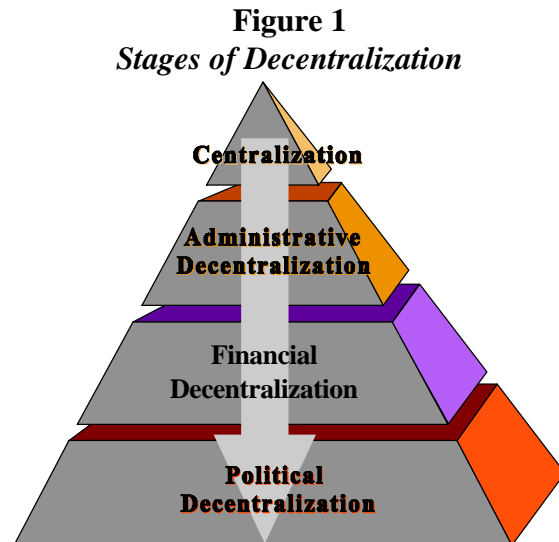
Democratic Local Governance

Democratic local governance is autonomous levels of local government, vested with authority and resources, that function in a democratic manner. That is, they are accountable and transparent, and involve citizens and the institutions of civil society in the decision-making process. Democratic local governance looks beyond local government administration and service delivery to institutions and structures that enable people to decide things and do things for themselves. It emphasizes the presence of mechanisms for fair political competition, transparency, and accountability, government processes that are open to the public, responsible to the public, and governed by the rule of law.

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[2] *Democratic Local Governance in the Philippines,* Impact Evaluation (Washington, DC:USAID/Center for Development Information and Evaluation, 1997).

Motivating Forces for Democratic Decentralization

Forces that motivate policy change toward democratic decentralization exist on a variety of levels and in a variety of forms. **Environmental conditions** are broad trends, such as the globalization of the economy or urbanization, that elicit a decentralization policy response. **Institutional forces** are crises or changes in national institutions or systems, such as national economic, fiscal, or political crises, for which *decentralization* is an appropriate policy response. For certain institutional forces, such as a national economic or political crisis, decentralization can be an appropriate policy response at the institutional level. An individual behaves in a way that supports (or obstructs) democratic decentralization when his/her **individual interest** is affected and he/she is rewarded for that behavior. Individual interests are the interests of those that control the governmental structures and other societal institutions. Depending on the level of the decision maker, institutional forces might be the same as individual interest.

Entry Point

The point of access to a system or the presenting problem to be solved.

Why Is Democratic Decentralization Important?

Political and economic changes during the past decade have demonstrated people's interest in democratic ideals of freedom, human rights, and accountable government. Because democratic regimes contribute to peace and security in the world and because democracy and respect for human rights coincide with fundamental American values, democratic decentralization is an important part of the foreign policy of the United States.[3] As described in USAID's *Strategies for Sustainable Development*,

> *Democratization is an essential part of sustainable development because it facilitates the protection of human rights, informed participation, and public sector accountability. USAID's success in the other core areas of sustainable development is inextricably related to democratization and good governance. ...*
>
> *...USAID faces a twofold task: to help people make the transition to democracy from authoritarian rule and to facilitate the empowerment of individuals and communities in non-democratic societies, in order to create a climate conducive to sustainable development.[4]*

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[3] *Strategies for Sustainable Development* (Washington, DC:USAID 1994), p. 17.

[4] Ibid, p.18

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The strategic objective that democratic decentralization serves is to broaden legitimacy, transparency, and accountability within the political systems of the countries within which USAID is working.

The USAID Democracy and Governance center is concerned with both decentralization and democratic local governance, but these concepts are often separated in conceptualization and practice. Decentralization of governance is often public administration-driven — that is, focused on structure. It is analytical but lacks focus on sustainable democratic reform. Democracy programs are often civil society-driven. Commonly they are ideological and political, but lack focus on sustainable mechanisms. Democratic decentralization is important because it brings these two initiatives together in a mutually reinforcing manner.

Increasing attention must be paid to decentralization issues because many countries are in the process of decentralizing. It is a global trend that affects governance in profound ways. It is an opportunity to devolve power and to enhance democratic practices. Not all decentralization is a genuine sharing of power, however, and not all decentralization is democratic.

As well, democratic governance at the local level needs attention for several reasons. Various sectors of society, particularly weak or vulnerable groups, have the greatest incentive to participate in decision making at the local level because local decisions most directly affect them. Also, they can have ready access to local decision makers, in contrast to national leaders who may be located in a distant city. Information about the workings of government can be more easily communicated to citizens at the local level, establishing a clearer link between participation and outcomes.

As we pointed out in the summary above, to bring democracy and governance together in democratic decentralization requires finding the appropriate **entry points** to access the system and the appropriate **motivating forces** to change the system.
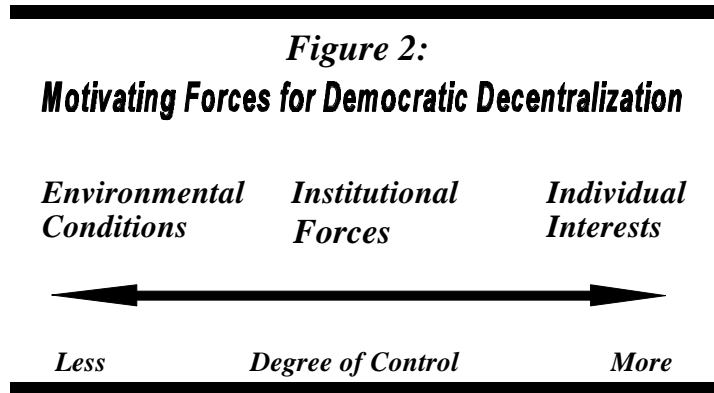

Motivating Forces

We employ the term "motivating forces" to capture the wide range of factors that cause stakeholders to choose democratic decentralization policy options and to behave in a way which is consistent with achieving democratic results. In development literature, the concept of incentives has frequently been used to describe the institutional reward system that produces a given behavior.[5] While incentives are indeed a part of the forces that shape and sustain a policy outcome, our use of the term identifies a broader range of factors. The main distinction among the various forces is the degree of control or influence that change agents can exert over the forces. As noted in the summary, it may be difficult to modify environmental conditions, whereas institutional forces and individual interests are more easily influenced (**Figure 2**).

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[5]See Elinor, Ostom, Larry Schroeder, and Susan Wynne, *Institutional Incentives and Sustainable Development* (Boulder, Colorado;Westview, 1993).

The relationships among motivating forces are generally on a scale, but they are not linear. Moreover, what may be individual interest to one person may be an institutional force to another.

For example, choosing democratic decentralization policy options in response to a national political or economic crisis may be in the individual interest of a high-ranking national official wanting to retain power. The national crisis may be of less concern to local elected officials whose interest it is to serve local constituents if they wish to be reelected.

Figure 2:
Motivating Forces for Democratic Decentralization

Environmental Conditions	*Institutional Forces*	*Individual Interests*

←————————————————————→

Less	*Degree of Control*	*More*

Examples of **environmental conditions** that may motivate democratic decentralization include:

- increasing urbanization that local conditions more complex and less easily controlled from the center;
- collapse of a centralized regime;
- lack of central resources to meet local needs; and
- concern over human rights and governmental accountability.

Institutional forces, in the middle between local and central forces, are a critical entry point for policy change. Crises in institutional performance can serve as a valuable springboard for redefining institutional relationships and systems to support the democratic decentralization objective.

Examples of **institutional forces**, for example, include:

- political will as manifested by a vision for change, leadership commitment, and the consensus of the governed;
- policies and actions that enable and facilitate innovation, especially at sub-national levels;
- genuine autonomy at the local government level;
- local government legitimacy with citizens, communities, and the organizations in civil society that represent them; and
- shared values and ethics that define the operating principles of how government relates to its citizens and, especially, how it exercises power.

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People who control the governmental structures and other societal institutions have their own interests. These are such things as:

- recognition for achievements, or the ability to avoid blame;
- power to influence policies, laws, and/or services;
- money; and
- ability to lead or contribute to societal changes.

It is also useful to differentiate between forces that help support the policy change toward democratic decentralization and those that make it sustainable. Generally, building the commitment to change requires building political and social will: building support through leadership and consensus, and redefining power arrangements, for example. Building sustainable systems requires establishing the correct institutional relationships between central and local governments and between local governments and citizens so that democratic results are served through behavior that supports those relationships. Within those relationships, the reward system must foster individual behavior that is consistent with democratic decentralization. In a democratic decentralization framework, these relationships are generally played out through power sharing, public and private institutions, resource flows, information flows, and accountability mechanisms.

A central question for encouraging democratic decentralization is:

"How can institutions be designed to serve democratic interests while continuing to serve the interests of the political elite?"

In developing new institutions or new incentives in existing institutions, there are some design considerations that can assist in answering this key question (those design considerations are listed further on in Figure 6).

Characteristics and Key Relationships in Democratic Decentralization
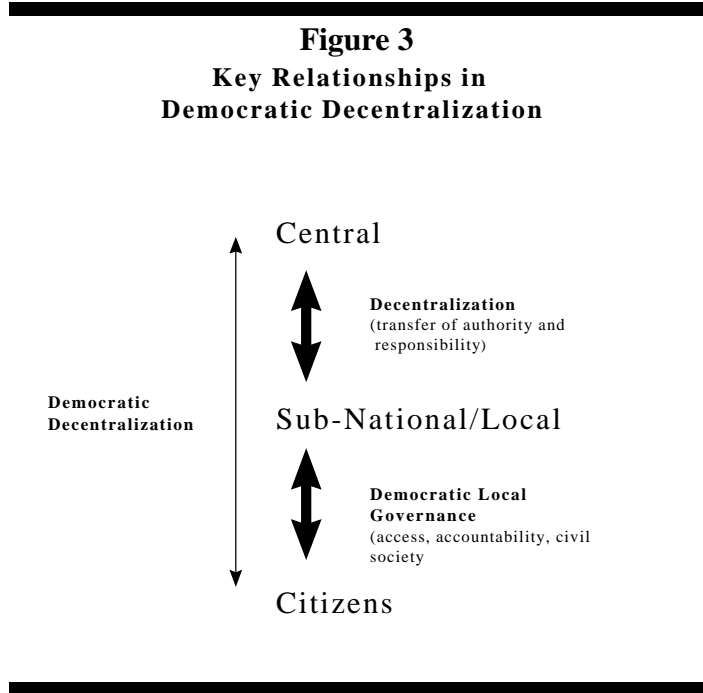
The relationships among democratic decentralization, decentralization, and democratic local governance are illustrated in **Figure 3**. This drawing depicts not a hierarchical relationship but rather a spectrum of relationships that help define a framework for implementing democratic decentralization strategies.

The first major relationship pictured in Figure 3 is between the central government and the sub-national or local government. This reciprocal relationship is *decentralization*, the transfer of authority and responsibility to local government. The authority and responsibility are administrative, financial, and political. Local governments participate in central policymaking and influence activities at the central level, as well as carrying out responsibilities formerly conducted

by the central government. Local governments often work in concert with each other to address common policy concerns at the central level, most commonly through associations which provide a more powerful voice than that of an individual local government.

The second major reciprocal relationship depicted in Figure 3 is between local governments and citizens, or *democratic local governance*. Many relationships can be summarized as "local government and citizens" — for example, relationships between the local government and individual citizens, community groups, businesses, news media and other local governments. Democracy is enhanced by strengthening relationships among all the stakeholders.

Figure 3
Key Relationships in
Democratic Decentralization

Central

Decentralization
(transfer of authority and
responsibility)

Democratic
Decentralization

Sub-National/Local

Democratic Local
Governance
(access, accountability, civil
society

Citizens

The third reciprocal relationship depicted in Figure 3 is between citizens and the central government. It is not the key focus of democratic decentralization, but it is important as part of the enabling environment. This relationship includes fundamental rights and responsibilities of citizens guaranteed by the central government, and the ability of citizens to directly influence the central government.

USAID recognizes that there are many paths to democracy and many variations of governmental structures to facilitate democratic ideals. "However, all sustainable democracies share certain fundamental characteristics: respect for human and civil rights, peaceful competition for political power, free and fair elections, respect for the rule of law, and an environment that encourages participation by all sectors of the population."[6]

Characteristics of these two major relationships of democratic decentralization are illustrated in **Figure 4** and include:

Central — Sub-national/Local (*Decentralization*)

1. Instituting Constitutional and Legal Reforms to Devolve Power
   This includes passing of constitutional provisions and laws which devolve authority to democratically elected agencies of government, and the subsequent central government's
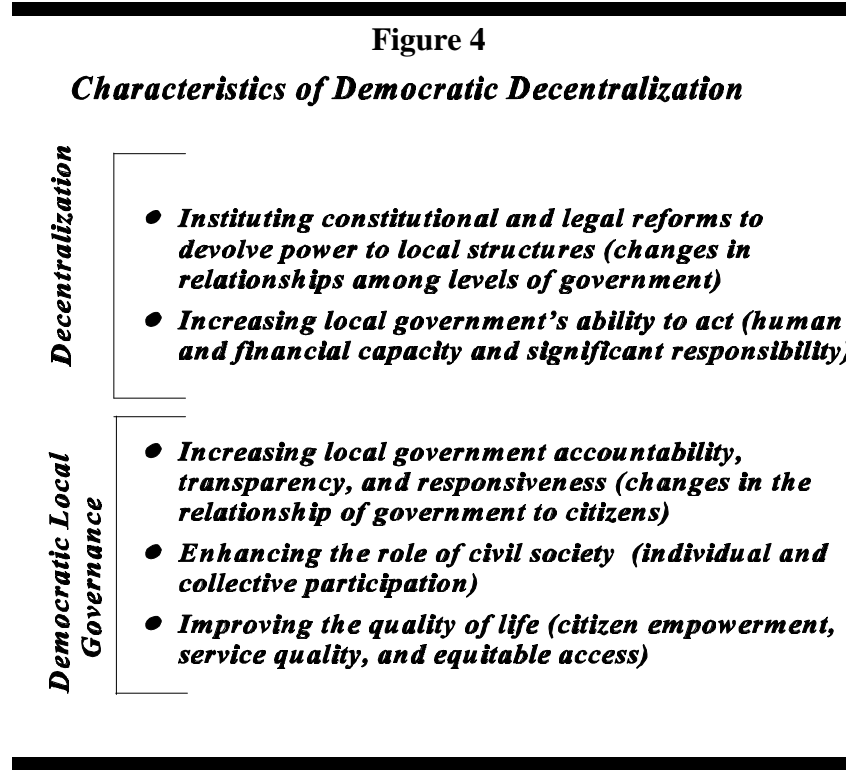
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[6]*Strategies for Sustainable Development*, p. 18.

implementation of and support for those laws. It also includes respect for human and civil rights and respect for the rule of law.

2. Increasing Local Governments' Ability to Act
This includes revenue mobilization, competent budgeting and financial management of those revenues, effective policymaking, enhanced skills and professionalism, and merit-based recruitment and promotion. Local governments also gain capacity for self-restructuring and for initiating novel arrangements and partnerships with the private and non-governmental sector in order to respond to new challenges.

Figure 4

Characteristics of Democratic Decentralization

Decentralization

- ● *Instituting constitutional and legal reforms to devolve power to local structures (changes in relationships among levels of government)*
- ● *Increasing local government's ability to act (human and financial capacity and significant responsibility)*

Democratic Local Governance

- ● *Increasing local government accountability, transparency, and responsiveness (changes in the relationship of government to citizens)*
- ● *Enhancing the role of civil society (individual and collective participation)*
- ● *Improving the quality of life (citizen empowerment, service quality, and equitable access)*

Local/Sub-national —Citizens
(Democratic Local Governance)

3. Increasing Local Government Accountability, Transparency, and Responsiveness
This characteristics include ethical standards and codes, performance measures, open information, auditing, transparency, information systems, citizen oversight, and responsiveness to citizen needs, opinions, and requests.

4. Enhancing the Role of Civil Society
Includes peaceful competition for political power and free and fair contested elections of all key local government councilors, access of the public to information and to all meetings, town meetings, citizen boards, and other mechanisms for joint decisionmaking. It includes an environment that encourages participation by all sectors of the population. Of particular concern is the opportunity of the poor and of women to participate, individually or organized.

5. Improving the Quality of Life
   Includes citizen empowerment, improved public service delivery, equity of service access, improvements in economic status (especially for weak and vulnerable groups), and sensitivity to gender roles and relations in planning and implementing public policy.

Target Systems

There are many different scenarios for democratic decentralization and many different presenting conditions in countries. **Figure 5** illustrates various scenarios:

A. Both central and local governments are non-democratic.

B. Central government is democratic; local government is non-democratic.

C. Central and local governments are a mixture of democratic and non-democratic.

Figure 5
Scenarios of Democratic Decentralization

D. Central government is non-democratic; local government is democratic.

E. Both central and local government are democratic.
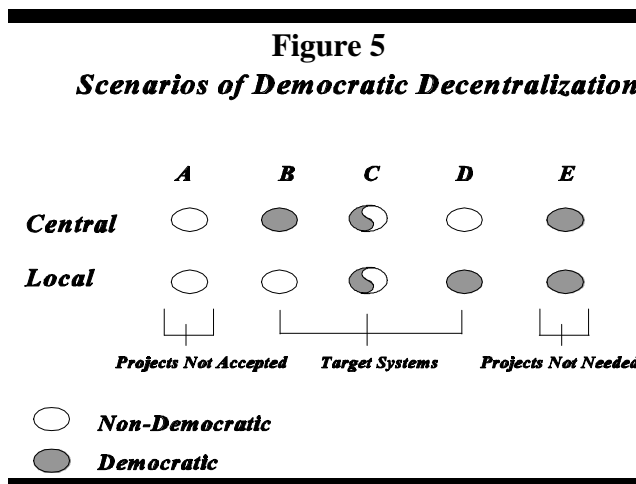
In the first scenario, projects would not be accepted. There is no interest in democratic practices. In the fifth scenario, projects are not needed because the entire governance system is already democratic.

The target systems are the middle three. In all of these scenarios, some initial steps have been taken toward democratic practices and there is interest in making the entire governance system more democratic.

Different presenting conditions require different strategies. For example, expecting a country that is moving from authoritarian rule or that has recently and tentatively established a democratic political system to decentralize and to do so using democratic practices is expecting a lot. In some cases, decentralizing may not be possible in a democratic way. It may be necessary for a national leader, who might have been elected, to use undemocratic means to decentralize. It is not always possible to decentralize political structures in a totally democratic manner, particularly in the relatively short time within which donors provide resources and require results.

In the cases where democratic practices may be created in an autocratic manner, the strategy of democratic decentralization would be to enhance the democratic practices in the structures and

procedures that are established and to lay the groundwork for when democratic decentralization takes place.

In the cases where decentralization is not necessarily done to enhance democracy, the strategy would be to use the momentum of decentralization to introduce or enhance democratic practices.

Each case requires a different strategy.

Entry Points

Democratic decentralization brings two initiatives, decentralization and democratic local governance, together to enhance them both. The two dynamics in tandem are likely to produce better (more open and responsive) governance than one alone or neither. But the precise mix and where a change begins are very context dependent. Also, it may not be feasible for USAID to intervene across the spectrum in a given situation.

Strategy development must consider entry points, or the presenting problems and those access points in a system vary with each context. The five characteristics of democratic decentralization, as they may be applied to central-local government relationships *(decentralization)* and local government-citizen relationships *(democratic local governance)*, can serve as an array of entry points for activities designed to enhance democracy and governance.

For example, in the USAID Municipal Finance and Management Project in the Newly Independent States (NIS), the entry point was city government performance. Activities implemented to address the entry point by increasing local government efficiency, effectiveness, and service delivery became incentives for increasing democratic practices. Press conferences, public budget hearings, competitive procurement, modernized administrative and financial systems, study tours, and performance monitoring all improved city service delivery **and** encouraged, enabled, or incorporated democratic practices (democratic local governance). The work further evolved in Ukraine in the form of support for an Association of Cities to become an effective lobbying force for devolution of power to lower levels of government (decentralization). Partly due to their effort, the new Local Government Law in Ukraine explicitly affirms that power is *delegated to local government by **citizens**, not the state*.

In the Municipal Finance Project in Indonesia, the entry point was the national policy level (decentralization strategy), but through training and direct assistance, the project came to support local government capacity and democratic practices (democratic governance).

During workshops in the Ivory Coast, participants identified needs at both levels. Regarding decentralization, local governments needed more flexibility and greater authority to deal with development issues as they saw fit. At the local level, creating modes of electing local officials that would keep them more accountable to citizens, rather than appointing the party of the mayor to head the electoral list, improved relationships. Similarly, local officials required training in developing neighborhood organizations and collaborating with local non-governmental organizations.

One could, perhaps, further subdivide the five characteristics of democratic decentralization with entry points of program activities in mind and develop an array of possible intervention strategies. Additional exploration could examine the conditions under which various entry strategies seem to work and, particularly, what interventions best suit entry versus later strategies. In the Ukraine example, it would not have been productive to walk in and start doing capacity building with the Association of Cities. But after credibility was built with some significant mayors and they became advocates of both more decentralization and more open government, the time was ripe to be effective with the Association.

Another area for further work is to look empirically at the effectiveness of (1) various entry points, (2) narrow versus wider interventions, and (3) interventions in the upper half (decentralization) of Figure 3 versus the lower half (democratic local governance).

This approach allows us to maintain the significance of both decentralization and local democracy for effective governance while acknowledging that, in any particular situation, USAID or any donor may have to choose an entry point that is considerably narrower than that distinction. Once an entry point is defined, then one can proceed with building consensus around implementation strategy. As discussed in the section on implementation, various entry points can leverage greater change by using all of the phases of implementation. Questions of implementation, of course, should involve counterparts and stakeholders as well as donors.

Design Considerations

In the design of assistance strategies, part of the task is to identify not only which entry points are appropriate in a given context, but also which facets of the issues will yield the greatest democratic decentralization impact. Many of the characteristics can be viewed through a democratic decentralization lens to focus on the problems that are most relevant to democratic decentralization. For example, under each of the characteristics, the project designer may want to ask the same set of questions (see **Figure 6**). If the responses are positive, a democratic decentralization outcome is likely. If the responses are negative, the designer may want to focus on those issues through policy reform or capacity-building efforts to produce a positive answer.

Implementation

Implementation of democratic decentralization is not a linear process; it is a cycle of assessing and doing, as illustrated in **Figure 7**. Differing presenting conditions, entry points, and initial problems mean that the change process starts with various subjects and players that change over time. The implementation process can be described neatly, but it is not neat. As John Gardner says,[7]

In a lifetime of watching a wide range of social problem solving, I've concluded that such problems rarely get solved by an orderly attack at the most logical point. I think one sees a lot of actions on a long ragged front with breakthroughs at often unsuspected spots. There are partial victories, and, with luck, enough to result in an overall victory. But it's untidy.

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[7] John Gardner, The Regionalist, William R. Dodge, Regional Excellence

Figure 6
Design Considerations for Democratic Decentralization

1. **Instituting Constitutional and Legal Reforms to Devolve Power to Local Structures**

   ♦ *Do decisionmaking structures of elected officials exist at the level at which revenue raising and service provision responsibilities have been assigned?*
   ♦ *Has an indigenous institution been created to instigate/maintain pressure for change?*
   ♦ *Do higher levels of government exercise only an ex-postfacto audit of local government budget and operations according to clearly defined legal guidelines?*

2. **Increasing Local Governments' Ability to Act (financial and human resources, organization, authority)**

   ♦ *Do sub-national/local governments have revenue-raising authority that corresponds to expenditures required for service responsibilities?*
   ♦ *Are resources mobilized at the local level retained for use at the local level?*
   ♦ *Do central government grants to sub-national/local governments reward good management?*
   ♦ *Does local government have the authority to hire and fire its personnel, ensuring accountability to that level?*

3. **Increasing Local Government Accountability**

   ♦ *To what extent do electoral procedures build accountability to the electorate more than other centers of power?*
   ♦ *To what extent do all levels of government regularly disseminate information to citizens and other levels of government?*
   ♦ *To what extent does the public (citizens and media) have free access to public meetings and records?*
   ♦ *To what extent do local government procedures allow citizens to provide input before decisions are made about resource allocation?*
   ♦ *To what extent are the results of government decisions disseminated to citizens?*
   ♦ *To what extent is information about government performance readily available?*
   ♦ *Does privatization occur in a transparent manner?*

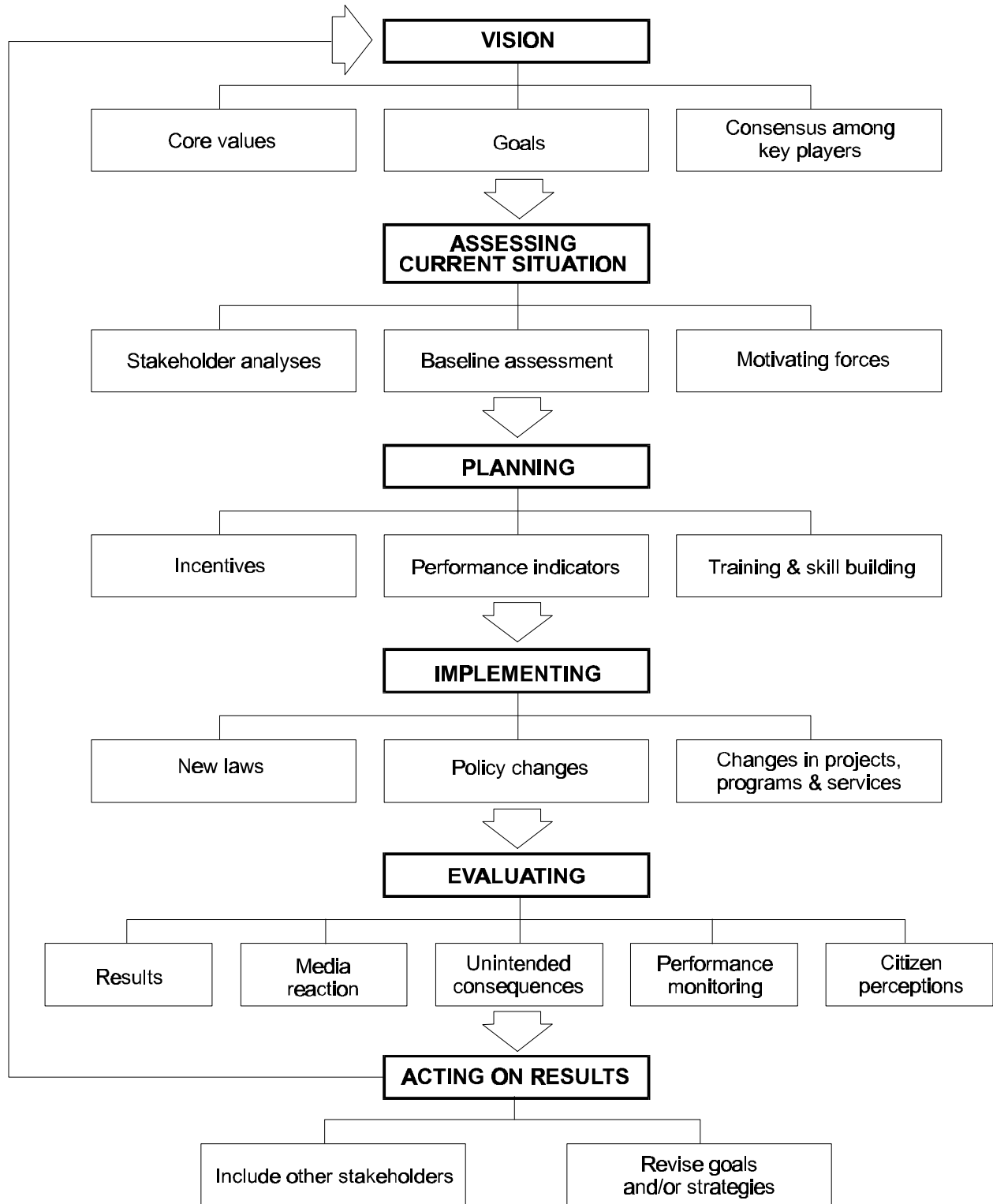4. **Enhancing the Role of Civil Society**

   ♦ *Can partnerships between local government and NGOs, associations, business people, and similar organizations be formed? Are obstacles legislative or attitudinal?*
   ♦ *Can NGOs and other associations function without governmental interference and according to clearly defined legal guidelines?*

5. **Improving Quality of Life**

   ♦ *Are citizens consulted or do they have a mechanism to express their satisfaction or priorities for services?*
   ♦ *Does the local government provide information to citizens about how to access their services?*
   ♦ *Does the local government provide information to citizens about local economic, environmental, and social conditions?*
   ♦ *Does the local economic condition improve?*

Figure 7
Implementation of Democratic Decentralization

VISION

Core values	Goals	Consensus among key players

ASSESSING CURRENT SITUATION

Stakeholder analyses	Baseline assessment	Motivating forces

PLANNING

Incentives	Performance indicators	Training & skill building

IMPLEMENTING

New laws	Policy changes	Changes in projects, programs & services

EVALUATING

Results	Media reaction	Unintended consequences	Performance monitoring	Citizen perceptions

ACTING ON RESULTS

Include other stakeholders	Revise goals and/or strategies

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The implementation process is described as six basic phases: defining a vision, assessing the current situation, planning, implementing, evaluating, and acting on the results. Although described sequentially, it is an iterative, circular process.

Define a Vision

The vision is the hoped for outcome of the societal change. It includes goals that are some version of characteristics of democratic decentralization suggested above. It ensures consistency of approach and comparability across different USAID programs. The vision phase involves certain key players in the change process, usually the ones leading the change and their principal opponents. Building consensus among key players helps the process move forward.

Assess the Current Situation

The assessment can be strengthened by active counterpart and stakeholder involvement and by the shared development of baseline assessments of the current situation, including the policy environment. Part of the assessment is identifying the range of motivating forces, from environmental conditions to institutional incentives to individual interests.

Plan

The planning of how to achieve the vision is strengthened by linking incentives to the desired changes in behavior.

Performance indicators are defined, so the goals are clear and progress can be monitored. The planning phase may also need to include training and skill building necessary to carry out the strategies identified.

Implement

Implementation of strategies involves passing laws, changing policies, and starting or changing projects, programs and services.

Implementation is a complex process requiring considerable time, commitment, resources, coordination, and capability at several levels of government. One must understand that political and social will (understanding and consensus) are critical components of the momentum for democratic decentralization. A process of dialogue and consensus building takes time and resources, but results in greater commitments to move forward toward real reform. Problems inevitably will occur and implementation often will lag behind proclaimed commitment and even genuine intent. Expectations often run ahead of the real time demands of institutional change, potentially leading to disillusionment and loss of momentum. For these reasons, behind all the strategies and systems of decentralization is the need for enduring leadership at and between all levels of government, leadership that accepts responsibility *and* accountability.

Evaluate

Observers and players evaluation occurs in every phase; there is constant checking and adjusting in any change process. Evaluate strategies for democratic decentralization in real time by seeing results, assessing news media and citizen reactions, and facing some unintended consequences of the actions taken. The review of actions taken can also be more formal performance monitoring and evaluation, discussed in more detail in the next section.

Act on the Results

The cycle of implementation begins again when actions are taken in response to results and reactions to date. Goals and/or strategies may be revised. Other stakeholders may be included.

The implementation process is not sequential. For example, leaders may adopt strategies are adopted without assessing the situation or planning for the implementation. The important idea in the implementation process is that it is a continuous cycle of doing and assessing. Understanding the nature of implementation demonstrates the importance of both entry points and motivating forces. Regardless of where you enter the implementation process, there is opportunity to leverage more change by using the other phases and by using incentives to achieve desired results.

Performance Indicators

A range of information-gathering methods, selectively based on local circumstances, is necessary to assess the complex dynamics of democratic decentralization. In shaping an evaluation strategy, planners should keep three criteria in mind:

1. The methodology should involve local stakeholders (including both leaders and project beneficiaries) in the information-gathering process as a step toward enhancing their involvement in subsequent development activities.

2. The approach should provide reliable and appropriate information from the standpoint of decisionmakers who will use it, rather than attempting solely to serve a labored mix of academic, bureaucratic, and management interests.

3. Information gathering should provide data that can be integrated with other management information to support strategies that are feasible in light of available project resources and other required investments.

In practice, the key to applying these criteria is the use of a monitoring and evaluation strategy that enables direct stakeholder participation, employs relatively uncomplicated yet credible measurement procedures, and is reasonably comprehensive. Properly executed, such an approach will serve the monitoring and evaluation needs of responsible managers, provide sound information to permit the measurement of program implementation and impact, and serve as the basis for effective program management.

We advocate the principle of selecting a vital few impact indicators. There is a tendency under USAID Results Frameworks to select more indicators than can be used or analyzed effectively. Just enough impact indicators should be selected to cover the essential dimensions of the intervention (i.e., those aspects of the intervention that are thought to produce the intended impacts) rather than all possible indicators one can think of.

Ideally, no data or information should be collected unless there is a definite customer for the data — i.e., someone who intends to use it. This *customer focus* approach places the burden on the evaluator to justify data collection in terms of actual data utilization. Who wants the data and why? How do they intend to analyze the data? This data use requirement should help limit the collection of data to the vital few indicators for which there is a substantial demand.

Above all, any effective system of measurement must consider the needs of various constituents with a stake in the results. Each may have a unique perspective that will be reflected both in how the assessment is conducted and in how the results are interpreted and used. Governments seldom, if ever, satisfy all strategic constituencies. What appears to be substandard performance from the standpoint of one constituency may be high performance when multiple perspectives are assessed—and, of course, the reverse is also true. Even within the local government staff, interpretation of the same reality may differ depending on one's level and role. Government entities often are caught in the crossfire between differing interpretations of their capacities or performance.

The sample indicators below are organized by the five characteristics of democratic decentralization that we have already suggested. **Figure 8** presents the characteristic of the first relationship, that between the central and local governments. **Figure 9** presents the characteristics of the second relationship, between local governments and citizens. The lists are not comprehensive but are designed to point to the kind of dynamics that it is useful to measure to assess decentralization impact.

Conclusion

The democratic transitions of the past few years and the global trend toward decentralization have presented unusual opportunities for democratic decentralization. Recognizing this fact, 32 USAID missions have democratic decentralization as one of their strategic objectives. USAID initiatives can further the concept of democratic decentralization by focusing on two key reciprocal relationships: between the central government and the local government (*decentralization)* and between local government and citizens *(democratic local governance).*

Operationally, initiatives designed with an understanding of entry points and incentives will be better suited to the particular situation and be more likely to produce sustainable results.

Figure 8
Decentralization Sample Performance Indicators

1.   Legal Reforms to Devolve Power: Sample Performance Indicators

1.a.   Administrative Decentralization
   - *increase in authorities specifically reserved to local government (as opposed to center)*
   - *number of reforms passed, in comparison with a list of recommended or promoted reforms*
   - *number of local government decisions overturned by central government*
   - *scope of responsibilities clearly defined for each level*
   - *number or percentage of local laws passed without hindrance from central government*
   - *degree of assignment of functional responsibilities from central government to local government*
   - *existence of codes of conduct or other legally binding statements for local officials*

1.b.   Financial Decentralization
   - *existence of legislative authority to collect local taxes and fees for use locally*
   - *trends in local own-source revenue*
   - *percentage of locally generated revenue retained locally*
   - *percentage of residents paying (specified) local taxes*
   - *degree of independence in use of central financial transfers*
   - *percentage of local government budget mandated by central government*
   - *authority for local debt financing*
   - *existence of local economic development strategies and incentives*

1.c.   Political Decentralization
   - *passage of constitutional and legal reforms to devolve power (local governments have protected legal status and specific powers and responsibilities)*
   - *number or percentage of local government decisions overturned by central government*
   - *level of authority to accept, reject, or modify central government plans for urban infrastructure constructed by central agencies*
   - *competitive election of local officials*
   - *level of consultation with associations of local officials on national policy issues*
   - *percentage of citizens registered to vote and percentage of registered citizens voting (gender disaggregated)*
   - *elections scheduled and held as planned*
   - *percentage of executives, administrators, candidates, and elected officials who are women*

2.   Increasing Local Governments' Ability to Act
   - *transfer of legislative authority to local councils to collect local taxes and fees*
   - *percentage of local staff completing relevant skills training, and evidence of use of that training*
   - *percentage of local government staff hired by local government*
   - *percentage of local revenue generated by local government*
   - *percentage of local government operating costs covered by local revenue*
   - *percentage of cost of urban services covered by fees*
   - *proportion of local government executive posts for which recruitment is based on clear job descriptions and merit*
   - *public perceptions of corruption in the provision of government services, as reported in opinion polls*

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Figure 9

Democratic Local Governance Sample Performance Indicators

3. Increasing Local Government Accountability, Transparency, and Responsiveness: Sample Performance Indicators

- *availability of budgets and financial reports of local government jurisdiction to councilors, the public, and media*
- *existence of internal and external auditing in accordance with required schedules*
- *number or percentage of post-audit actions taken*
- *existence of a citizen complaint mechanism and use of input*
- *response time for citizen complaints*
- *increased level of monitoring of corruption, human rights violations, minimum wage and health rights for workers, etc.*
- *existence of transparent financial systems and full reporting to citizens*
- *documented performance standards and systems of measurement*
- *actual performance reported to public*
- *local government measurement of citizen satisfaction*

4. Enhancing the Role of Civil Society

- *number and diversity of citizens who make use of local programs, benefits, and services*
- *frequency of or percentage of major decisions influenced by town meetings, open hearings, joint commissions, or other participatory mechanisms*
- *percentage of eligible voters (male and female) voting in local elections*
- *average number and percentage of population attending town meetings organized by local government*
- *number or percentage of women councilors*
- *number and diversity of citizens involved in decisionmaking task forces or commissions*
- *number of accredited media representatives or free media outlets*
- *number and diversity of citizens and community-based organizations involved in strategic planning*
- *level of resources devoted to support of local business, including women-owned businesses*

5. Improving the Quality of Life

- *existence of and level of access to local government services desegregated by gender, location of residence, etc.)8*[8]
    - *potable water*
    - *sanitation*
    - *solid waste collection*
    - *roads*
    - *public markets*
    - *public transport*
    - *primary and secondary schools*
- *housing*
- *health care*
- *major economic activities and trends*
- *income levels and trends*
- *number or percentage of households below the poverty line (disagreggated for households headed by women)*
- *proportion of school-aged children enrolled in primary school (disagreggated by gender)*
- *percentage of households headed by women.*

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[8] In the context of decentralization, the services provided by local governments vary considerably from place to place, so services indicators such as those suggested here must be used with care.