

**PART ONE:**

# Understanding a Decentralization Process

## Chapter 1. The Nature of the Problem: FAO Experience and Skills in Decentralization

This chapter presents an overall view of lessons to be drawn from different aspects of FAO experience and acquired assets in decentralization.<sup>2</sup> The underlying question of this study is, given the essential conditions for the successes of decentralization, what expertise can FAO bring to bear on the formulation and implementation of a decentralization policy? FAO has provided technical assistance to project implementation in different countries within the following three perspectives.

### 1. The Public Institutions Perspective

Information production to improve the quality of state action, the restructuring of institutions, training.

### 2. The Civil Society Perspective

Managerial capacity by contract, participatory extension, participation programs and structuring of the peasantry.

### 3. The Local Government Perspective

The roles of local institutions, development poles, construction of dialogue, and regionalization.

The accumulated experience in these three areas constitutes the expertise that FAO can contribute towards the efforts of Member States to create the necessary conditions to successfully carry out the decentralization processes and reconstruction of institutions responsible for rural development.

## The Public Institutions Perspective

FAO has worked to improve the performance of public institutions responsible for agricultural support services. It has promoted new relationships between these institutions and rural populations. The FAO's Public Institutions Perspective comprises three lines of action:

- Surveys and typologies of rural populations;
- Training local actors on decentralized planning;
- Restructuring public institutions that have responsibility for agricultural support services and rural development.

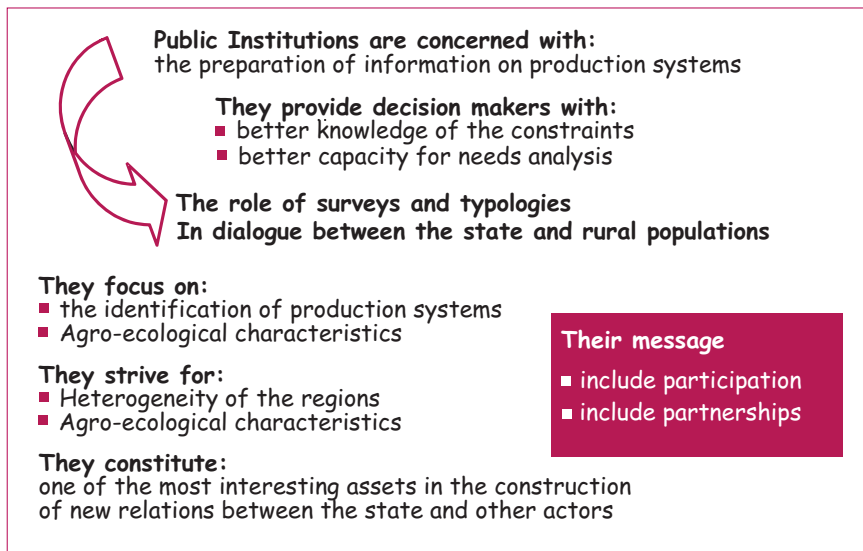
### The Role of Surveys and Classifications in Dialogue between the State and Rural Populations

This line of action gathers information on agricultural production systems and their development. It provides decision-makers with better knowledge of the constraints which weigh

<sup>2</sup> See FAO-SDA, "FAO experiences in decentralized rural development", Decentralization and Rural Development Series, N°1, FAO-SDA, Rome 1997..

down these systems. It makes it possible to integrate the needs of rural populations (determined through surveys and classifications) into policy-making.

The hypothesis is that, to elaborate effective policy, information available at local level must be taken into consideration. Accumulated experience in gathering such information is an asset that enables a counterbalance of the disparity of access to information. This also enables better coordination of development activities.



This approach initially focused on the identification of the multiple components of production systems. This was ensured through the integration of both agricultural and non-agricultural activities of rural families, on the basis of agro-ecological characteristics at local level. More recently, it has also sought to take into consideration regional diversity. Consequently, it can be used as a useful tool in the formulation of adaptable policies and in the appraisal of public institutions and

specific problems of rural populations, and regions; therefore it would make these institutions more effective. The advantage of this approach is that it was one of the first attempts to include grassroots participation in problem identification and resolution. Projects implemented along these lines have demonstrated a convincing willingness to register the opinion of farmers and to create structures for consultation at regional levels. The establishment of a framework for consultation is crucial in this approach and is another of FAO's assets. Another characteristic of this approach is its emphasis on partnerships at all levels. A network of partners, consisting of representatives from public institutions, elected officials and representatives of other social groups and organizations, should be created at each level of intervention. This type of partnership is one of the most useful assets resulting from the FAO experience in establishing new relations between the state, rural populations and other players in rural development.

## Decentralized Planning and the Role of Training

The establishment of new mechanisms for decentralized planning and strong training programs is the second line of action of the Public Institutions Perspective. Decentralization is a complex process requiring certain enabling conditions in order to be sustainable. It especially requires a strong on-going education program for personnel, citizens and/or organizations that are assigned decentralized functions and responsibilities.

FAO has developed the important skill of analyzing decentralization processes and analyzing training needs. This is important because it provides the possibility of supporting governments to better target training actions to key sectors in the decentralization process. Those actors who play a key role are thus given priority.

The second skill concerns efforts to integrate rural populations in policy-making. Experience shows that training constitutes a means of creating a true culture of decentralization within civil society organizations and government institutions.

There are three conclusions concerning training:

- for training to be integrated into the participatory approach, it has to target not only managers of support institutions, but also citizens and their organizations;
- training is not useful if its themes and methods do not give priority to knowledge and organizational abilities of the grassroots actors and if the knowledge and abilities of local populations are not taken into account;
- decentralization increases the need for training just as training increases the chances of success of decentralization.



**Public Institutions are concerned with:**  
the need to respond to the complexity of decentralized planning activities

**They provide decision makers with:**

- capacity building
- better allocation of responsibility

**decentralized planning and the role of training**

**They focus on:**

- the identification of training needs
- training key actors as priority

**They strive for:**

- a decisive role for rural populations
- the paramount role of training

**They constitute:**  
one of the most interesting assets in the involvement of grass roots organizations in policy formulation

**Their message**


- better target training
- appropriate actors
- rising demand

## Restructuring Agricultural Support Services

The third line of action concerning public institutions relates to the restructuring of rural development institutions. Restructuring, a key element of structural adjustment, is supposed to have been based on the principles of democracy, transfer of responsibilities and consultation between development actors.

Experience has made it possible to:

- define the new role of the State and transfer of responsibilities to actors of civil society (including the private sector) that had been, until then, in the arena of the central administration;
- review relations between the different levels of government;
- redefine the relations between the state and private operators;
- establish a representative model, making it possible to consult farmers on matters that concern them.



**Public Institutions are concerned with:**  
the new role of the public sector in the context of structural adjustment

**They provide:**

- better allocation of individual responsibilities
- better consultation between actors

**the restructuring of agricultural support services**

**They focus on:**

- a redefinition of state roles
- transfer of responsibilities to civil society

**They strive for:**

- the maintenance of control functions
- New public - private relationships

**The constitute:**  
one of the most interesting assets in the construction of new communication modalities that constitute rural organizations

**Their message:**

- strong communication
- represent rural populations
- establish dialogue

One key aspect of this line of action relates to the functions of Ministries of Agriculture. Rural development institutions must possess enough capacity to intervene. However, this capacity should be used in the framework of clearly defined functions for each type of rural development operator. The specifically public area of intervention would be planning, the promotion of private initiatives, the reinforcement of farmer and local capacity, regulation and control and monitoring and evaluation.

One important aspect of the accumulated knowledge in this domain concerns the relationship between the new functions of the ministries, the strengthening of professional organizations and the mechanisms for dialogue with the State. Indeed, the institutional restructuring approach insists on the need to strengthen farmer organizations so that they can provide services required by their members. These organizations should be able to do this through partnerships with NGOs and the private sector. In pointing out that decentralization cannot work if the State does not have interlocutors who are representatives of different categories of the population, FAO has made decisive progress in understanding the most important conditions for decentralization to take place properly.

## Perspective 2: Civil Society


This perspective is central to FAO’s experience in decentralization and it includes activities enabling populations to play a meaningful role in rural development and the management of their own affairs. Three lines of action appear to be particularly interesting. Firstly there is the experience in the management of village territories (better known by its French name, “Gestion de Terroirs Villageois/GTV). Secondly, the organization of extension services on the basis of a participatory approach and finally, people’s participation programs and the structuring of peasant organizations.

### “Gestion de Terroirs Villageois” Programs and the links between Local Governments and the State

“Gestion de Terroirs Villageois” (GTV) projects are an important line of action in creating the conditions that make it possible to involve local communities in the management of social investments and natural resources. Underlying this methodology is the diagnosis that projects put together without local participation do not lead to sustainable development. Consequently, the GTV approach emphasizes a significant move towards the process of

local ownership by rural populations in development. The major advantage of this line of action is the increased ownership by farmers’ organizations and rural authorities regarding the provision of agricultural support services.

The experience of GTV is relevant to the debate on decentralization because it indicates the necessity of developing contractual relations between villagers and the state. It is from this



**Civil Society is concerned with:**  
ways of involving Rural Communities in the management of their resources and activities

**It offers:**

- better knowledge of advantages / constraints
- better consultation between actors

**Land management projects and links between Local Communities and the state**

**It focuses on:**

- linkages between actors
- learning of responsibilities

**It strives for:**

- indispensable decentralization
- new relationships between local /national

**It constitutes:**  
One of the most interesting assets in the construction of new policies and decentralization modalities

**Its message:**

- learn management skills
- contractual linkages
- different levels

point of view an important asset for the creation of conditions enabling decentralization to work successfully because it prepares local governments for the transfer of responsibilities, while teaching them to manage their own affairs. In this regard GTV can only succeed in a context where the power to formulate policy, manage and evaluate, are decentralized. Regional coordination guarantees the effective and coherent implementation of the methodology, and the success of national policy in the field.

A second advantage of this approach is the development, within rural populations, of a new kind of relationship based on consultations, first at the local, then regional and finally the national level. This is an approach, which privileges the immersion of extension agents in the field, consultation of citizens and all other relevant stakeholders, responsibility sharing, as well as pooling of knowledge and know-how. The transfer of responsibilities and partnerships are thus the two principle lines of actions in this approach. In this way, the accumulated experience in these areas is to be taken into consideration for the proper formulation of a decentralization policy.

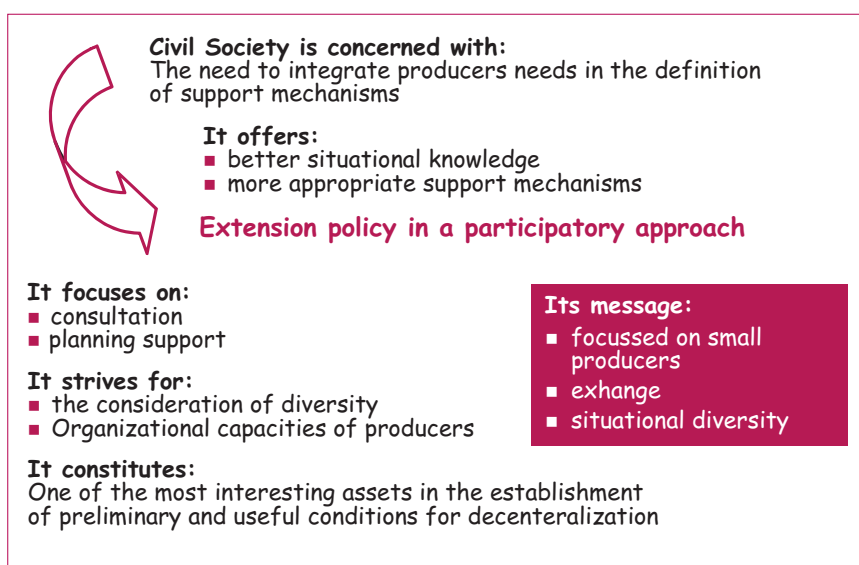
## Participatory Extension Policy

The second line of action in relation to the civil society perspective concerns agricultural support services. The FAO's work has taken a participatory approach to extension services, making it possible to integrate the needs of small farmers in a larger set of development actions. This approach leads to the specific support effort to farmer organizations.

FAO projects have included coordination of local actions to ensure their coherence and enable regional programming. Moreover, extension systems have taken into consideration the diversity of production systems by putting in place a set of differentiated messages designed on the basis of the knowledge of local know-how. These strategies turn agricultural extension into a tool to reinforce: (i) the associative capacities of communities and; (ii) their sense of ownership in solving both up-stream and down-stream production problems.

The participatory approach to extension services involves three main strategies of gradual commitment (consultation, co-management, and transfer of responsibilities) used for the analysis of situations, review of problems encountered in implementation of actions and monitoring and evaluation.

The long-term goal is for organization and consultation to be the mode of transfer of responsibilities to the farmers themselves. One can therefore understand the advantage of the experience for discussions on decentralization. These types of projects make farmers the key players in the implementation of the process. Public extension agents (in collaboration with NGOs and specialized agencies) build exchange relationships with them.



Decision-making is done on a contractual basis, committing both farmers and extension agents. In this methodology, rural people work in partnership with extension agents. These are some of the FAO tools for establishing the enabling conditions for decentralization.

## People's Participation Programs and the Structuring of Farmer Organizations

A people's participation program is the third line of action of the civil society dimension. In the context of decentralization and the transfer of responsibilities, this line of action is a way of creating the conditions for the most underprivileged groups to organize themselves to take over the management of support services. There are two basic aspects to FAO's accumulated experience in citizen participation. Firstly, there are the People's Participation Programs (PPP) themselves, which emphasized the building of rural organizations capable of carrying out income generating activities. Secondly, there are projects aiming to promote the structuring of peasant organizations.

The PPP perceive people's participation in terms of returning the power of initiative and decision-making to rural populations. According to the PPP, participation has two dimensions: an economic dimension directed toward income generation and integration of citizens into the monetary exchange network and a political dimension, which for the poorest is having a voice and recognition in



**Civil Society is concerned with:**  
the possibility for destitute populations to develop income generating activities and to organize themselves in to associations

**It offers:**

- better involvement of the poorest people
- increased sustainability

**Popular participation programs and the structuring of peasant organizations**

**It focuses on:**

- an economic and financial dimension
- listening, recognition and dialogue

**It strives for:**

- entrepreneurial competency
- management skills in associations

**It constitutes:**  
One of the most interesting assets to allow poorer groups to get organized and assume responsibility

**Its message:**

- involved groups
- organized groups
- sustainable actions

their development. Since participation can only be achieved through a mobilizing project, PPPs seek to identify income-generating activities. In these conditions, the approach has given priority to the development of entrepreneurial skills as a means of ensuring self-sufficiency in the medium and long term. This is a very important methodological asset.

Actions in structuring farmer organizations and improving dialogue between the state and representative organizations take root in sustainable development. This postulates that development actions cannot be replicated if they are not taken over by rural populations themselves. This rural development strategy recognizes that if the rural poor are not given the resources to participate in actions that concern them, they will remain excluded and marginalized. An important experience in this regard is the Forests, Trees and People Program (FTPP) directed towards ensuring farmers' participation in the management of trees and community forests. Even if the program has not always succeeded in modifying policies, it has nonetheless had some influence in their formulation.

## Perspective 3: Local Government

This third perspective is comprised of actions to reinforce regional and local levels of government. The subject of local government is directly related to deliberations on decentralization to the extent that regionalization is introduced when local governments are

capable of being real centers for rural development. This course of action is complementary to that which attempts to build interfaces between national and local levels of government. The two approaches are an FAO contribution, which can lead to new thinking about the role of the region.

## The Role of Local Governments in Decentralization

With decentralization, local levels of government have the vocation of becoming places in which local actors may take the initiative to define and implement their own development goals. The revalorization of the local level as instigator of initiatives and decision raises the question of connecting this level with higher levels of decision. The advantage of focusing on local levels is that this can create a platform for organization and initiative taking, association, economic activity and recognition of participants. The idea is to support local actors so they can define their own mobilizing goals. This approach recognizes that local levels are not homogeneous and, as a result, it is necessary to take into consideration multiple actors who are directly involved in decision-making at the local level.

The context created by structural adjustment policies is an important background to understanding this development approach. There has been a wave of democratization and strong demands for participation. This requires the strengthening of local administrations.

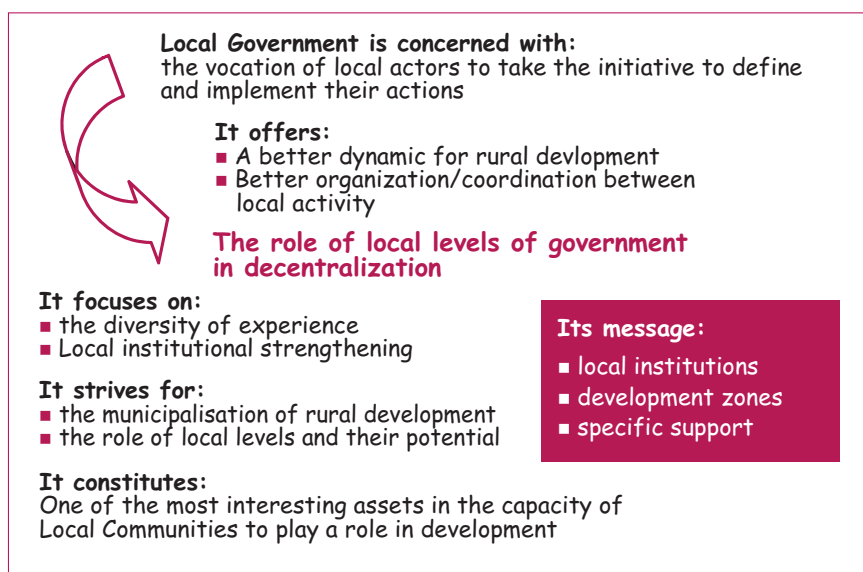
Local governments are slow to emerge as the key players for the implementation of new development strategies. This requires institutional strengthening to enable them to establish dynamic relations with their people.

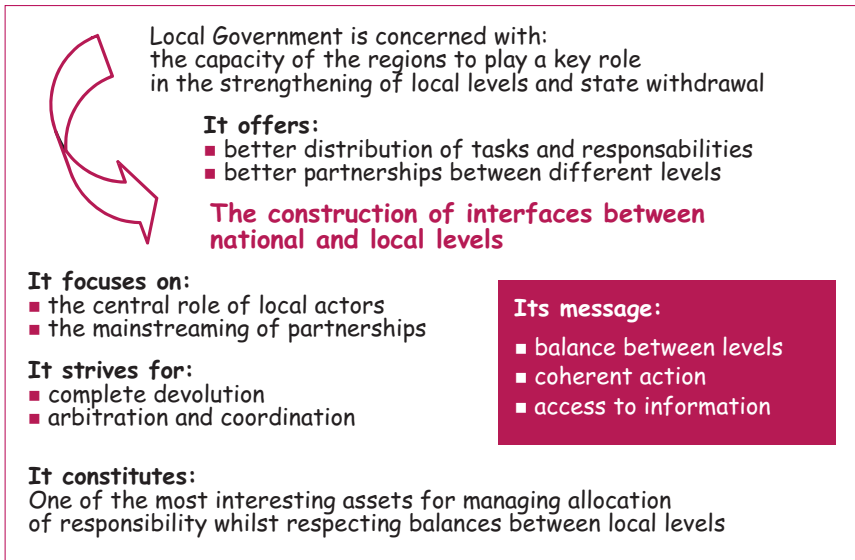
Therefore, one analytical path consists of identifying possibilities for action by rural municipalities. It is essential to identify the real potential of the rural municipalities in terms of support services to small farmers and social services to poor populations and also the necessary conditions for

them to fulfill these functions. In this way municipalities could become the key geographical level for the formulation and implementation of public and private initiatives in rural development, hence opening the way for the municipalization of rural development. In order to go ahead with municipalization, it is necessary, as some FAO teams have done, to identify the most dynamic regions and middle-level towns and then analyze those factors, which could enable them to become poles of rural development. Hence, FAO can provide services and support to assist governments to solidify the dynamism of these poles.

## Building Interfaces between National and Local Levels of Government

The strengthening of local governments and their potential transformation into true poles of rural development require local levels to have decision-making powers and responsibilities. This is only possible through decentralization, especially with devolution of the decision-





Local Government is concerned with:  
the capacity of the regions to play a key role  
in the strengthening of local levels and state withdrawal

**It offers:**

- better distribution of tasks and responsibilities
- better partnerships between different levels

**The construction of interfaces between national and local levels**

**It focuses on:**

- the central role of local actors
- the mainstreaming of partnerships

**It strives for:**

- complete devolution
- arbitration and coordination

**It constitutes:**  
One of the most interesting assets for managing allocation  
of responsibility whilst respecting balances between local levels

**Its message:**

- balance between levels
- coherent action
- access to information

making powers and responsibilities relating to the financing of local institutions elected by its citizens. The choice of sub national entities as the focal point of development initiative is justified in so far as it is from there that it will become possible to ensure the sustainable integration of grass-roots communities and organizations of civil society in a coherent political whole.

This development strategy, implicit in FAO experience, is based on the idea of partnership. The idea involves certain development characteristics that should be explained:

- the recognition that local actors play a central role in determining and implementing development programs;
- the primary role given to local governments as places of initiative and decision-making;
- the recognition that there should be a sequence of actions between the short and mid term in development programs. This would allow activities aimed at overcoming immediate problems to also address more long term and structural orientations.

The increased role given to local actors does not mean that the State no longer has important functions to carry out. It is critical to ensure coherence in participants' actions. This means building interfaces between the local and national levels to integrate the needs and initiatives expressed at grassroots level on the one hand, and the national-level problems and coordination on the other. The presence of the regional level would make it possible to arbitrate these two contradictory requirements. The regional level could, in particular, provide rural populations with information on the institutional, economic and technological environment that would enable them to participate effectively in policy making.

It is the recognition of the role of these interfaces that has led FAO to support the structuring of the rural sector through regionalization, seen as a dynamic method of strengthening the local level and supporting State withdrawal. However, on this relatively new path, a clearer definition of the boundaries between the local and regional levels still has to be made.

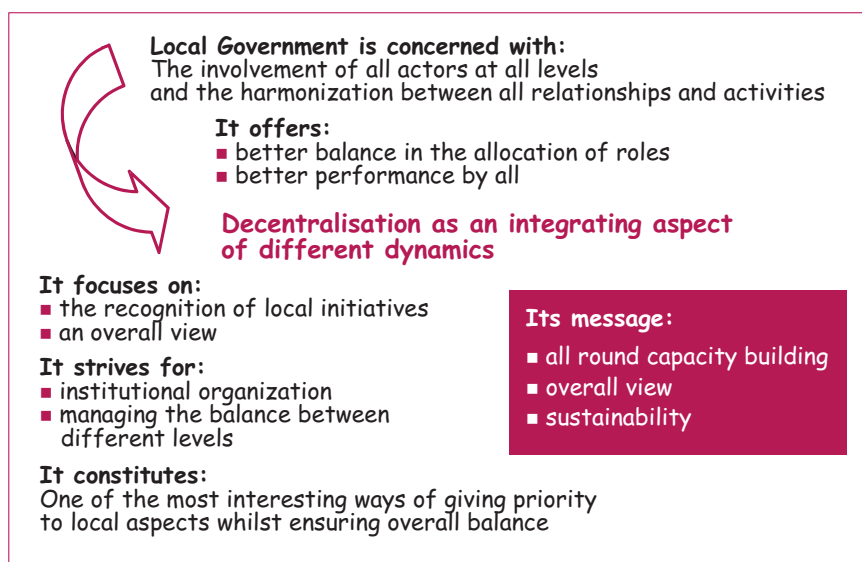
## Conclusion

There is a consensus that the rural sector has a decisive role to play in food security, poverty alleviation and the improvement of natural resource management. It is also recognized that decentralization could improve the actions of the sector. However, consensus is not enough. The institutional framework has to be organized in such a way as to transform this consensus into a participatory and sustainable approach to rural development. Experience and accumulated knowledge can help in building this framework.



If we had to briefly summarize the main lesson learned from FAO's experience, we could say that the **big challenge of decentralization is the management of the tension between the recognition of collective but local initiatives and the requirement of integrating these initiatives into one overall vision.**

Differentiation, regionalization, and institution strengthening can help resolve this tension. In the final analysis, decentralization requires that the level receiving the decentralized functions be strong and dynamic so that its actors can welcome the decentralized functions and initiatives. The three perspectives (Public Institutions, Civil Society and Local Government) and the different lines of action taken by FAO all appear to work in this direction.



## Chapter 2. Concepts and Definitions

One of the major obstacles in understanding others is not giving the same meaning to the same word. This applies especially to people with different cultural backgrounds (from different countries and/or speaking different languages) but can also happen to people with similar backgrounds.

The objective of this sub-section is to provide the clearest definition possible of the basic concepts that are useful in understanding decentralization processes. A definition of all concepts used in this Training Manual is provided.

- |   |   |
|---|---|
| 1 – Decentralization;   | 18 – Regional partnerships;               |
| 2 – Regional level;   | 19 – Local partnerships;                  |
| 3 – Local level;  | 20 – Transfer of resources;               |
| 4 – Transfer of powers;                                       | 21 – Global grant and global negotiation; |
| 5 – Division of powers;                                       | 22 – Territorialization of financing;     |
| 6 – Subsidiarity;   | 23 – Additionality and co-financing;      |
| 7 – Democracy;  | 24 – Vertical partnership;                |
| 8 – Local Governments (regional and/or local elected bodies); | 25 – Joint evaluation;                    |
| 9 – Deconcentrated administrations and deconcentration;       | 26 – Top down / bottom-up approach;       |
| 10 – Delegation of functions;                                 | 27 – Self-development                     |
| 11 – Devolution;  | 28 – Regional development                 |
| 12 – Civil society organizations;                             | 29 – Participation;                       |
| 13 – Enterprises;   | 30 – Governance;                          |
| 14 – Tertiary sector;   | 31 – Privatization;                       |
| 15 – Formal/Non-formal sectors;                               | 32 – State Withdrawal;                    |
| 16 – Horizontal/territorial partnerships;                     | 33 – Legal Framework;                     |
| 17 – Territorial engineering;                                 | 34 – The five types of capital;           |
|   | 35 – Risks of decentralization.           |

### 1 – Decentralization

In its most elementary definition, decentralization is a partial *transfer of power* (4) and *resources* (20) from the central government to institutions at the *regional level* (2) or at the *local level* (3).

Decentralization can be limited to the state sphere. In this case, a transfer from national public institutions towards regional or local public institutions takes place (sub-national jurisdictions, *local and/or regional* (8) and/or *decentralized administrations* (9)). However, decentralization can also go beyond the state sphere when a *transfer of power* to semi-public organizations takes place (in which case one speaks of *delegation of functions* (10)) or even to civil society bodies (decentralization then takes the shape of a *devolution* (11)).

**See also: transfer of power, transfer of resources, regional level, local level, local and/or regional administrations, decentralized administrations, devolution**

## 2 – Regional Level

The definition of the regional level depends on which country is considered. In all definitions that are given in this kit, region means a substantial administrative territory including between 500,000 and 5,000,000 inhabitants. At this level, direct fieldwork is not possible but rather general planning in order to define the broad outlines for development strategies as well as town and country planning is carried out.

## 3 – Local Level

The definition of the local level also depends on the country in question. However, whatever its definition the local level distinguishes itself fundamentally from the *regional level* (2) by the fact that a direct link between local bodies and participants is possible and desired which radically changes the working logic of institutions. Project realization, mobilization of actors and GTV are carried out at this level.

From an administrative point of view, the local level mostly corresponds to municipalities/communities (or sectors/districts for large cities). However, for some investments (for example in infrastructure) or for ensuring local actor mobilization around common projects (in order to have a critical mass) the moving up to a higher administrative level might be needed.

Furthermore, the local level is also defined through a certain common territorial identity. Therefore, a wider concept defined through a certain natural homogeneity is often sought for beyond the municipality as a merely administrative division. In the European Union, there are many initiatives that have taken this direction. In a rural environment the local level corresponds to a territory containing between 20,000 and 100,000 people.

See also: regional level

## 4 – Transfer of Power

Transfer of power can also mean the “transfer of expertise” or the “transfer of functions”. By powers/expertise/functions, one should consider:

- who formulates and makes the proposal;
- who takes the decisions;
- who provides financing;
- who manages the implementation;
- who does the follow-up and evaluation.

Decentralization can encompass the transfer of some, or all, of these powers. The different types of powers are complementary and linked to each other. The *division of powers/functions* (5) by institutions or different stakeholders at the *local or regional level* is often a sign of maturity in *decentralization* (1). The transfer of power presents itself in different ways at these two levels, being much more formal at the *regional level*, compared to the local level (see *regional partnership* (17) and *local partnership* (18)).

*Decentralization* is a transfer of power to *different regional or local levels* in accordance with the *principle of subsidiary* (6).

See also: division of powers / functions, regional level, local level, decentralization, regional partnership, local partnership

## 5 – Division of Powers/Functions

The division of powers or the division of powers between institutions or different people is fundamental to the principle and a certain guarantee of *democracy* (5). Conversely, the concentration of powers on only one person, or only one institution, is an open door to authoritarian and autocratic regimes.

The division of executive, legislative and judicial power is generally considered to be the essential basis for democracy. This does not necessarily mean that one must stick to this division in all circumstances. The division of powers must be seen as a general principle to be applied as widely as possible according to the context. For example the division between the different types of power/functions defined previously, (see 4) can be an essential element to ensure a healthy and transparent operation and maximum efficiency, at local, regional or national level. It is important that the decision-maker and the one who pays are different persons, while quite frequently the one that has the power to pay often tends to assume the power of decision-making.

See also: [democracy, regional level](#)

## 6 – Subsidiarity

Subsidiarity describes the principle according to which all problems must be solved at the lowest level where a solution is achievable and most relevant. The concept of subsidiarity is mostly referred to in the context of relationships between supranational structures and national states or between a national state and its regions. The principle of subsidiarity was officially introduced in the texts of the European Union to ensure that the European Commission would only deal with those problems that could not be solved at the level of the member states.

In fact, the principle of subsidiarity concerns all levels down to the local, micro-local and individual level. For example, the problem of survival of a family must be solved at the family level as long as it is not linked to problems at another level such as children's education and health which must be solved at other levels: village level, township or inter-communal for the construction of a school or health centre, regional or national levels for training of teachers, physicians, nurses, etc.

Subsidiarity and *horizontal partnership* (16) are basic principles in *democracy* (7). They guarantee that the problems of every person or group of individuals and people living in the same area are solved by the people themselves.

See also: [horizontal partnership, democracy](#)

## 7 – Democracy

Etymologically, democracy is the power of the people. First applied in Greece, this concept evolved from the practice of agora, which is the word for the public place where public affairs were directly discussed and all citizens, with the exception of slaves, could participate. This type of direct democracy is only possible for small communities such as in some indigenous communities of Latin America and some other places.

When communities become larger, the *delegation of powers/functions* (10) through elections is needed. Therefore, elections constitute the basis for a representative democracy. This does not mean that a democracy must limit itself to a debate between elected officials, or that elected officials must govern alone at the *local, regional or national level*, even though they have the legitimacy to do so. It must be completed by more direct and participatory types of

democratic expressions. These can be informal, for example organizing direct debates, or more formal within institutions created to this effect. *Decentralization* (1) offers interesting possibilities in this sense, such as *horizontal partnership* (16), at the *local or regional levels*.

**See also:** delegation of powers/functions, local level, regional level, decentralization, and horizontal partnership

## 8 – Local Governments (Regional and/or Local)

Local and/or regional governments are representative institutions elected on these two levels. At the *local level* (3), these are normally municipalities or townships and at the *regional level* (2) regional governments. The existence of sub-national governments, regional and/or local, as elected authorities, is a basic condition for *decentralization*. Indeed, as long as regional and/or local public administrations are merely representations of the central government, it is not a *transfer of power* (4), but rather of a *deconcentration* (9) of power.

Local governments often regroup (and form associations of townships, inter-community unions, etc.) to solve problems at a higher territorial level (e.g. the building of some types of infrastructures).

**See also:** local level, regional level, decentralization, transfer of powers, deconcentration

## 9 – Decentralized Administrations and Deconcentration

Decentralized administrations are local administrative offices that provide some parts of the central government services at the *regional or local level* (e.g. a ministry that transfers some of its functions and expertise to its regional and/or local subsidiaries).

Deconcentration therefore differs from *decentralization* (1) insofar, as it does not *transfer the power* (4) of decision-making but only some administrative and technical responsibilities to the regions while maintaining strong control and decision-making power at the central level.

**See also:** regional or local level, decentralization, and transfer of power

## 10 – Delegation of Functions

Delegation of functions means that the central authority delegates part of its functions to a semi-public regional entity (e.g. a ministry that transfers part of its functions and expertise to regional agencies). The delegation of functions can also take place through the assignment of certain tasks to a specialized entity or to administrative services that are relatively autonomous. The delegation of functions is, in essence, related to the implementation and the progress of activities as well as the local or regional coordination, but overall does not concern the general formulation and planning. The concerned organs may or may not be under the direct control of the state but the latter always keeps at least an indirect control.

**See also:** local level

## 11 – Devolution

Devolution is the transfer of functions and resources to the citizens themselves or to *local level* (3) governments (transfer towards organizations representing the citizens, townships, village authorities or rural communities) implying the creation or strengthening of these entities.

Devolution is the most advanced form of *decentralization* (1) because it entails the *transfer of powers* (4) towards an institution or a local association with high autonomy. This institution can be a *civil society* (12) organization or a mixed private/public organization in the form of a

regional or local *horizontal partnership* (16).

See also: local levels, decentralization, transfer of powers, civil society, and horizontal partnership

## 12 – Civil Society Organizations

“Civil Society” is a generic term to designate everything that is outside the State perspective. The organizations of the civil society are therefore all kind of organizations outside of the public sector. There are generally two broad categories of civil society organizations following completely different logics with very different levels of awareness and capacity for intervention:

- *Private enterprises* (13) that operate essentially in the economic sector;
- All organizations subsumed under the *third sector* (14), e.g. associations, co-operatives, NGOs, etc.

See also: private enterprises, third sector

## 13 – Private Enterprises

Enterprises are organizations with essentially economic functions (production of goods and services, processing, distribution and trade, financial and banking services, etc.) and are therefore structured according to this objective. Enterprises can belong to the state (public enterprises that are more or less autonomous from the state budget), to natural persons or corporations outside the state perspective (private enterprises) or simultaneously to both types of owners (mixed enterprises). A mixed enterprise can for example be created at the local level by a community and an individual.

The shape a private enterprise takes can greatly differ.

- First by size: it can range from the individual enterprise or “micro-enterprise” (for example a craftsman or a small tradesman) to SMEs or large enterprises; depending on their size enterprises can be solely present at the *local level* (3) (in case of micro-enterprises and most SMEs) or at the regional, national or international level (in case of multinationals). depending on their size, enterprises also take the decision to remain in the *informal sector* (15) (in case of numerous micro-enterprises) or to enter the *formal sector* (15);
- Then by sector of activity: some enterprises are specialized in a sole sector; others are specialized in one sector but try to spread their activities within the sector (production, processing, merchandising, etc.) so-called vertical integration; finally enterprises operating in several sectors (e.g. tourism enterprises that offer lodging, restoration and leisure facilities) so-called horizontal integration.
- Finally by organizational form: from types of enterprises with a strict separation between labor and capital (e.g. listed enterprises where the owners of the capital have absolutely no contacts with the employees), to enterprises owned by the workers (such as craftsmen and micro-enterprises). In this context co-operatives are a part of the *third sector* (14) bordering with enterprises.

The relationship between different types of enterprises is very diverse and complex involving purely economic relations (e.g. big enterprises often subcontract the simplest phases of the production process to SMEs or micro-enterprises) or institutional relations (e.g. an association or consortium between enterprises of the same or a group of sectors to lobby their interests at the regional or national level).

See also: local level, informal sector, formal sector, and third sector

## 14 – Third sector

The third sector normally covers the social economy, i.e. co-operatives and associations. Hence, the third sector includes all organizations that are neither public institutions nor private enterprises which make up the first two sectors. In other words, the third sector covers all *civil society* organizations (12) with the exception of enterprises, where satisfaction of needs comes before profit.

This implies a concern for the types of democracy internal and/or external and the importance of human criteria over purely economic criteria.

In order of appearance in history, one can consider:

- local traditional organizations. These are often pre-existing under influence of the state and filling various functions at the local level (exchanges – of work, of other goods – security and solidarity, current business management, etc.). These organizations have a long history and remain alive especially in rural areas of developing countries where the state has little influence;
- local associations. Quite recently local associations have become an extension of traditional local organizations and respond to a whole set of needs arising in daily life, notably in the non-productive sectors such as sports, cultural or recreational associations, etc.;
- organizations playing a role in representation and “lobbying” unions, political parties, consumers’ associations, professional organizations, and consular chambers / chambers of agriculture, chambers of commerce, etc. These organizations are located at the local level, for example an association of parents of pupils in schools, but try to join forces or merge in order to operate on higher levels both regional and national, to ensure representation and as a means of “lobbying” their interests;
- “Non-Governmental Organizations” (NGOs). NGOs are civil society organizations who aim to solve problems that would normally fall under the responsibility of the public sector, such as: the protection of the environment; fighting unemployment; fighting social exclusion; mediation in conflicts; etc. With a strong presence in the field, NGOs are also active at regional, national and even international levels, in order to be able to influence decisions taken at these levels;
- finally, it is necessary to mention those organizations of the civil society that are directly involved in the production of goods and services. These organizations although they come closer to enterprises, nevertheless, are organized as associations. Examples are co-operatives and mutual funds. Although, presented last, these organizations are older than the NGOs since they developed during the 19th century and today occupy a dominant place.

See also: [civil society organizations](#)

## 15 – Formal Sector/Informal Sector

The informal sector is the whole undeclared economic sector that escapes the control of the tax authorities. In some countries, particularly in the developing world, this sector plays an important role in the country’s economy. In contrast, the formal sector is the officially declared economic sector, which is subject to tax collection.

Enterprises can normally only be a part of the informal sector in the first phases of their development (e.g. initial phase of micro-enterprise) once they have reached a certain size and level of development, they have to become part of the formal sector.

In the case of the third sector, many organizations remain in the informal sector, not to escape taxation (associations are not subject to taxation anyway) but rather because of lack of incentive to acquire a legal status and the concern of maintaining a certain level of

independence. This is especially the case for all informal organizations existing at the *local level* (3) with a strong tradition and/or based on mutual confidence or other types of social relations.

It would be a mistake to think that *decentralization* (1) and *devolution* (11) should neglect the informal sector because it is not officially recognized by the state. Many experiences with devolution, notably *local partnerships* (19), have demonstrated the importance of including the informal sector. For example, informal partnerships often play an essential role in the participation of the *civil society* (12).

See also: [local level](#), [decentralization](#), [devolution](#), [local partnerships](#), and [civil society](#)

## 16 – Horizontal Partnership (Territorial Partnerships)

Formally, partnerships can be defined as simple associative agreements. Beyond this purely formal aspect there are two stronger concepts; namely of collective engagement around a common objective or project and of complementarities between different stakeholders which help reach this objective or project. A horizontal or territorial partnership is an alliance between several stakeholders (public and/or private) from the same area, resulting in the creation of a legal entity that unites the partners (an association, an agency, etc.). However, an association agreement only takes the form of a partnership in its true sense if participants share the formulation and implementation of a common project and every participant is regarded a necessary member for its achievement.

A horizontal partnership requires time to be forged. It is necessary that partners know each other, come to appreciate the value of working together and recognize individual roles. This is far from straightforward since frequently public and private stakeholders are ignorant of each other's goals and even work against each other, being convinced theirs is the only right approach.

In most cases, horizontal partnerships can only be built as a reaction to a specific outside motivation. The process of *decentralization* (1), of *transfers of power* (4) and *transfers of resources* (20) specific to horizontal partnerships, is found in the form of *intergovernmental grants* (22). The transfer of powers and resources to a horizontal partnership (regional or local) is an advanced form of decentralization insofar as it combines the *delegation of functions* (10) and *devolution* (11).

A horizontal/territorial partnership can equally be established at the regional or local level. In the first case, it will be a *regional partnership* (18), in the second case a *local partnership* (19). These two levels follow different logics and consist of different partners (see the two definitions).

Horizontal/territorial partnerships are highly interesting in terms of mobilization of human and institutional resources. They allow:

- the mobilization of partners and consensus building around common objectives linked to territorial development;
- the building of mobilization capacity to create a real *territorial engineering capacity* (17), which can pave the way to the formulation of new perspectives in contrast to a merely administrative approach of development.

The quality of a partnership depends above all on the quality of the relations between partners. If it is taken into consideration that a partnership develops over time, it is difficult to assess its quality at any single point in time from a snapshot; rather the entire process has to be evaluated. Whereas in a bad partnership some partners would cling to their supremacy



and control while others would not participate in decision making, a good partnership is dynamic and rebounding and fosters the mobilization of local actors and the emergence of *territorial engineering* (17).

**See also:** decentralization, transfers of power, transfers of resources, intergovernmental grants, delegation of functions, devolution, regional partnership, local partnership, territorial engineering

## 17 – Territorial Engineering

The “territorial engineering” concept covers two ideas:

First it applies to the idea of territorial intelligence meaning the application of collective intelligence at territorial level. Collective intelligence implies that each person possesses a different sort of intelligence according to his/her character, culture and personal history, which results in different sensibilities and ways to approach problems (intuitive approaches, imaginative, rational, etc.). As a result the integration between various types of intelligence through collective work can lead to more valuable and effective results. The same reasoning can be applied to actors and institutions of a territory. For example, if the viewpoint of an administrative unit is confronted and completed with the viewpoint of private entrepreneurs or associations, analysis will be enhanced, which in its turn can reduce the chances of mistakes and lead to much better results.

Besides the collective intelligence idea, territorial engineering also covers the idea of capacity for action through the merging of various different abilities and resources mobilized. The strength of territorial engineering depends on the diversity of partners. An effective participation of stakeholders from the three sectors (public sector, private sector and *third sector* (14)) is especially important because their awareness, viewpoints, interests, mobilization capacities and know-how are very different from and therefore complementary to each other.

**See also:** third sector

## 18 – Regional Partnership

A regional partnership is made up of partners with a voice at the regional level (2).

Those can be:

- in the public sector: regional authorities (*regional jurisdictions* (6); deconcentrated administrations at the *regional level* (7);
- in the *private sector* (13): regional entrepreneurial associations or large enterprises that strongly represent a key sector of the region;
- in the *third sector* (14): organizations representing a certain sector (e.g. consular chambers, unions, etc.), NGOs present at the *regional level* (2), etc.

These regional partnerships establish general strategic plans for the area that serves as a reference for regional policies. For example, in the European Union, regional partnerships produce “DOCUPS” (Documents Unique for Programming) that serve as a general framework for financing development actions in different sectors.

At the regional level, the *division of power/functions* (3) is especially desirable since forms of direct control are absent. The European Union, for example, distinguishes in the procedures of regional programming, between the programming committee (function of proposal), the operations committee (function of analysis and decision), the funding entity (function of financing) and the follow-up committee (function of follow-up and constant evaluation).

**See also:** regional level, sub-national jurisdictions, third sector, and division of power/functions

## 19 – Local Partnerships

Local partnerships consist of different types of actors at the *local level* (3).

Those can be:

- in the public sector: municipalities or groups of municipalities (inter-communal unions, etc);
- in the private sector: SMEs or associations of SMEs, craftsmen's associations, farmers, etc;
- in the *third sector* (14): all kinds of local associations and co-operatives such as cultural associations, agricultural co-operatives, mutual credit funds, etc;
- local partnerships can also involve natural persons.

It is quite often the case that particularly dynamic local partnerships are solely made up of individuals representing public or private institutions. Actually, there is no precise rule for the constitution of a local partnership. The initiative for creating a local partnership can come from municipalities, individuals or organizations of the *civil society* (12).

The local development plans established by the local partnerships are a lot more precise than those at the *regional level*. They are real local action plans that are embedded in the general objectives formulated at the national or regional level. At the *local level* (3), the *division of power/functions* (3) is much less formal than at the *regional level* (2). It happens at the core of the local partnership and depends on its level of development.

**See also: local level, third sector, civil society organizations, regional level, and division of power/functions**

## 20 – Transfer of Resources

Public resources are the second part of transfers from the government to a lower level that have to take place to achieve *decentralization* (1). If the *transfer of power* (4) is not accompanied by a transfer of resources, *decentralization* will not be possible.

The transfer of resources means primarily financial resources. There are different ways to transfer financial resources from the central state towards the regional or local entities:

- one possibility is to transfer the collection of revenue from certain sources to regional and local levels. This applies especially to local or regional taxes that can be collected more efficiently at lower levels because evasion is lower than if the taxes were collected at the national level. The percentage of the locally collected taxes that has to be sent back to the central level can vary. (For example, in some provinces in northern Italy 80% of the fiscal returns appropriated at the regional level remain at the disposal of the provincial authorities providing them with ample room for intervention);
- the transfer of government funds towards local or regional entities' budgets according to pre-established rules is another way. Most municipalities rely on financial resources transferred to them from the central government in addition to those from locally applied taxes;
- finally, there is the possibility of a *global grant* (21). This solution, which is part of a *global negotiation* (21), presents several advantages in terms of local mobilization and *vertical partnership* (24).

The careful articulation of these three ways of financial transfer can have a leverage effect on resource mobilization (see *additionality and co-financing* (23)).

In quantitative terms, the transfer of financial resources from the central state towards the lower levels must agree on some principles, namely the principle of *territorialization of public aid* (22).

The transfer of resources can involve other types of resources, in particular human resources. Human resource transfer toward the regional and local levels, notably of executives, is also an

important element for successful *decentralization*. People with higher training are often absorbed by the central administration, tend to remain in the large cities and refuse to settle in the small cities or in rural areas. The difficulty of access to some services in isolated areas is not the only reason for this attitude. The few opportunities for professional achievements at the local or regional levels are another reason. As experience shows in several countries, a well-driven decentralization process can reverse this tendency, enabling a particularly interesting professional achievement at local level, while having room for maneuver in terms of proposals and decisions. For example, in countries such as Portugal or Greece, the European program in decentralized rural development LEADER, allows the Constitution of local partnerships in rural areas. These are professional teams composed of engineers, agronomists, economists, sociologists. This was unimaginable 10 or 20 years ago.

**See also:** decentralization, transfer of power, intergovernmental grant and intergovernmental negotiation, vertical partnership, additionality and co-financing, territorialization of public aid, local level

## 21 – Global Grants and Global Negotiation

The global grant is a particularly interesting resource transfer instrument because of the leverage effect it can have. Unlike other modes of financial *resource transfer* (20), the global grant is the object of a negotiation between the superior level which is the source of the transfer and the lower level that is the receptor of the transfer. This negotiation is based on program formulation by the receiving level for which financing from the higher level is needed.

The negotiation has a necessarily general character as it is the entire program that is discussed and possibly reviewed before a financing agreement is concluded. The working modalities of global grants are generally defined at the national or supranational level (federal, European, etc.).

**See also:** transfer of resources

## 22 – Territorialization of Public Aid

The territorialization of public aid consists in applying the principle of the *subsidiarity* to territories (6) in terms of financial resources. This means assigning the necessary problem solving resources to each level. It is a general principle that acts as a guide in the transfers of resources (20).

**See also:** subsidiarity, transfers of resources

## 23 – Additionality and Co - Financing

Additionality to financing or co-financing signifies that a project at the *local level* (3) can benefit from various complementary sources of financing, such as self-financing, other local or non-local private financing, local, regional and/or national public financing.

Additionality allows the involvement of several levels in the project implementation. For example, in the negotiation of the *global grants* (21) for a plan of local action, co-financing rates for projects by different levels are often defined.

This implication of different levels incites dialogue and acts as a catalyst in the building of *vertical partnerships* (24).

**See also:** local level, intergovernmental grants, and vertical partnership

## 24 – Vertical Partnership

If a partnership is a collective engagement around common objectives or projects that are complementary to each other, this principle can also be applied to the relationship between entities of different levels. Indeed different entities can have similar objectives and/or take part in a common project and therefore make a commitment to jointly achieve these objectives while being complementary to each other. Even though this might seem an ideal situation the different views and concerns on each level can lead to tough and arduous discussions. However, through dialogue and consultation, objectives can be brought into line.

All elements that facilitate dialogue between levels are carriers of local partnerships. Tools such as the intergovernmental grant and the *intergovernmental negotiation* (21) or the *additionality of financing* (23) can play a key role in building a vertical partnership. Another crucial element is *joint evaluation* (25), allowing partners to speak the same language, and to formulate the specific roles of different levels. The vertical partnership implying *horizontal partnerships* (16) on different levels is a sign of great maturity in decentralization. It allows efficiency of action by the cohesion and mobilization that it creates at all levels.

**See also:** horizontal/territorial partnership, intergovernmental negotiation, additionality, horizontal partnership, joint assessment

## 25 – Joint Evaluation

Evaluations of projects (or programs) are carried out on different levels with specific and sometimes even contradictory concerns. The superior levels (national, supranational) are interested in an overall evaluation of programs using broad indicators that give a general idea of the impact in relation to coordination/complementarities with other projects. Intermediate levels (regional) are more concerned about the implementation of projects at their level and are often interested in financial indicators (rate of disbursement, rate of co-partnership, etc.) as well as other efficiency and effectiveness indicators. Finally, the *local level* (3), being closer to the field, is a lot more sensitive regarding the qualitative aspects of efficiency, effectiveness and impact of a project. At this level the assessment often occurs informally and directly.

The joint evaluation links the different levels taking into account their specific concerns and criteria of assessment. It is therefore a very valuable evaluation and conducive to dialogue. Prerequisites for a joint evaluation are the putting in place of a common language and an agreement on criteria with coherent indicators, which can be an arduous and long-term task.

**See also:** local level

## 26 – Top-down/bottom-up approach

The general idea behind the top-down approach of *regional development* (30) is that large investments can be made in specific sectors of the economy or geographical areas and the benefits will spread and help other areas. It is often described as the “trickle-down” approach. Decisions are made by government without consultation with local people and the beneficiaries are not given any authority for decision-making or program execution.

As opposed to the top-down approach the bottom-up approach holds that decisions and power should be as close to the basis as possible and coming from a region rather than being imposed from outside. Self-directed and self-generated economic growth and development are believed to occur with greater success than a potentially risky project imposed from above. The end of the “dominant paradigm” of top-down planning signals a shift toward

*self-development* (27) wherein local stakeholders are the priority audience, self-reliance and building on local resources. However, it has to be noted that development ‘from below’ is not necessarily a panacea and may easily be the object of internal manipulation by local leaders and influential people.

See also: regional development, self-development

## 27 – Self-development

The self-development approach emphasizes the self-reliance and building on local people and local resources. This means that projects rely on local community organizations, the investment of local resources and local ownership and monitoring. Factors which determine the success of a self-development strategy include the appropriateness of the type of project to the local resources, an organizational structure that fosters participation, a community’s ability to gain access to financing and the building of *vertical partnerships* (24) to gain access to external sources of technical assistance, however, without yielding control of the project.

Successful implementation of self-development strategies does not mean that communities become independent of the central government or market forces but that there will be a greater reliance on local sources.

See also: vertical partnership

## 28 – Regional development

Regional development promotes the development of a particular region by giving emphasis to the spatial dimension of development and the regional framework of action. The underlying idea being that the development of locally compatible solutions can turn local government entities into the driving force for development efforts in their region.

In order to avoid one of the risks of *decentralization* (38) (outright replacement of a supply-based policy by a demand-based policy) the first step is to establish a meeting-procedure for rural development actors who have a global view and can supply comprehensive policies (international organizations and States) and the actors who know local conditions and have specific demands for projects and support program (rural people, NGOs, the private sector). This meeting-procedure is the logical way to ensure the decentralized formulation of a rural development strategy.

However, if the demand for support services from the rural population is not to be too specific and localized, the needs and demands of rural people must be translated onto a regional plane in order to set them in a broader perspective. A graph of the content of this intersection between policy supply and support demand can show what is involved in policy differentiation and the regionalization of demands.

See also: risks of decentralization

## 29 – Participation

Participation can be defined as a process through which stakeholders in rural development can influence and share control over development initiatives in general – and decentralization efforts in particular – as well as the decisions and resources which they depend upon. Participation and decentralization depend upon each other. A successful *decentralization* (1) process requires participation of stakeholders on the *local* and *regional levels*. On the other hand participation without a certain level of decentralization and the

*transfer of powers and resources* (4), (20) as well as *delegation of functions* (10) it implies, is impossible.

**See also: decentralization, local level, regional level, transfer of power, transfer of functions, and delegation of functions**

### 30 – Governance

Governance is the exercise of authority to manage a country's affairs at all levels. This includes the working of public institutions operating at central and local levels as well as their interrelation with citizens, *civil society* (12) and *enterprises* (13) of the private sector. The quality of governance depends on political commitment and bureaucratic capacity of public institutions as well as on the transparency of administrative processes and responsiveness to the needs of the citizens.

**See also: civil society, enterprises**

### 31 – Privatization

Privatization is the permanent *transfer of powers* (4) to any non-state entity, including individuals, corporations, NGOs, etc. Privatization, although often carried out in the name of *decentralization* (1), is not a form of decentralization. It operates according to an external logic, rather than to a public internal logic of decentralization.

New measures taken in the name of liberalization and related to Structural Adjustment Programs (SAP) have considered privatization both as a condition and as an objective.

At the beginning, SAPs were focused on the priority objective of public finance rehabilitation and restoring of macro-economic balances, in particular by the reduction of public expenses and external debt.

From an economic point of view, SAPs require the abandonment of state-driven interventions, the promotion of the private sector and the transition to a market economy. From an institutional viewpoint, they focus on the reinforcement of the roles and responsibilities of actors of civil society.

The role of the state in economics has been re-defined to reduce its intervention as far as possible and to facilitate the economic activities of civil society. The state's newly defined public service mandate consists of defining economic policies, facilitating their implementation by civil society, through specific promoting measures and to prepare and assure the respect of legislation and regulations in different sectors. In addition, a relevant and long lasting support to small-scale producers as well as to the destitute and disadvantaged categories has been foreseen, through support to their voluntary and autonomous organization in order to better mobilize and manage resources.

Based on the SAP orientations, Agricultural Structural Adjustment Programs (ASAP) were created for the agricultural and natural resources sectors. They led to the necessity for ministries and related public entities to cease all management of trade or production activity and concentrate their mandate on functions such as guidance, monitoring and coordination of development actions, legislation, regulations and control in different sectors such as plant and animal disease control, natural resources, quality of production factors and agricultural products, rural institutions, land tenure etc.

Besides the mentioned functions, these ministries have kept an important role of technical support but they are now called to implement this support by involving civil society, in

particular farmers' organizations and NGOs. These activities are mainly to do with extension, management advice, information and training of farmers and agronomic research. This contribution of ministries to different ways of technical support is essential for helping disadvantaged farmers who are not able to access advice, training and information by their own means.

Many international institutions (UNDP, FAO, UNICEF, WHO) and independent specialists have recently stressed the risks related to privatization and to the accelerated rhythm of its application. In fact, in many cases, not only did SAPs and ASAPs not contribute to the struggle against poverty, but they increased social inequality and polarization.

See also: [transfer of powers, decentralization](#)

## 32 – State Withdrawal

In recent years it has become increasingly clear that development programs and projects cannot be formulated and decided solely at the central level. It has been realized that development programs that are being designed with the sole participation of the central governments and donors can lead to the most blatant failures. Rather the project formulation must be devolved to persons directly interested, which includes the recipients and the local actors and their representatives, including the local jurisdictions. This insight together with a scarcity of public funds in many countries has led to an increasing withdrawal of the State from activities that can be carried out at lower levels.

*Decentralization* (1) appears as an answer to the withdrawal of the State in order to ensure the participation of *civil society* (12) and also as an answer to the failure of the projects that were formulated at the central level without the final beneficiaries.

See also: [decentralization, civil society](#)

## 33 – Legal Framework

The legal framework for *decentralization* (1) is made up of the constitution, laws and regulations that codify the formal rules of the game by which a decentralized system is supposed to function. Structurally, the desirable architecture of these rules is quite straightforward:

- the constitutions should be used to enshrine the broad principles on which decentralization is to operate, including the rights and responsibilities of all levels of government; the description and role of key institutions at central and local levels; and the basis on which detailed rules may be established or changed.
- one or more laws should define the specific parameters of the intergovernmental fiscal system and the institutional details of the local government structure, including, key structures, procedures (including elections), accountabilities and remedies;
- a series of regulations associated with each law should interpret and describe in detail the practices and measures by which the related law will operate. Laws that deal with tasks that are shared between national and sub-national governments should include sections on intergovernmental relations.

Substantially greater detail and specificity is provided in moving down this three-platform architecture from the constitution to regulations. Conversely, a higher degree of authority (e.g., Minister, Parliament and Constitutional Assembly) is required to change the provisions when moving up from Regulations to the Constitution.

See also: [decentralization](#)

## 34 – The five types of capital

A key component in the Sustainable Livelihoods framework is the assets on which livelihoods are built, and can be divided into five core categories (or types of capital). These are: natural capital, human capital, financial capital, social capital, and physical capital. These are also generically known as livelihood assets. Outside the sustainable livelihoods framework the term Capital is used in a variety of ways. In economics it is commonly defined as being one of three factors of production, the other two being labor and land.

### Natural Capital

It is the term used for natural resources stocks (e.g. trees, land, clean air, coastal resources) upon which people rely. The benefits of these stocks are both direct and indirect. For example, land and trees provide direct benefits by contributing to income and people's sense of well-being. The indirect benefits that they provide include nutrient cycling and protection from erosion and storms.

### Human Capital

It represents the skills, knowledge, capacity to work, and good health that together enable people to pursue different livelihood strategies and achieve their livelihood outcomes. At a household level human capital is a factor of the amount and quality of labor available. This varies according to household size, skill levels, education, leadership potential, health status, etc. Human capital is necessary to be able to make use of the other four types of livelihood assets.

### Financial Capital

Within the Sustainable Livelihoods (SL) framework, it is defined as the financial resources that people use to achieve their livelihood objectives. These resources include:

- **Available stocks:** savings are the preferred type of financial capital because they do not have liabilities attached and usually do not entail reliance on others. They can be held in several forms: cash, bank deposits or liquid assets such as livestock and jewelry. Financial resources can also be obtained through credit institutions, in which case liabilities are attached.
- **Regular inflows of money:** excluding earned income, the most common types of inflows are pensions, or other transfers from the state, and remittances. In order to make a positive contribution to financial capital these inflows must be reliable – while complete reliability can never be guaranteed there is a difference between a one-off payment and a regular transfer on the basis of which people can plan investments. It should be noted that this definition is different from a strict economic definition of financial capital as it includes flows as well as stocks. (Economists would look only at stocks).

### Physical Capital

It comprises the basic infrastructure and physical goods that support livelihoods.

Infrastructure consists of changes to the physical environment that help people to meet their basic needs and to be more productive. Key components of infrastructure include: affordable transport systems, water supply and sanitation (of adequate quantity and quality), energy (that is both clean and affordable), good communications and access to information. Shelter (of adequate quality and durability) is considered by some to be infrastructure, while others would consider it to be a private physical asset and somewhat different from infrastructure. Other components of physical capital include productive capital that enhances income (e.g. bicycles, rickshaws, sewing machines, and agricultural equipment), household goods and



utensils and personal consumption items such as radios and refrigerators. Individuals or groups own most of these. Some, such as larger agricultural equipment or processing units, can be accessed through rental or by paying a fee for the services used.

### Social Capital

It relates to the formal and informal social relationships (or social resources) from which people in their pursuit of livelihoods can draw various opportunities and benefits. These social resources are developed through investment in:

- interactions (through work or shared interests), which increase people's ability to work together;
- membership of more formal groups in which relationships are governed by accepted rules and norms;
- relationships of trust facilitate cooperation, reduce transactions costs and sometimes help in the development of informal safety nets amongst the poor.

## 35 – Risks of decentralization

State withdrawal and decentralization entail certain risks resulting from the centralizing policies that were formerly in effect. The RED-IFO model, explained in detail below, starts with a concise analysis of the legacy of centralization, which helps it to identify five major risks of decentralization.

### ■ *Risk 1. The replacement of a supply-driven approach by a demand-driven approach*

Centralist policies were completely supply-driven and consisted of a general development strategy designed at the top by central government authorities, which did not take the demands of local populations into account. These policies did not adapt their instruments to the specific problems of each region or each social group. The risk of this legacy is that in the face of the inefficiency of supply-driven interventions, governments would resort to purely demand-driven policies. This approach would certainly have the merit of taking into consideration the specific circumstances of each locality or type of producer, but at the risk of dispersing interventions, and the loss of an overall view in the determination of rural development strategies. There is no empirical evidence showing that taking local solutions into consideration produces the best overall solution for rural development.

### ■ *Risk 2. Poor information sharing is not conducive to good coordination*

Centralist policy means centralized information systems. The concentration of information at the central level of government takes away from local populations the possibility of knowing the institutional, economic and technological context in which they live, and participating effectively in policy determination. The risk related to this legacy would be that, even if local actors in development have a voice, they are unable to select their demands and problems from a general, national, perspective, or coordinate their activities. Development strategies targeting the local, level even though based on precise knowledge of local problems, may not be coherent from a regional perspective, and even less so from a national perspective, of development. The possibility of formal participation made possible through decentralization is not enough. It is necessary to create the conditions for this participation. Therefore, symmetry in the access to information is a condition for the coordination of activities.

### ■ *Risk 3. Persisting paternalism can lead to poor quality of services*

As far as centralist policy was concerned, only state interventions could correct market failures and pave the way for development. This paternalistic approach held that rural populations could not effectively use the institutions of the market because they had

neither the capacity to do so nor the resources to find solutions to their own problems. It hindered independent action by rural populations and local governments. This legacy has enormous consequences because if the transfer of functions to local actors is not followed by a transfer of sufficient powers and resources, decentralization will lead to diminishing support services for small and medium size agricultural units, reinforcing the polarization between different types of producers, and the gap between commercial and peasant farmers.

- *Risk 4. Traditions of Clientelism (enlarged nepotism) make it easier for the most influential actors to dominate decentralized structures*

Experience shows that resource allocation in centralized policy has, in the past, benefited privileged members of society or clients of the state. These were those who were the most capable of clearly communicating their needs in terms of projects and programs, and had a level of organization enabling them to put pressure on the state to obtain the lion's share of public expenditure set aside for rural development. Clientelism gave rise to attempts at capturing institutional income and de facto solidarity between central governments and large producers, who being the sole interlocutors of the state were the only beneficiaries of its interventions. The asymmetry in levels of organization in rural populations could translate into the capture of functions and resources transferred under decentralization, by local elite, municipalities, and the most organized and richest organizations.

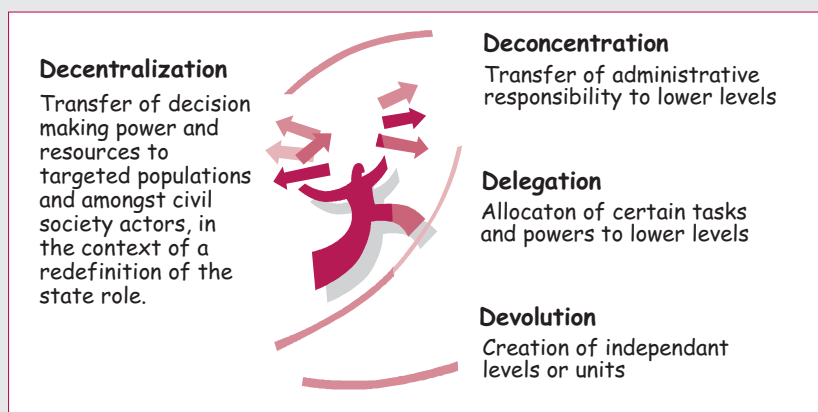
- *Risk 5. Institutional rigidity and the pace of the decentralization processes*

The local and intermediate levels of centralized institutions were designed to implement policy decided somewhere else. They are inflexible and find it difficult to adapt themselves to a changing environment. Their inflexibility and that of civil society organizations do not allow them to adapt themselves in the required time frame to the challenges of decentralization policy. It is not enough to adopt decentralization: it has to take effect immediately and must be implemented in a coherent fashion. Therefore, the question of the suitable pace of decentralization must be raised.

## Box no 1 on Senegal: Centralization and Decentralization

Nowadays, decentralization is a widely debated concept. It constitutes one of the conditions that all countries (especially those developing ones with a long history of centralized administrations) who wish to access funds from donors and international institutions (IMF, WB) must fulfill. In the case of Senegal, it must be recognized that orthodox centralization has never been a prevailing form of government. Indeed, tentative moves towards decentralization have been being made ever since colonization. Regionalization has been the most decisive phase.

### Definitions



Deconcentration and decentralization, far from replacing each other, have always been considered as complimentary by political decision makers at the time of independence (with however a notable preference for concentration, considered as the means of administration most capable of responding to the imperatives of the time: national unity, social cohesion, strong state...).

Before focusing fully on the concepts and definitions of decentralization, it seems appropriate for the purposes of this study to first of all clarify the notion of centralization.

### 1. Centralization

Centralization assumes the existence of a united administrative center and is made up of two variants: concentration and deconcentration. Firstly, concentration was adopted at the end of the 1960s in Senegal. This came after the experience of a bicephalic central executive (up until 1962) and a monocephalic executive, which held all decision-making power, after the 1962 crisis. Under this regime everything had to go from the center and subsequently return to the center. Consequently, this meant that the local authorities didn't have any decision making power. Faced with the massive inconvenience of this system (such as heavy and slow administrative activity and above all the distance between the administrations and the administered), the authorities decided to apply the second

above mentioned variant of centralization, that of deconcentration. Deconcentration implies the transfer of administrative responsibilities to lower levels of the same administrative apparatus, in this case, the State. In Senegal both territorial deconcentration and technical (or service specific) deconcentration were adopted. Territorial deconcentration meant entrusting decision making power to a competent authority in an area of national territory called an administrative circumscription. This was represented at the time by: (i) the department under the authority of the

prefect; (ii) the arrondissement managed by a sub-prefect and (iii) the region administered by the governor. On the other hand, technical (or service specific) deconcentration meant entrusting decision-making power to an authority or technically specialized organ (ministerial departments, service directorates, technical service departments etc...).

In Senegal, the authorities have always included a dose of decentralization in their deconcentration strategies.

The institutional coordination of decentralization has been

characterized by frequent changes that denote many trial and errors and many uncertainties in the management of the institutional process. Since the year 2000, decentralization-related functions have fallen under the responsibility of four different ministries as the following events demonstrate:

- the Ministry of Territorial Management and Decentralization was created in 2000 and subsequently dissolved in March 2001;
- since April 2001, the Ministry of the Interior and in particular the Delegate Minister of Local Communities (collectivités locales), has been in charge of all aspects of decentralization;
- at the end of 2002, the Ministry of Regional Planning and Decentralized Cooperation was created;
- on April 23rd 2004, a State Minister for Local Governments was appointed (Ministre d'Etat des collectivités locales et de la décentralisation, or MCLD). There is ongoing reorganization to create a new State Ministry.

### 2. Decentralization

Decentralization is currently presented as being a determinant factor for the institution of democracy, good governance, transparency and economic development.

It has become a major course of action for many developing countries, which aim to access international funds whilst striving to promote an image of modernity. However, in the case of Senegal and its long experience of decentralization (that dates back to before independence); it is more judicious to talk about consolidation of the decentralization process. The pace of this decentralization has often been dictated by the various prevailing socio-political trends. Decentralization, as a form of administrative organization, necessitates four interrelated preconditions:

- the existence of a legal body: the decentralized local government must have a legal status and be considered a viable legal entity with its own possessions, agents, budget, the capacity to go to court and award contracts;
- recognition of own interest: the local government must have the vocation to manage its own affairs according to its own interests. This is why the notion of local affairs constitutes an important element of decentralization law;
- existence of own organs: the local community must be administered by its own authorities who, as far as possible, are designated through local elections.
- existence of an a posteriori administrative control of legality. This control must be exercised by the local representative of central power in the local community in the case of autonomy but not in that of independence, must be loose (control of legality with obligatory seizure by the administrative judge for annulment).

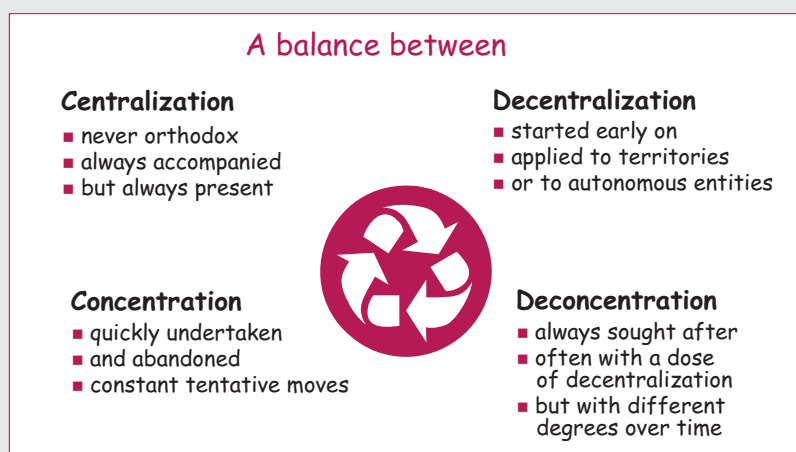
As far as Senegal is concerned, these preconditions (that allow us to consider decentralization as democratic) only legally came into being during the 1990s. During this period, the sub prefects power over Regional Councils was

removed, municipal administrative functions in the communes were abolished and attributed to mayors, all advisors of decentralized local communities were elected by universal suffrage, regionalization took place and the a priori power of control on the part of the representative of the central executive at the local level on the actions of local leaders etc. was abolished.

Decentralization can operate in two ways. Firstly, territorial decentralization implies identifying one geographically contained local community that has the task of managing all its own affairs (creation of autonomous local bodies like regions, communes and "Communautés Rurales" in Senegal). Secondly, technical or service based decentralization consists of detaching from an entity (state or local community), a service or a series of specialized services and to entrust them to public entities (governed by the principle of specialization which means they can only operate within the parameters of the task specifically entrusted to them).

Presented like this, deconcentration and decentralization show differences from a techno-legal point of view<sup>3</sup> and also in terms of meaning. However, there are a number of similarities<sup>4</sup>: the territory of a deconcentrated local community corresponds to that of a decentralized one (since 1966 with the region), which can cause delicate problems of delimitation of the respective domains of competence between the concerned authorities and the problem of functional duplication which means that one authority may be able to exercise two different powers under two different titles: either as state representative (application of laws and regulations) or as an agent of the commune (contract signing

### The example of Senegal



<sup>3</sup> In decentralization, decision-making power is given to legal personas other than the state, which have their own organs and goods, which manage their own affairs and act in their own name: the acts taken by the organs of decentralized entities engage them and the state. On the other hand, the deconcentrated authority is but an organ of the state that has been designated by the center. Here the acts taken are state acts (which mean that damages caused by this authority are separated by the state).

<sup>4</sup> Deconcentration is considered as an internal technical reform of a public entity (the State): it's a reshuffle of central power. Decentralization on the other hand is considered as a fundamental political choice since it allows for the establishment of democracy based on the participation of populations in the management of their own affairs; thus the existence of a technical meaning and a political meaning of the concept. In certain countries, such as Senegal, it is even conceived as a means of economic development.

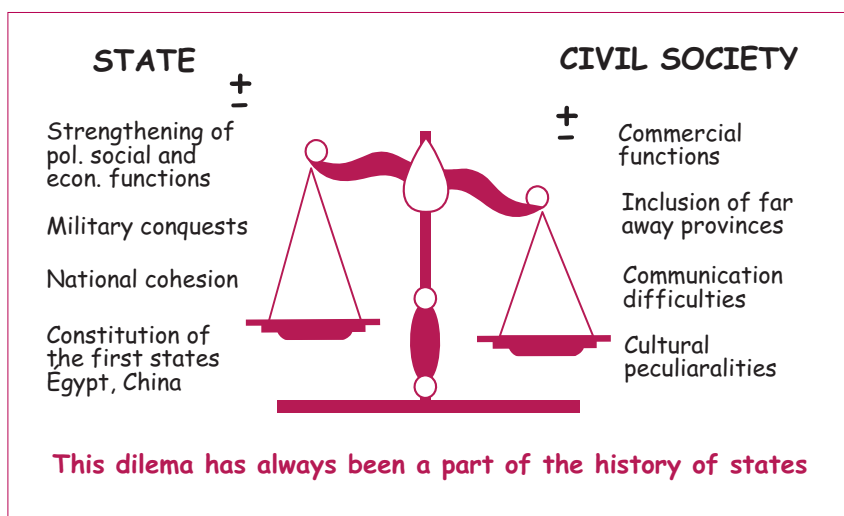
## Chapter 3. The History of Decentralization

### The Dilemma of Centralization and Decentralization

The founding of States is an ancient process in human history. The first States were built around the management of large irrigated perimeters (Egypt, China, South-East Asia, etc.), then, they progressively spread to other zones where the existence of a surplus of agricultural production or other forms of wealth, such as gold, silver and other precious metals, allowed the constitution of a class of civil servants responsible of the management of certain communal affairs.

Above all, in the first phases of their constitution, States had a management function for the distribution of grassroots production resources (land, irrigation water etc.), a legislative and judicial function and / or a military function. Thereafter, their functions broadened to the economic and social perspectives to progressively reach all aspects regulating the functioning of the human society. Notably, with the development of Industrial Society, States took on a new dimension through establishing support policies in almost all sectors: research policies, industrial policies, policies for support to enterprises, policies of agriculture modernization, policies in rural, urban, social and educational policies, as well as in the areas of health and employment, etc. without forgetting the policies of cooperation with other states.

States have generally been organized in a more or less centralized or decentralized manner. Thus, in the past, some entrusted a large part of decision to the regional or local level, whilst still maintaining a certain unity. In other cases however, they were organized on the basis of a strong and authoritative central power. These differences were the result of the particular history of each population but were also related to the needs and the possibilities that every particular situation offered. For example, communication difficulties often meant that much decision-making power had to be delegated to regional or local levels. On the other hand, military strategies (in situations of war or the implementation of major works) imposed strong business oriented centralism.

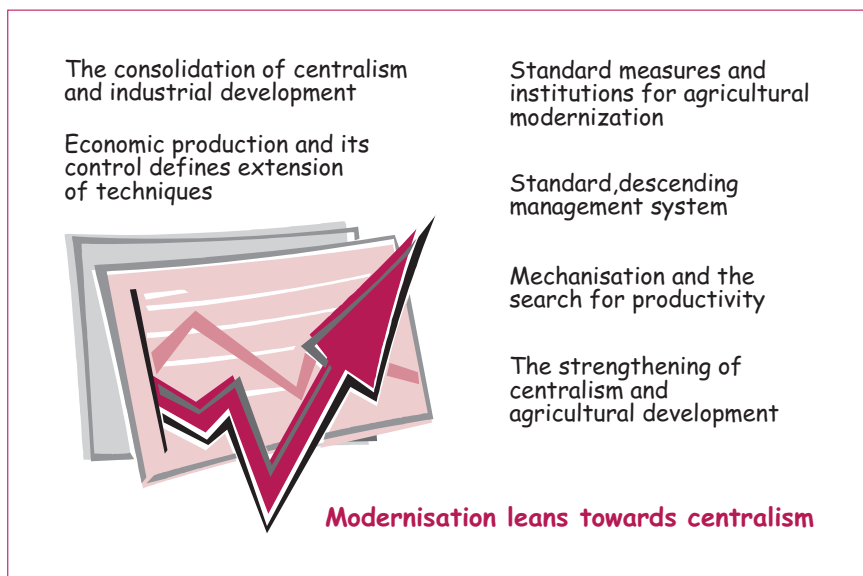


### The Development of Industrial Societies and Centralization

With the development of Industrial Society and the modernization of agriculture in Europe and North America from the end of the XVIII century up until the 1970's, State centralization was reinforced at all levels.

The first reason for this tendency is that the technological progress made during that period was and remains the main driver of development. However, new technologies are the direct or indirect product of progress in scientific research. They are in fact, developed in specialized centers (research centers, universities), from where they are applied in a standardized way in the world of economic production (enterprises, agricultural

development, other units of production). States have extensively supported this approach to development either at the level of research policies or at the level of the dissemination and extension systems. It implies a centralized, descending and uniform management system, which starts with research and training centers and moves towards agriculture enterprises and development.



Agricultural development policies offer a good example of this method. Indeed, what is called the second agricultural revolution<sup>5</sup>, (referring to the introduction in agriculture of production resources from industrial origin such as mechanization, chemical fertilizers, insecticides / pesticides and herbicides, improved seeds, food for livestock, etc.) has been largely encouraged by the state intervention, especially after the Second World War. This was done,

on the one hand, at the level of the agronomic research and on the other, throughout the whole agricultural extension system and the available financial resources for the agriculturists. For example in France, the law on agriculture of 1960 was the starting point of a whole set of measures and institutions aiming at the modernization of agriculture. Management centers, technical support centers, Chambers of Agriculture, agricultural credit, etc. were put in place according to a system defined at the central level and applied in an almost uniform manner on the whole national territory. Even if it is true that these systems were based on the participation of the final beneficiaries who are the farmers, (most notably by the setting-up of the Chambers of Agriculture, mutual funds of agricultural credit, cooperatives) this participation aimed to ensure the smooth establishment of a general policy for agriculture modernization decided by the Central State.

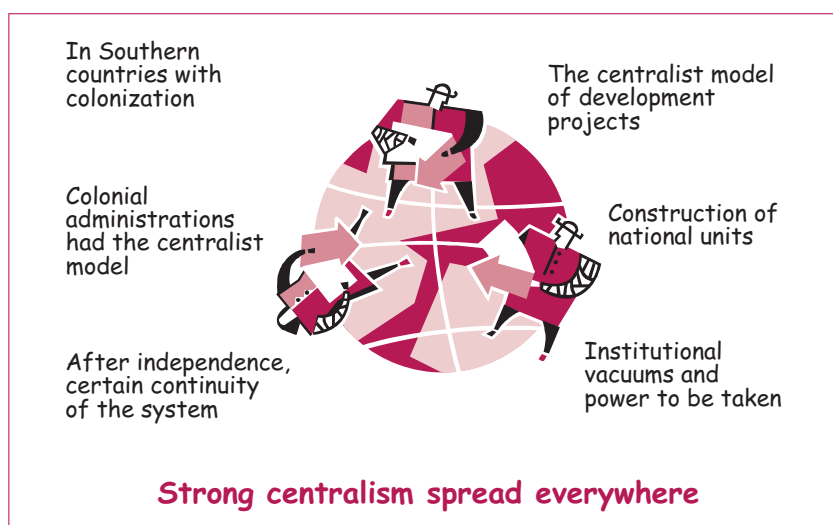
Other reasons that led to state centralization during the last two centuries are: the increased population growth in the cities, the concentration of enterprises, the development of social struggles, the birth of national organizations (parties, unions, etc.) and competition between the states. Thus the framework of development models devised at the central level and then distributed in a downward and homogeneous manner to all levels spread progressively to all areas of public life: policies on education, health, social protection, regional development, etc.

<sup>5</sup> The first agricultural revolution corresponds to the suppression of the fallow and the rights of pasture (see for example the movement of enclosures England) and the second agricultural revolution corresponds to the introduction of means production from industrial origin in substitution of produced means exploitation itself (manure, animal traction, etc.). Both agricultural revolutions, but especially the second, resulted in a drastic increase of outputs and work productivity.

## The Spread of State Centralization in Industrialized Countries

This centralist concept of state organization and of modern societies also spread in countries of the South, notably through colonization. The necessity of raw materials for their own development pushed the European States to colonize the countries of the Southern Hemisphere through colonial administrations modeled on their own systems. So at the time of decolonization, these countries inherited centralized administrative systems that were often “empty shells”, thus facilitating the implementation of authoritative regimes.

Furthermore, during the post-colonial period, development aid was usually designed as a transfer of the models existing in rich countries. For example in agriculture, the centralized and descending systems of agricultural extension have often been transferred, notably for the commercial crops. Even the projects in integrated rural development have nearly always been formulated and set-up in a centralized manner.



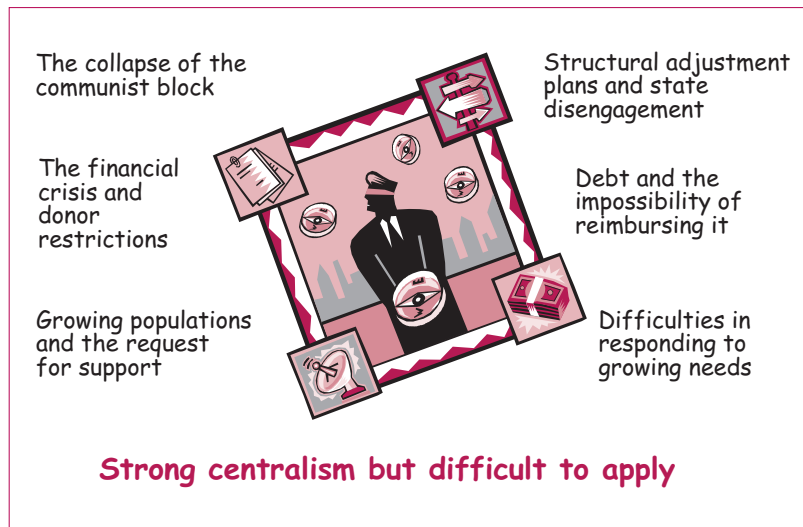
## Decentralization comes back on the Agenda

However, since the end of the 1970s, several reasons militate in favor of decentralization and the deconcentration of state services and a new trend has emerged along these lines.

### State Crises

Firstly, following an all out expansion of state functions, a general withdrawal of public entities can now be witnessed. The downfall of the Communist block that represented an extreme example of state intervention has certainly influenced this tendency. The financial crisis in Western States was also a factor that pushed towards State withdrawal at all levels following the "glorious 30s" (1945-1975), period during which sustained economic growth drove Northern States to get into debt to obtain the investments necessary to sustain the economic growth (infrastructures of transportation, energy, urbanism, etc.). It was also to develop a policy of support in the economic, social, cultural and other sectors. States had to fulfill their financial commitments without expecting the growth that they discounted during the period where they got into debt. This led to drastic revisions of expenses in order to balance budgets and to define much stricter rules, imposing strong financial constraints to elected political powers. The Maastricht convergence criteria within the European Union are an example of this.

In the Southern countries, one witnesses a similar phenomenon that takes more dramatic turns. There also, states (already independent or newly independent), committed themselves to investments aimed at re-launching economic development. This drove them heavily into debt, in proportions that cannot be compared to the rich countries compared to their respective GDPs. Faced with the impossibility of honoring their financial commitments, except in some exceptional cases, the Southern States became increasingly subject to strong pressures on the part of the donors who, during the negotiation of loans and repayment deadlines, had themselves defined the rules of the game. This situation paved the way for



the implementation of Structural Adjustment Plans. Although they allowed initial public finance purification with a view to recreating the conditions of an economic comeback (reduced inflation, disappearance of parallel exchange rates, etc.), they often had a disastrous effect on the social and human side (see reports by UNICEF, UNIFEM, WHO, FAO, etc).

This led to a drastic review of the role of the state in development. As the impossibility for the authorities to continue getting

into more debt became obvious, development models previously put in place were being questioned. It reached a point where the effects and limitations of the projects put in place during the 1950s and 1960s became manifest. It became increasingly clear that development programs and projects cannot be formulated and settled solely at the central level or between that level and the donors. Indeed, in order to avoid the most flagrant failures the design role should be devolved to persons directly implicated, which means the recipients and the local actors and their representatives, including the local jurisdictions.

Decentralization therefore appears to be both the answer to state withdrawal, through the establishment of linkages with Civil Society and the solution to the failure of the projects formulated at central level without the final beneficiaries.

## Differentiation of Needs and Demands

Nowadays, other factors also come into play in favor of decentralization. These are notably environmental problems, increasing unemployment, poverty and social exclusion, as well as increases in situations of conflict or post-conflict and market differentiation:

- environmental problems: industrial development and the intensification of agriculture occurred often to the detriment of the environment; soil erosion, water pollution, fast reduction of bio-diversity, etc. If these problems have been ignored for a long time, today they have taken such prominence that they are a priority everywhere. However, most of these problems cannot be treated in a homogeneous manner at the central level. The specific situation of each territory's natural habitat, local production systems, etc. implies the formulation of specific solutions for every regional or local situation;
- increased unemployment, poverty and social exclusion: traditionally these problems are treated by aid policies formulated at the central level and applied in a uniform manner to the whole national territory as policies of social assistance by the Public Welfare Ministries, distribution of unemployment subsidies, minimum incomes, etc. At present, increased unemployment, poverty and social exclusion take such proportions that policies developed at central level are insufficient and inadaptable. There also, the solutions for creation of employment, of training, of social integration and of struggle against poverty must be formulated and set up at the local level based on the available human and social resources at the level of each territory;



- the spread of conflict or post-conflict situations often makes a decentralized approach to the problem necessary, notably through the implementation of reconciliation initiatives at the local level complementary to the programs of reconciliation negotiated at a broader level, either national or transnational level;

- market differentiation also militates in favor of a decentralized development policy to support enterprises, agricultural development or other units of production, transformation or distribution. As long as the industrial development and agricultural intensification have for their main objective to answer generally unsatisfied basic needs, priority is given to the quantity produced and

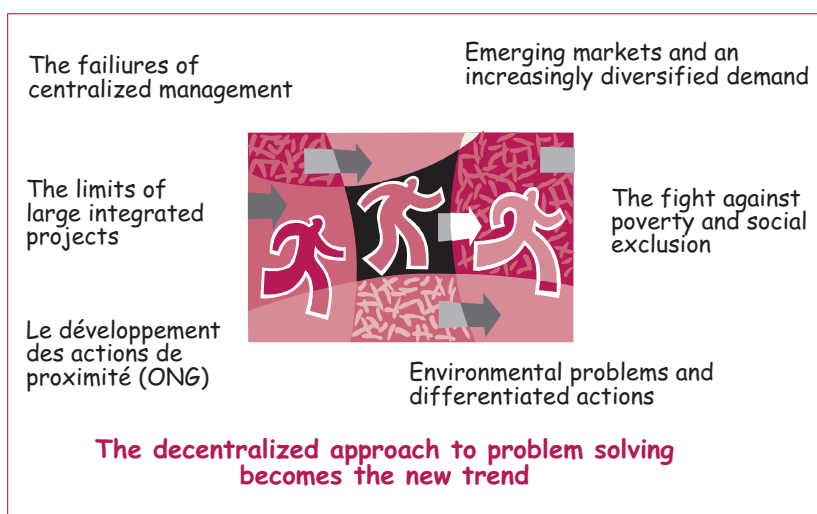
to the low price. This allows the set-up of mass undifferentiated production systems for which the policies of modernization and of homogenous and centralized intensification appear well adapted. However, when the satisfaction of the basic needs is ensured, consumers become more demanding and are not contented by identical and anonymous products. The diversity, the quality and the link with the origin of the product become the criteria of choice as well as with the price, which supposes new organizational structures of production based on the revitalization of local specificities. Production support policies must be reconsidered to give priority to the valorization of local natural, cultural, and human resources, which also supposes there be a decentralized design method at the local level. This not only concerns products but also services, such as tourism. Although this development concerns above all the rich countries, the differentiated markets of these countries can open new perspectives for the southern countries, for example through tourism or cultural development.

All these reasons call for a differentiation of the state services, allowing pragmatic adaptation to every local or regional context. It is thus less possible for states to insist on homogeneous services that are decided upon at the central level and applied in a uniform manner throughout the national territory.

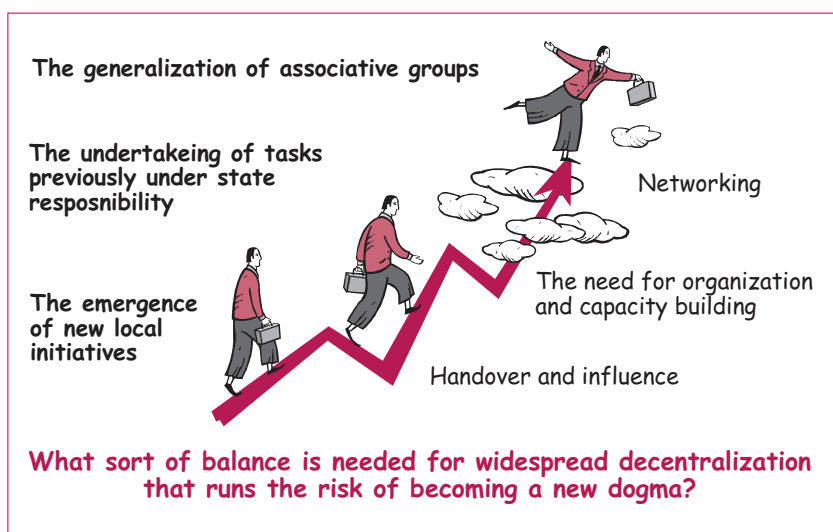
## The Rise of Civil Society Organizations

Finally, a third set of reasons that put decentralization on the agenda is the increasing number of Civil Society Organizations (NGOs, local associations, professional associations or local development agencies.). Civil Society Organizations are not a novelty insofar as society has always structured itself locally. Indeed, various types of local organization naturally pre-date State formation and constitution. Organizations filled various functions at the local level (exchanges of work, of other goods - security and solidarity, current business management, etc.).

With the development of centralized power structures, be they state-controlled or not and notably with the development of industrial society and of centralized states, organizations of the traditional civil society tended to disappear at the local level. The state started to assume



practically all functions of social life, hence the term 'Providence State'. This excludes, however, developing countries where local / traditional organizations are still often very present. Other types of organizations then began to emerge at the level of enterprise and at the national level of unions, political parties, consumer associations, professional organizations, etc. that more often had a function of "lobbying" and of pressure on decision making processes, notably at the central level.



However, in the last thirty years, there has been a rise in power of civil society organizations of another kind. These organizations aim to solve the problems that the state is no longer able to manage. The aforementioned problems of environment, unemployment, conflicts, etc. are some examples of the issues around which these organizations constituted themselves. Therefore, at present, the conditions are often already there to ensure a link between civil society and the state.

## Decentralization must not become a New Dogma

Although the evolution of the current context seems to militate in favor of decentralization, this must not be transformed into a universal solution or dogma.

This brief historical analysis of the situation has underlined how centralization and decentralization are two opposite tendencies that are more or less applicable according to the evolution of different situations and needs. Today it is clear that decentralization is becoming a more relevant approach from numerous points of view. However, it is essential to maintain the ability to weigh up its advantages and drawbacks in order to make the best choices. It is even truer that the speed of the decentralization process depends on the multiplicity of different contexts and situations. This requires time and a lot of ingenuity.

In other words, the choice between centralization and decentralization is not an ideological question, but a logical question. It is true that the methods of decentralization challenge the balance of power and upset certain habits and rules of the game. However, often the policy makers or civil servants, who have the feeling that they will lose a small part of the power with decentralization, react negatively for lack of ability to see that in exchange, they are going to win, and that is often objectively more attractive.

In order to depersonalize the debate, it is essential to analyze institutional assets in detail and identify positive aspects as risks of decentralization. The five risks of decentralization are presented in the following chapter.

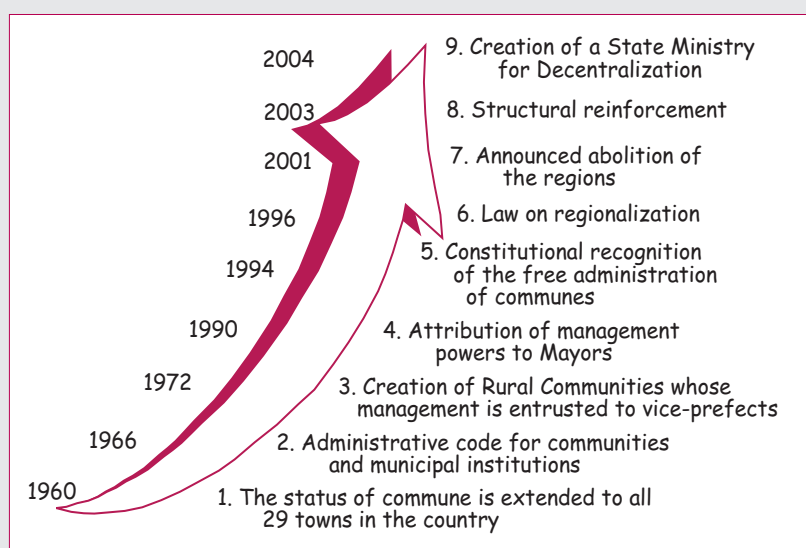
## Box no 2 on Senegal: The History of Decentralization

Following the country's accession to international sovereignty, Senegal continued to pursue a long tradition of decentralization<sup>6</sup> policy. How this was implemented depended on the national geopolitical situation of the time and on the aspirations of the population to participate a lot more than previously in the management of their local affairs.

Senegal, like other newly independent countries, strove to build a strong state capable of ensuring social cohesion and national unity. The country opted to concentrate powers and this was further accentuated at the end of the 1962 crisis between the President of the Republic and the President of the Council<sup>7</sup> at the time.

However, a deconcentration strategy was always to accompany this concentration of executive power. This was supported by a decentralization process that has recently established one of its most important and long awaited elements, i.e. that of regionalization.

### The case of Senegal



In 1960, the twenty-nine mixed communes in existence were given full recognition, like those of Saint-Louis, Gorée, Rufisque and Dakar;

In 1966, law n°66-64 of 30th June 1966 was passed. This concerned the code of communal administration and brought together, in one unique text, the different texts that governed the municipal institutions, that is: full practice commune, semi-practice communes and second and third degree communes.

In 1972, a series of laws were passed:

- law 72-25 of 19th April 1972 created the “Communautés Rurales” (Rural Communities) and entrusted their management to sub prefects;
- the law of 25th April 1972 defined the municipal regime of the commune of Dakar;
- Law 72-63 of 26th July 1972 defined the municipal regimes of the Regional Town Communes (chefs-lieux communes) other than the commune of Dakar thereafter named special status communes. Power over them was entrusted first to the regional governors, then to municipal administrators.

In 1990, mayors were given legislative powers:

- law 90-35 of 8th October 1990 modified the communal code of administration and plunged the special status communes into common law;
- law 90-37 of 8th October disempowered vice-prefects from the management of “Communautés Rurales” and

attributed this to the Presidents of Rural Councils and abolished municipal administrative functions in special status communes. These then became the responsibilities of mayors.

In 1992, free administration of communes was constitutionally inscribed. This followed the announcement by the Head of State that institutional reform of the region was imminent. Indeed, the constitution was revised in 1994 and article VI concerning public bodies was inserted. The principle of free administration of Local Governments (collectivités locales) was simultaneously made a constitutional principle (law 94-55 of 13th June 1994 concerning the revision of the constitution).

In 1996, the National Assembly adopted the law on regionalization during the plenary session of 5th February 1996. Members from the whole political spectrum unanimously adopted a series of texts establishing the legal strategy for regionalization. This meant the following:

- law 96-06 of 22nd March 1996 on local community code created a new order intermediary local communities between the state and the basic communities of the commune and the “Communautés Rurales”;

- law 96-07 of 22nd March 1996 on the transfer of competencies to the regions, to the communes and to the “Communautés Rurales”;
- law 96-09 on the administrative and financial organization of the arrondissement commune (commune d’arrondissement) and its relationship to the town;
- law 96-10 of 22nd March modified law 72-02 of 1st February 1972 concerning the organization of territorial administration;
- law 96-11 of 22nd March 1996 concerning limitations of certain functions including the accumulation of electoral mandates.

In 2001, the announced abolition of the Regions meant a period of uncertainty for the regions and the rural communities. In March 2001, the Head of State proposed

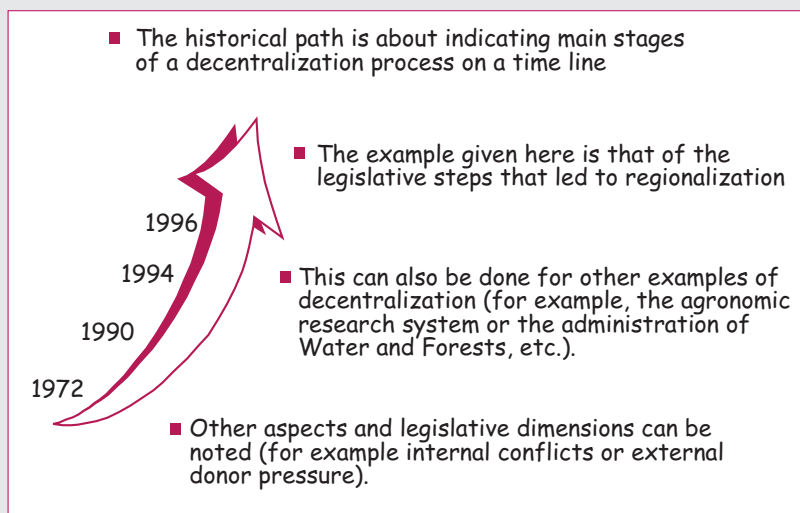
a re-formulation of the structure of the local communities and, in particular the abolition of the Regions as Local Communities. Only at the beginning of 2002 was this idea abandoned, following a year of serious institutional uncertainty at regional level and blockages in the implementation of the PAR in particular. This was followed by a seven-month period during which there were no elected members at local level. Following the Moussa-Sy amendment of 24th November 2001 and law 2001-11 on the end of the mandate of the locally elected members, Special Delegations, composed of nominated civil servants, managed the Rural Communities. The new elected members began their new mandate following the elections of May 2002.

In 2003, the ‘Contribution Globale Unique’ (CGU) undertook structural reinforcement. For the first time, this allowed a coherent decentralized tax system. Furthermore, state support

was reinforced and implemented by the allocation of 12 million FCFA to each Rural Development Agency (ARD) and by the appointment of 320 secretarial assistants for the Rural Councils.

In 2004, a State Ministry for Decentralization was established. This resulted in the creation of a new ministry to take charge of decentralization with, for the first time, the status of ‘State Ministry’. With the appointment of a Minister of State for Local Communities and Decentralization on 23rd April 2004, a new Ministry was born.

### Sketch a historical trajectory



<sup>6</sup> Already during the colonial period, the decree of August 10th 1872 signed by the President of the French republic, Mr. Alphonse Thiers created the communes of St. Louis and Gorée.

<sup>7</sup> The bicéphalic executive established at the time of independence, experienced blockages that led to a vote to censure against the Council President of the time, Mr. Mamadou Dia in 1962. In 1963, a constitutional revision, initiated by the President Senghor, allowed him to reinforce his powers to the detriment of the legislature: which marked the beginning of a Presidential regime.

## Chapter 4. Stakes, Risks and Management

### The Stakes of Decentralization

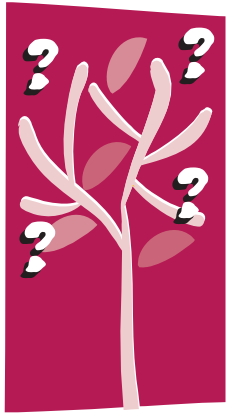
Based on the framework of concepts and definitions provided earlier on in this manual, here are some key questions that allow us to take stock of what is at stake in decentralization processes:

- What are the advantages and disadvantages of centralization and decentralization?
- What conditions and modalities are required for their implementation?
- In what context is one or the other preferable?
- Why does decentralization seem to score points in today's world?
- What are the risks of decentralization?
- How can these risks be faced?

What are the respective advantages and disadvantages of centralization and decentralization?

In which context is the centralist approach or the decentralized approach preferable?

Four questions inspired by...



What are the conditions and the modalities for their implantation?

Why is it that, today, decentralization appears to be the most appropriate policy?

...the rise of decentralization

These broad questions can be analyzed in table form by showing the main issues to be taken into account in the examination of every national, regional and / or local context.

### The Advantages and Disadvantages of Centralization and Decentralization

In terms of:	Centralization	Decentralization
<b>Implementation of development policies</b>	Adapted to the implementation of non-differentiated policies Example: policies of agriculture intensification	Possibility of implementation of differentiated policies Examples: environmental policies, the struggle against unemployment and social exclusion, reconciliation programs etc.
<b>Mobilization of the demand for local energies</b>	Can lead to a certain "sclerosis" of local initiatives	Effects of mobilization at the local level: <ul style="list-style-type: none"> <li>■ interest raising</li> <li>■ creation of partnerships and social cohesion</li> <li>■ gaining of expertise and establishment technical teams at local level</li> </ul>
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>■ More rigidity</li> <li>■ More time required</li> </ul>	More flexibility: <ul style="list-style-type: none"> <li>■ in decision-making</li> <li>■ in management</li> </ul>
<b>Control of the use of public funds</b>	<ul style="list-style-type: none"> <li>■ In general only documentary control</li> <li>■ Centralized control sometimes allows for economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct physical control at the local level in addition to the documentary control</li> </ul>

## Prerequisites for Centralization and Decentralization

In terms of:	Centralization	Decentralization
Functioning of representative institutions	Strong State presence	Functioning democracy necessary
Capacities	Concentration of the capacities at central level	Required local technical capability
Civil Society Organizations	Only intervene as a type of negotiation at the central level	Civil Society Organizations well implanted at all different levels

## The Favorable Context for the Establishment of Centralization and Decentralization

a centralized approach is preferable;	a decentralized approach is preferable;
<ul style="list-style-type: none"> <li>■ If the policies put in place are homogeneous and applicable as they are</li> <li>■ If it is necessary to face emergencies requiring a quick and coordinated intervention at the central level (situation of war, natural disaster)</li> </ul>	<ul style="list-style-type: none"> <li>■ If the needs at the local level are specific to the context of each territory, requiring a differentiation of the support policies,</li> <li>■ If local actor mobilization is a decisive factor for success of the set-up policies</li> </ul>

### Why is it that decentralization appears to be the most appropriate policy of today?

State withdrawal calls for alternative solutions

- search for backstopping in the context of budget cuts and aid
- new formulas in the face of privatization of the public sphere

The advancement of democracy opens new doors

- for consensual policies
- for the role of Local Communities
- for participation

Civil society is better prepared

- the general level of education is higher
- civil society organizations develop



### The Increased Interest in Decentralization

State withdrawal calls for alternative solutions.

- As state budgets and public aids are increasingly cut, the identification of new linkages at the level of the Civil Society is required.
- Public corporations are privatized, leading to the conception of new ways of defending the general interest, such as the participation of salaried employees, the public-private co-transfer of responsibility, etc.

Democratic progress paves the way for new practices:

- the set-up of democratic institutions at the national level allows for the definition of more consensual and applicable national policies;
- the territorial jurisdictions elected at the local and regional level become unavoidable linkage points for decentralization;
- new forms of participatory democracy (participation of Civil Society Organizations in the public perspective; public-private partnerships, etc.) ensure a wider mobilization and cohesion at different levels (local, regional and national).

Civil society is better prepared.

- The overall education level is higher, which is necessary for the participation of citizens in public life in the areas of literacy, debate, organizational capacity and management, etc.
- Civil society organizations are formed at all levels, opening up new perspectives for active citizenship.

The challenges of development are more complex.

- Environmental problems require differentiated treatment at local level.
- The fight against poverty, unemployment and social exclusion is subject to suitable solutions according to the context of every territory.
- Crisis situations (areas in decline, conflict zones, etc.) cannot be resolved without effective mobilization of local actors around common objectives.
- Consumers are no longer satisfied by homogeneous, anonymous and characterless produce, paving the way to a revalorization of local specificities.
- New technologies open new perspectives in terms of innovation and differentiation of the products.

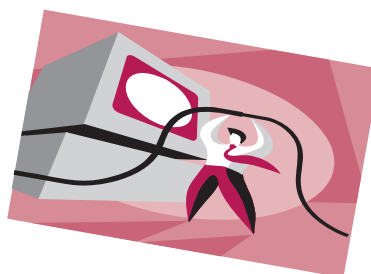
Technological development broadens new perspectives.

- New communication technologies allow direct connections at all levels, much better circulation of information and better democratic control, notably through the existence of the Internet.
- New production technologies provide considerable opportunities in terms of local innovation and differentiation of products and jostle the old barriers on the necessary size of enterprises for the production of some products.

### Why is it that decentralization appears to be the most appropriate policy of today?

Development challenges are more complex

- environmental problems demand differentiated treatment
- the fight against poverty calls for differentiated responses
- crisis situations demand the mobilization of all actors
- consumers demand products of character



New technologies bring new perspectives

- for easier connections between actors and levels
- for local innovation and produce

## The Risks of Decentralization

Although Decentralization seems appropriate in the present context, it is not without its risks. Five risks have been identified by FAO:

### The Replacement of a Supply Driven Logic by a Demand Driven Logic

All state intervention can be considered a service to civil society. These services concern more or less explicitly an offer (or a supply from the state) or a demand (from civil society). In a

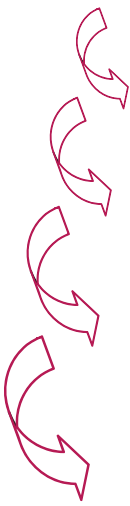
centralist regime where support policies and state intervention are designed at central level to subsequently be applied at regional and local level, it is essentially the offer that determines the type of services provided. Indeed, the beneficiaries (the demand) are little consulted and must adapt to what the state offers them. Therefore state services are designed in a *supply* perspective.

On the other hand, decentralization offers the possibility of defining state services that directly correspond to clearly expressed local demands. This has the advantage of offering services that are more adapted to the needs of populations. There is however a risk

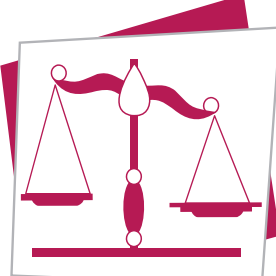
of going too far and defining state services only in relation to the demand without worrying about overall coherence. This means the supply-driven logic is completely replaced by a *demand-driven logic*. It may also be added that, in responding to all the expressed demands,

the quality of the services supplied will be weakened. This could lead to a loss of overall perspective in the definition of rural development strategies.

Therefore a balance has to be found between supply and demand driven perspectives in the management of rural development. This should allow the provision of services that are better adapted to local populations and institutions whilst fitting into the overall objectives of a global development program.



1. The replacement of a supply driven logic by a demand driven logic
2. Poor information sharing is not conducive to good coordination
3. Persisting paternalism can reduce the offer of support services
4. Traditions of Clientilism (enlarged nepotism) create the risk of misappropriation by stronger actors
5. Institutional rigidity imposes the pace of decentralization



**1. The replacement of a supply driven logic by a demand driven logic**

In a centralized system,

- planning is done at central level
- subsequently, services are offered to the population

An excessive demand perspectives impedes overall vision

In a decentralized system

- local demands may emerge
- services are adapted to local demands

This can lead to a loss of overall vision in policy-making

**How is it possible to find a balance between local and central priorities?**



## Poor information Sharing is not Conducive to Good Coordination

In centralized systems, information is not evenly distributed but is more concentrated at central government level.

With decentralization, the risk is that rural populations don't have the capacity to globalise their demands and specific problems and coordinate activities. Local development strategies, although characterized by strong knowledge of local dynamics, can be incoherent in a regional logic and, even more so from the point of view of a global development model. The possibility for people's participation that decentralization provides is not sufficient. Therefore, the conditions for this participation have to be created.

### Persisting Paternalism can reduce the offer of Support Services

According to centralist policies, only state intervention can correct market weaknesses and allow progress in development. This paternalist approach to development hampers the capacity for autonomous action on the part of rural populations and local governments. If the transfer of responsibilities is not accompanied by a transfer of capacities, decentralization can produce institutional voids, a decline of support services and a deepening revenue gap between urban and rural areas.

### Traditions of 'Clientélisme' (enlarged nepotism) create the Risk of Misappropriation by Stronger Actors


The ways in which resources are allocated in centralized systems have often benefited state clients with a stronger capacity to formulate their needs. They are able to formulate projects and have a level of organization that allows them to succeed in pressurizing the state to receive most of the public funds available for rural development.

**2. Poor information systems do not facilitate the effective coordination of activities**

In a centralized system

- information is not symmetrically circulated
- it is concentrated at central government level

Excessive local vision impedes overall coordination of activities



In a decentralized system

- local levels do not have the capacity to absorb the quantity of information
- they are not capable of synthesising global information


It is necessary to create the conditions for the participation of all through strengthening coordination

**3. Persisting paternalism can reduce the offer of support services**

In a centralized system

- state intervention can correct market failures
- and this hampers the capacity for action at local level

An excessive local view point can lead to institutional voids and poor services



The transfer of responsibility must be accompanied by a transfer of competency

In a decentralized system

- the local level is considered as not having the capacity to manage
- or respond to multiple and complex needs



**4. Traditions of "Clientelisme" (enlarged nepotism) create the risk of misappropriation by stronger actors**

- In a centralized system
- the state is lobbied by competent and well organized clients
  - but can counterbalance multiple influences



Excess transfer can mean that the better organized misappropriate power

The absence of intermediary organizations hampers mediation and arbitration mechanisms

- In a decentralized system
- organizations, municipalities benefit from
  - transfer of responsibilities and resources

The unequal levels of organization that exist in rural populations mean that there is a risk of misappropriation of resources transferred through decentralization by municipalities and the richer and better organized organizations.

Furthermore, the absence of strong, representative regional associations can reduce the capacity for conflict mediation at regional level to the advantage of the local elite, less concerned with the global development strategy in mediation and consultation.

**Institutional Rigidity and the Pace of Decentralization**

The intermediate and local levels of centralized institutions were designed to implement policies that they had played no part in making. They are thus characterized by a certain lack of flexibility in adapting to a changing environment and in accepting new conditions in participatory and decentralized policy-making. Decentralization can paralyze intermediary and local levels of government as well as producers organizations, which cannot manage to follow the political challenges of decentralization.

There is a risk of believing that the adoption of a law on decentralization is sufficient to lead to its immediate coherent application.

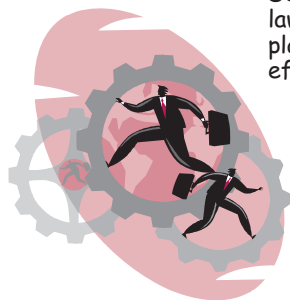
On the contrary, the appropriate pace for decentralization has to be determined. It should neither be too fast to allow adaptation, nor too slow to allow the decentralization process to move ahead.



**5. Institutional rigidity imposes the pace of decentralization**

- In a centralized system
- intermediary and local levels are created to implement policies without decision-making

An excessive local focus can lead to paralysis in the face of challenges



Decentralization laws need forward planning to be effective

- In a decentralized system
- the local level has flexibility to adapt to wider changes
  - and consider new conditions of environment

## Managing the Risks of Decentralization

Risks must not be considered barriers to decentralization but as elements to be taken into consideration when planning a decentralization process.

For example, it is not unusual for a central power, (in order to maintain its prerogatives) to argue that capacity does not exist at the regional and / or local level. In this scenario, the central power can claim that there is a great risk of weakening the offer of support services (risk 2), if decentralization is pursued. However, since local capacities only usually emerge once a process of decentralization is put in place, we find ourselves in a paradoxical situation: decentralization is not put in place since the very capacities it could serve to enhance in the future are too weak.

Therefore it becomes crucial to weigh up all the stakes, difficulties, ways to overcome them and relevant potential solutions. Several interactions are possible; some measures can have unexpected leverage effects which may solve what could have initially seemed insurmountable problems. In general, the tendency has always been to underestimate the capacities at local or regional level. The fact that every territory is constituted of men and women capable of thinking and analyzing their own environment is all too often forgotten. This considerable human capital is often underestimated, under-exploited and remains dormant. The first challenge of decentralization is thus to be able to resuscitate local energies by giving them the opportunity to emerge and flourish.

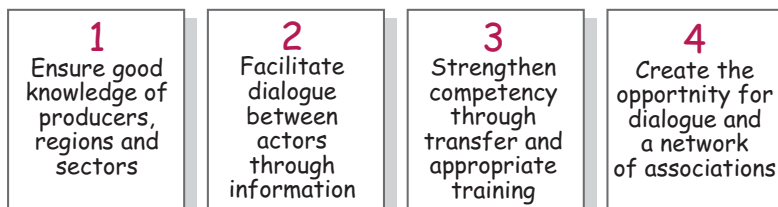
This does not mean that risks should be ignored. On the contrary, they should be identified and evaluated at all times. However, the first objective cannot be to fully eliminate risks, but to set-up an appropriate decentralization process for the development challenges that a particular nation must face. Risk reduction is an indicator of success of this process.

**Risks are not insurmountable barriers**  
They have to be taken in to account in a decentralization process

Weighing up the issues, measuring the difficulties, this is the best way to overcome them and exploit their potential

The role of intermediate bodies is essential in these processes

- to give direction,
- to synthesize local demands
- to be actors and partners



## The Tools of Decentralization

The process of decentralization requires the set-up of intermediate institutions that no longer emanate directly from the state but that are created by the will of the actors.

Generally speaking, these institutions have three main objectives, (i) orient state activities, (ii) synthesize and regionalize demands, (iii) reach sufficient maturity to stand as partners of local development actors.

Reaching these objectives assumes the allocation of resources by the state and outside actors to allow the intermediate institutions to carry out the following main functions:

1. ensure strong knowledge of the different types of producers and regions and; follow up on their evolution;
2. observe each type of production chain as a whole and identify the difficulties / pressures and foresee their evolution; this paves the way for dialogue between private partners and producers and serves as a basis for partnership;

3. facilitate dialogue between outside and local actors by developing an information system on: standards/norms and regulation provisions taken by the state; economic comparisons between types of production chains and different regions; the evolution of market prices; technological alternatives for a particular specialization / diversification of products; the opportunities of profitability;
4. reinforce local actors' expertise by a transfer of expertise and the development of training adapted to the local situation; optimize the roles of NGOs, research centers and existing specialized schools in the region;
5. create space for dialogue with and at the regional level in the form of networks of associations. This could be a consultation committee with outside players and notably the state. One of the functions would be to reduce the risk of an over-appropriation of the decentralization policy by the local powers.

All these functions imply putting in place structures enabling a permanent exchange between local actors and national decision-makers.

To conclude, we can recall the following key-points about decentralization:

- the generation of sustainable development through focusing on poverty reduction in the rural sector;
- the limitation of conflict between local action and the global level;
- the strengthening of democracy at the initiative of the beneficiaries; the reduction of risks of gaps created by decentralization and the development of a global strategy allowing the emergence of comparative advantages;
- the recognition that the main driving forces for development are the broadening of market opportunities, the increase of savings and investments through an effective policy of resource identification and utilization;
- the reinforcement of decentralized functions and powers to allow better consideration of underprivileged populations and to better identify future problems.

## Conclusion

This first approach to decentralization indicates how analysis, management and follow-up of a decentralization process are clearly key elements of its success. It has also highlighted that these are difficult tasks, full of obstacles that generate preconceived ideas, ideologies, power games, etc. This is why the second part of this Training Manual is entirely dedicated to these issues. The aim is to give the reader tools for analysis, management and follow-up, as well as for the conceptualization of a decentralization process that is pertinent to particular context of his/her country, region or territory, and in relation to the challenges they must face.

### Box no 3 on Senegal: **Limits and Risks of Decentralization**

A constitutional review process was initiated by law 94-55 of 13th June 1994. It established the principle of free administrations of the Local Governments as a constitutional principle. The Senegalese Constituent Assembly defined five principles to be respected and three objectives to be reached in the constitutional review process.

The principles were as follows:

- unique status for all regions;
- a balance between decentralization and deconcentration;
- better distribution decision-making powers related to available resources;
- planned ex post control, and;
- national unity and territorial integrity.

The objectives:

- ensure the economic and social development of each region;
- set-up administrations close to their users, and;
- create dynamic regions within a Unitarian State.

On the legal front, the Senegalese legislature undertook the strategy of harmonizing the organization of Local Governments (LG – collectivités locales) through the Local Government Code (le code des collectivités locales -CCL). Identical rules were set on the control of legality, transfer of competencies, financial relations with the state, local administration and public local services. However, the principles of election of LG organs through universal suffrage, state control and the transfer of competencies to the LGs are perhaps the most important and innovative elements.

Therefore, it appears more pragmatic to examine the opportunities and limits of decentralization before making an inventory of the main risks of the present actual process.

#### 1. Opportunities and constraints

According to article 3 of the Law on the transfer of competencies, 'the allocation of competencies between local governments is done through distinguishing those which are devolved to the regions, to the communes and to the rural communities'. The idea behind this article is that no LG will be able to dispose of exclusive competence in any one domain: there is no complete

transfer of competencies. All LGs have the same competencies. To avoid the risk of one LG being subordinated by another, the legislature banned tutelage between LGs of the same level and those of different levels. However, the LGs can maintain functional cooperative relations between each other. LGs have a total of 9 areas of competence that they share with the state. These are: management and use of the private and state domain and of the national domain; management of the environment and natural resources; health ; population; social action; youth; sports; leisure; culture; education; literacy; promotion of national languages; professional training; territorial planning and management; urbanism; housing.

Hence, in all possible scenarios, the Rural Commune always disposes of administrative autonomy. They have the freedom to improve their budget on the condition of being able to obtain the financial and human resources necessary within the norms governing public finance.

In the same way, LGs have a recognized freedom in financing their budget. In fact, apart from state funds (financial compensation for the transfer of competencies), the LG budget can be replenished by ordinary resources of fiscal origin (except from the Regions) and resources from loans and decentralized cooperation.

However, decentralization does not mean independence but rather autonomy in the management of certain affairs. Indeed, under certain circumstances LG competencies can be limited. In the following cases, the state foresees a share of competencies with the LGs': territorial administration and management, economic development, education, health, culture science, environmental protection and improvement of living conditions. However, the state retains exclusive competencies in certain areas such as sovereign tasks (police, defense, currency), control of legality of LC acts, coordination of development activities national solidarity, cohesion and territorial integrity. Consequently, LGs must manage their affairs whilst respecting the national policies defined by the government, especially in the area of decentralized and external cooperation.

#### 2. Risks

Today, the decentralization process in Senegal faces a number of weaknesses. These include inconsistencies between institutional planning and social reality, lack of training, information and organization of rural

populations, lack of or absence of human, material and financial resources. Therefore, in order for it to succeed, decentralization in Senegal must overcome the following risks:

- Scattered activities and loss of overall view in the definition of rural development strategies. This requires replacing the supply driven management perspective by a demand driven management perspective;
- Poor information flows are currently detrimental to effective activity coordination. This must be addressed by supporting free access to information not only between central and local levels but also within the local level, between local executives and all other local actors ;
- Reduced offer in terms of support services to small and medium sized farmers due to insufficient transfer of competencies and resources, which contributes to increasing inequality between different types of producers, and the gap between small-scale and commercial farming;
- The tendency for the local elite (from the municipalities and from the richest and better-organized organizations) to take control of the transferred functions and resources;
- Poor adjustment on the part of the intermediate levels as well as civil society organizations to the foreseen pace of decentralization. The long tradition of rigidity of these local actors does not allow them to adapt to the challenges of decentralization policy in the expected time frames. This is why it is necessary to address the question of the most appropriate pace for decentralization etc.

**One example of loss of overall view** is provided by the drawing-up and implementation of Local Development Plans (Plans locaux de développement (PLD)). The central level did not produce any methodological guidelines on how PLDs should be identified and drawn-up (participatory diagnostic assessments and planning processes). Only at regional level, in Kolda has this type of document been written. Furthermore, the contribution asked of beneficiary populations is differs according to which donor is involved: the European Commission demands 20%, whereas the French Development Agency, UNDP and GTZ demand a percentage that varies between 10 and 15%.

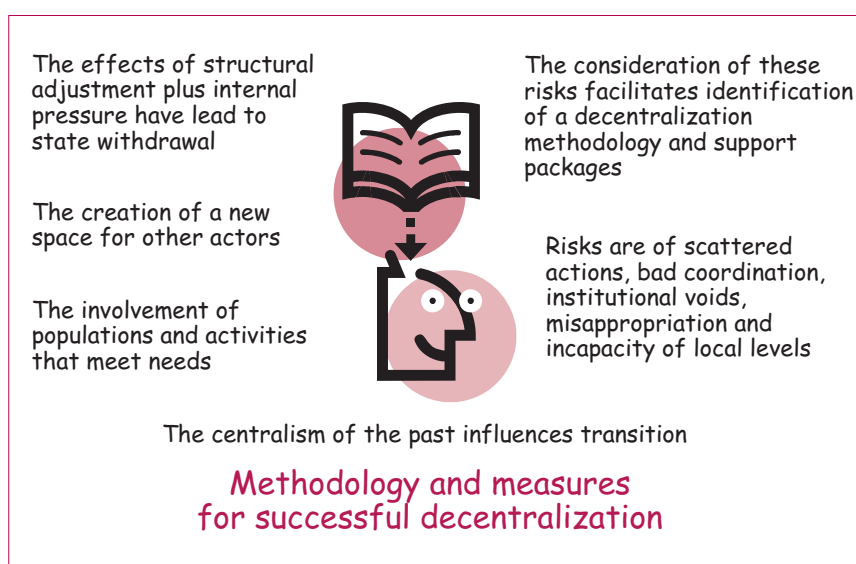
**An example of misappropriation of resources is provided by the Process of Support to the Regions and to the Rural Communities.** Given the reliability of official statistics in Senegal; confirmed by the IMF in January 2003, it would have been possible to identify a number of indicators to allow classification of the different living conditions existing in the regions and zones of intervention and consequently diversify accordingly: i) the amount allocated to the different territorial entities and ii) the percentage of the contribution asked for on the part of the populations for the infrastructure works. On the contrary, over the last few years, several programs supporting planning, training and equipment have been implemented homogeneously (not differentiated) to all the regions and ARDs. For example, in 2002–2003, all ten regions of Senegal received the same amount of money to improve their equipment and for training from the PAR program. This resulted in an increase in dualism between the richest and the poorest regions.

## Chapter 5. The Analytical RED-IFO (Regionalization and Differentiation – Information, Training and Organization) Model of Decentralisation

Decentralization policies and state withdrawal have gained new momentum and created opportunities for a plethora of actors in rural development.<sup>8</sup> These trends should increase the efficiency of development policies by making them better reflect the needs of citizens. Policies should be formulated on the basis of local assessments carried out by those who have the most relevant information. It must be recognized that policies of centralized rural development have some risks. Taking these risks into account helps to identify a methodology for decentralization to design a set of support policies necessary to successfully carry out the decentralization process.

The RED-IFO model on decentralization identifies, on the one hand, the risks associated with decentralization and on the other, the methodology and support policies for managing the risks and making decentralization a tool for rural development.<sup>9</sup>

The model helps in the design of a more adequate decentralization policy and in the evaluation of on-going processes. In order to overcome the problems posed by the legacy of centralization the RED-IFO model proposes, first of all, a methodology for decentralization which consists of regionalization with a view to meeting the needs of rural populations and ensuring policy differentiation (Risk 1); followed by three support policies dealing with information (Risk 2); training (Risk 3); organization (Risk 4); and finally broad consultation on the modalities of the most appropriate schedule for the implementation of decentralization (Risk 5).



### Regionalization and Differentiation Methodology (RED)

To overcome the first problem of decentralization (Risk 1), decentralization policy makers must create a forum for interaction between, on the one hand, the people in development who have an overall view and policy offer and on the other, actors who have knowledge of local circumstances and specific project or program support proposals. This forum would be the place for the formulation of a strategy for decentralized rural development.

In other words, to ensure that the proposed policy is not too broad, it must differentiate between, on the one hand, the specific problems of each region, product and type of

<sup>8</sup> See Chapter 2, Part Two, Country Outlook in this Manual. For the purposes of this document, the main actors in rural development are international organizations, the State, decentralized levels of local government, the private sector, NGOs and various Civil Society organizations.

<sup>9</sup> This model was used to design a questionnaire on Decentralization on the basis of which a typology of decentralization processes was established. This typology can be consulted in Bonnal J / Muheim P., "Preliminary analysis of a questionnaire on decentralization: Outline of a Typology", Decentralization and Rural Development Series, N°16, FAO-SDA, Rome 1997.

To avoid the first risk of decentralization, decentralization policy must construct an intersection between

- development actors who have an overall view and a global policy offer
- actors who have knowledge of local circumstances and specific demands for projects and support programs



**This context becomes the place of policy-making in decentralized rural development**

So that the policy offer is not too wide, it is necessary to differentiate

- through identification of specific problems in each region, product and type of producer
- through appropriate support to different local development actors

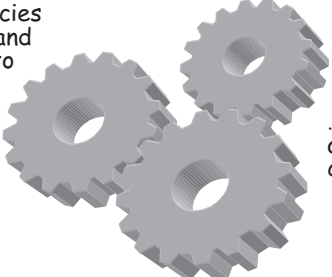


**At the same time, it is important to ensure that local demands are not too local and uncoordinated, it is necessary to regionalize the wishes of the rural people**

**... in order to ensure coordination and coherence**

The combination of regionalization and differentiation would allow the phasing out of centralist policies whilst maintaining a level of coordination and coherence in rural development

.....towards policies that are more and more adapted to local realities



.....but keeping a level of coordination and coherence

**The issue here is to coordinate actions of each actor on the basis of mutual recognition of the capacities of that each one can bring in the context of decentralization**

producer, and on the other hand, the most appropriate support to be given to local development actors. At the same time, to avoid both overly narrow requests on the part of locals and overly dispersed interventions, the preferences of rural populations have to be regionalized to broaden their scope, and give them an appropriate level of coordination and coherence.

The combination of regionalization and policy differentiation would facilitate the transition from centralized policies to those more reflective of local reality, whilst at the same time having a level of coordination and coherence that makes them a lever for development. This would enable the state to redirect its action toward suitable policies. This would make it possible for the agricultural and rural sector to found a development strategy, thus creating employment and diversification between agricultural and non-agricultural revenue. The poorest segments of the population could increase their chances of accessing various markets.

Differentiation of policies and regionalization of preferences can play a central role in ensuring that local actors cooperate with each other, through dialogue, to achieve an effective and transparent rural development strategy. The challenge of such consultation process is to coordinate the actions of the locals and for each participant to recognize the strengths that other actors can bring to bear on decentralization. Support policies for decentralization would be designed and implemented within this general framework.



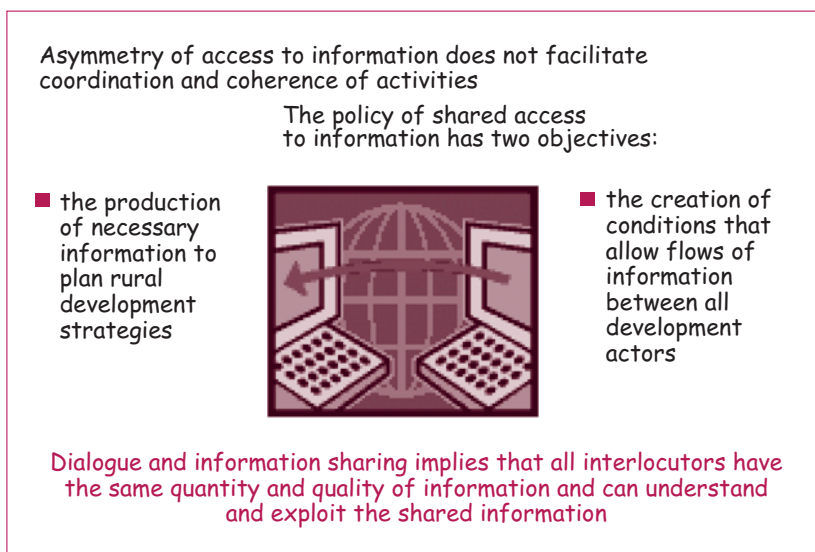
## Support Policies: Information, Training and Organization (IFO)

According to the RED-IFO model, for the expected impacts of decentralization to materialize, three support policies for regionalization and differentiation are necessary to facilitate access to information, training and organizational support.

### The Role of Access to Information

Earlier, it was pointed out that asymmetry in access to information does not facilitate the coordination and coherence of activities. The policy of access to information has a two-fold objective: (i) the production of information necessary for the formulation of a rural development strategy and; (ii) the creation of conditions allowing the flow of this information to all actors in rural development. Access to information for all is a condition for dialogue between the state and the other actors in development, without which there cannot be a participatory and decentralized development strategy. For this dialogue to be established it is necessary for interlocutors to have the same quantity and quality of information on the problems and opportunities; institutional, macroeconomic, and technological that affect local development.

The production and flow of information can let rural populations have some control over development action and guarantee the coherence of activities through enabling local actors to have information beyond that pertaining to the circumstances of their lives. A priority for decentralization is to have an economic, technological and participatory content.



### Training to avoid Institutional Voids

The long period of centralized governments prevented rural populations from acting independently. The technical capacity of all actors in development must be ensured or strengthened so that decentralization does not give rise to diminishing support services. Indeed, decentralized functions need to be carried out. Therefore, what is necessary is a transfer of the functions followed by a transfer of competencies to technical services, local governments and civil society organizations.

The need for training also comes from the fact that decentralization emphasizes the demands of local populations. Municipalities and civil society organizations have varying degrees of capacity to formulate their demands. All depends on the accumulated social capital and organizational experience of any particular entity. Without a significant training policy, decentralization would favor the richest and best organized local governments and organizations. This would be to the detriment of those that have the most need for support but do not have the capacity to formulate their demands in terms of development projects and programs. Therefore, priority in training has to be directed to these levels of government and civil society organizations.

So that decentralization does not lead to a reduced service supply and so that decentralized functions be accomplished:

- The transfer of responsibility must be accompanied by a transfer in competency and knowledge to all actors and partners

So that decentralization can focus on the demands of the population

- The capacity to formulate these demands must be developed throughout all categories of local actors to avoid the risk of missappropriation by certain more powerful actors

The technical competencies of all development actors must be created or strengthened

## Organizational Support and Mediation Structures

Although the availability of information and training can counterbalance the tendency for the local elite to capture the main benefits of decentralization, this may not be sufficient if there is no strong organizational base to give actors in development the possibility to participate in the design, implementation and monitoring of policies. That's why the third support policy recommended by the RED-IFO model is support for civil society organizations, recognizing them as interlocutors of the state, and the creation of an institutional framework which is conducive to participation.

The importance of organizations is multi dimensional.

- Organizations can guarantee the participation of rural populations in the formulation of the modalities for decentralization, ensuring that they are not formulated solely by the central government. The objectives, modalities and pace of decentralization can thus be discussed with local actors.
- Organizations facilitate institutional innovations that allow actors in development to actively participate in policy differentiation and in the regionalization of demands for support. It is through organizations that different social groups can become actors in their own development because they reinforce their ability to reclaim functions previously centralized.

The third series of measures is two-fold:

- organizational support to civil society with their recognition as state interlocutors that they may become more involved
- organization also concerns mechanisms of consultation, mediation and arbitration between different groups of actors in order to give them good capacity for dialogue and the circulation of information

All the proposed measures take time and require decentralization to have a certain pace that is appropriately planned on a case by case basis

They form part of a progressive process for the implementation of decentralization

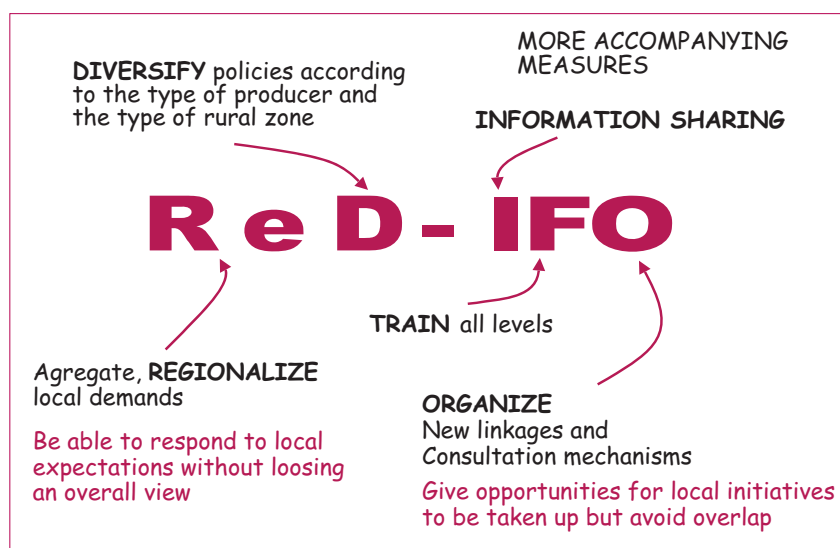
- Finally, organizations are important because the success of decentralization depends on the existence of local structures of mediation and consultation, which transform social pressure into development projects and programs. Nevertheless, the important role of social pressure must be recognized. Centralized states had the tendency to see conflicts as nothing but opposition to their interventions, whereas often, conflicts were demands for intervention. These demands took the form of conflicts because there was not any forum for dialogue at the local level. With decentralized mediation mechanisms, social pressure could be a vehicle for structuring demands and synthesizing them into a rural development strategy.

The *pace of decentralization* is one of the first areas where dialogue between the state and other actors in development should take place. In determining the pace at which decentralization will be implemented it is important to recognize the diversity of each region, the production conditions and the strategies of each participant. For these reasons decentralization should be implemented on the basis of dialogue between national and local actors, and on the regionalization of the results of such dialogues. This can enable each region, town, municipality or social group to regulate the pace of decentralization according to their capacity. In sum, the RED-IFO model proposes decentralization as a gradual process of transferring functions, resources and decision-making powers at a pace that corresponds to the evolution of institutional capacity.

## Conclusion

The modalities for decentralization and the support policies offered by the RED-IFO model are not compatible with the centralized state as the only vehicle for policy formulation. On the contrary, differentiation and regionalization suppose an open dialogue between the multiple actors. In order for that to happen, institutions of the centralized state should give way to new institutions capable of creating conducive conditions for dialogue between the state and other contributors in rural development. However, these new institutions must not be seen as instruments which simply import information, training and organization into rural populations. They must be to a large extent the creation of rural populations themselves, who would thus be providing the means to engage in dialogue with all their partners. That is why the strategic element of **the RED-IFO model is in the creation, reorganization and strengthening of institutions.**<sup>10</sup>

A decentralization process centered on institutional capacity building can allow the state to be present nationwide and get closer to local realities, without losing the national perspective in its rural development



<sup>10</sup> For a presentation of this strategic element, see the document, "Institutional Systems Analysis (ISA). Methodological Suggestions", Coll. Decentralization and Rural Development, N°4, FAO-SDA, Rome 1996.

actions. The RED-IFO model aims to enlighten the rural development actors about the risks and conditions for the success of and decentralization process. The cornerstone is the creation of institutional conditions conducive to the participation of citizens in the choice and implementation of actions affecting their future.

The model implicitly recognizes that the prospects of decentralization can only be realized if it is closely tied in with the building of democracy. Hence, the transition from supply-driven intervention to demand-driven intervention can be achieved through: a) ensuring the impetus of local actors in development, b) ensuring decentralization does not produce power vacuums, and c) formulating a coherent, participatory strategy, which should work for all participants in development, not only for the strongest and best organized. Hence, the model proposes the creation of **a new alliance for sustainable and participatory rural development**, where rural populations participate fully in achieving the expansion of rural markets, better savings and investment, which are three key factors in any rural development process.

## Box no 4 on Senegal: The application of the RED-IFO model

This analytical model of decentralization allows us to evaluate the possible stumbling blocks that can hinder the process. This is a way of evaluating and adjusting the implementation of decentralization.

### a) The regionalization of local demands

The implementation of decentralization raises the problem of state withdrawal and the consideration of the needs of grassroots populations. The risk involved here is that the global supply-driven management approach be completely taken over by a fragmented and dispersed demand-driven management approach.

In Senegal, the entry into force of the new legislation (legal framework on regionalization, law 96-06 etc.) means that the Region (that is the new Decentralized Local Government) is in charge of development planning. In this perspective, it takes into account the concerns of the rural populations when drawing up Integrated Regional Development Plans.

The collective regional entity is a diligent framework for decentralized rural development policy in particular and local development in general. To reiterate the objective of grassroots democracy, the transfer of decision-making power creates administrative autonomy of local affairs and new financial autonomy introduces transparent management of local funds by elected members with the implication of civil society actor.

In this context of regionalization of local demands, the Producers Organizations (POs) Regional Consultation Forums (CRCOP) foreseen by the PSAOP, constitute frameworks for coordination and harmonization of actions and perspectives of the POs with regard to development projects and training. The PO (CRCOP) Regional Consultation Forum at Regional Level is made up of representatives from all the POs local consultation forums. (CLCOP) The regional level thus represents and defends the interests of the local level. However this methodology must necessarily be accompanied by the identification of local specificities of global demand of grassroots entities.

### b) The differentiation of local policies

Since proximity justifies relevance, all decentralization models must agree that the satisfaction of daily needs of the population is the affair of the local levels (in this case the Rural Communes) when the latter are in charge of the 9 areas of competence transferred to existing Local Governments.

The objective of the CLCOP reflects this logic because it aims to ensure that POs participate in consultation mechanisms with all actors in rural development taking part.

This differentiation of policies is very necessary; otherwise the globalization trend would stifle specific aspirations. Nevertheless, a wise balance between the regionalization of needs and the specification strategy is needed in order to have both a coordination unity for the satisfaction of needs and a consideration of the different types of needs. To resolve the globalization –differentiation issue, a three-pronged measure – on concentrating on information, training and organization- is necessary to support the decentralization process in rural development.

### c) Information and Information Sharing

Decentralized rural development is based on a relevant, precise and available information system between grassroots actors and the state. A deficient communication system slows down participatory process in relation to the content of the rural development strategy and hinders its role in capacity building of local populations.

A Communication plan forms an important part of the decentralization action plan produced by the Minister of the Interior in September 1998. This communication plan has the following main objectives:

- facilitate understanding of the content of the texts on decentralization;
- reach common ownership of the final project, and;
- develop a communication system appropriate for a rural environment.

The POs are considered as both actors and the target group in this plan and must therefore play an effective role in the diffusion of information flows be they general, economic or technical.

Appendix 6 of part 3 of the PSAOP, describes an implementation strategy for the Communication Development Support Program which aims to eliminate the communication gap between actors who design development programs and the potential beneficiaries of the rural sector. For example, communication on research must be made understandable with the help of pedagogical aids (slides, videos, illustrations...) to facilitate understanding at the grass roots.

A good information system must logically be based on good training on different intervention modalities by local actors.

#### d) Training

Training is needed in order to achieve autonomy of action for rural actors. It is very important that these, generally illiterate, actors be in possession of the precise definition of their role in the new context of decentralized rural development. The themes that will be of interest to them will be:

- functional literacy both for the elected local members and OP leaders ;
- production improvement techniques (e.g. on increased yields, loss minimization, etc.);
- group communication exercises, and;
- management of the productive unit(technique and style).

The National Rural Infrastructure program (PNIR), financed by UNDP/UNCDF works on strengthening the capacities of organizations and training which should allow the emergence of autonomous "Communautés Rurales" able to manage local development. The training takes place in the CLCOPs and the CRCOPs for the modules addressed to POs or in the consultation forums for the local communities and representatives of all categories of the population regarding the choice; management and maintenance of infrastructures of community or structural interest.

The component on 'support to rural organizations and producers' of the PSAOP foresees the training of PO leaders in the form of short workshops (3 to 5 days). The modules of these workshops will enable actors to familiarize themselves with the practical content of their responsibility. These are special workshops of reflection, and strategic training of local actors in different negotiation and fund raising techniques for global rural decentralized development projects

The Regional Support Program (PAR), financed by the European Commission started its training program in 2003.

#### e) Actor organization

With the installation of structures to facilitate the decentralization process, the Local Governments (in this case the Region and the Local Commune) are in charge of

managing economic development activities and must work in close partnership with the organizations of rural producers (cooperatives, GPFs, GIEs, ...).

The Local Governments involved in rural development have the responsibility over their own competencies defined in the local government code and by virtue of proximity (nine areas of competence now belong to them). On the other hand, rural producer organizations are structured from local to national level in each of the following sectors: animal rearing, agriculture artisan fishing, forestry, and rural women's organizations.

At federal level of POs, commercial activities are related to supply management, processing, and financial organization and training.

At national level, the CNCR works on the exchange of ideas on rural development in the interests of the defense of the rural world in governmental programs and finally, on the synergizing of the potential of the different actors in rural development.

With this structure now in place, the functionality of these organizations is needed in order to guarantee their dynamic and efficient intervention. For this reason, the rural councils need strategic planning strategies for their activities, an operational budget management system and mechanisms to control the execution of their tasks.

The organizations of rural producers have the advantage of being able to adapt to the demands of development the more they intervene in proximity to target populations. Nevertheless they suffer from a lack of professionalism, means and participatory measures to facilitate the capacity building of vulnerable groups (women, youths).

In sum, the RED-IFO filter on the decentralization process in Senegal can tell us the following:

- the decentralization policy, in place since 1990, suffers from a lot of information gaps and lack of training of rural development actors;
- the competencies that have been transferred do not always cover all key sectors of the rural world such as agriculture, animal rearing and fishing.