

Multi-level governance and effective service delivery

Good Governance and Peacebuilding



The Hague Academy *for*
local governance

Learning objectives



At the end of the module participants will be able to:

- ▶ Explain decentralisation concepts, dimensions and types;
- ▶ Discuss the decentralisation of local services and illustrate the success factors and challenges;
- ▶ Analyse and interrelate the responsibilities of national, sub-national governments, NGOs and private sector in public services;

Speaker's note:

Explain the learning objectives of this session

Time: *to be added by trainer according to planning*

Background information:



KEY CONCEPTS

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

Based on a presentation by Thera van Osch



Decentralization is the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent organizations or the private sector.

Litvack and Seddon (1999)

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

SUBSIDIARITY (CoE)

Government services should be provided at the lowest level of government that can do so efficiently.

European Charter for Local Self-Government Article 4.3

Speaker's note:

Briefly explain the principle of subsidiarity (5 min)

Time: 5 minutes

Background information:

Explanatory note from 'Quality of Public Administration A Toolbox for Practitioners' (2017), European Commission, accessed at:

<https://ec.europa.eu/esf/BlobServlet?docId=18582&langId=en>

The key words are 'the most appropriate level' for decision-making, within the framework of the Member State's administrative structures. This might be federation, state, region, province, county, district, city, municipality, commune or neighbourhood. The default position is the lowest level of government, but this decision should not be automatic. For example, when determining which tier of government should issue planning permits, the pros and cons of the lowest level (typically, communities or municipalities) should be weighed up, and if this is not appropriate, turn to the next tier of government, and so on. The implication is that some interventions should and do occur at the national or supra-national levels. The test of 'appropriateness' should be policy-specific.

Multilevel Governance (EC)

Multi-level governance is concerned with the multiple tiers of government, their responsibilities and resources, and how they are structured, organised, work together and engage with other stakeholders, to identify, implement and improve policy and to achieve better outcomes for society.

Quality of Public Administration: A Toolbox for Practitioners (European Commission)

Speaker's note:

Briefly explain the principle of multi-level governance (5 min)

Time: 5 minutes

Background information:

Dimensions of decentralisation

- 1 Political decentralisation
- 2 Fiscal decentralisation
- 3 Administrative decentralisation

Speaker's note:

Explain the three dimensions of decentralisation.

Time: *to be added by trainer according to planning*

Background information:

Political decentralisation aims to **give citizens through local authorities their elected representatives more power in public decision-making**. It is often associated with pluralistic politics and representative government, but it can also support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies (World Bank, 2006)

Fiscal decentralisation refers to resource reallocation to sub-national levels of government, including the delegation of funds within sector ministries to the de-concentrated levels making authority, resources and responsibilities for the

Administrative decentralisation is about the redistribution of authority, responsibility

and resources among different levels of government for providing public services. It is also about how tasks and responsibilities between the different government levels are assigned across and within sectors. A key concept in administrative decentralisation is the **principle of subsidiarity**

Within the political sphere, the development community seeks to empower people over their public sector through democratic, participatory and responsive political mechanisms. Within the administrative sphere, the development objective is to empower the people by making sure that the public sector administers the delivery of public services in an efficient and equitable manner. In terms of the public sector's finances, people are empowered if the State's financial resources are used in a fiscally disciplined manner; achieve allocative and technical efficiency; and are managed transparently and in accountable manner to prevent abuse.

We cannot stress enough that **supporting 'any' of the three dimensions of decentralisation alone is not sufficient**. For example, unless **local governments are politically empowered** by having democratically elected and representative local councils (political decentralisation), local communities and citizens will not be able to hold their local governments to **account**. Also, unless local governments have **administrative control** over the services they are supposed to deliver (administrative decentralisation), **their elected bodies are not truly empowered to serve their communities**.

Forms of (administrative) decentralisation

Devolution

Transfer of decision-making authority and responsibility to local governments by which local governments are granted substantive decision-making authority

Deconcentration

Transfer of decision-making authority and responsibility from the central administration to subnational units of the central government

Delegation

Transfer of responsibility for the administration of public functions to semi-autonomous bodies that are ultimately fully accountable to the center

Speaker's note:

Explain the forms of (administrative) decentralisation

Time: *to be added by trainer according to planning*

Background information:

Source: THA

Devolution:

Shifting fiscal powers and decision-making responsibilities to sub-national governments where sub-national governments are granted substantive decision-making authority. In a devolved system, local authorities have clear and legally recognised geographical boundaries over which they exercise authority and within which they perform public functions. They are accountable to their local constituency for their decisions. This form underlies most political decentralisation.

Deconcentration:

Shifting decision-making power to central government officials located outside the capital. The field offices are accountable for their decisions to the central ministry. The main objectives of deconcentration are to improve administrative efficiency,

enhance service delivery and ensure adequate representation of the central government, as well as supervision at the sub-national level. Deconcentration is considered to be the weakest form of decentralisation, although the opportunities for local input vary and sometimes strong field administrations can be found.

Delegation:

Shifting responsibilities to semi-autonomous government bodies, which are ultimately fully accountable to the centre. This is a more extensive form of decentralisation. Responsibility for decision-making and administration of public functions is not wholly controlled by central government, still it is ultimately accountable to it (examples include public enterprises, housing authorities, autonomous school districts and regional development corporations).

Combination of layers of administrative decentralisation

Almost all countries use a combination of the three forms of (administrative) decentralisation. Each public service provided in the regions and localities requires an adequate organisation and distribution of functions among the levels of government. There are differences between the institutional arrangements and the division of responsibilities between national and subnational governments for the provision of public health services and the issuance of birth certificates or driver's licenses.

For the provision of health services, the national government could transfer to local governments - through **devolution** - the provision of family health services through health centres. At the same time, the national government, through its **deconcentrated** services, could administer the local hospital. In the case of birth certificates, the national government centralises the database and standardises the processes for registering changes in the civil status of residents, and the local government can issue the certificates taking the data from the national office.

Responsibilities Across Subnational Governments

| REGIONAL LEVEL | INTERMEDIARY LEVEL | MUNICIPAL LEVEL |
|---|---|--|
| <p>Heterogeneous and more or less extensive responsibilities depending on whether it is a federal or unitary country</p> <p>Services of regional interest:</p> <ul style="list-style-type: none"> • Secondary/higher education and professional training • Spatial planning • Regional economic development and innovation • Health (secondary care and hospitals) • Social affairs (e.g., employment services training, inclusion, support to special groups, etc.) • Environmental protection • Social housing • Public order and safety (e.g., regional police, civil protection) • Local government supervision (in federal countries) | <p>Specialized and more limited responsibilities of supra-municipal interest</p> <p>An important role of assistance towards small municipalities</p> <p>May exercise responsibilities delegated by regions and central government</p> <p>Responsibilities determined by the functional level and the geographic area:</p> <ul style="list-style-type: none"> • Secondary or specialized education • Supra-municipal social and youth welfare • Secondary roads and public transport • Environment | <p>A wide range of responsibilities:</p> <ul style="list-style-type: none"> • General clause of competence • Eventually, additional allocations by the law <p>Community services:</p> <ul style="list-style-type: none"> • Education (nursery schools, pre-elementary and primary school) • Urban planning and management • Local utility networks (water, sewerage, waste, hygiene, etc.) • Primary and preventive healthcare • Recreation (sport and culture) • Public order and safety (municipal police, fire brigades) • Local economic development, tourism, trade affairs • Environment (green areas) • Social housing • Administrative and permit services |

Source: OECD (2016) *OECD Regions at a Glance 2016*.

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

This slide provides examples of how responsibilities for service delivery are typically divided in the OECD region. This is not meant to be prescriptive, i.e. the slide does not say how services should be divided, it shows the reality.

Decentralisation discussion (20 min)

In groups, discuss the potential benefits of decentralisation in Ethiopia and the challenges in achieving those benefits.



Speaker's note:

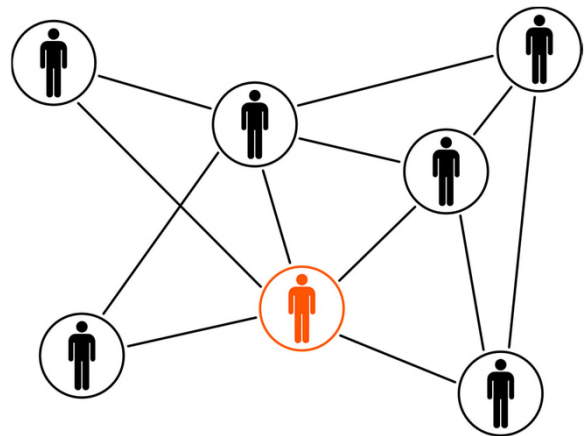
- Explain the exercise and then divide the participants in groups of 4-6 participants (5 min)
- Ask the participants, in groups, to list the potential benefits of decentralisation and the challenges in achieving those benefits (20 min)
- Ask one group to present the advantages of decentralisation on the flipchart in front of the training room. Other groups get the opportunity to add points that are not yet on the list. Do the same for disadvantages (15 min)

Time: 35 minutes

Background information:

What is decentralisation about?

- ▶ Sustainable development and improved public service delivery
- ▶ Inclusiveness and responsiveness
- ▶ Increasing stability
- ▶ Economic efficiency and growth



Speaker's note:

Explain what decentralisation is about.

Time: 5 minutes

Background information:

Sustainable development and improved public service delivery. Public services that are delivered at the local level, such as education, basic health services, access to clean water and sanitation all have strong linkages to the sustainable development goals. More local control over these services makes it possible to adjust them to the needs of citizens in different regions and localities and can thus contribute to greater development outcomes.

Inclusiveness and responsiveness. Greater community participation within local institutions and democratically elected local officials should further enhance local decision-making and ensure that policies and services are in line with the priorities of different groups of citizens in any given region or locality.

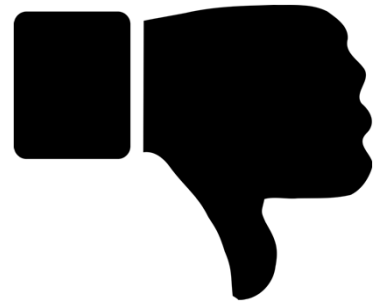
Increasing stability. Creating political space at the subnational level and reducing the political monopoly of a ruling party over the public sector, can help establish power-sharing arrangements and diffuse political tensions at

the sub-national level. These considerations are particularly relevant in fragile and (post-)conflict country contexts.

Economic efficiency and growth. Expanding the mandates of local authorities allows them to implement local economic development strategies tailored to the competitive advantage of the localities.

Decentralisation challenges

- ▶ Limited local capacity
- ▶ Loss of economies of scale
- ▶ More challenging coordination



Speaker's note:

Explain the challenges of decentralisation.

Time: 5 minutes

Background information:

- It is often more difficult to find qualified personnel to work at the local level, particularly in remote and rural areas, this may result in less effective and poor service delivery. Subnational authorities often do not have the capacity (whether at the human resources level or resources) to make use of their newly delegated political power.
- Loss of benefits of large organisations. Example bargaining power in case of procurement. For example purchasing computers. A large government is much more likely to be able to negotiate a good deal with a seller, than a small municipality. Also, think of the cost in time and money of each municipality negotiating a separate contract, as opposed to one organisation negotiating one contract for all local governments.
- A decentralised state is by definition also a state with more local autonomy and a greater diverse local policies and preferences. This naturally leads to more complicated national coordination, than in a state where all policy is directed from the top. It might also lead to political divisions and tensions between the different layers of governance.

Effective Multilevel Governance (LoGICA Framework)

Balance:

- ▶ Central government
- ▶ Local government
- ▶ Civil society, citizenry and the local private sector

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

Apart from the importance of **balancing reforms** within the political, administrative and fiscal spheres, Boex and Yilmaz (2010; 2015) stress that decentralisation is not about local governments alone, decentralisation is about effective multilevel governance and we should thus look at the impact of the decentralisation reforms on all three of the following levels:

1. Central government
2. Local government
3. Civil society, citizenry and the local private sector

Local Governance Institutions Comparative Assessment (LoGICA) Framework

| | Political decentralisation | Administrative decentralisation | Fiscal decentralisation |
|---------------------|--|---|--------------------------------------|
| Central level | Empowering political architecture | Intergovernmental administrative systems and coordination | Intergovernmental fiscal systems |
| Local level | Inclusive and responsive local decision-making | Effective local administration | Efficient local financial management |
| Civil society level | Public participation and accountability | Efficient and engaged delivery of public services | Local taxes and revenues |

Boex and Yilmaz (2015)

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

The stakeholders at each of these three levels need both the **legal power**, as well as the **institutional capacity** to perform their functions or responsibilities.

Moreover, **accountability mechanisms** need to be in place for stakeholders at each level to be held accountable for their performance. With regard to the last point, Mansuri and Rao (2013) argue that decentralised, participatory development is most effective when local institutions work within an “**accountability sandwich**” formed by **support from an effective central state** and **bottom-up civic action**.

The LoGICA framework highlights why decentralisation reforms are complex in nature: in order for decentralisation to be successful, you need to make sure the system works as a whole, as all the aspects are interconnected and interdependent.

For a deeper explanation, consult this video: https://youtu.be/Ya1_sb31KPo or consult this publication (pp. 1-8) by Boex and Yilmaz (2015) :

http://decentralization.net/wp-content/uploads/2019/12/LOGICA_Framework-1.pdf



UNBUNDLING

SERVICE DELIVERY

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

The upcoming section provides some guidance in deciding what services should be provided by which level of government.

Service delivery: a shared responsibility

- ▶ Policy and regulation
- ▶ Financing
- ▶ Provision (governance responsibility) of the service
- ▶ Production (actual delivery) of the service

Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

Although there are some services that are typically the responsibility of the local (e.g., street lighting, refuse removal), regional (rural-urban roads, refuse disposal), and national (intercity highways, environmental policy) levels, **many public services and goods are shared among levels of government.**

We can broadly distinguish four different dimensions of services:

1. Policy and regulation: Setting overall service goals, regulations, standards, norms, monitoring and evaluation
2. Financing: Providing the needed financial resources
3. Provision (governance responsibility) of the service: Managing finance, determining plan/budget priorities, managing budget execution, procurement, overseeing delivery and being answerable for service delivery
4. Production (actual delivery) of the service: Actually designing, constructing, operating, managing and maintain service delivery facilities

These dimensions do not have to be carried out exclusively by one organisation. They can be shared among different actors at different government levels

Inputs for services

- ▶ Human Resources
- ▶ Operations and maintenance
- ▶ Supplies
- ▶ Capital
- ▶ Coordination, monitoring and citizen participation



Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

We can broadly distinguish five different categories of inputs that are needed in order to deliver a service. The responsibility for providing each of these inputs can again be assigned to different government levels:

1. Human resources: Who is responsible for the hiring and firing of health workers, teachers, and other local officials? Who is responsible for local human resource management and paying the salaries and benefits? To whom do they report?
2. Operations and maintenance: In addition to wage expenditures, the provision of a function often requires a series of other recurrent expenditures (e.g. maintenance of school buildings). Who has actual responsibility for service delivery operation, maintenance and related expenditures?
3. Supplies: Who is responsible for procuring and providing the supplies (e.g. school books, learning materials) that are provided directly to clients as part of the service delivery process?

4. Capital: Which entity (or entities) has actual responsibility for service delivery infrastructure (e.g. school buildings)? Who procures them? Who is the legal owner of the buildings?
5. Coordination, monitoring and citizen participation: Which entity (or entities) has actual responsibility for coordinating the other four input streams, for performance monitoring of front-line services (e.g. if the teachers show up for work), and for ensuring citizen participation and mobilisation (e.g. do parents send their children to school, is there a parent or student council)?

Who does what?

- ▶ Subsidiarity principle
- ▶ Geographical area of benefits
- ▶ Heterogeneity of preferences
- ▶ Economies of scale



Speaker's note:

Time: *to be added by trainer according to planning*

Background information:

Subsidiarity principle:

The subsidiarity principle states that a function should be performed by **the lowest level of government that can do so efficiently**. Most countries use this principle to determine the assignment of responsibilities to the various tiers of government.

The notion that **local government may be better able than a regional or central government to determine how a service is to be organised or delivered** is a key part of this management principle. Protection and management of rural water sources, provision of primary education and early childhood development services, primary healthcare services, informal justice, maintenance of community access roads, agriculture extension services, street lighting are functions that are usually better performed by local governments.

Other considerations to decentralise certain dimensions and inputs of services are

because local authorities **are closer to the people. This places them in a better position to know what people want and enables them to respond appropriately at a lower cost.** Moreover, decentralising certain services to the local level allows for **experimentation and identifying best practices that can then be adopted by other local authorities.**

Geographical area of benefits

Responsibilities for services should be assigned to the tier of government whose jurisdiction most closely approximates **the geographical area of benefits.** For example: fire protection services and garbage/solid waste collection in towns benefit only the residents of the community located near the relevant facilities. While activities to prevent air or water pollution benefit larger regions or even a nation.

Heterogeneity of preferences

Closely related to the previous point is the principle that takes into account the **heterogeneity of preferences** that persons or groups living in different parts of a country may have for different amounts of certain services, a different quality of services and/or a different approach to delivering public services.

Under such circumstances, **local governments can be the appropriate service provider if the border of the locality matches that of the social preference.** Where this heterogeneity of preference crosses the line from acceptable to unacceptable is when it violates protections of human rights, civil liberties, the right of people and governments to freely associate and equal access to jobs and justice.

Economies of scale

The fourth principle states that public goods and services should be provided by the government that can **best realise economies of scale in production of the good or service.** Economies of scale refer to the unit cost of production. For any good or service, increasing the amount produced may result in increasing or decreasing the costs per unit. Other things being equal, **the type of government that can deliver a good or service at the lowest possible cost should provide that service.**

Economies of scale generally apply when a capital-intensive enterprise can spread the high cost of capital over a large number of customers. For example, building a sewage treatment plant that services a larger region may be more cost effective than having each local jurisdiction build its own capital-intensive treatment plant.

Group work

- ▶ Which level of government is responsible for what?
- ▶ How does this match the principles discussed before: subsidiarity; geographic area of benefit; heterogeneity of preference; economies of scale?

| Function | Setting policies & regulations | Financing | Provision |
|-----------------------------------|--------------------------------|-----------|-----------|
| Solid waste management collection | | | |
| Higher (university) education | | | |
| Primary / elementary education | | | |
| National roads | | | |
| Rural roads | | | |

Speaker's note:

- Explain the exercise and then divide the participants in groups of 4-6 participants (5 min)
- Ask the participants to assess which level of government (in Ethiopia) is best equipped to provide the services listed in the table and why (20 min)
- Ask the groups to report in plenary what they have discussed (15 min)

Time: *to be added by trainer according to planning*

Background information:

CONCLUSION

Decentralisation is not a goal on its own. The goal is to set up a multi-level governance system that empowers communities, strengthens public services and improves the livelihoods of all its citizens.

Speaker's note:

Time: 3 minutes

Background information:



Decentralization is
the empowerment of people
through the empowerment of their
local governments.

Bahl (2005)

Speaker's note:

Time: 2 minutes

Background information:

The definition of decentralisation as "**a process that enables the empowerment of people, through the empowerment of local governments**" (Bahl, 2005), highlights that decentralisation is not about local governments. It is about empowering people. This implies that the question that we need to constantly be asking ourselves when discussing different aspects of (fiscal) decentralisation throughout the course is: 'how does this contribute to the empowerment of the people?'

Questions/reflections?



Speaker's note:

- Summarise the content of the session
- Ask if there are any outstanding questions

Time: 5 minutes

Background information: