



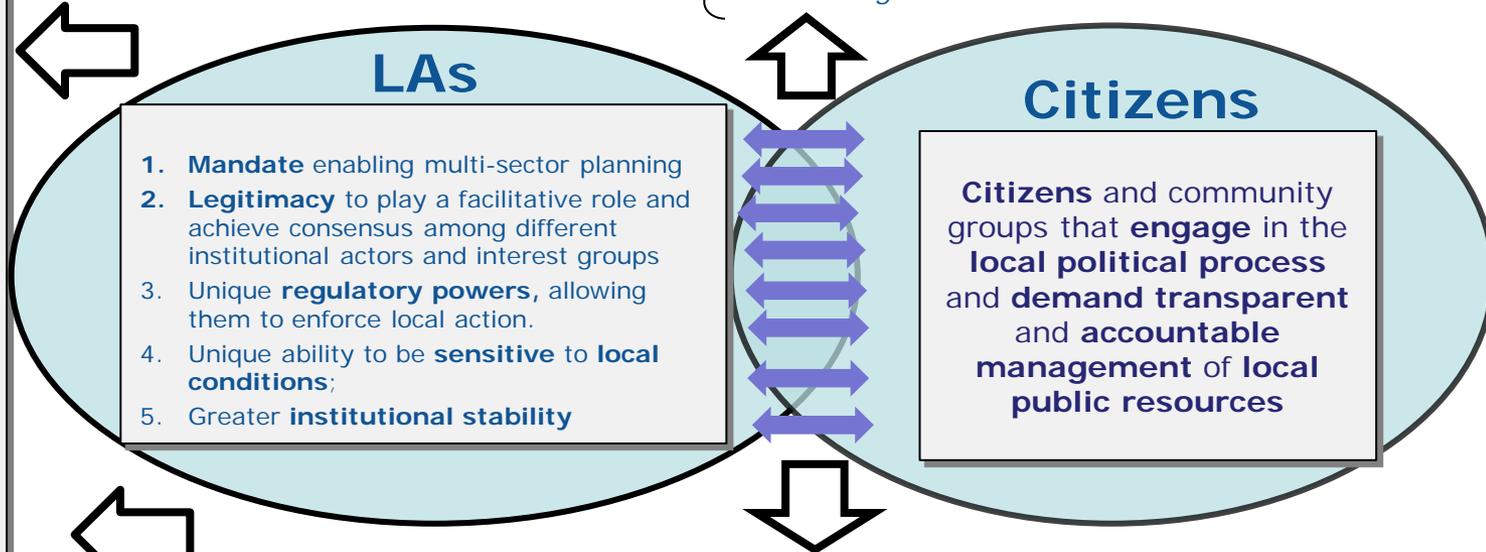
# Fiscal decentralization and role of Local Authorities & Civil Society Organisations

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# Why should we promote the collaboration between LAs and CS?

## LOCAL DEMOCRACY

Experimentation with new forms of interactions between LAs and Civil Society *and strategic alliances with local community and private sector organizations*



## LOCAL DEVELOPMENT

the word "**local**" does not refer to the "where", but to the "who and the how" of development promotion.

**Local Development** is the **contribution to national development** and poverty reduction efforts that **autonomous LAs** may generate through the **mobilization of locality specific resources** and their **combination with national / global resources**.

# Comparative advantages with respect to other public, non-governmental and private agents

- ① **Potential** to realize, through participatory planning and budgeting practices, significant **allocative** and **productive efficiency** gains in the use of public resources and
- ② **Potential** to **leverage additional resources** for **local development** through **improved state-civil society interactions** and **strategic alliances** with **local community** and **private sector** organizations

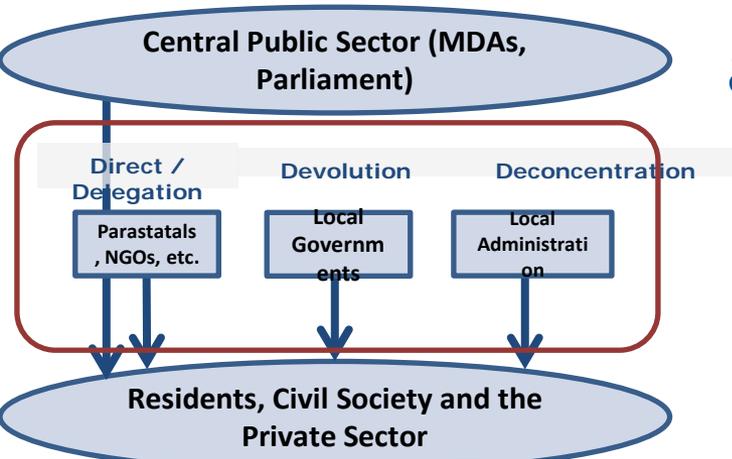
Three elements make possible to realize **any locally “added value”** with respect to centrally-managed national development efforts:

- ① **Leadership of LAs**
- ② **Citizens** and **community groups** that **engage in the local political process** and to **demand transparent and accountable management of local public resources**;
- ③ The real extent of **local governments’ autonomy**

*Whether or not these comparative advantages are actually realized or are negated remains actually and open and empirical question;*

*Answers depends on the context, the country-specific and even locality specific conditions*

# The "local" is "multi-actor" and multi-level"



"Territorial= Local at any scale

**territorial** refers to the **spatial** (multi-sector) **integration** and the **geographic** (sub-national) TD: spatially oriented, integrated, LD that leverages the **interactions of actors operating at multiple scales**

- ① In most countries, the **responsibility for public services** is often **assigned** concurrently to **different government levels** (devolved local governments, deconcentrated local administrations, delegated services provides by NGOs and parastatal organizations, as well as localized services provided by central agencies).
- ② With this in mind, **decentralization** and local governance are increasingly understood as a **multi-level system of governance and service delivery**, where the **ability of local governments to contribute** to the more effective delivery of public services is defined to a considerable extent by the **intergovernmental institutional context** within which they operate;

# Fiscal Decentralization

## Why it matters?

Its **rules** define the **generation** and **distribution** of **resources** (both between and within different government levels) and the **degree of fiscal autonomy** LAs enjoy;

**Accountability** is not an **automatic outcome** of increased discretion:

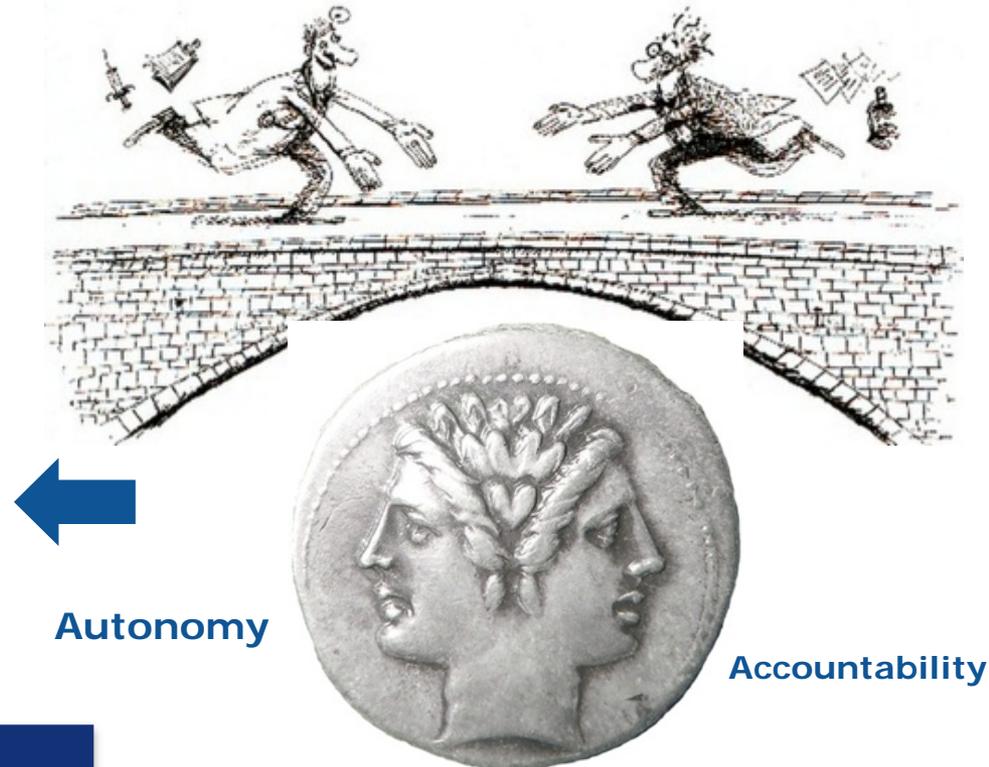
The two essential elements of accountability include:

- **Public accountability** ("horizontal and upward") where responsible individuals are held accountable by other elected or non-elected officials and
- **Social accountability** ("downward") where public officials are answerable directly to the citizens

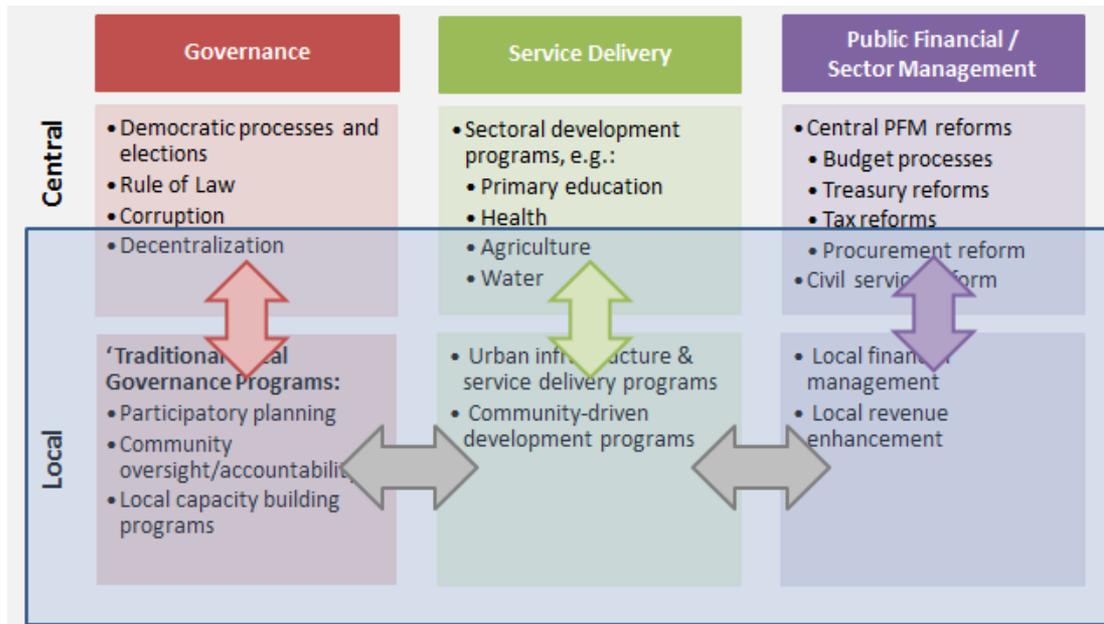
## Two primary components

*Autonomy* allowed to the local government

Mechanisms that hold the local government *accountable* for appropriate use of this autonomy



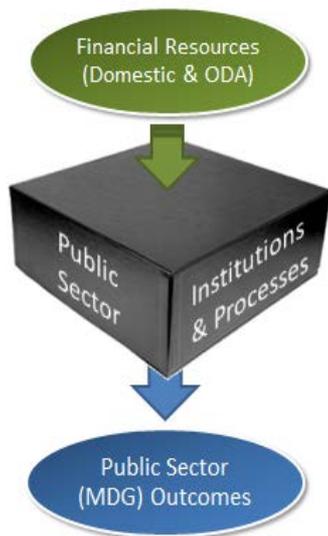
# Recognition of the importance of the **local dimension** of development



- ① The **local level** is where **development outcomes** (democracy, governance, inclusive growth) materialize
- ② **Sound national policies** are a necessary but **not sufficient condition** to trigger development

# What do we need to know about the local public sector in order to design effective development interventions? (1)

Development occurs at Local level



I. Organizational /  
Governance Profile

II. Fiscal Profile of the  
Public Sector

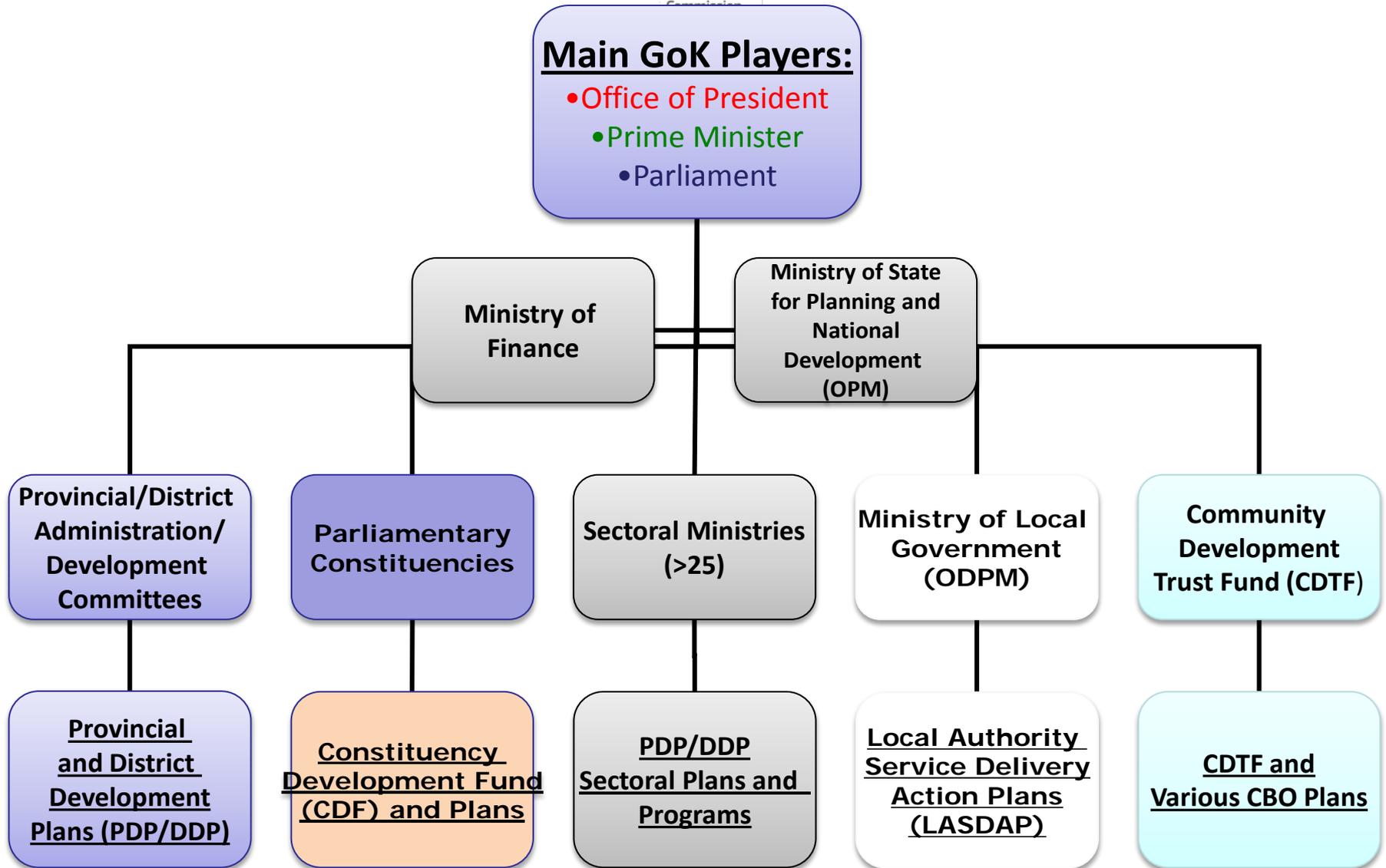
III. Institutional Profile  
of the Public Sector



- ① What is the (organizational and governance) structure of the public sector?;
- ② Who (and at which level) is responsible for what functions?
- ③ How much is being spent at each local level (through each different mechanism)?
- ④ How are resources distributed across the national territory?
- ⑤ How effective are local bodies in delivering public services and/or supporting the achievement of development outcomes?

# Intergovernmental System : A Cautionary Tale for Local Accountability

European  
Commission



# EC Guidance on FD

## Objectives

- ① **Make the issue** of fiscal decentralization **out of its technocratic remit** and foster its practical use by EUDs (as one key ingredient of their overall intervention strategy);
- ② Explore the **linkages** between **fiscal decentralisation/local government autonomy** and key development objectives (such as improved service delivery, inclusive growth, local governance, domestic accountability, etc.);
- ③ **Provide a navigating tool to “unpack” the Local Public Sector**
- ④ Identify ways and means to directly or indirectly **support fiscal decentralization**;
- ⑤ **Pave the way for developing an EC approach for Sector/BS at decentralized levels** and **innovating funding modalities** for Local Authorities;

## Audience

- ① **Colleagues working on sector support Programs** (especially if they seek to improve quality of service delivery)
- ② **Colleagues that seek to directly/indirectly support fiscal decentralisation and/or provide financial support to LAs ;**
- ③ **Colleagues aiming at promoting territorial approach to development**



**THANKS**