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DECENTRALISATION AND POVERTY  
IN DEVELOPING COUNTRIES:  
EXPLORING THE IMPACT

by

Johannes Jütting, Céline Kauffmann, Ida Mc Donnell,  
Holger Osterrieder, Nicolas Pinaud and Lucia Wegner

Research programme on:  
Social Institutions and Dialogue

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## PREFACE

Donors are increasingly concerned by the slow progress being made towards achieving the Millennium Development Goals and have identified new ways of strengthening the poverty focus of their policies and programmes. For this reason, decentralisation, the transfer of power and responsibility from the central to the local level, is receiving increasing international attention as a potential tool in the fight against poverty. Though decentralisation would not be implemented solely for the direct purpose of poverty alleviation, the ensuing changes in the institutional architecture are very likely to impact on governance, participation and the efficiency of public-service delivery, all of which are important variables for poverty outcomes.

The findings of this study, based on a review of the experiences of 19 countries suggest that the impact of decentralisation on poverty is not straightforward. In particular, its usefulness as a tool for poverty reduction varies distinctly between poor countries on the one side and emerging economies on the other. In countries where the state lacks the capacity to fulfil its basic functions, there is a definite risk that decentralisation will increase poverty rather than reduce it. However, in countries with a functioning central state committed to the devolution of power to local tiers of government, decentralisation can be an excellent means of promoting improved representation of the poor and enhancing the targeting of service delivery.

The study confirms that in addition to awareness of this country context, pro-poor decentralisation also requires a clear understanding of the key factors influencing the process. One of the major objectives of the Development Centre's ongoing work on governance is indeed to improve understanding of the mechanisms of such institutional change.

Prof. Louka T. Katseli  
Director  
OECD Development Centre  
5 August 2004

## RÉSUMÉ

La décentralisation a été recommandée par les pays donateurs et les agences de développement comme un facteur important d'incitation à une plus large participation des citoyens et à une meilleure gouvernance locale, facilitant ainsi la réduction de la pauvreté en partant de la base. Ce document de travail reconsidère cette hypothèse, en passant en revue 19 études de cas par pays disponibles dans la documentation.

Les auteurs estiment impossible d'établir un lien incontestable entre décentralisation et réduction de la pauvreté. Dans certains des pays les plus pauvres, en butte à la faiblesse des institutions et à des conflits politiques, la décentralisation, dans le contexte actuel, peut empirer la situation. C'est un élément instructif, l'impact de la décentralisation sur la pauvreté paraît moins dépendre des caractéristiques physiques d'un pays, telles que sa superficie ou la qualité de ses infrastructures, que de la capacité et de la volonté des décideurs politiques à engager un processus orienté en faveur des pauvres. Deux importantes leçons politiques se dégagent de cette étude. Premièrement, dans un environnement où l'Etat central n'assume pas totalement ses fonctions de base, la décentralisation peut être contreproductive et, partant, elle ne devrait pas être considérée par les donateurs comme une priorité. Deuxièmement, dans les pays dont les États assument les fonctions basiques, la décentralisation peut être un puissant outil au service de la réduction de la pauvreté, en améliorant l'implication des pauvres et les objectifs de la fourniture des services. Pour que ces pays récoltent pleinement les bénéfices potentiels de la décentralisation, les donateurs devraient mettre l'accent sur la fourniture d'un support technique, et améliorer la coordination de leurs politiques d'aide aussi bien au niveau local que national.

## SUMMARY

Decentralisation has been advocated by donors and development agencies as an important factor broadening citizen participation and improving local governance, thereby promoting poverty reduction from the bottom up. On the basis of a comprehensive review of 19 country case studies documented in the literature, this paper questions this assumption.

The authors find that an unambiguous link between decentralisation and poverty reduction cannot be established. In some of the poorest countries characterised by weak institutions and political conflicts, decentralisation could actually make matters worse. Interestingly, the poverty impact of decentralisation would appear to depend less on the physical country setting, for example a country's size or quality of infrastructure, than on the capacity and willingness of policy makers to ensure a pro-poor devolution process. Two important policy lessons emerge from this study. First, in an environment where the central state is not fulfilling its basic functions, decentralisation could be counterproductive and therefore should not be a donor priority. Secondly, in countries that are fulfilling their functions, decentralisation could be a powerful tool for poverty reduction, improving representation of the poor and better targeting of service delivery. To fully reap the potential benefits of decentralisation, donors' intervention in these countries should focus on providing technical support and improving the co-ordination of their aid policies at both the local and national level.

## I. INTRODUCTION

Decentralisation has been a major concern of developing countries, the international development community and researchers for two decades. The debate has centred on two sets of questions. The first examines the main driving forces and reasons for decentralisation and how its overall benefits can be maximised (see, for example, Oates, 1972; Manor, 1999; Fukasaku and Mello, 1999; Dethier, 2000; Shah and Thompson, 2004). The second assesses the impact of decentralisation on variables of interest such as corruption (Fisman and Gatti, 2002), government responsiveness to local needs (Faguet, 2002), public-service delivery (Litvack and Seddon, 1999; Lieberman, 2002) and political stability (World Bank, 2000). Although decentralisation has been a popular topic for a considerable time, its relationship to poverty has only recently received attention. The economic literature on poverty has ignored its potential importance in achieving poverty-reduction objectives such as the promotion of opportunities, empowerment, participation, security and rights for people who are poor and excluded at the local level (Von Braun and Grote, 2002; Romeo, 2002).

The objective of this paper is to help to fill this gap and to identify the determinants of a pro-poor decentralisation process. A survey of 19 country case studies addressing the relationship between decentralisation and poverty was undertaken. This paper focuses on “how”, not “what”, to decentralise. Whilst the discussion on which services should be decentralised, what the optimal regulatory area is and which activities should be closer to policy producers versus policy consumers is highly pertinent, it takes a somewhat different perspective and has received attention elsewhere (Khaleghian; 2004).

At present, the study by Von Braun and Grote (2002) seems to be the most advanced and in-depth treatment of the impact of decentralisation on poverty. Based on a rigorous review of the literature and cross-country comparisons, the authors come to the conclusion that decentralisation serves the poor, but only under specific conditions. The authors recommend that these conditions should be analysed within a framework that tackles political, fiscal and administrative decentralisation simultaneously, while also taking into account different country-specific conditions and different types of decentralisation policies.

Decentralisation has traditionally been motivated by the following two arguments:

- *Decentralisation can lead to an increase in efficiency.* Central state authorities usually lack the “time and place knowledge” (Hayek, cited in Ostrom *et al.*, 1993) to implement policies and programmes that reflect people’s ‘real’ needs and preferences. If properly managed, decentralisation is seen as a way to improve allocative efficiency (Musgrave, 1983; Oates 1972).

- *Decentralisation can lead to improved governance.* Decentralisation enhances accountability and monitoring of government officials and decision makers. Unchecked authority and inadequate incentives encourage “rent-seeking behaviour” by government officials. Decentralisation undermines these opportunities by creating institutional arrangements that formalise the relationship between citizens and public servants. Political decentralisation, especially the election of local officials by citizens, when accompanied by a strong legal framework, can create local accountability and thereby foster officials’ legitimacy, bolstering citizen involvement and interest in politics, and deepening the democratic nature of institutions (Blair, 2000; Crook and Manor, 1998; Manor, 1999).

Both arguments are highly relevant for poverty reduction. Increased possibilities for participation, improved access to services and a more efficient way of providing public goods at the local level are major components of most anti-poverty programmes. However, the linkages might not be so straightforward. Decentralisation is a multifaceted concept — its effects on poverty depend to a large extent on the *form* and *type* of decentralisation in question. Regarding the latter point, it is important to differentiate between deconcentration and devolution. Deconcentration aims at transferring responsibilities to field and subordinate units of government, while field units basically remain under the hierarchical authority of central state authorities and have no distinct legal existence from the central state. In contrast to this, devolution refers to a transfer of competencies from the central state to distinct legal entities, e.g. area-wide regional or functional authorities, non-governmental and private organizations/private voluntary organizations. They do not belong to the central state which has no more hierarchical authority on them.

Against this background, this study addresses the following three questions:

- 1) Through which channels are decentralisation and poverty linked?
- 2) What evidence of the impact of decentralisation on poverty within countries can be found in the literature?
- 3) Under which conditions and policies is a pro-poor outcome of decentralisation most likely?

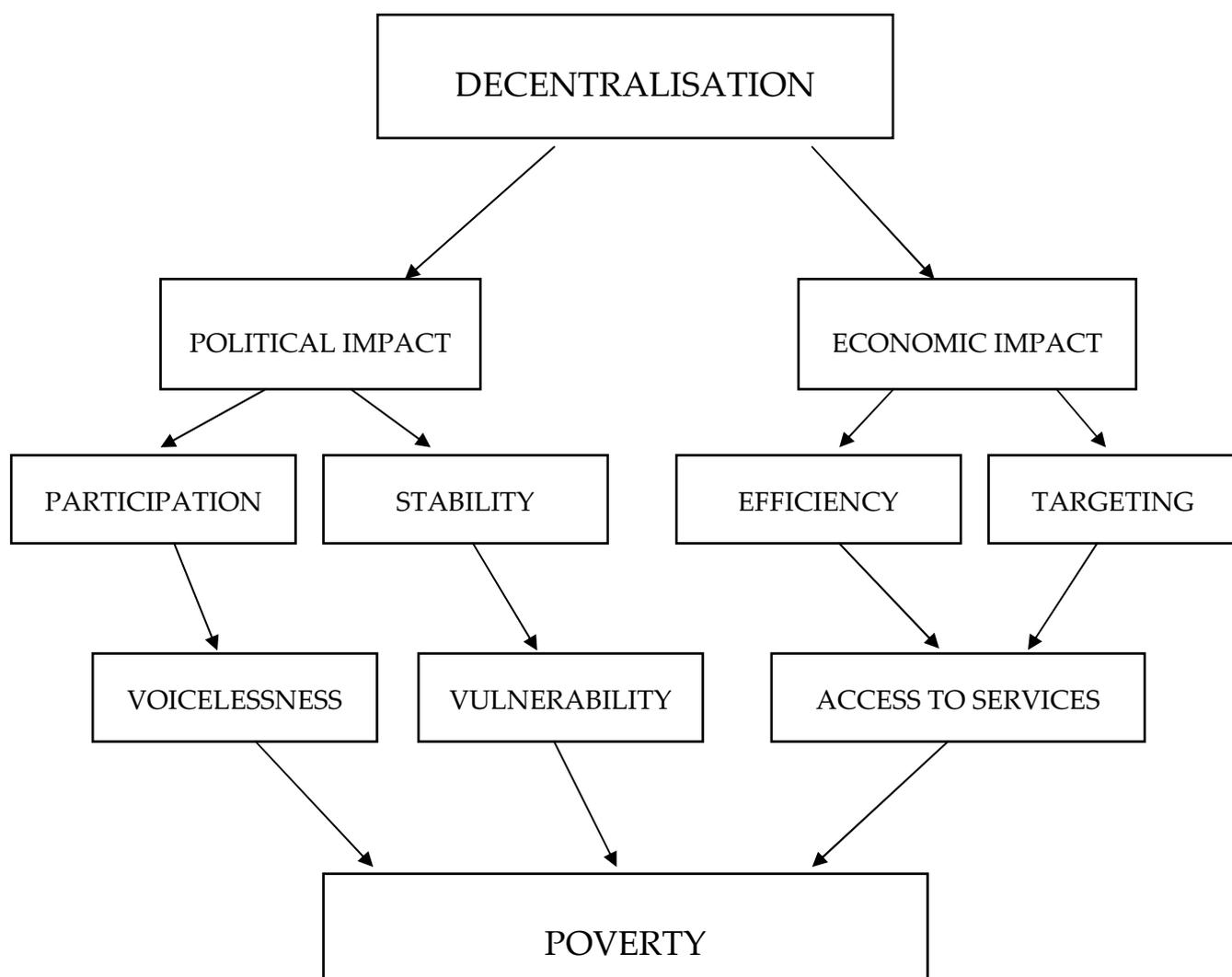
These central questions are of high policy relevance, as donors are increasingly looking for tools to strengthen the poverty focus of their programmes and policies. With respect to decentralisation, a recent Development Assistance Committee (OECD-DAC) report concluded that “there is an urgent need to examine more systematically the conditions under which decentralisation benefits the poorest section of the population within local governments...” (OECD-DAC, 2003).

This paper is organised as follows. Section II introduces a framework on the linkages between decentralisation and poverty. In section III the results of the literature review are presented and characteristics of success and failure are highlighted. The determinants of pro-poor decentralisation processes are presented and discussed in section IV. Section V contains conclusions.

## II. DECENTRALISATION AND POVERTY: A FRAMEWORK

Figure 1 highlights the basic channels of influence of decentralisation on poverty. Poverty is understood in its multidimensional sense, going beyond the notion of “income poverty”. Three major dimensions of poverty are of particular interest to this study, as they might be influenced by decentralisation policies: voicelessness, vulnerability, and limited access to social services.

Figure 1. Decentralisation and Poverty: Channels of Influence



In order to disentangle the various effects decentralisation might have, a distinction should be made between *political* and *economic* channels.

Political or democratic decentralisation is expected to offer citizens the possibility of increased participation in local decision-making processes, from which they have generally been excluded through lack of sufficient representation or organisation. Improved representation of formerly excluded people in local municipalities could, in turn, give the poor better access to local public services and social security schemes, reducing vulnerability and insecurity. In ethnically divided countries, decentralisation could also offer a way to share the power between local ethnic groups, thereby establishing grounds for political consensus and stability. A stabilised political system offers a foundation for the poor to build up their life and to begin investing. More generally, it can also contribute to a reduction in their vulnerability to shocks.

With respect to the economic channel, decentralisation is expected to have a strong and positive impact on poverty through increased efficiency and better targeting of services. Enhanced efficiency in service provision could directly improve poor people's access to education, health, water, sewage and electricity, highly important poverty-related concerns. Delegating power and resources to the local level may also lead to better targeting of the poor. A more decentralised framework to identify and monitor programmes and projects could not only help to reduce costs but also to reach those most in need. In addition, it would enable greater responsiveness to local needs.

Essentially, two sets of conditions determine the impact of decentralisation on poverty: the *background* conditions inherited by the country and the *process* conditions of decentralisation.

Four variables relating to *background* conditions are analysed in terms of their poverty impact:

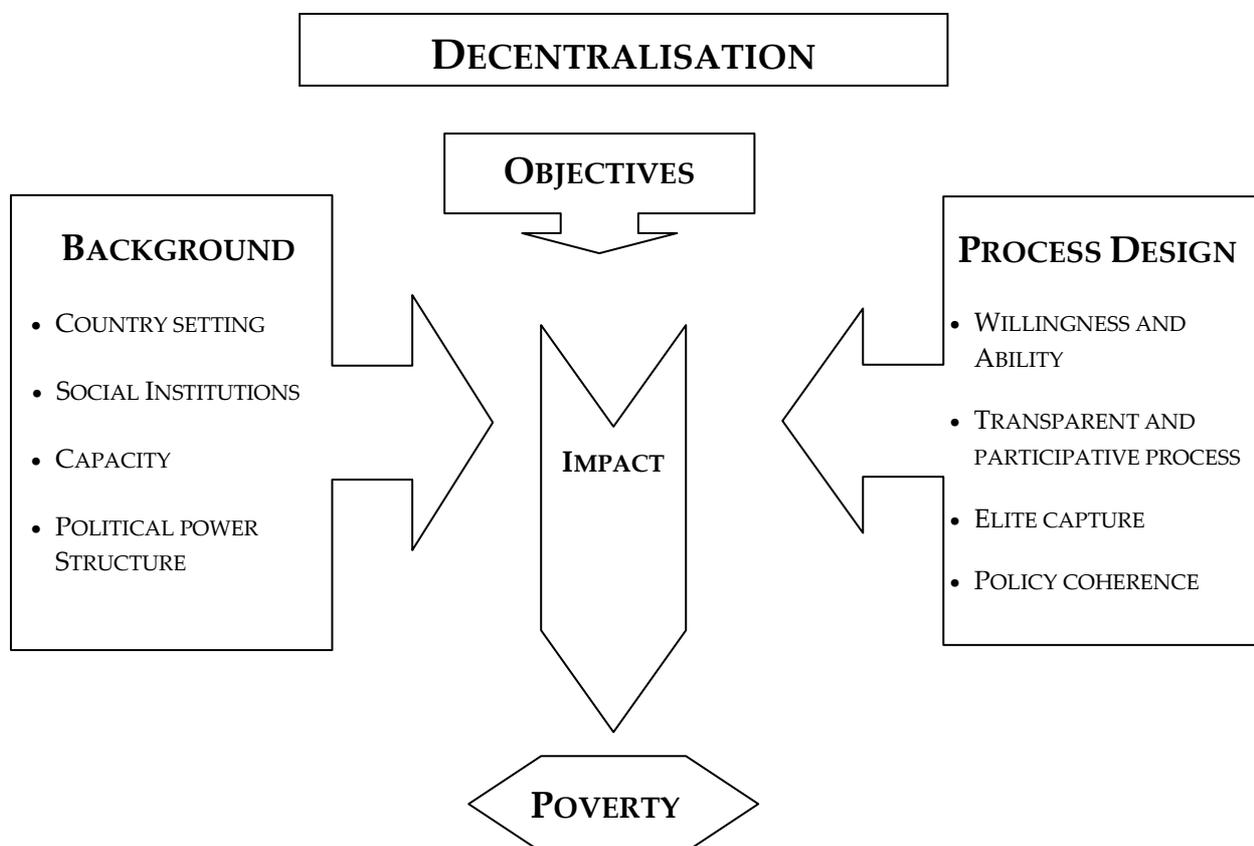
- *Country setting.* This includes population density, the state of infrastructure, the level of income and the level of inequalities across regions. In countries with low population density, decentralisation is likely to lead to scale-effect losses, reducing local authorities' resources for poverty reduction and making the supply of services more expensive. In low-income countries, at least in the short run, decentralisation is likely to drain available resources and capacities for the establishment of local bodies, leaving less for poverty-reduction strategies.
- The *capacity* of local actors and the culture of accountability and legal enforcement. In countries with low education levels, combined with a history of weak government accountability, participation of the poor is unlikely, making it difficult to initiate a pro-poor decentralisation process.
- *Social institutions.* Inherited social institutions might contribute to or, conversely, conflict with the participation of excluded groups.
- *Political power structure.* The institutional framework of checks and balances in terms of the division of political power is a major factor.

With respect to the *process* of decentralisation, four elements appear instrumental in explaining the impact of decentralisation on poverty:

- The *ability and willingness* to carry out reforms. This depends on factors such as political commitment at the national level, available financial resources at the local level, local human capacity and donor involvement in designing policies.
- *Transparency and participation*. Outcomes for the poor greatly depend on the culture of transparency and information flows.
- *Elite capture and corruption*. The transfer of responsibilities to the local level may lead elites to capture the decision-making process, with limited or even negative impacts on poverty. Similarly, if priorities and resources are diverted from poverty reduction policies, corruption may rise.
- *Policy coherence*. Decentralisation might be effective only if other policy changes are implemented simultaneously (e.g. land reform) and the process does not contradict other programmes undertaken by the country or the donor community.

Besides these two sets of conditions, the outcome of decentralisation processes depends on their overarching objectives. They can be undertaken by *default* or by *design*. The former occurs when governments are forced to decentralise in order to counter diminishing budgetary resources or to respond to other factors (e.g. ethnic diversity). Governmental ability to design the decentralisation process is limited. The policy is often imposed by donors or pursued by central government to divest itself of tasks for which it has neither sufficient resources nor power. When decentralisation is undertaken by design, governments have greater ability to shape the process. Authorities believe in the benefits of decentralisation and strongly back the process, promoting empowerment at the local level. The role of local governments shifts from the mere provision of services to promoting socio-economic development.

Figure 2. Decentralisation and Poverty: Background and Process Conditions



The following analysis of the background and process conditions and their impact on poverty in selected countries is based on an extensive literature review. The analysis sheds light on the question whether the theoretical merits of decentralisation actually materialise and, if so, under what conditions.

### III. DECENTRALISATION AND POVERTY: LESSONS FROM COUNTRY EXPERIENCES

The following evaluation is based on evidence reported in the reviewed studies on how decentralisation affected poverty outcomes in particular countries (see Annex for a detailed description). Based on the results, four performance categories of decentralisation's impact on poverty were defined: *i*) positive, *ii*) somewhat positive, *iii*) somewhat negative, and *iv*) negative.

Table 1. Country Classification by Performance

Positive	Somewhat positive	Somewhat negative	Negative
Bolivia	China	Paraguay	Guinea
Philippines	South Africa	Brazil	Mozambique
India (West Bengal)	Mexico	Nepal	Malawi
	Ghana	Vietnam	India (Andhra Pradesh)
		Egypt	India (Madhya Pradesh)
		Sri Lanka	
		Ethiopia	
		Burkina Faso	
		Uganda	

*Definition of categories:*

- Positive: successful decentralisation programmes with a significant positive impact on poverty reported.
- Somewhat positive: relatively successful programmes with some positive impact on poverty reported.
- Somewhat negative: relative failure of decentralisation programmes with very little impact on poverty reported.
- Negative: failed decentralisation programmes and no overall positive impact on poverty reported.

*Source:* Authors' presentation based on findings in Annex.

This table reveals two important conclusions with respect to the poverty impact of decentralisation: first, in more than two thirds of the cases, the impact of decentralisation was reported to be either "somewhat negative" or "negative", indicating that one has to be very cautious in promoting decentralisation for poverty reduction. Secondly, although it appears that the chances of pro-poor decentralisation seem to increase with the level of a country's overall development — all negative performers are least developed countries (LLDC's) while most of the positive performers are middle-income countries — important exceptions, such as the Indian state of West Bengal, remain.

On the basis of the above framework, the case studies were reviewed according to: *i*) the objectives of the decentralisation process; *ii*) information on the background of the country; and *iii*) conditions related to the process of decentralisation (Annex). Comparing these conditions among the different groups of performers highlighted the following characteristics of each of the performance categories:

### *i) Characteristics of "Positive" Performers*

In the papers reviewed, decentralisation is found to have had a positive impact on poverty in the cases of Bolivia, Philippines and India (West Bengal). Without exception, these are lower middle-income countries, or less indebted low-income countries. In addition, they have a literacy rate of over 80 per cent, in sharp contrast with the bad performers, where the rate lies below 50 per cent. All these countries are qualified as free by Freedom House (FHR  $\leq$  2.5).

The process of decentralisation has generally been supported by sufficient government ability and willingness to carry out reforms, as well as by transparency, participation and policy coherence. All countries in this category adopted their decentralisation programmes by design. The authorities visibly believed in the process and had the ability to shape it. Moreover, the reforms seem to have been inspired by a desire to improve social, economic and political conditions, in the context of measures such as democratisation, improved community participation and poverty reduction. All successful countries adopted a comprehensive approach, concurrently undertaking political, fiscal and administrative decentralisation. The process went beyond deconcentration to a real delegation of power to lower tiers of government, with support from central government.

### *ii) Characteristics of "Somewhat Positive" Performers*

China, South Africa, Mexico and Ghana are characterised by relatively successful decentralisation programmes, with an identifiable impact on poverty. The process fulfils only some of the criteria for an efficient, sustainable, transparent, participatory, equitable and coherent process. The official manifesto and/or implicit objective do not specifically involve poverty reduction.

In these countries, the rationale for decentralisation has been mostly economic (China, South Africa and, to a certain extent, Mexico). In some countries, central government functions have been transferred only partially in order to tackle the problem of diminishing budgetary resources. These countries all have a very high literacy rate (above 70 per cent). On the Freedom House index, their score is very good ("free", FHR  $<$  2.5), with the exception of China ("not free", FHR  $>$  5.0), where decentralisation has been driven mainly by the process of economic opening. They have a higher income than the worse performers, but also higher Gini indexes, with the exception of Ghana, which qualifies as a highly indebted poor country and is considerably poorer than the others in its category. This exception reflects Ghana's more equal income distribution when compared to worse performing countries, as well as its small surface and population size.

### *iii) Characteristics of "Somewhat Negative" Performers*

The decentralisation programmes in Paraguay, Brazil, Nepal, Vietnam, Egypt, Sri Lanka, Ethiopia, Burkina Faso and Uganda are characterised mostly by failure in terms of pro-poor outcomes, although in some instances individual regional programmes have resulted in some poverty reduction. These countries display either low income combined with a low Gini index (e.g. Uganda, Vietnam) or higher income and a higher Gini index (e.g. Brazil and Paraguay). Thus, this category appears to group examples in which some positive elements cohabit with negative ones.

These countries are generally unstable, emerging from civil wars or ethnic conflicts or, in some cases, are still affected by political instability. The overriding objective of the decentralisation programme is political stability and the maintenance of central control through deconcentration rather than effective devolution. In many cases, decentralisation policies are aimed at preserving and re-establishing national unity. Being implemented by default, decentralisation in these countries is not designed for its benefits in terms of democratisation, greater responsiveness to local needs and community participation, the three recognised dimensions of poverty reduction. As a result of the shortcomings of the decentralisation process, the countries in this category have not pursued a comprehensive approach to decentralisation, choosing deconcentration rather than a devolution of power.

### *iv) Characteristics of "Negative" Performers*

Guinea, Mozambique, Malawi, India (Andhra-Pradesh) and India (Madyha-Pradesh) share many characteristics with the previous category, but decentralisation has not shown any pro-poor impacts. The reform process has been flawed. All countries have pursued decentralisation reforms by default. Like countries in the previous category, they are post-conflict economies and thus share similar reform objectives, but they have registered no demonstrable pro-poor outcomes from specific projects that are linked to decentralisation. The negative performers are all low income and HIPC countries. Their literacy rate is under 50 per cent. None qualify as "free countries". Their infrastructure is poor; their score on the Corruption Perception Index is rather bad (below 2.9). Their Gini index varies, meaning that no real trend can be made out.

The analysis confirms the crucial importance of the country background and the design of the process in shaping the success or failure of pro-poor decentralisation. In the next section, a detailed analysis is undertaken to single out individual factors of influence within these broad categories.

## IV. THE DETERMINANTS OF PRO-POOR DECENTRALISATION: COUNTRY BACKGROUND AND DESIGN OF PROCESS

### IV.1. Country Background

In accordance with the framework, the four identified patterns of decentralisation's impact on poverty were analysed with respect to country background, in order to identify the impact of the country setting, the nature of social institutions, and local authorities' capacity on the process and outcome of decentralisation.

In order to examine the influence of the country setting and the capacity of central authorities, indicators such "country size", "quality of infrastructure"; "corruption perception index", and "GINI index" were compiled (see Annex). While most of the somewhat negative and negative performers appear to be characterised by low capacity, corruption and a poor state of infrastructure, no clear linkage can be identified between income levels and inequalities on the one hand, and the outcome of decentralisation on poverty on the other.

All countries analysed have a history of *de facto* and generally also *de jure* centralisation, combined in many cases with strong local power structures and extensive patron-client relationships. Based on the available literature, it is very difficult to establish common patterns for the four performance categories. Nevertheless, it is possible to draw certain lessons on ways in which social institutions and political structures impact on decentralisation. Many positive and somewhat positive performers have built the decentralisation process on existing and well-functioning local structures. In China, for instance, where the provision of social services was already deconcentrated, local governments have strongly supported the process and have rapidly become autonomous in designing and implementing policies. In terms of political power structures, the existence of a strong communist party in West Bengal in India with an ideological commitment to the poor was crucial in creating the basis for successful decentralisation, introducing and supporting an institutional structure for local self governance and democracy.

In contrast, the literature review shows that pro-poor decentralisation programmes in some countries (e.g. Malawi, Sri Lanka) have been compromised by the existence of traditional power structures and the presence of local patron-client relationships that have been perpetuated after the implementation of reform. In these cases, the imbalance between new and traditional power structures has led to increased elite capture and corruption.

From the above, it is interesting to note that the inherited social structure, the capacity of local actors and the distribution of political power have influenced the outcome of

decentralisation. Decentralisation reform involves delicate compromises, because it ultimately aims at redistributing power and changing an existing social power structure.

## IV.2. Factors Related to the Design of the Decentralisation Process

The literature review has shown that the link between the way decentralisation is carried out and the pro-poor outcome is multifaceted and intricate. Following the framework, the success of pro-poor decentralisation was also analysed by looking at the ability and willingness of the authorities (at the national, but also the local level) to carry out reforms, the transparency of reform and degree of participation of population, the incidence of corruption and capture by local elites, and, finally, the coherence of the decentralisation process with other policies.

*The ability and willingness to carry out reforms depends on a variety of factors:*

### *i) Financial Resources at the Local Level*

Evidence from the literature suggests that decentralisation can only be successful when local governments have sufficient resources to fulfil the tasks assigned to them. In addition, these resources should be predictable and stable. There are three ways in which local authorities can obtain resources: through transfers from central governments, by raising their own taxes, and through donor contributions. There is no data on the latter in the case studies. In many of the successful cases, resources on the local level have come both from transfers and local taxes (e.g. Philippines, Bolivia). Independent and substantial tax-raising powers seem to be a major criterion for successful decentralisation (e.g. China). However, these tend to increase regional inequalities (e.g. China). Therefore, needs-based transfers from the central government are helpful in targeting the poor (e.g. Philippines). Transfers, as long as they are transparent, stable and predictable, have a positive impact on decentralisation, as is shown by the positive and somewhat positive performers.

An important factor for successful poverty-focussed decentralisation is whether local governments have the power to decide on the use of the resources. Although it is certainly true that unrestricted power to decide on expenditures or arbitrary decisions bear the risk of increased elite capture and corruption (e.g. Paraguay), freedom to decide how to spend the resources generally tends to support decentralisation reforms. Conversely, limited or no ability to decide on expenditure is an impediment to decentralisation as it leads to poor responsiveness. All badly performing countries are characterised by extremely limited financial resources, due to limited transfers and negligible local tax-raising powers.

### *ii) Local Human Capacity*

The literature review has shown that local human capacity is dependent on a variety of elements: support policy from central government, training, recruitment of staff (staff recruited almost exclusively by central government tends to reduce local human capacity, as in Malawi), information, technical equipment, experience, clear distribution of roles and responsibilities, and decision-making capacity. All good performers are characterised by strong local human capacity. Often, this capacity does not precede the decentralisation reforms, but can actually be built up while the reforms are undertaken. Some countries provide strong support to local governments

through training and equipment, as well as the transfer of personnel, financial resources and responsibilities (e.g. Philippines). In the case of pre-existing local human capacity, due to a history of local power structures, it is important to counter elite corruption and corruption through strong anti-corruption measures (e.g. Mexico). The bad performers have a considerable lack of pre-existing local human capacity and very little support from the central state for training during reform.

### *iii) Political Commitment at the National Level*

The literature review shows that decentralisation is more likely to succeed when governments are committed to it. In most of the positive cases, especially when decentralisation has taken place by design, there is strong political commitment not only by the political leadership, but also by the central bureaucracy. In negatively performing countries, decentralisation has been driven by regional demands or other forms of pressure on the central government. The bad performers are facing considerable resistance from central leadership. This resistance is motivated by the desire to maintain power and can take various forms, for example *a priori* control of local government decisions, insufficient support to the local level, or unclear distribution of responsibilities.

### *iv) Donor Involvement and Support*

The literature does not clarify the roles played by donors in decentralisation. All good performers are characterised by strong donor involvement, but this does not guarantee successful decentralisation (e.g. Nepal, Egypt). Successful pro-poor decentralisation *projects* are largely due to donor involvement, even in countries where the overall decentralisation *programmes* are rather unsuccessful (e.g. Nepal, Brazil and Malawi). Donors can thus play an important supporting role for local initiatives.

## *Transparent and Participative Process*

The three following criteria reflect levels of transparency and participation in decentralisation policies.

### *i) Information Flow*

Information flows in three ways: from central to local governments, from local to central governments, and from local and central governments to citizens. The major challenges in this area include providing the poor with information and obtaining information on their situation, so as to effectively tackle poverty.

Good performers have sufficient information flow (the media are very active in South Africa; regular statements about local government activities are issued in India and Bolivia). Bad performers, on the other hand, have very limited information flows, and roles and responsibilities are not clearly defined by central government. In well-performing countries, it is the local governments that provide substantial information on decentralisation and public policy issues, which seems to be a result of greater local capacity. In some of the bad performers,

information is provided almost exclusively by the central government in an effort to hold local governments accountable and to assert its role in the political process (e.g. Uganda).

### *ii) Participation*

The involvement of the population in the decentralisation process has had a positive impact on poverty reduction. However, it remains weak across all performance categories. Nevertheless, decentralisation has had notable results in instances where there has been strong community participation in individual poverty reduction projects, even if there has been only limited participation in the overall programme (e.g. Brazil).

Participation solely by way of elections is a characteristic of badly performing countries. Although elections are an essential part of participation, countries performing well have created democratic procedures at the local level to allow for involvement in public affairs through other institutionalised channels. This has resulted in broader and more extensive involvement of previously excluded segments of the population. Participation has also been used for planning purposes, to determine the level of revenue to be transferred to local governments (in India, the *Gram Sansad* performs this function). Bad performers, on the other hand, have very limited participation. This tends to reflect a top-down culture of politics, and distrust of the elected communal representatives. In spite of efforts to provide adequate information on local government, opportunities to participate remain insufficient (e.g. Guinea) and abstention from local elections remains very high (e.g. Mozambique).

The literature review has shown that accountability is a very important issue. Only when governments, both on the central and local level, are held accountable can there be sustainable and successful decentralisation with a positive impact on the situation of the poor.

### *iii) Role of Civil Society*

Local civil society plays an important role in a transparent and participative process, insofar as it can exercise pressure on governments and control their actions (e.g. South Africa). It can also be beneficial for service delivery and the implementation of national development plans (e.g. Sri Lanka). Bad performers are characterised by weak civil society and limited NGO involvement (e.g. Uganda).

### *Elite Capture and Corruption*

Elite capture and corruption are present in all countries covered, although to varying extents. Community-based participatory approaches are not a panacea when they reinforce capture by local and traditional elites who often have a pivotal role in structuring the politics of local communities. Nevertheless, good performers tend to be less marked by elite capture and corruption. These countries are aware of the need for action and are putting in place measures to counter corruption (e.g. Mexico) and to monitor administrative behaviour (e.g. inspectors and social audit in India; investigating commissions appointed by the provinces in South Africa; vigilance committees in Bolivia). In badly performing countries, decentralisation is often seen as part of a patrimonial agenda aimed at preserving the monopoly of power and ensuring control over resources.

### *Policy Coherence: Consistency of National Authorities' and Donor Strategies*

Decentralisation policies are more successful when they are part of a broader agenda of government reforms. Many of the good performers pursue prior and/or parallel policies of economic liberalisation and democratisation. In India (West Bengal) decentralisation reforms have been linked to comprehensive and unusually successful land reform. In South Africa, local governments develop Integrated Development Plans, which expose local service needs. These accompanying measures can help counter the adverse effects of decentralisation in terms of elite capture and corruption (e.g. India, West Bengal).

Policy coherence should also encompass donor involvement. In badly performing countries, donors often lack coherent strategies towards decentralisation. In the case of Mozambique, donors lost interest in decentralisation when the Frelimo government started a recentralisation process in 1997. A recent OECD-DAC (2003) report on decentralisation and local governance concludes that "although there are examples of effective co-ordination between donors, co-ordination is generally weak, both at the national and local government level".

More recently, donors have emphasised Sector Wide Approaches (SWAp) for channelling development aid, which might lead to a recentralisation of policies at the national level (Land and Hauck, 2003). Indeed, many developing countries might be faced with a trade-off between SWAps (involving the concentration of most capacities at the national level) and moving ahead with expanding local capacities. While SWAps are becoming mainstream, policy coherence should remain a major concern to donors.

## V. CONCLUSIONS

The empirical evidence on the impact of decentralisation on poverty is mixed. In roughly one third of the case study countries reviewed, decentralisation has helped to reduce poverty through either increase in participation, decline in vulnerability or improved access to services. However, no positive impact could be identified in the majority of the countries. On the contrary, it appears that in some of the poorest countries with weak institutions and in post-conflict situations decentralisation has had negative impacts. This study finds that the decentralisation process is more likely to have a positive impact on poverty if the central government is committed to the purpose of decentralisation, the involved actors have the capacity (financial and human) to participate in decision making, checks and balances are established at local level to control for rent-seeking and corruption, and policies — internal and external — are sufficiently coherent with the decentralisation policy.

Coherent policies are becoming more important as decentralised institutions are essential for the implementation and evaluation of poverty reduction strategies. In particular, the concept of multi-stakeholder participation has been recognised as a cornerstone of Poverty Reduction Strategy Papers (PRSPs). It underlines the role of local officials and decision makers and grassroots civil society organisations (CSOs), both at the strategy's inception and formulation stages and at the implementation, monitoring and evaluation stages. While *ad hoc* structures (workshops, roundtables) may be set up locally in order to proceed with a time-bound exercise of participatory formulation of strategies, the implementation, evaluation and continuous improvement of the policy require a permanent institutional framework at the national level. Put differently, a decentralisation process phased in prior to or alongside the planning process of a PRSP will make it easier to design and carry out a participation-driven poverty reduction strategy. The design and implementation of Bolivia's PRSP has, for example, involved the reinforcement of decentralisation legislation.

An overall conclusion emerging from this study is that donors wishing to promote a pro-poor decentralisation process should differentiate between two types of countries, namely those countries that fulfil basic criteria in terms of country background and process implementation and those that do not. In the former category, donors can play a vital role in fine-tuning policies and reinforcing the link between decentralisation and poverty. This could include:

- providing financial resources through SWAs and coordinated budget support;
- emphasising and increasing ownership; and
- helping to design and establish channels of communication and participation between central authorities, local communities and civil society.

A very different approach is required for the group of countries that do not have the capacity to ensure a pro-poor decentralisation process. Although aid might be more effective when directed at better performers, and is more easily targeted at them, other countries should not be neglected. In these countries, pro-poor effects can be achieved if the weakness of the state is tackled by:

- supporting deconcentration as a first step towards decentralisation;
- supporting community participation and capacity building of local stakeholders; and
- promoting further research on best practices of how decentralisation can be designed in a pro-poor manner.

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## ANNEX. METHODOLOGY USED AND RESULTS OF CASE STUDY ANALYSIS

This analysis builds on the cross-country comparison of 19 countries<sup>1</sup>. The criteria used for the selection of the case studies are the following. First, the analysed country studies all tackle the relationship between decentralisation and poverty. Secondly, the coverage of countries aims to obtain experiences from different parts of the world, from countries standing at varying stages of development and different outcomes. Thirdly, in order to enable a comparative analysis between different country experiences, only well-documented studies and those matching the requirements of the framework were selected.

In line with the conceptual framework, the country-by-country synopsis provided below distinguishes between the objectives at the start of the reform process (second column), the country-specific conditions, including the political and social background (third column), the process-related factors (fourth column), and provides an assessment of the pro-poor outcomes (fifth column).

A better understanding of the different outcomes in each country is achieved by beginning with a look at their objectives of decentralisation. In particular, the official manifesto and implicit aim, together with a short description of the type of decentralisation (i.e. political, administrative or/and fiscal) undertaken, are provided in the second column.

With respect to the objectives embodied in the decentralisation strategy, the review of country studies highlights cases in which decentralisation was undertaken by “default” (governments were forced to decentralise) or by “design” (governments supported and believed in decentralisation).

The country specificities that may affect the process and outcome of decentralisation are taken into account in the third column, which provides information on the nature of social institutions, the political power structure, the power of central state, the country setting, and the capacity of the central authorities. The two latter subcategories are proxied by a series of standard indicators (population, GNI per capita, adult literacy rate, Freedom House rating, Corruption Perception Index, ranking of income levels, level of infrastructure, geographical size and Gini index) which allow for the comparative analysis in section IV. The definitions and sources of these indicators are provided in the “Notes” of Table 1.

The process-related characteristics comprise the fourth column, which also reports the starting date of decentralisation and the main steps of the decentralisation program. These

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1. In the case of India three states are analysed.

characteristics include the ability and willingness to carry reforms through, transparency and participation in the reform process, the presence and extent of elite capture and corruption and finally, policy coherence.

The last column offers an assessment of the impact of decentralisation on poverty. Based on the conceptual framework, three aspects of poverty are considered: voicelessness, vulnerability and deprivation of access to services. In the review of the case studies, an effort was made to disentangle the impact of decentralisation policies on these three dimensions of poverty. In some cases, however, the lack of information in the literature only allowed for general assessment.

Table A-1. The Impact of Decentralisation on Poverty Reduction: Case Studies

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>BOLIVIA</b></p> <p>Altman and Lalander (2003)</p> <p>CIESIN (2003a)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Administrative, fiscal, political.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Eradicate poverty at local level through a more efficient municipal administration, as well as less dependent financial situation of municipal government.</li> <li>• Allow beneficiaries of social services to participate in the decision making process.</li> <li>• Cultural recognition of the various ethnic groups.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>• By transferring responsibilities to municipalities, weaken and break unions.</li> <li>• Reaction to pressure from various communities for more recognition and for participation.</li> <li>• By design.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical: 1 098 580 km<sup>2</sup>.</li> <li>• Population: 8.5 million (2001), 8 inhabitants / km<sup>2</sup>;</li> <li>- Country with largest indigenous population in Latin America;</li> <li>- Four official languages;</li> <li>- 30% of population live in communities of less than 250 inhabitants.</li> <li>• State of infrastructure: bad, poorly developed, paved roads only between major cities.</li> <li>• Level of income: <ul style="list-style-type: none"> <li>- GNI per capita: \$950 (2001);</li> <li>- Lower middle income;</li> <li>- Moderately indebted, HIPC (2003);</li> </ul> </li> <li>• Level of inequalities: <ul style="list-style-type: none"> <li>- Gini index: 44.7 (2003).</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>• Tradition of indigenous and peasant communities and neighbourhood organisations.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• Adult literacy rate: 86.0% (2001).</li> <li>• Freedom House Rating: 2.5 (free) (2003).</li> <li>• Corruption Perceptions Index: 2.3 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• Power of central state: important.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> Transfer of 20% of national budget to municipalities on a per capita basis; <ul style="list-style-type: none"> <li>- Sufficient financial resources for decentralised functions.</li> </ul> </li> <li>• <b>Local human capacity:</b> Very good on the local community level; lacking on the district level.</li> <li>• <b>Political commitment at national level:</b> Confusion regarding the division of responsibilities at national, departmental and municipal level; <ul style="list-style-type: none"> <li>- Lack of co-ordination among different levels of government.</li> </ul> </li> <li>• <b>Donors' involvement:</b> In drafting the law, financing the process, strong pressure for decentralisation.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> Good; well-defined support policy from central government.</li> <li>• <b>Participation:</b> Important.</li> <li>• <b>Accountability:</b> Vigilance Committees on voluntary basis; <ul style="list-style-type: none"> <li>- Degree of local government to be held responsible for its actions.</li> </ul> </li> <li>• <b>Role of civil society:</b> Important; <ul style="list-style-type: none"> <li>- Reliance on pre-existing forms of civil organisation.</li> </ul> </li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Elite capture:</b> Ministries and departmental prefectures receive bulk of funds, leading to a limited redistribution.</li> <li>• <b>Corruption:</b> Strong.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence:</b> Decentralisation is part of a coherent policy, including market-oriented reforms and privatisation.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Good responsiveness to poor needs.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• More extensive public participation (more representation of indigenous people but gender gap not seriously tackled); independent and fairly effective election commissions.</li> <li>• Institutionalisation of local forms of organisations and their legal recognition.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>• From 1993 to 1997: total funds transferred to countries municipalities increased over 350%.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• Improved living conditions in rural areas - more than in urban areas but mostly limited to health (it did not tackle education, nor training).</li> <li>• Positive impact on transport infrastructure.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: 1989	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>BRAZIL</b></p> <p>Van Zyl <i>et al.</i> (1995)</p> <p>Afonso (2003)</p> <p>World Bank (2001a)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Primarily fiscal.</li> <li>Complement political decentralisation.</li> <li>Decentralisation of poverty program components to local governments in the Northeast.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Democracy.</li> <li>Popular participation.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>Decision of the federal level to solve the problem of diminishing budgetary resources within the context of stabilisation and SAPs.</li> <li>By default because the government decentralised to transfer financial responsibilities to local levels.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 8 511 965 km<sup>2</sup>.</li> <li>Population: 172 million (2001), 20 inhabitant / km<sup>2</sup>.</li> <li>State of infrastructure: in general satisfactory, bad in rural areas.</li> <li>Level of income: GNI per capita: \$3 070 (2001);</li> <li>Lower middle income (almost upper middle income), severely indebted (2003).</li> <li>Level of inequalities: Gini index: 60.7 (2003).</li> <li>Huge regional inequalities;</li> <li>Extreme poverty in Northeast Brazil.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 87.3% (2001).</li> <li>Freedom House Rating: 2.5 (free) (2003).</li> <li>Corruption Perceptions Index: 3.9 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Interference of central state in local governments work.</li> <li>Federal and constitutional republic.</li> <li>Maybe the most federal state of the world.</li> <li>Little fiscal decentralisation before 1989.</li> <li>Strong power of central state.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> <ul style="list-style-type: none"> <li>Increased financial resources, yet insufficient;</li> <li>Expenditures: 35% of central budget.</li> </ul> </li> <li><b>Local human capacity:</b> <ul style="list-style-type: none"> <li>Lack of local capacity (insufficient training and knowledge).</li> </ul> </li> <li><b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>As a consequence of power struggles between centre and regions;</li> <li>Strong commitment to poverty reduction in the Northeast.</li> </ul> </li> <li><b>Donors' involvement:</b> <ul style="list-style-type: none"> <li>Strong involvement in the Northeast.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> N/A.</li> <li><b>Participation:</b> <ul style="list-style-type: none"> <li>Limited for overall decentralisation;</li> <li>Strong community participation for poverty reduction program.</li> </ul> </li> <li><b>Accountability:</b> <ul style="list-style-type: none"> <li>Effective Management Information System (Northeast).</li> </ul> </li> <li><b>Role of civil society:</b> <ul style="list-style-type: none"> <li>Limited.</li> </ul> </li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b> N/A.</p> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b> <ul style="list-style-type: none"> <li>High coherence because decentralisation is part of democratisation process.</li> </ul> </li> <li><b>Donors' policies' coherence:</b> <ul style="list-style-type: none"> <li>No regular integrated approach to social and economic development;</li> <li>Impediment to more successful poverty reduction.</li> </ul> </li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Little impact on the poor.</li> <li>Northeast case: Community participation and decentralised decision-making authority helped reducing poverty.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b> N/A.</p> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b> N/A.</p>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>BURKINA FASO</b></p> <p>Gnimadi <i>et al.</i> (2003)</p> <p>World Bank (2001<i>b</i>)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political, administrative and fiscal (limited).</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Local democracy and local development.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>Largely aimed at meeting donors' requirements.</li> <li>By design, strong donor involvement.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 274 200 km<sup>2</sup>; Landlocked.</li> <li>Population: 11.6 million, 42 inhabitants / km<sup>2</sup>;</li> <li>Urban pop.: 17% of total pop.</li> <li>State of infrastructure: mediocre (% of tar road: 23%).</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per Capita PPP: \$220 (2001);</li> <li>Low income, severely indebted, HIPC (2003).</li> </ul> </li> <li>Level of inequalities: <ul style="list-style-type: none"> <li>Gini index: 48.2 (2003);</li> <li>Sharp differences in development between East and West.</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Prior to the launch of the decentralisation process in 1990, local authorities were actually mere extensions of the central state.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 24.8% (2001).</li> <li>Freedom House Rating: 4.0 (partly free) (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Highly centralised state (centralised one-party-state system in the 1980s). Decentralisation process launched in 1990 but still in an early stage.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> 3.4% of state revenues.</li> <li><b>Local human capacity:</b> Serious capacity constraints.</li> <li><b>Political commitment at national level:</b> Limited.</li> <li>- Little preparation and organisation at the central state level regarding transfers of human and financial resources to local authorities (sector policies, especially social ones, still very centralised);</li> <li>- Limited impact of decentralisation on the organisation of the state apparatus and the public policy-making process;</li> <li>- Decentralisation in rural areas on hold and "municipalisation" confined to cities;</li> <li>- Local authorities' decisions still subject to an <i>a priori</i> control and approval by central state's representatives.</li> <li><b>Donors' involvement:</b> Technical and financial assistance provided by a pool of bilateral donors.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <p>Broadly speaking, linguistic diversity and poor command of the official and administrative language (French) in the country, especially in rural areas, is an impediment to participation and information flows (80% of total population have no or poor command of French).</p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Limited. Information and co-ordination largely centralised at the central state level.</li> <li><b>Participation:</b> Limited. Fairly low level of awareness among population and lack of capacity to effectively take part in the participatory process.</li> <li><b>Accountability:</b> Limited. Decentralisation-related elections in rural areas are yet to be organised (both at the communal and regional level).</li> <li><b>Role of civil society:</b> Decentralisation does not assign a role to civil society organisations (including traditional institutions) <i>per se</i>.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Local elected officials mostly belong to the (President's) party in office and are kept in check by the national government through the association of municipalities of Burkina Faso (AMBF).</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b> Decentralisation is consistent with Burkina's PRSP and poverty reduction objectives. However, even though PRSP brings up decentralisation as a tool for poverty reduction, it does not elaborate on the way to operate.</li> <li><b>Donors' policies' coherence:</b> Supported the process at a national level and provided decentralised assistance to local authorities.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Hardly any information with respect to the impact of decentralisation on poverty in Burkina. Since the process is still in its early stage (especially in terms of transfers of resources), it is assumed that pro-poor outcomes have been anecdotal so far.</li> <li>Still, the launch of the decentralisation process has been instrumental in decentralising donors' assistance, thus reinforcing its pro-poor dimension.</li> <li>Evidence also suggests that so far, decentralisation has contributed to more equitable economic development since it allows for redistribution mechanisms between local authorities.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>More extensive public participation overall, but no information re: the actual involvement of the poorest in the local policy-making process.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b> N/A.</p>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>CHINA</b></p> <p>Von Braun and Grote (2002)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Limited political;</li> <li>Strong fiscal decentralisation.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Economic reform process.</li> <li>Attract foreign investments.</li> <li>Increase economic performance.</li> <li>By design.</li> </ul> <p><b>IMPLICIT AIM:</b> N/A.</p>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 9 596 960 km<sup>2</sup>.</li> <li>Population: 1.271,9 million (2001), 132 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: in general good.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$890 (2001);</li> <li>Lower middle income, less indebted (2003).</li> </ul> </li> <li>Level of inequalities: <ul style="list-style-type: none"> <li>Gini index: 40.3 (2003);</li> <li>Considerable regional disparities.</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Tradition of patron-client relationships, strong influence of family ties on politics.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>High level of education and public health services from central planning.</li> <li>Adult literacy rate: 85.8% (2001).</li> <li>Freedom House Rating: 6.5 (not free) (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Very strong.</li> <li>Highly centralised Communist party.</li> <li>Provision of social services already deconcentrated, i.e. prior to decentralisation.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> <ul style="list-style-type: none"> <li>Strong fiscal decentralisation, Local governments have substantial fiscal powers (tax-raising, preferential taxes to attract foreign investment, etc.);</li> <li>Local expenditure: 60% of central budget.</li> </ul> </li> <li><b>Local human capacity:</b> <ul style="list-style-type: none"> <li>Limited power to decide on expenditures;</li> <li>Insufficient abilities and training.</li> </ul> </li> <li><b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>Central government is driving force, due to economic necessity.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Limited. <ul style="list-style-type: none"> <li>Responsibilities unclear, i.e. information problematic.</li> </ul> </li> <li><b>Participation:</b> Very limited.</li> <li><b>Accountability:</b> Limited.</li> <li><b>Role of civil society:</b> Very limited.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Communist elite.</li> <li><b>Corruption:</b> Political process relies on negotiations not on rules.</li> </ul> <p><b>POLICY COHERENCE:</b> N/A.</p>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Significant poverty reduction, due to decentralisation and economic growth.</li> <li>Rural poor fell from 30.3 % (1980) to 13.9 (1990) and 13.6 (1994).</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>Central government taking steps to improve information flows and accountability.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>Poverty reduction concentrated at early stage of the reform – significant poverty remains mostly in rural area.</li> <li>Inequality has increased sharply.</li> <li>Strong impact on growth in local economies.</li> <li>Poor regions receive less taxes; regional inequality increased.</li> <li>Economic inequality between urban and rural areas increased from 1980 to 1995.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Negative impact on finances for public health programmes.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p>EGYPT</p> <p>Von Braun and Grote (2002)</p> <p>Fox and Ghanim (1998)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political deconcentration and limited political devolution.</li> <li>Limited attempts for fiscal decentralisation.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Greater democratisation.</li> <li>Enhanced service delivery.</li> <li>ERSAP second phase aims to safeguard interests of socially vulnerable groups during the reform process.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>To centralise and increase influence of central government on local level.</li> <li>By default.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 1 001 450 km<sup>2</sup>.</li> <li>Population: 65.2 million (2001), 65 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: in general good.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$1 530 (2001), 800 (1978), 2 160 (1988), 3 050 (1997);</li> <li>Lower middle income, less indebted (2003).</li> </ul> </li> <li>Level of inequalities: <ul style="list-style-type: none"> <li>Gini index: 34.4 (2003).</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b> N/A</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>26 governorates divided in 166 Markaz.</li> <li>Long history of high centralisation.</li> <li>Adult literacy rate: 56.1% (2001).</li> <li>Freedom House Rating: 6.0 (not free) (2003).</li> <li>Corruption Perceptions Index: 3.3 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Very strong due to highly centralised Communist party.</li> </ul>	<ul style="list-style-type: none"> <li>Markaz autonomous local units supervising affiliated villages;</li> <li>ERSAP early 1990s to increase decentralisation (economic reform and structural adjustment program).</li> </ul> <p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> <ul style="list-style-type: none"> <li>Locally raised taxes go to Central government that reallocates to governorates;</li> <li>Little fiscal autonomy, most local revenues are transfers, which represent 18% of central budget;</li> <li>Little autonomy to decide on expenditures.</li> </ul> </li> <li><b>Local human capacity:</b> <ul style="list-style-type: none"> <li>Limited, lack of legal, administrative knowledge, no training.</li> </ul> </li> <li><b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>Limited.</li> </ul> </li> <li><b>Donors' involvement:</b> <ul style="list-style-type: none"> <li>Decentralisation partially a response to international pressure.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Limited.</li> <li><b>Participation:</b> Limited awareness.</li> <li><b>Accountability:</b> Limited, highly centralised.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b> N/A</p> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b> <ul style="list-style-type: none"> <li>Decentralisation is part of a larger reform process.</li> </ul> </li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Certain impact on poor and good responsiveness to poor needs (poor quality programs for poor).</li> <li>Highly centralised system.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>In 1988, one woman seat quota was cancelled.</li> <li>Central government overrides elected local council rulings.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b> N/A</p> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>A certain improvement in efficiency.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>ETHIOPIA</b></p> <p>Bossuyt and Gould (2000)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Political.</li> <li>• Limited administrative and fiscal.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Enhance service delivery.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>• Rupture with the previous political system, peace consolidation and stability.</li> <li>• Necessity of decentralisation to respond to ethnic demands and secession of Eritrea, to achieve national unity.</li> <li>• Partially by design (deliberate decision to rupture with the previous system, to achieve peace), partially by default (decentralisation as a reaction to ethnic problems).</li> <li>• Administrative and fiscal considerations have been the driving forces behind decentralisation.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical: 1 127 127 km<sup>2</sup>, landlocked.</li> <li>• Population: 65.8 million (2001); 58 inhabitants / km<sup>2</sup>.</li> <li>• State of infrastructure: bad.</li> <li>• Level of income: <ul style="list-style-type: none"> <li>- GNI per capita: \$100 (2001);</li> <li>- Low income, severely indebted, HIPC (2003).</li> </ul> </li> <li>• Level of inequalities: <ul style="list-style-type: none"> <li>- Gini index: 50.3 (2003).</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>• Existence of local administrative structure lacking credibility and autonomy among local people.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• Adult literacy rate: 40.3% (2001).</li> <li>• Freedom House Rating: 5.0 (partly free) (2003).</li> <li>• Corruption Perceptions Index: 2.5 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• Power of central state: Strong due to long period of centralised one-party-state system.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> <ul style="list-style-type: none"> <li>- Substantial transfers to local level, limited independent tax-raising powers at local level.</li> </ul> </li> <li>• <b>Local human capacity:</b> <ul style="list-style-type: none"> <li>- Serious capacity constraints due to limited technical knowledge and unclear distribution of responsibilities.</li> </ul> </li> <li>• <b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>- Decentralisation was driven by national level, but central ministries resist devolution of authority;</li> <li>- Trend towards re-centralisation;</li> <li>- Establishment of an extensive legal framework.</li> </ul> </li> <li>• <b>Donors' involvement:</b> <ul style="list-style-type: none"> <li>- Finance poverty oriented projects of decentralising public authorities;</li> <li>- Regions have no incentive to pursue donor projects, as central resources transfers are reduced equivalent to the amount of donor contributions.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> Limited, roles and responsibilities not defined by central government.</li> <li>• <b>Participation:</b> Limited, linkages between central and local level politics remain organised in a hierarchical, control oriented way; <ul style="list-style-type: none"> <li>- Very limited awareness among population, people do not believe in local institutions.</li> </ul> </li> <li>• <b>Accountability:</b> Limited.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b> N/A.</p> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence:</b> Part of a far-reaching policy to achieve stability and peace.</li> <li>• <b>Donors' policies' coherence:</b> Donors intervention channelled through treasury and not used to support NGOs at local level - may reduce scope for effective support to local authorities;</li> <li>- Creation of federal state, along ethnic-cultural lines, granting regions the right to self government.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Limited pro-poor outcomes.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• Limited scope for local arenas for collective decision making.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>• Probably certain increase in political stability and reduction of ethnic tensions.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• A process of sectoral deconcentration that empowered line ministries leaving local government without means to use deconcentrated resources.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>GHANA</b></p> <p>Von Braun and Grote (2002)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political, administrative and fiscal deconcentration.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Transfer of public sector tasks from national to local level.</li> <li>By design.</li> </ul> <p><b>IMPLICIT AIM:</b> N/A.</p>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 239 460 km<sup>2</sup>.</li> <li>Population: 19.7 million (2001), 82 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: bad.</li> <li>Level of income:</li> </ul> <p>- GNI per capita: \$290 (2001), 800 (1978), 1 230 (1988), 1 640 (1997);</p> <p>- Low income, moderately indebted, HIPC (2003).</p> <p>• Level of inequalities: Gini index: 39.6 (2003).</p> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Traditional chiefs.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 72.7% (2001).</li> <li>Freedom House Rating: 2.5 (free) (2003).</li> <li>Corruption Perceptions Index: 3.3 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Important.</li> </ul>	<p>- 1988: committees and councils part of process.</p> <p>- 1999: committees and councils established through election to “unit committees”, urban etc councils.</p> <p>- 1993: “Decentralisation law”: local political institutions, decentralised budgeting and decision making, restructured geographical coverage of districts.</p> <p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b></li> <li>Limited budget (in general);</li> <li>Common Fund of the District Assemblies: increased district expenditures on infrastructure.</li> <li><b>Local human capacity:</b></li> <li>Good, training in place to District Health Teams on responding to needs of the poor.</li> <li><b>Political commitment at national level:</b></li> <li>Central government retains great control.</li> <li><b>Donors’ involvement:</b> N/E.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Good.</li> <li><b>Participation:</b> Good;</li> <li>Very high awareness among traditional chiefs.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b> N/A.</p> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b></li> <li>High coherence; project framework = strong pro poor focus and participatory;</li> <li>Prior to decentralisation, Ghana underwent economic reforms and structural adjustment.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Positive decentralisation experience, not always consistent implementation of reforms.</li> <li>Overall incidence of poverty decreased but benefit of the overall growth process slightly felt by the poor.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>Access to political participation increased for poor and illiterate.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>Negative: Sharpened ethnic conflict.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Infrastructure improved, increased access to services (in health especially, but used by better off groups).</li> <li>Improved water access.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>GUINEA</b></p> <p>Bossuyt and Gould (2000)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political and administrative.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Promotion of poverty reduction and the capacities of civil society with a view to granting greater political independence to local communities while preserving national unity.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>Stability.</li> <li>By default.</li> <li>Administrative and fiscal considerations have been the driving forces behind decentralisation.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 245 857 km<sup>2</sup>.</li> <li>Population: 78.3 million (2001), 318 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: very bad.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$410 (2001); Low income, severely indebted, HIPC (2003).</li> </ul> </li> <li>Level of inequalities: <ul style="list-style-type: none"> <li>Gini index: 40.3 (2003).</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Existence of local administrative structure lacking credibility and autonomy among local people.</li> <li>Long period of centralised one-party-state system.</li> <li>Political parties strongly influenced by the balance between four main ethnic groups.</li> <li>Adult literacy rate: 41.0% (2001).</li> <li>Freedom House Rating: 5.5 (not free) (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Strong.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> <ul style="list-style-type: none"> <li>New decision-making, implementation and control functions for the local governments, but no additional transfer of resources for new functions.</li> </ul> </li> <li><b>Local human capacity:</b> <ul style="list-style-type: none"> <li>Very limited, no support policy adopted on the central level; lack of information and training;</li> <li>Limited capacity of human resources.</li> </ul> </li> <li><b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>Limited, central ministry resist to devolve authority.</li> </ul> </li> <li><b>Donors' involvement:</b> <ul style="list-style-type: none"> <li>Finance poverty oriented projects of decentralising public authorities.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Limited.</li> <li><b>Participation:</b> Limited, new government associated with the control structure of old government.</li> <li><b>Accountability:</b> Limited, distrust of elected communal representatives. <ul style="list-style-type: none"> <li>Certain legal reforms, including simplification of budget execution procedures.</li> </ul> </li> <li><b>Role of civil society:</b> Limited, certain consultations have taken place.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b> N/A.</p> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b> Part of policies aiming at stability and security</li> <li><b>Donors' policies' coherence:</b> Lack of coherence between donor support to decentralisation and their support to NGO projects, often targeting the same sectors and local beneficiaries.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Limited impact on fiscal, administrative and political decentralisation.</li> <li>No positive impact on poverty reduction.</li> <li>Planning of rural development has remained on the central level, local governments have not been given any resources to cope with their functions.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>Citizen's opportunities to participate in local planning and decision making still insufficient.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>Certain improvement of political stability.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Many constraints on the functioning and efficiency of services, due to the weak institutional and technical capacity of local governments.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p>INDIA</p> <p>ANDRAH PRADESH</p> <p>Johnson (2003)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Political.</li> <li>• Limited fiscal and administrative (not effectively carried through).</li> </ul> <p><b>OFFICIAL MANIFESTO:</b> N/A.</p> <p><b>IMPLICITE AIM:</b></p> <ul style="list-style-type: none"> <li>• Decentralisation as a mean to maintain political support in rural areas.</li> <li>• Not clear whether by design or by default.</li> </ul>	<p><b>STATE SETTING:</b> N/A.</p> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• One of the first states that introduced three-tier structure of governance.</li> <li>• Establishment of community development programmes that undermined the functioning of PRIs.</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b> N/A.</p>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Local human capacity:</b> Limited.</li> <li>• <b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>- No real interest of the state to devolve substantial political, administrative and fiscal power to the Panchayats;</li> <li>- Remaining power with the non-elected bureaucracy.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Accountability:</b> Limited transparency and accountability.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b> N/A.</p> <p><b>POLICY COHERENCE:</b> N/A.</p>	<p><b>GENERAL RESULT:</b> N/A.</p> <p><b>REDUCTION IN VOICELESSNESS:</b> N/A.</p> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b> N/A.</p>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>INDIA</b></p> <p>MADHYA PRADESH</p> <p>Johnson (2003)</p> <p>Narayana (2003)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Political.</li> <li>• Limited fiscal and administrative (not effectively carried through).</li> </ul> <p><b>OFFICIAL MANIFESTO:</b> N/A.</p> <p><b>IMPLICIT AIM :</b></p> <ul style="list-style-type: none"> <li>• Decentralisation as a mean to maintain political support in rural areas.</li> <li>• Not clear whether by design or by default.</li> </ul>	<p><b>COUNTRY SETTING:</b> N/A.</p> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b> N/A.</p> <p><b>POLITICAL POWER STRUCTURE:</b> N/A.</p>	<ul style="list-style-type: none"> <li>- In 1994 and 2001: legal reforms aiming to expand formal authority of Gram Sabha;</li> <li>- In 1999: creation of District Planning Committees that “control” local levels of municipalities.</li> </ul> <p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b></li> <li>- Local level bodies can select beneficiaries of government schemes as well as collect and spend local revenues.</li> <li>• <b>Local human capacity:</b></li> <li>- Unclear division of powers and responsibilities among three tiers of the Panchayat system.</li> <li>• <b>Political commitment at national level:</b></li> <li>- Resistance of bureaucracy.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Participation:</b></li> <li>- GP has power to appoint user groups reservations of seats for women and scheduled class and tribes.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• Reported bribery between GP members and line department officials.</li> </ul> <p><b>POLICY COHERENCE:</b> N/A.</p>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Not very effective.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• Low overall participation rates in Panchayat institutions.</li> <li>• Low participation of women.</li> <li>• Limited knowledge about roles and function.</li> <li>• Formal versus effective participation.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b> N/A.</p>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts. Most recent and most important in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p>INDIA</p> <p>WEST BENGAL</p> <p>Mathew and Mathew (2003)</p> <p>Von Braun and Grote (2002)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Political devolution (1991-1992).</li> <li>• Administrative and fiscal decentralisation.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Increasing the decision making power of the poor.</li> <li>• By design.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical size: 3 287 300 km<sup>2</sup>.</li> <li>- Widespread poverty.</li> <li>• Population: 65.2 million (2001), - (3 287 590 km<sup>2</sup>).</li> <li>• State of infrastructure: bad.</li> <li>• Level of income: GNI per capita: \$460 (2001).</li> <li>- Gini index: 37.8 (2003).</li> <li>• Adult literacy rate: 58.0% (2001).</li> <li>• Freedom House Rating: 2.5 (free) (2003).</li> <li>• HDI 0.563 (1998).</li> <li>• GDP per capita PPP: \$430 (1978), 1 020 (1988), 1 670 (1998).</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>• Semi-feudal rural society.</li> <li>• Obstructive local patronage networks.</li> <li>• Village panchayats (centre of social life, pivot of administration).</li> <li>• Social and cultural factors maintain hierarchical, unjust social system - produces illiteracy and poverty.</li> </ul> <p><b>CAPACITY:</b> N/A.</p> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• West Bengal - communist party in power since 1977 with an ideological commitment to improve the conditions of the poor.</li> <li>• Power of central state: <ul style="list-style-type: none"> <li>- Very strong, left-wing state government.</li> </ul> </li> <li>• Castes and hierarchy system – clientelism and patronage.</li> <li>• Corruption Perceptions Index: 2.8 (2003).</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <p>Panchayat Act of 1972 first attempt.</p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> Pressure of the central government as for funds be used in a responsible and accountable manner at the local level.</li> <li>• <b>Local human capacity:</b> Conservative local elite challenged by national government/party.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> Improved; creation of awareness.</li> <li>• <b>Accountability:</b> Through Vigilance Committees.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Elite capture:</b> Traditional rural elite lost power as a consequence of regular elections, supported by socio-economic measures (land reform) and regular elections (West Bengal).</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence:</b> Decentralisation reform linked to a comprehensive and successful land reform; <ul style="list-style-type: none"> <li>- Provisions for rights of women, castes and tribes in act.</li> </ul> </li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Accountability and transparency of local government.</li> <li>• Information on Panchayat's statement of account not accessible to all.</li> <li>• Dependence of projects on flow from government.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• Increase in participation in political decision making by the poor, still, few participants and risk of less grassroots accountability.</li> <li>• Reduction in social exclusion.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>• Significant benefits for the poor as a result of a combination of reform, e.g. with agrarian reforms.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• Improved access to water and sanitation.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>MALAWI</b></p> <p>Ellis <i>et al</i> (2002)</p> <p>Hussein (2003)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Limited fiscal decentralisation (associated with PRSP formulation).</li> <li>Limited political and administrative decentralisation.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Local government will enable participatory processes in communities enforcing good governance on the part of district assemblies and effective service delivery by public agents at local levels.</li> <li>Counter the worsening socio-economic situation in the country.</li> <li>By default.</li> </ul> <p><b>IMPLICIT AIM:</b> N/A.</p>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 118 480 km<sup>2</sup>;</li> <li>Landlocked, regular droughts, hunger and famine.</li> <li>Population: 10.5 million (2001); 87 inhab. / km<sup>2</sup>, 85% living in rural areas.</li> <li>State of infrastructure: bad.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$160 (2001);</li> <li>Low income, highly indebted, HIPC (2003);</li> <li>Among the poorest countries in SSA. Small wealthy middle-class;</li> <li>Very food insecure;</li> </ul> </li> <li>Level of inequalities: Gini index: 50.3 (2003)</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Factional and ethnic problems.</li> <li>Large estate land holdings until the late 1980s.</li> <li>Important role for village headmen and related hierarchies of traditional authority.</li> <li>Established formal religion: churches and mosques.</li> <li>District Development Committees created in 1965 which were dissolved in 1967.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 61.0% (2001).</li> <li>Freedom House Rating: 4.0 (partly free) (2003).</li> <li>Corruption perceptions index: 2.8 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Absence of political tolerance in general.</li> <li>Multi-party politics from 1994.</li> <li>No democratic history.</li> <li>Power of central state: Strong due to long history of centralism, single party rule until 1994 (30 years).</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> Central government reluctant to distribute tax raising power to local councils.</li> <li><b>Local human capacity:</b> No ability to raise local tax revenue; <ul style="list-style-type: none"> <li>Very limited scope for revenue generating efforts under fiscal decentralisation. People can not withstand the burden of it due to level of poverty;</li> <li>Staff (middle level and senior) recruited by central government;</li> <li>Shortage of qualified staff.</li> </ul> </li> <li><b>Political commitment at national level:</b> Reluctance to distribute functions to districts.</li> <li><b>Donors' involvement:</b> 2000 full PRSP consultative, inclusive of civil society and public sector groups.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Increasing awareness among local people that they can participate in decision-making;</li> <li>Lack of civic education; large apathy from population.</li> <li><b>Participation:</b> Very low voter turnout in 2000 local government elections (the 1st election; 14% electorate voted);</li> <li>Central government makes ultimate planning decision. This grip stifles citizen participation;</li> <li>Some attempts to involve citizens.</li> <li><b>Role of civil society:</b> Local NGOs are not integrated into the local governance system;</li> <li>NGOs central for pro-poor activities (aid) but not associated with Decentralisation. Among the most highly regarded by rural people.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Strong; <ul style="list-style-type: none"> <li>Local staff recruited by central government;</li> <li>Few key individuals hold the power.</li> </ul> </li> <li><b>Corruption:</b> All sorts of formal and informal taxes and levies required from various persons in authority;</li> <li>Elections are contested.</li> </ul> <p><b>POLICY COHERENCE:</b> N/A.</p>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>At present difficult to see how decentralisation can do anything other than make things more difficult for rural poverty reduction.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>The depth of poverty in Malawi is a hindrance to democratic participation.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>No effect, very poor.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Public service delivery very flawed – health, education and agricultural extension services.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: 1983 (government change in 2000)	IMPACT OF DECENTRALISATION ON POVERTY
<p>MEXICO</p> <p>CIESIN (2003b)</p> <p>Giugale and Webb (2000)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Mostly fiscal, but also political.</li> <li>• Context: economic reform focused on privatisation and liberalisation of economic regulations.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Equity in revenue collection and distribution.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>• Solve the problem of diminishing budgetary resources.</li> <li>• Overcome authoritarian regime.</li> <li>• Respond to pressure.</li> <li>• By default (transfer of financial responsibilities to local levels).</li> <li>• By design (to overcome authoritarian system and to respond to economic changes).</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical: 1 972 550 km<sup>2</sup>.</li> <li>• Important mountain ranges dividing the country.</li> <li>• Population: 99.4 million (2001), 50 inhabitants / km<sup>2</sup>.</li> <li>• State of infrastructure: good.</li> <li>• Level of income: GNI per capita: \$5 530 (2001). Upper middle income, less indebted (2003).</li> <li>• Level of inequalities: Gini index: 51.9 (2003);</li> <li>- Huge geographical inequalities.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• Adult literacy rate: 91.4% (2001).</li> <li>• Freedom House Rating: 2.0 (free) (2003).</li> <li>• Corruption perceptions index: 3.6 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• Centralised bureaucracy.</li> <li>• Federal country <i>de jure</i>; significant changes towards a real federal system over the past 20 years.</li> <li>• Power of central state: Remains strong, but provinces are very influential.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORM THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> Insufficient transfer of substantial resources to local governments. Transfers are a way of controlling provinces; <ul style="list-style-type: none"> <li>- 90% of taxes collected on central level.</li> </ul> </li> <li>• <b>Local human capacity:</b> Good due to long tradition of federal states; <ul style="list-style-type: none"> <li>- 25%-40% of poor municipalities lack training and equipment;</li> <li>- Wide variation of fiscal and administrative capacity of federal states.</li> </ul> </li> <li>• <b>Political commitment at national level:</b> Strong.</li> <li>• <b>Donors' involvement:</b> Strong especially for fiscal decentralisation.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> Limited but improved co-ordination between different levels.</li> <li>• <b>Participation:</b> Limited.</li> <li>• <b>Accountability:</b> No more discretionary transfers; <ul style="list-style-type: none"> <li>- Standardisation and simplification of public financial statements;</li> <li>- Decentralisation of accountability for expenditure;</li> <li>- Local elections, transition to democracy most visible on local level;</li> <li>- More need for institutional and legal frameworks.</li> </ul> </li> <li>• <b>Role of civil society:</b> Limited but increasing; <ul style="list-style-type: none"> <li>- No clear legal framework for civil society participation.</li> </ul> </li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Elite capture:</b> Rather strong (especially at local level).</li> <li>• <b>Corruption:</b> Rather limited (strong anti-corruption agenda).</li> </ul> <p><b>POLICY COHERENCE</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence:</b> Ill defined-responsibilities but overall coherence; <ul style="list-style-type: none"> <li>- Decentralisation part of democratisation and economic liberalisation policies.</li> </ul> </li> <li>• <b>Donors' policies' coherence:</b> focus on poverty reduction and decentralisation and support for overall decentralisation programme.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• No specific decentralisation of functions targeting rural development, just deconcentration of these functions.</li> <li>• Limited positive outcomes in terms of rural poverty reduction.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• More democracy on local level.</li> <li>• Weak institutional and legal framework for civil society participation.</li> <li>• Increased community participation did not always favour pro-poor outcomes.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>• More macroeconomic stability.</li> <li>• Worsening of poverty levels and income distribution due to external factors (1995 peso crash, 1998 Asia crisis).</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• Increased access and better provision in health and education sectors where substantial financial decentralisation took place.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>MOZAMBIQUE</b></p> <p>Bossuyt and Gould (2000)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political and administrative.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Enhance service delivery.</li> <li>By default, because of importance of fiscal considerations.</li> <li>Decentralisation as an outcome of civil war.</li> </ul> <p><b>IMPLICIT AIM:</b> N/A.</p>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 801 590 km<sup>2</sup>.</li> <li>Population: 18.1 million (2001); - 23 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: bad.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$210 (2001);</li> <li>Low income, less indebted;</li> <li>HIPC (2003).</li> </ul> </li> <li>Level of inequalities: <ul style="list-style-type: none"> <li>Gini index: 39.6 (2003).</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Existence of local administrative structure lacking credibility and autonomy among local people.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 45.2% (2001).</li> <li>Freedom House Rating: 3.5 (partly free) (2003).</li> <li>Corruption Perceptions Index: 2.7 (2003).</li> </ul> <p><b>POWER OF CENTRAL STATE:</b></p> <ul style="list-style-type: none"> <li>Long period of centralised one-party-state system.</li> <li>Multiparty democracy in 1990.</li> <li>General peace treaty in 1992.</li> </ul>	<p>1997: law reversed trend of decentralisation. Recently: new interest in decentralisation.</p> <p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Donors' involvement:</b> In parallel with weak government commitment, donors lost interest. At present: renewed interest to enhance poverty oriented projects of decentralised public authorities.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Limited, ordinary people sceptical of local government.</li> <li><b>Participation:</b> Limited, abstention rate of 86% in municipal elections; <ul style="list-style-type: none"> <li>New government associated with the control structure of old government.</li> </ul> </li> <li><b>Accountability:</b> Limited, distrust of elected communal representatives.</li> <li><b>Role of civil society:</b> N/E.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Strong; <ul style="list-style-type: none"> <li>Fear of releasing power to the opposition.</li> </ul> </li> <li><b>Corruption:</b> Important.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Donors' policies' coherence:</b> Donors programs bypassed democratic control mechanism of local government with participatory programs not linked with democratisation process.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Limited pro-poor outcomes.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>Limited. Rural areas (where 77% of the population live) have been excluded from political decentralisation and are governed as a part of a three tierdeconcentrated system (central government, provincial government and district administration).</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>More political stability was achieved, but mostly through other policies (e.g. democratisation).</li> <li>In some cases external involvement in local resource management issues has led to localised conflicts, in particular where there was fuzzy accountability and overlapping authorities. New institutions were perceived as elite movements and poor knowledge of community rights with respect to the new institutions threatened the process.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>A process of sectoral deconcentration that empowered line ministries and central authorities leaving local population without means to use deconcentrated resources.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: 1990 (constitutional monarchy)	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>NEPAL</b></p> <p>Dahal <i>et al.</i> (2001)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Political.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Poverty reduction.</li> <li>• Strengthening of local units.</li> <li>• Shifting responsibility for local development plans.</li> <li>• Participation.</li> <li>• Development</li> <li>• Local capacity building.</li> <li>• Strengthening of civil society.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>• Extension of control over all aspects of life of Nepalese people.</li> <li>• Accommodate very diverse population.</li> <li>• By default, as the real objective was not decentralisation.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical: 140 800 km<sup>2</sup>.</li> <li>• Rugged geographical design, landlocked.</li> <li>• Population: 23.6 million (2001), 168 inhabitants / km<sup>2</sup>, very diverse.</li> <li>• State of infrastructure: Bad outside the capital.</li> <li>• Level of income: GNI per capita: \$250 (2001).</li> <li>• Level of inequalities: Gini index: 36.7 (2003); Huge socio-cultural diversity, poverty in rural areas.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>• All-powerful monarchy until 1990.</li> <li>• High patrimonial culture.</li> <li>• Patronage-based development practice.</li> <li>• Rural Nepal under socio-political domination of feudalistic and elitist leadership.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• Adult literacy rate: 42.9% (2001).</li> <li>• Freedom House Rating: 4.0 (partly free) (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• History of power-sharing between central government and lower tiers, which amounted to central control, top-down development and upward accountability.</li> <li>• Strong Power of central state.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> Limited financial resources; <ul style="list-style-type: none"> <li>- Strong resource dependency on the central government;</li> <li>- Resource allocation partly politically motivated;</li> <li>- Limited need-responsive planned allocation of funds.</li> </ul> </li> <li>• <b>Local human capacity:</b> Strong resistance from traditional local elite; Fear of loss of power; <ul style="list-style-type: none"> <li>- Little institutional capacity for development.</li> </ul> </li> <li>• <b>Political commitment at national level:</b> Widespread support.</li> <li>• <b>Donors' involvement:</b> 65% of development expenditures come from donors.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> Limited and inefficient.</li> <li>• <b>Participation:</b> Local elections in 1993. <ul style="list-style-type: none"> <li>- Planning process mostly directed by central government;</li> <li>- Gradual introduction of participatory elements.</li> </ul> </li> <li>• <b>Accountability:</b> Introduction of very limited elements of accountability.</li> <li>• <b>Role of civil society:</b> Limited involvement.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Elite capture:</b> Strong.</li> <li>• <b>Corruption:</b> Strong.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence:</b> Not always very coherent, overlapping responsibilities; Decentralisation in favour of expanded control of central governments rather than independence of local governments; Advanced legislative framework for decentralisation is not yet implemented; decentralisation is part of democratisation policy (pressure from students and middle class, supported by India).</li> <li>• <b>Donor's policies coherence:</b> support decentralisation to promote local development processes.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Little impact on poverty of centrally designed, administered and managed programmes.</li> <li>• Some successful individual programmes.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• Given the existing power distribution (feudalistic and elitist leadership in rural Nepal) decentralisation has the inherent danger of legitimising and perpetuating existing power structures and exploitation.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• Some successful programmes, which focused on institution-building, social mobilization and empowerment in the process of decentralisation.</li> <li>• Success if close community participation and creation of strong and effective local institutions.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: 1992, (economic and political renewal)	IMPACT OF DECENTRALISATION ON POVERTY
<p>PARAGUAY</p> <p>CIESIN (2003c)</p> <p>Semidei <i>et al.</i> (1996)</p> <p>Turner (1997)</p>	<p><b>TYPE OF DECENTRALISATION:</b> N/A.</p> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Participation of citizen.</li> <li>• Privatisation.</li> <li>• Establishment of social safety net for the poorest.</li> <li>• Democratisation.</li> <li>• Increase in efficiency.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>• Privatisation to solve problem of diminishing budgetary resources.</li> <li>• By default, because decentralisation is in great part aiming at reducing central level spending.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical: 406 750 km<sup>2</sup>;</li> <li>- landlocked.</li> <li>• Population: 5.4 million (2001),</li> <li>- 13.3 inhabitants / km<sup>2</sup>.</li> <li>• State of infrastructure: Few good main roads; bad for the rest; no train service.</li> <li>• Level of income: GNI per capita: \$1 350 (2001).</li> <li>- Lower middle income, less indebted (2003).</li> <li>• Level of inequalities: Gini index: 57.7 (2003).</li> <li>• Considerable regional disparities.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• Adult literacy rate: 93.5% (2001).</li> <li>• Freedom House Rating: 3.5 (partly free) (2003).</li> <li>• Corruption Perceptions Index: 1.6 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• Power of central state: Rather strong.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> Limited autonomy to use limited resources.</li> <li>• <b>Local human capacity:</b> New consultation functions, but no decision-making powers.</li> <li>• <b>Political commitment at national level:</b> Limited; Strong resistance from the central bureaucracy.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> limited.</li> <li>• <b>Participation:</b> Limited (especially local governments and civil society);</li> <li>- Local elections.</li> <li>• <b>Accountability of governments:</b> Limited.</li> <li>• <b>Role of civil society:</b> Delegation of certain powers to civil society organisations;</li> <li>- Lacking capacity.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Elite capture:</b> Important, due to lack of information, training and organisation policies.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence:</b> Part of democratisation process.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Limited success of decentralisation programme, with limited positive impact on poverty.</li> <li>• No rural development decentralization policy as such.</li> <li>• Specific needs of certain regions not taken into account.</li> <li>• Increasing role of private sector.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• Notable rise in civil society activities.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• Positive impact limited to social infrastructure (health, housing, education), due to community-participation and NGO involvement.</li> <li>• Overall, access to basic services by the poor is limited.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: 1991	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>PHILIPPINES</b></p> <p>Timberman (1998)</p> <p>Bird and Rodriguez (1999)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Fiscal, political and administrative.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>More democracy.</li> <li>Better service delivery.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>Reforming previous authoritarian, centralised government system.</li> <li>Preserving national unity.</li> <li>By design.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 300 000 km<sup>2</sup>.</li> <li>Huge geographical diversity (islands), very mountainous.</li> <li>Population: 78.3 million (2001).</li> <li>261 inhabitants / km<sup>2</sup>;</li> <li>Huge cultural diversity.</li> <li>State of infrastructure: Bad outside big cities.</li> <li>Level of income: GNI per capita: \$1 030 (2001).</li> <li>Lower middle income, moderately indebted (2003).</li> <li>Level of inequalities: Gini index: 46.1 (2003);</li> <li>Considerable regional disparities.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Tradition of patron-client relationships.</li> <li>Strong influence of family ties on politics.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 95.1% (2001).</li> <li>Freedom House Rating: 2.0 (free) (2003).</li> <li>Corruption Perceptions Index: 2.5 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Strong (long history of centralism).</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> Transfers represent 14% (1997) of central government resources; complemented by local taxes;</li> <li>Predictable and stable transfers.</li> <li><b>Local human capacity:</b> High, due to substantial transfer of personnel, financial resources and responsibilities.</li> <li><b>Political commitment at national level:</b> High in general;</li> <li>Limited resistance from bureaucracy;</li> <li>Strong support from local level.</li> <li><b>Donors' involvement:</b> Strong.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Participation:</b> Increased, for citizens in decision-making processes;</li> <li>Creation of special local bodies for citizen involvement.</li> <li><b>Accountability:</b> Greater transparency.</li> <li><b>Role of civil society:</b> Increased and considerable involvement of NGOs in decision-making and service delivery.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Important.</li> <li><b>Corruption:</b> Important.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b></li> <li>Decentralisation took place in a context of profound social and economic changes;</li> <li>Part of economic liberalisation policies and pacification of the country.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Positive impact on poverty reduction.</li> <li>Transfers from central government not clearly based on specific regional needs.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>Increased democracy and popular participation.</li> <li>Traditional power relations continue to play an important role.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>More money spent on local level for the poor</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Increased efficiency, better targeting, and higher level of service delivery.</li> <li>Certain government transfers are conditional upon the provision of minimum social services.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
SOUTH AFRICA  Cameron (2002)	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political, administrative and fiscal decentralisation.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Promotion of economic and social development.</li> <li>Provision of water, sanitation, electricity.</li> <li>Facilitating economic development of small business.</li> <li>Empowerment.</li> <li>Education and social welfare not local government functions.</li> <li>By design.</li> </ul> <p><b>IMPLICIT AIM:</b> N/A.</p>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 1 219 912 km<sup>2</sup>.</li> <li>Population: 43.2 million (2001); 35 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: Very good, less reliable on secondary roads.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$2 820 (2001).</li> <li>Lower middle income, less indebted (2001).</li> </ul> </li> <li>Level of inequalities: Gini index: 59.3 (2003).</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Up to the 1990s local government characterised by segregation and apartheid.</li> <li>Black local authorities very ineffective.</li> </ul> <p><b>CAPACITY:</b></p> <p><b>ADULT LITERACY</b> rate: 85.6% (2001)</p> <ul style="list-style-type: none"> <li>Freedom House Rating: 1.5 (free) (2003).</li> <li>Corruption Perceptions Index: 4.4 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Early 1990s new quasi federal constitution for South Africa: consisted of three levels of government: national, provincial and local.</li> </ul>	<ul style="list-style-type: none"> <li>Forums to establish transitional local councils.</li> <li>Ongoing process: <ul style="list-style-type: none"> <li>1995/96: first democratic local government election.</li> <li>1997/2000: implementation of the final constitution model at local level.</li> </ul> </li> </ul> <p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> <ul style="list-style-type: none"> <li>Based on stable and predictable transfers, but not always sufficient to fulfil responsibilities;</li> <li>Independent tax-raising powers of local governments.</li> </ul> </li> <li><b>Local human capacity:</b> In general strong local capacity, but very variable according to the region.</li> <li><b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>Serious commitment to decentralisation.</li> </ul> </li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Very good, media very active in monitoring the local government.</li> <li><b>Participation:</b> Very high, integrated development plans worked out in a participatory way, and reflect priorities of poor communities; <ul style="list-style-type: none"> <li>Widespread awareness among population.</li> </ul> </li> <li><b>Accountability:</b> Good accountability.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Strong, due to political control that remains in the hands of party leadership.</li> <li><b>Corruption:</b> Important.</li> </ul> <p><b>POLICY COHERENCE:</b> N/A.</p>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Still early to see pro-poor outcome.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS</b></p> <ul style="list-style-type: none"> <li>Independent and fairly effective elections commissions.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Integrated Development plans are contributing to the slow eradication of the huge infrastructure backlog in poorer communities.</li> <li>But: most rural government lack sufficient income to provide basic services.</li> </ul>

COUNTRY LITERARY ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>SRI LANKA</b></p> <p>Wijetunge (2001)</p> <p>Alwis (2001)</p> <p>Gunatilaka (2001)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>• Mostly administrative deconcentration.</li> <li>• Limited political and fiscal decentralisation.</li> <li>• Special programme: Integrated Rural Development (IRD) Strategy.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>• Promotion of local participation in decision-making.</li> <li>• Poverty reduction.</li> <li>• Democratic participation.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>• Alternative to the demand for a separate state by the Tamil political parties and the militant separatist groups.</li> <li>• Preservation of national unity.</li> <li>• Promotion of good governance.</li> <li>• By design.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>• Geographical: 65 610 km<sup>2</sup>;</li> <li>- Island, mostly flat.</li> <li>• Population: 18.7 million (2001); 285 inhabitants / km<sup>2</sup>;</li> <li>- Great ethnic diversity.</li> <li>• State of infrastructure: mediocre.</li> <li>• Level of income: GNI per capita: \$880 (2001);</li> <li>- Lower middle income, less indebted.</li> <li>• Level of inequalities: Gini index: 34.4 (2003);</li> <li>- Considerable regional disparities.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>• Important patron-client networks.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>• Tradition of local government, but current decentralisation efforts break with this tradition.</li> <li>• Adult literacy rate: 91.9% (2001).</li> <li>• Freedom House Rating: 3.5 (partly free) (2003).</li> <li>• Corruption Perceptions Index: 3.4 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>• Tradition of local government, but current decentralisation efforts break with this tradition.</li> <li>• Power of central state: Very strong.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li>• <b>Financial resources at local level:</b> Limited taxation powers (20% of local spending);</li> <li>- Insufficient transfers of central funds (4% of national budget), frequently on an unreliable basis; No need based approach for transfers.</li> <li>• <b>Local human capacity:</b> Insufficient financial resources, no control over human resources; Little capacity to make use of the limited powers;</li> <li>- Frequent interference by central government.</li> <li>• <b>Political commitment at national level:</b> Limited commitment, bureaucratic resistance;</li> <li>- Moderate power struggle about the division of responsibilities and power between central and local level;</li> <li>- Driving force behind demands for decentralisation are regions.</li> <li>• <b>Donors' involvement:</b> Strong involvement of the Indian government in the decentralisation process, motivated by the aspiration to find a solution to the ethnic crisis, but also by the attempt to grant the Tamil more independence.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li>• <b>Information flow:</b> Lack of clearly expressed policy on decentralisation;</li> <li>- Frequent changes in policy; Necessity for centre -province dialogue and increased guidance and advice by centre.</li> <li>• <b>Participation:</b> Local elections;</li> <li>- Legal provisions for Community-participation, only partially enacted;</li> <li>- Limited participation of population in decentralisation process.</li> <li>• <b>Accountability:</b> Limited.</li> <li>• <b>Role of civil society:</b> Increasing importance of NGOs, also for service delivery and the implementation of national development plans through delegation.</li> <li>- Government remains key player in rural infrastructure development programs.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Elite capture:</b> Frequent diversion of funds, politically motivated.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li>• <b>Internal policy coherence :</b> Not always clear and coherent objectives;</li> <li>- Decentralisation accompanied by privatization and certain democratization reforms.</li> <li>• <b>Donors' policies' coherence:</b> Generally supportive, necessity of more attention to the complex institutional arrangements.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>• Limited impact, strongly affected by Tamil insurrection.</li> <li>• Insufficient decentralisation of responsibilities for poverty reduction programs.</li> <li>• No special targeting of poor areas for central funds transfers.</li> <li>• Recognition of and awareness for the necessity of decentralisation.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b></p> <ul style="list-style-type: none"> <li>• Successful bottom-up planning in some areas of rural development (small groups, small projects, participatory methods).</li> <li>• Growing demand of the public for involvement in the local decision making process.</li> </ul> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>• Increase in political stability, but real success has not yet been achieved.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>• Areas least affected by decentralisation: health and education; however, certain successful public health programs, locally administered.</li> <li>• Successful targeting of the poor and improvement of service delivery if there is close community participation, transparency and accountability.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>UGANDA</b></p> <p>Francis and James (2003)</p> <p>Work (2002)</p> <p>Foster and Mijumbi (2002)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political, fiscal and administrative deconcentration.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Popular democracy and efficient service delivery.</li> <li>Institutional framework for poverty reduction policy.</li> </ul> <p><b>IMPLICIT AIM</b></p> <ul style="list-style-type: none"> <li>Decentralisation plays a role in justifying a no-party system of governance to a highly politicised population. A simulation of popular democracy.</li> <li>Decentralisation as an outcome of civil war, supposed to build national unity.</li> <li>Partially by design, partially by default.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 236 040 km<sup>2</sup>.</li> <li>Population: 22.8 million (2001); 97 inhabitants / km<sup>2</sup>; 96% live in rural areas.</li> <li>State of infrastructure: Good on major axes, not reliable for minor roads.</li> <li>Level of income: <ul style="list-style-type: none"> <li>GNI per capita: \$260 (2001);</li> <li>Low income, moderately indebted, HIPC (2003).</li> </ul> </li> <li>Level of inequalities: <ul style="list-style-type: none"> <li>Gini index: 37.4 (2003);</li> <li>Half of income from agriculture.</li> </ul> </li> </ul> <p><b>SOCIAL INSTITUTIONS:</b></p> <ul style="list-style-type: none"> <li>Culture of lack of transparency.</li> <li>Under colonialism – indirect rule with district commissioners.</li> <li>Resistance Councils during civil war converted into Local Councils.</li> </ul> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 68.0% (2002).</li> <li>Freedom House Rating: 5.0 (partly free) (2002).</li> <li>Corruption perceptions index: 2.2 (2003).</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Power of central state: Very strong, no party state (NRM).</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> 80% of central government funding conditional on its priorities, central control maintained; <ul style="list-style-type: none"> <li>One-third of public expenditure spent via local authorities;</li> <li>Overall resources at local level very limited;</li> <li>Limited local revenue collection – small.</li> </ul> </li> <li><b>Local human capacity:</b> Less of a problem than resource capacity; <ul style="list-style-type: none"> <li>Capacity building projects being implemented;</li> <li>Lower level of planning pyramid less able and informed.</li> </ul> </li> <li><b>Political commitment at national level:</b> <ul style="list-style-type: none"> <li>A warped commitment and not about poverty reduction.</li> </ul> </li> <li><b>Donors' involvement:</b> Drive for good governance agenda.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Public notices, FM radio &amp; newspapers publicise central resources given to local authorities.</li> <li><b>Participation:</b> Locals participate in community action plans in a bottom-up approach but the most local plans are diluted; <ul style="list-style-type: none"> <li>By time get to district level;</li> <li>Participatory poverty assessments for Government;</li> <li>Budgeting (not local government) have influenced government priorities.</li> </ul> </li> <li><b>Accountability:</b> Linked to information outlined above.</li> <li><b>Financial accountability:</b> weak – conditional granting improving this.</li> <li><b>Role of civil society:</b> Still very weak.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Strong.</li> <li><b>Corruption:</b> Financial resources meant for service delivery absorbed by district administration.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b> <ul style="list-style-type: none"> <li>High, decentralisation is seen as one pillar of civil service reform.</li> </ul> </li> <li><b>Donors' policies' coherence:</b> Donors have not always well co-ordinated their actions.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Pro-poor improvements are not linked to decentralisation – it is very centrally driven.</li> <li>Certain success linked to conditionality of central transfers. However, this conditionality means that the central government retains control.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b> N/A.</p> <p><b>REDUCTION IN VULNERABILITY:</b></p> <ul style="list-style-type: none"> <li>Decentralisation contributed to political stability.</li> </ul> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Services are not attributable to decentralised institutions.</li> </ul>

COUNTRY LITERATURE ANALYSIS	OBJECTIVES	COUNTRY BACKGROUND	PROCESS Date commenced: Several attempts, most recent and most important one in 1987	IMPACT OF DECENTRALISATION ON POVERTY
<p><b>VIETNAM</b></p> <p>Rao <i>et al</i> (1998)</p> <p>Litvack and Ravallion (2000)</p>	<p><b>TYPE OF DECENTRALISATION:</b></p> <ul style="list-style-type: none"> <li>Political and administrative deconcentration.</li> </ul> <p><b>OFFICIAL MANIFESTO:</b></p> <ul style="list-style-type: none"> <li>Poverty alleviation.</li> <li>Capacity-building.</li> <li>Decentralisation of social services.</li> </ul> <p><b>IMPLICIT AIM:</b></p> <ul style="list-style-type: none"> <li>Communist agenda, extension of control.</li> <li>By default.</li> </ul>	<p><b>COUNTRY SETTING:</b></p> <ul style="list-style-type: none"> <li>Geographical: 329 560 km<sup>2</sup>.</li> <li>Population: 79.5 million (2001) 241 inhabitants / km<sup>2</sup>.</li> <li>State of infrastructure: Mediocre, very variable according to region.</li> <li>Level of income: GNI per capita: \$410 (2001).</li> <li>Lower income, less indebted (2003).</li> <li>Level of inequalities: Gini index: 36.1 (2003), Considerable regional disparities.</li> </ul> <p><b>SOCIAL INSTITUTIONS:</b> N/A.</p> <p><b>CAPACITY:</b></p> <ul style="list-style-type: none"> <li>Adult literacy rate: 92.7 (2001)</li> <li>Freedom House Rating: 6.5 (not free) (2003)</li> <li>Corruption Perceptions Index: 2.4 (2003)</li> </ul> <p><b>POLITICAL POWER STRUCTURE:</b></p> <ul style="list-style-type: none"> <li>Decentralised village system, which became centralised in the aftermath of the Vietnam war.</li> <li>Power of central state: Strong.</li> </ul>	<p><b>ABILITY AND WILLINGNESS TO CARRY REFORMS THROUGH:</b></p> <ul style="list-style-type: none"> <li><b>Financial resources at local level:</b> Unreliable financial transfers;</li> <li>Central government retains considerable control over local spending;</li> <li>Significant transfers in the area of public services (share of provincial expenditure: 35%)</li> <li>Absence of significant revenue-raising powers.</li> <li><b>Local human capacity:</b> Limited capacity;</li> <li>Very limited decision-making capacity, no actual role in decisions on expenditure.</li> <li><b>Political commitment at national level:</b> Resistance from bureaucracy.</li> </ul> <p><b>TRANSPARENT AND PARTICIPATIVE PROCESS:</b></p> <ul style="list-style-type: none"> <li><b>Information flow:</b> Poor information and monitoring.</li> <li><b>Participation:</b> Limited at local level, absent at national level.</li> </ul> <p><b>ELITE CAPTURE AND CORRUPTION</b></p> <ul style="list-style-type: none"> <li><b>Elite capture:</b> Strong, at local and national level.</li> <li><b>Corruption:</b> Strong.</li> </ul> <p><b>POLICY COHERENCE:</b></p> <ul style="list-style-type: none"> <li><b>Internal policy coherence:</b> Part of a larger reform process for the renewal of all parts of society.</li> <li><b>Donors' policies' coherence:</b> Strong.</li> </ul>	<p><b>GENERAL RESULT:</b></p> <ul style="list-style-type: none"> <li>Certain positive results in social services delivery.</li> <li>Targeting of the poor is not sufficient.</li> <li>Central government retains control over local governments.</li> <li>System of financial transfers favours richer provinces.</li> <li>Certain successful anti-poverty programs with community participation.</li> <li>Creation of an enabling environment conducive to the flourishing of a civil society.</li> <li>Empowerment of social organisations.</li> </ul> <p><b>REDUCTION IN VOICELESSNESS:</b> N/A.</p> <p><b>REDUCTION IN VULNERABILITY:</b> N/A.</p> <p><b>ACCESS TO SERVICES:</b></p> <ul style="list-style-type: none"> <li>Decentralised delivery of social services (health, education, social welfare) has led to more efficiency.</li> <li>Yet, funds allocated to local governments do not necessarily reach the poor, due to lack of nationally uniform guidelines for determining the poor, and due to limited local capacity.</li> </ul>

*Notes of Table 1:*

*Population 2001:*

The population figures are based on the 2003 World Bank Development Indicators.

*GNI per capita \$ 2001:*

The GNI per capita PPP \$ is taken from the World Development Indicators 2003.

*Adult literacy rate 2001:*

The adult literacy is taken from the UNDP Human Development Report 2003.

- The adult literacy rate indicates the percentage of the population age 15 or above which is literate.

*Freedom House Rating 2003:*

The Freedom House Rating is provided by Freedom House, which publishes annually a comparative assessment of the state of political rights and civil liberties.

- The political rights and civil liberties categories contain numerical ratings between 1 and 7 for each country or territory rated, with:
  - 1 representing the most free;
  - 7 the least free.
- The status designation of Free, Partly Free, or Not Free, which is determined by the combination of the political rights and civil liberties ratings, indicates the general state of freedom in a country or territory.
- Countries with a rating between 1.0 and 2.5 are rated as free, between 3.0 and 5.0 as partly free, and between 5.5 and 7.0 as not free.

*Corruption Perceptions Index 2003:*

The Corruption Perceptions Index is provided by Transparency International. The CPI 2003 score relates to perceptions of the degree of corruption as seen by business people, academics and risk analysts.

- CPI ranges between:
  - 10 (highly clean);
  - 0 (highly corrupt).

*Classification of economies:*

a) Income (GNI per capita): The groups are:

- 1) low income, \$735 or less;
- 2) lower middle income, \$736 – \$2 935;
- 3) upper middle income, \$2 936 – \$9 075;
- 4) high income, \$9 076 or more.

b) Indebtedness: three categories:

- 1) less indebted;
- 2) moderately indebted;
- 3) severely indebted.

– Additional information: HIPC: heavily indebted poor country.

*Level of infrastructure:*

This qualitative assessment is based on information provided by the French Ministry of Foreign Affairs on their website: <http://www.diplomatie.gouv.fr>.

*Geographical size:*

Information is taken from the online CIA World Fact Book:  
<http://www.cia.gov/cia/publications/factbook/>.

*Income or consumption inequality:*

This indicator is taken from the 2003 UNDP Human Development Report. The Gini index measures inequality over the entire distribution of income or consumption.

- A value of 0 represents perfect equality, and a value of 100 perfect inequality.
- It is based on surveys from varying years.

n.p.: Not present.

N/A.: Not available (no information on this variable in the literature).

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The former series known as “Technical Papers” and “Webdocs” merged in November 2003 into “Development Centre Working Papers”. In the new series, former Webdocs 1-17 follow former Technical Papers 1-212 as Working Papers 213-229.

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Working Paper No.1, *Macroeconomic Adjustment and Income Distribution: A Macro-Micro Simulation Model*, by François Bourguignon, William H. Branson and Jaime de Melo, March 1989.

Working Paper No. 2, *International Interactions in Food and Agricultural Policies: The Effect of Alternative Policies*, by Joachim Zietz and Alberto Valdés, April, 1989.

Working Paper No. 3, *The Impact of Budget Retrenchment on Income Distribution in Indonesia: A Social Accounting Matrix Application*, by Steven Keuning and Erik Thorbecke, June 1989.

Working Paper No. 3a, *Statistical Annex: The Impact of Budget Retrenchment*, June 1989.

Document de travail No. 4, *Le Rééquilibrage entre le secteur public et le secteur privé : le cas du Mexique*, par C.-A. Michalet, juin 1989.

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