The Politics of Partial Decentralization*  
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I. Introduction

Despite its promise of achieving a better match between local preferences and public goods, decentralization—be it fiscal, administrative, or political—has achieved decidedly mixed results. The reasons for this mixed outcome are many, but fall into two categories. One set assign blame to the design of the decentralization. For instance, some governments decentralize only one or two of the trio of “funds, functions and functionaries”. In Pakistan, responsibility for education was transferred to the districts but teachers remained employees of the provincial government (World Bank [2004b]). Within one of the trio (say functions), there are often mismatches. In South Africa, expenditure responsibility for health, education and social security has been devolved to provincial governments without the corresponding revenue responsibility (Ahmad et al. [2006]). In Brazil, it was the reverse—devolved revenue responsibility without expenditure authority. The second category of reasons for the mixed results has to do with the fact that, even with appropriate design, decentralization in practice has turned up a host of problems. The two most commonly identified ones are (i) that sub-national governments do not receive the funds they are due in order to discharge their responsibilities (World Bank [2004a]); and (ii) sub-national governments often lack the capacity to manage their newly-given financial responsibilities (some local governments in Ethiopia lacked enough numerate and literate people to manage their finances).

In this paper, we show that the problems with decentralization in practice stem from a somewhat under-emphasized aspect of the design, namely that attempts at decentralization have not led to citizens’ being able to hold local governments

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accountable for budgetary allocations and their outcomes. We define such a situation as partial decentralization. Unless local governments have the discretion to choose among competing uses subject to a budget constraint, and citizens know this and have a way of evaluating whether the government’s decision was a good one, the decentralization will only be partial. For instance, when one sector such as education is decentralized, the local government is not responsible for allocating resources between education and other sectors. Even when the central government gives untied grants to local governments for, say, current expenditures, but continues to have central-government-led schemes for capital expenditures, the decentralization is partial since local governments are not accountable for the allocation between capital and current expenditures.

When decentralization is partial, citizens continue to place their expectations of service delivery at the door of national governments. They are more likely to punish national politicians at the polls for inadequacies of service delivery rather than local politicians. This in turn weakens incentives of local governments to allocate budgetary resources optimally across competing public needs. Instead, local incentives are likely geared towards serving narrow interest groups or extracting rents, with poor quality public services being blamed upon insufficient transfers from higher tiers of government.

Knowing that decentralization is only partial, higher tier governments have incentives to one, deliberately withhold resources from local governments, or two, transfer them under stringent conditions, or three, transfer them selectively to those local politicians from whom they gain political advantage. Finally, local governments lack the capacity to manage finances because they have no incentive to develop this capacity—since no one is holding them accountable for results.

What we have then is a governance trap. Because local governments are not held accountable by citizens, national governments restrict local discretion to choose among competing allocations, subject to a budget constraint, which in turn continues to hobble local accountability because citizens cannot attribute performance in local resource allocation to their locally elected governments. The existence of this trap has implications for reform and its sequencing. For example, it may not be helpful to recommend that higher-level governments increase their allocations to sub-national
governments if there is no change in the accountability of local governments for allocating their budgets. Conversely, it is equally unhelpful to recommend keeping certain essential functions, such as health and education, at the central-government level because lower-level governments “lack capacity.” They will never build that capacity unless they are held accountable by their citizens for budgetary allocation and management. Finally, it is unlikely that decentralizing individual sectors, such as education, will improve results because it does not strengthen the accountability of local governments for allocating budgets across sectors. Instead, reform program would benefit from increasing the range of budgetary items for which local governments can be held accountable; and improving the information that citizens have about these budgetary allocations and their outcomes.

In section II of the paper, we outline the analytical framework behind these arguments about partial decentralization. We show how lack of accountability of local governments for budgetary allocations leads to inferior outcomes, even if there is adequate resources from the higher level governments. We also show why partial decentralization creates incentives for higher-level governments to withhold transfers. In sections III and IV, we derive the implications of this framework for service delivery and reform, respectively.

II. The accountability framework for analyzing partial decentralization

The implications of partial decentralization explored in this paper emerge from the thinking about service delivery and work done for (and engendered by) the 2004 World Development Report, *Making services work for poor people*. The 2004 WDR presents an analytical framework for understanding the relationships of accountability between key actors in the service delivery chain. The essential message of the WDR is: successful services for poor people emerge from institutional relationships in which the actors in service delivery are accountable to each other. When one or more of these relationships are weak, services fail.

Relationships of accountability have five features: *delegation, finance, performance, information, and enforceability* (Figure 1). These features are useful to
analyze simple transactions such as buying a kilo of rice or running a municipal democracy. Asking for the rice is *delegation*, paying for it is *finance* and selling it is *performance*, eating the rice generates *information*, and *enforceability* comes from the buyer either going back to the same seller for more rice or getting it from another seller. Similarly, citizens choose an executive to manage their municipality (*delegation*), they pay taxes that lead to budget decisions (*finance*), the executive in coordination with others that report to him *performs* services, these services are assessed by citizens based on their experience and *information*, and they ultimately act to control the executive politically or legally (*enforceability*).

![Figure 1: The five facets of accountability](image)

Weakness in any aspect of accountability can cause failure. But it is not possible to strengthen one aspect of accountability in isolation; for example, enforceability cannot usually be enhanced without information. If service providers don’t receive clear delegation in ways that precisely define and measure desired objectives, increasing enforceability is unfair and ineffective. If they don’t receive adequate resources, holding them accountable for performance is also unfair and ineffective. Second, putting finance as the first step in creating accountability stresses that simply caring about an outcome controlled by another does not create accountability. To be a stakeholder, you need to put up a stake.
Unbundling accountability in this way leads to unbundling the service delivery chain into three sets of actors: citizens or clients, policymakers (which includes politicians), and providers (figure 2). Citizens exercise voice over politicians, usually through the political system. Policymakers have compacts with organizational providers, which then manage frontline providers. Clients exercise client power through transactions with frontline providers, including monitoring them. When markets alone are involved and all decisions rest directly with citizens who can enforce them through competition, we have a short route of accountability--citizens holding providers directly accountable. But where the state and the public sector are involved, voice and compacts make up the main control mechanism available to the citizen or client in a long route of accountability. Weaknesses in either the short or the long route of accountability can cause service failures.

Figure 2: Key relationships of power: the long and the short routes of accountability.

Set against this framework of accountability, decentralization introduces an additional actor, sub-national or local government, and at least two new relationships of accountability—between national and sub-national governments, and between citizens and sub-national governments (Figure 3). There are of course different types of decentralization. Administrative deconcentration affects primarily the compact relationship between central policymakers and their local frontline providers and may have little influence on local voice. At the other end, fiscal devolution implies the handing over of greater resources and power to allocate these resources across different
uses to local politicians, and therefore greater scope for strengthening local voice, their compact with local providers, and local client power.

![Decentralization Diagram](image)

**Figure 3**

In the ideal situation often reflected in the traditional literature on fiscal federalism, mostly relating to the United States, the intergovernmental fiscal system works well with hard budget constraints in place, capacity at different levels of government is not an issue, information and systems to monitor public bureaucracies are in place, and lower tiers of government also collect taxes and spend discretionary funds on service delivery.\(^1\) In these situations, local political accountability is strong because citizens associate performance with the spending decisions made, implemented, and monitored by their local governments. Under these conditions, the accountability of national and local policymakers to citizens is strong. Citizens look to their local leaders for the quality of their schooling or the cost-effectiveness of garbage disposal, not to their national leaders.

\(^1\) See Bardhan 2002.
We define as partial decentralization the situation when local governments are not held accountable for a complete set of budgetary allocations and their outcomes. This usually comes about because national governments have not given the local government discretion over all aspects of the budget. For instance, local governments may have discretion over current spending, while capital spending is still the responsibility of the national government. Alternatively, only some sectors such as education have been decentralized. In terms of Figure 3, partial decentralization means that the accountability between citizens and local policymakers (“local voice”) is weak. But when decentralization is partial, citizens continue to look to their national governments for service delivery. They are more likely to vote in or vote out national political representatives than their immediate local political leaders. Because local leaders have little discretion, it is hard to pin blame or give credit for performance. Local voice and client power is weak in this setting, precisely the things that are supposed to deliver the fruits of decentralization. Instead, partial decentralization sets up perverse, self-reinforcing incentives for both local and national politicians. Local politicians blame poor services on inappropriate design and insufficient funding from national governments, and their incentives then are to capture the political process for patronage and clientelism. In short, the politics of partial decentralization lead to governance traps when they weaken both the short and the long route of accountability, and often do so in self-reinforcing ways. This is likely to happen irrespective of what is motivating partial decentralization—whether a concern for lack of capacity at lower tiers of government or an attempt by higher-level governments to hang on to political or financial power.

III. Failures in service delivery under partial decentralization

The analytical framework laid out above helps to explain why, under partial decentralization, local politics is more likely to be dominated by “clientelist” provision of private benefits to a few citizens, at the expense of broad public services simultaneously benefiting many. We argue that citizens are more likely to mobilize themselves into narrow interest groups and demand benefits targeted to “group” identity, rather than broad collective action for general public goods. Knowing this, higher tier politicians and bureaucrats, who continue to be held responsible by voters for broad public goods, are
likely to restrict local discretion in resource allocation, and provide specific-purpose transfers with detailed prescriptions on implementation. This compromises one of the more fundamental benefits expected from decentralization—the tailoring of public services to local priorities.

What should/can citizens expect of local governments under partial decentralization? What criteria should they employ when evaluating their performance, and deciding whether or not to re-elect them? Which types of citizen-candidates would select to compete for political office? If local governments have little discretionary authority to make allocations across competing needs, and are not responsible for resultant trade-offs in decision-making, then citizens have incentives to evaluate them largely on the basis of the quantum of public spending they bring. That is, when local governments do not have ownership over outcomes, or an effective budget constraint, and largely function to distribute benefits from separate pots of funds transferred from above, then citizens have incentives to mobilize themselves to extract private benefits from these funds. Groups could organize at local levels to field their candidates in exchange for targeted benefits or a share in rents from office.

This hypothesis of clientelist local politics, through organization of citizens in narrow interest groups, is at least as tenable theoretically as the alternate arguments that underpin most donor strategies to provide greater resources to local governments (or community-based groups), that citizens will somehow organize in the broader public interest when resources are available with locally elected authorities than with the line ministries of central governments. What we argue here is that faith in the benefits of greater decentralization of public resources is particularly likely to be misplaced when locally elected authorities are merely distributing “goodies” financed from transfers from higher tiers of government which actually controls all decision-making authority over revenue-raising and service delivery policy. Expectations for broad public goods continue to be from higher tiers of government as it continues to own the policy space pertinent for such goods.²

² If a country’s politics is particularly clientelist, citizens might not have any expectations of public goods from any tier of government. All we are arguing here is that under partial decentralization, citizens have
Analysis of perverse political incentives at local levels has focused overwhelmingly on the risk of “capture” of public resources by local elite for their own benefit, systematically excluding poor and disadvantaged people (Bardhan and Mookherjee, 2000, 2002; Baland and Platteau, 1999). An alternate hypothesis we are positing here is that even if “capture” is not salient, and poor and disadvantaged groups are politically mobilized, their incentives, when decentralization is partial, are to demand short-term private benefits from local governments in place of broader public goods. Indeed, in reviewing received evidence on political participation in developing countries, and contributing new evidence from the state of West Bengal in India, Bardhan et al (2007) conclude that there is little evidence of political marginalization or political exclusion of weaker socio-economic groups. That is, even if social and economic exclusions persist, under universal suffrage and competitive electoral conditions it would appear that the socially marginal cannot be prevented from becoming politically active.³

The existence of historical institutions of social inequality in India makes it a setting from which much evidence has been garnered on relative “capture” by local governments. We review this evidence below to argue that it is equally consistent with political mobilization of disadvantaged groups to demand private goods targeted to members of their “group”, at the expense of broad public goods from which all group members would benefit.

Besley et al (2004) focus on analyzing distribution of access to poverty alleviation schemes, a BPL (Below Poverty Line) card, by village governments (panchayats) in India. They find that legally identified disadvantaged groups, households belonging to the scheduled castes and tribes (SC/STs), are more likely to receive a BPL card and/or targeted home improvement schemes (toilets, drinking water, electricity, repairs) when the elected position of head of the village government, the Gram Pradhan, is reserved for members of SC/ST groups.

³ The only groups with low participation identified by Bardhan et al (2007) are immigrants, women and those with low education, not low caste groups or low income/wealth groups.
They also find that a second institutional feature of decentralization in India—the requirement of village-wide meetings, the Gram Sabhas, to deliberate upon allocations of public funds reaching local governments—enables targeting of public benefits to disadvantaged groups. Specifically, they find that if a village is the kind of village that holds a Gram Sabha, then disadvantaged households are more likely to participate in it than are advantaged households, and they are simultaneously more likely to receive BPL cards.

It is important to note that the impact of political reservations and Gram Sabhas is additional to overall targeting of BPL cards to disadvantaged households. That is, in general, in all villages a household that is SC/ST, or landless, or poor along other measurable dimensions, is more likely to receive a BPL card than upper caste or richer households, and they are even more likely to be thus targeted when a village has political reservations and holds Gram Sabhas.

Besley et al (2004) interpret this as evidence of appropriate targeting of disadvantaged groups when political decentralization is accompanied by institutional mechanism (political reservations, Gram Sabhas) to combat entrenched inequalities. However, from a general political perspective, what these results tell us is that SC/ST Pradhans behave no differently than the received evidence for other politicians—they try to target benefits to members of their group, and for all we know they could be targeting these benefits to “elites” within their group rather than to the most needy. Furthermore, we don’t know if they could have done better things for larger numbers of SC/ST’s by generally improving public infrastructure in their hamlets (as opposed to privately targeted housing improvement schemes), or in the schools their children attend.

That is, from the perspective adopted in this paper, we might interpret the body of work produced by Besley et al on panchayats in India as consistent with the following idea—that panchayats are viewed by citizens primarily as agents from which “private” benefits can be extracted—a BPL card, a job in a public works scheme, a home-improvement scheme—with little or no attention to the role they can play in managing local “public” goods for the benefit of larger groups of citizens. This would not be an irrational position to take for a citizen because India has all the characteristics of partial
decentralization. *Panchayats* typically do not have access to regular and significant funds, and are not assigned independent responsibility for local public goods. Indeed, Chhibber, Shastri, and Sisson (2003) surveyed voters in India and asked which tier of government they held responsible for the public goods they cared most about—medical facilities, drinking water, roads, education. The state governments were indicated as the most responsible agent by the majority of respondents.

Bardhan et al (2007) contribute recent evidence from the state of West Bengal in India that voters cite short-term private benefits received from their local governments as most important for their voting decision and support of incumbents, as opposed to longer-term policy initiatives taken by incumbents to promote general public goods.

Foster and Rosenzweig (2001) also provide evidence consistent with Bardhan et al’s argument that voters place greater emphasis in local elections in India on short-term gains from public spending. They focus on 3 categories of public goods which together account for 73 percent of the activities of village governments in their sample in India—roads, irrigation, and schools. They find that villages with democratically elected governments are more likely to provide more of all three public goods, but the largest effect is for irrigation, as calculated at the sample average, which is the service most likely to benefit the rural elite. However, in villages with a very high proportion of landless (much above the sample average) public investment shifts from irrigation to road construction (rather than education, which is unaffected by proportion landless), which suggests that capture by elites can be ameliorated when the numerical strength of the poor increases, but in a manner that might not be the most efficient for extending benefits to the poor. Roads built by village governments primarily benefit the poor, but largely by raising their (short-term) wages, as local road construction and improvement initiatives in India serve as employment programs for the landless poor. Education, which one expects to have the most profound effect on poverty over the medium and long-term, seems least affected by decentralization.

New evidence from India specifically on decentralization of education services further illustrates this point. A central plank of public policy for improving primary education services in India is the participation of Village Education Committees (VECs)
which were created in the 1990s, consisting of the head of the elected village
government, parents, and public school teachers. In a survey of 280 villages in India’s
most populous and educationally challenged state, Uttar Pradesh, in March 2005, at least
10 years after the formal creation of this agency, Banerjee et al (2006) find that parents
do not know that a VEC exists, sometimes even when they are supposed to be members
of it; VEC members are unaware of even key roles they are empowered to play in
education services; public participation in improving education is negligible, and
correspondingly, people’s ranking of education on a list of village priorities is low. Large
numbers of children in the villages have not acquired basic competency in reading,
writing, and arithmetic. Yet, parents, teachers, and VEC members seem not to be fully
aware of the scale of the problem, and seem not to have given much thought to the role of
public agencies in improving outcomes. That is, school failures coexist with public
apathy to improving it through public action.

Between September and December 2005, an Indian NGO, Pratham, intervened in
190 of the 280 villages surveyed with different types of information and advocacy
campaigns that communicated to village citizens the status of learning among their
children, and the potential role that VECs and local governments could play in improving
learning. The basic format of the interventions was to organize a village meeting on
education, with the attendance of the head of the local village government and the head
teacher of the village public school, the key members of the VEC, from whom the village
community is urged to ask and receive basic information about local agencies in primary
education. The issue raised most frequently in the village meetings, and about which
people were most animated, was a government scholarship program intended to provide
cash assistance to students from SC/ST groups. SC/ST parents complained that they were
not getting these scholarships, whilst teachers complained that parents inappropriately
enroll under-age children, that can’t and don’t attend school, just to lay claim to the
scholarships. The second issue that attracted attention was a new government mid-day
meal program. Actual learning levels attracted the least attention, and the facilitators had
a difficult time steering the conversation away from scholarships and school meals to the
broader issue of learning.
The average attendance in these meetings consisted of about 108 villagers, which seems a large gathering, with village total population (all ages) ranging from five hundred to five thousand (Pratham, 2006). These meetings were followed-up with small group meetings with VEC members who were provided with pamphlets about their roles and responsibilities in education service delivery. The hypothesis behind these interventions was that once key community members were informed about local agency, they would participate more actively through it to improve services, and citizens at large would thence become informed and aware of it.

Follow-up surveys were undertaken in the same 280 villages in March 2006, 3-6 months after the information campaigns were implemented, and the most surprising fact emerging is that the campaigns did not lead to any substantial improvement in citizens’ lack of knowledge of VECs. Less than 10 percent of citizens are aware of the VECs both before and after the interventions. We also find no effect on public school performance. This contrasts with a dramatic increase in private efforts to improve learning of lagging children in response to information provided—local youth volunteered to hold additional classes outside school, parents of illiterate children in particular chose to participate in these classes, and consequently the children made great strides towards literacy. However, we don’t even have anecdotal evidence that these local volunteers were assisted in their efforts by local government structures—neither the Pradhan, nor the village public school teacher, nor any member of the VEC. Indeed, according to anecdotes provided by Pratham’s facilitators in the field, the public school teacher and the Pradhan in some villages felt threatened by the volunteer activities and attention drawn to learning failures in public schools.

Varshney (2005) provides another argument for why disadvantaged groups, in particular, would focus largely on the identity of candidates competing in local elections rather than their performance in delivering services such as education, health, and infrastructure. In environments of poor law and order, historically entrenched social inequalities can lead to harassment of “unempowered” households at the hands of local police and law enforcement authorities that typically come from the dominant social groups. In this context, local elections, especially with political reservations, come as a specific opportunity for the unempowered groups to elect “one of their own” to public
office, as an insurance against being victimized by the dominant elites. The proximity argument in favor of decentralization, that local elected representatives are “closer” to citizens, is precisely what makes such identity issues particularly important in local elections. When decentralization is partial, that is, when local governments have limited powers to improve local public services, it becomes all the more compelling for citizens from disadvantaged groups to focus instead on the identity of local politicians.

Some evidence in favor of this identity-based argument can be found in research on incentives of individual politicians to exert effort on public service delivery to their constituencies. Keefer and Khemani (2007) examine a unique public spending program in India—the Member of Parliament Local Area Development Scheme—which entitles every member of the national parliament, elected from single-member constituencies, to substantial resources to spend on local public infrastructure in their districts. Spending these entitlements, however, requires considerable effort on the part of politicians as they have to work with local bureaucracies to get the projects implemented. Keefer and Khemani find that entrenched incumbents from districts that are reserved for SC/STs, that is, SC/ST politicians who have been elected for consecutive terms, spend 14 percentage points less of their entitlement than other politicians. In short, dominant incumbents from reserved districts are not dominant because they exert great effort in providing public infrastructure to their constituencies. Their dominance likely comes from other kinds of identity-based services.

Other examples of how partial decentralization creates perverse incentives for service delivery come from Kenya and Nigeria. Kremer, Moulin, and Namunyu (2002) examine Kenya's mix of centralized and decentralized control over different aspects of education and argue that the system creates incentives for misallocation of public resources. At independence Kenya adopted an education finance system in which local communities were responsible for raising the resources to build schools, while the central government assigned teachers to schools and paid their salaries once the schools were built. Local communities had to provide non-teacher inputs such as textbooks and chalk, which they typically did by levying school fees. Local communities had strong incentives to build new schools, because once they had built one, the central government provided the teachers, which absorbed more than 90 percent of the present discounted cost of
operating the school. Thus, many small schools, with small classes, were built close together. In the districts studied in the paper, the median distance between primary schools was 1.5 kilometers, and Kenya’s average pupil-teacher ratio was 28 in 1998 which is much lower than the average of 43 for Sub-Saharan Africa in 2000. The system led to excessive spending on teachers relative to non-teacher inputs. For example, a Ministry of Education survey showed that, on average, 17 primary school pupils in Kenya shared one textbook. Kremer et al (2002) show that substantial service delivery gains could be achieved if resources were reallocated more efficiently.

Under partial decentralization, citizens are likely uninformed about what local governments are responsible for, what resources they have, and how they perform their functions. Khemani (2006) presents evidence from Nigeria on the non-payment of salaries of health workers by local governments under the guise of fiscal powerlessness. Nigeria experienced a similar problem of non-payment of salaries of teachers in primary schools in the 1990s, when primary education was decentralized to local governments. Following nation-wide agitations by teacher unions, a policy of deducting primary school teacher salaries from federal transfers to local governments was adopted (termed “deductions at source”), with the salaries being directly passed on to the teachers. This “solution” of essentially converting a portion of an untied federal transfer into a specific-purpose grant for teacher salaries, although successful in ensuring that teachers get paid, had the unintended effect of undermining overall accountability of local governments. Local governments claim that deductions at source in essence lead to “zero allocations”, thereby preventing them from carrying out any of their responsibilities for service delivery. Such uncertainty about resources actually available to local governments facilitates local evasion of responsibility—what local governments do receive as transfers is therefore sometimes treated as the personal fief of local politicians (The World Bank, 2002).

In several countries, from Argentina to China, one of the most important responsibilities being decentralized to locally elected governments is beneficiary selection for poverty alleviation schemes funded by higher tiers of governments (Jalan and Ravallion, 1999; Galasso and Ravallion, 2000). Such decentralization has invariably been viewed in the literature as good policy design, in the face of solid evidence of
informational advantages of local governments in appropriately identifying the poor or those that have faced particularly negative economic shocks (Alderman, 2002). However, this well-specified role of local governments, to the exclusion of proper specification of their role in general service delivery, might further strengthen clientelist impulses at local levels.

IV. Implications for reform

Much of the reforms being pursued by donors in support of decentralization consist of providing greater revenues or transfers, and building capacity of local governments through training in technical issues such as public financial management. Our arguments suggest that these reforms on their own are unlikely to be successful. If decentralization is partial, greater funds devolved to local governments are more likely to go towards clientelist transfers rather than improvement of public goods. Capacity building can be a complete waste when local politicians have no incentives to develop technocratic skills for better service delivery. Even clarifying expenditure assignments, which is often part and parcel of donor-driven decentralization reforms, might have perverse effects of exacerbating the “partiality” of decentralization if the assignments circumscribe the role of local governments and reduce their discretionary authority in allocating across competing needs.

Our analysis suggests that these favored reform packages might have a greater chance of success if accompanied by a serious information or advocacy component that addresses the root cause of the problem with partial decentralization—low citizen expectations from local governments for broad public goods. The role of information and advocacy in changing political participation of citizens is increasingly being explored in policy experiments around the world, and often specifically in the context of improving local government.

One of the earliest examples from the developing world comes from Brazil. Tendler (1997) describes how the politics of patronage or “clientelism” in municipal governments in the state of Ceara in Brazil was tackled head-on through massive information campaigns by a state government that took office in 1987. The state
government flooded radio airwaves with messages about how infant and child mortality could be drastically reduced through particular programs of municipal governments, thus bringing political pressure to bear upon the mayors to actually deliver basic health services. The state also created a new class of public health workers through a publicized recruitment effort that conveyed information to communities about the valuable role the workers could play in improving public health through community-wide effort. In only a few years coverage of measles and polio vaccination in Ceará tripled to 90 percent of the child population, and infant deaths fell from 102 to 65 per thousand births. The campaigns’ success has been attributed to bringing a remarkable turnaround in the politics of the state—from “clientelist” and patronage-based to service-oriented (Tendler, 1997).

More recently, Brazil has been the source of another innovative experiment in reducing local political rent-seeking by generating and providing credible information to citizens. In May 2003 the national government of Brazil launched an anti-corruption program based on the random auditing of municipal government expenditures by an independent public agency, and then publicly releasing audit findings on the internet and to media sources.4 New evidence from more than 600 municipalities covered by the audit suggests that the disclosure of information significantly and substantially reduced the re-election rates of mayors who were found to be corrupt (Ferraz and Finan, 2006). Furthermore, this impact was significantly more pronounced in municipalities with greater access to radio stations.

Similar evidence is provided by Reinikka and Svensson (2005) from a newspaper campaign launched by the Ministry of Education in Uganda to publicize school grants that district authorities are supposed to provide. The Ministry pursued this campaign in response to new evidence that the grants did not in fact reach the schools as intended. Reinikka and Svensson (2005) provide evidence consistent with such information disclosure disciplining district authorities and forcing them to release the previously

4 In Portuguese, this program is called Programa de Fiscaliza, c’ao a partir de Sorteios P’ublicos, details of which is available from the following website: www.presidencia.gov.br/cgu.
withheld funds: after the newspaper campaign had been launched, schools located closer to newspaper outlets received a larger share of their allocation.

Jenkins and Goetz (1999) and Goetz and Jenkins (2001) describe recent anti-corruption drives organized in India by NGOs, consisting of public audits of particular spending programs of local governments. These NGOs organize large public hearings, or Jan Sunwais, in the local language, to inform citizens about resources that were allocated to local officials and how they were spent, thereby exposing local corruption. The impact of these efforts is difficult to discern. Although anecdotal evidence suggests that they had enormous local impact around the hearings that were held, the hearings themselves are rather special events, spearheaded by a group of altruistic, charismatic, and visible ex-civil servants with long-term commitment to grassroots mobilization. The hearings are also limited in focus, providing information about individual public expenditure items, such as a particular road or water body.

These efforts have played a role in getting governments to legislate citizens’ “right to information”, where information refers to material held by public authorities in any form, including reports, documents, memos, records, opinions, advice, etc. (Goetz and Jenkins, 2001). Such legislation might facilitate greater reductions in corruption than have been documented with the mere existence of a free and independent press (Brunetti and Weder, 2003; Adsera et al, 2003), by allowing media greater access to government documents.

Some contrasting evidence on the role of information in improving local accountability comes from Indonesia. Olken (2005) evaluates a randomized experiment of different mechanisms to combat local corruption, including both grassroots information dissemination among beneficiaries and announcement of audits from higher-tier government authorities, but without large scale disclosure of audit results. He is therefore able to contrast the impact of information among local citizens with a more “top-down” institutional mechanism of combating corruption. He finds that audits-from-above were more effective in reducing corruption.

In reviewing the literature on information campaigns and the role of mass media in influencing public policy, Khemani (2007) argues that there are significant gaps in
knowledge and experience in this area, and that much work remains to be done in exploring “information” as a tool to strengthen political accountability for development. She argues that local information campaigns whose immediate objective is to generate local participation (as in Banerjee, et al, 2007 described earlier) cannot have sustainable or large-scale impact on public services unless they change incentives of politicians who have ultimate authority over the management of public employees and public budgets.

Extending or adapting the arguments made in Khemani (2007), we argue that decentralization reforms might indeed provide the opportunity to change political incentives, through information campaigns about the outcomes of public policies that are the responsibility of the lowest jurisdiction of government. If information on development outcomes that public policies are designed to address are made available in a credible manner to citizens on a regular basis, so they can compare performance in one local jurisdiction compared to another, and monitor improvements (or lack thereof) over time within a jurisdiction, it can potentially lead to voter coordination in evaluating local governments on this basis, and thereby promote yardstick competition between them to improve development performance.

Would such information indeed be retained by citizens and cause them to change their political behavior, emphasizing performance in broad service delivery when making their voting decision? This is a quite open question, but we argue that it is worth addressing rigorously. Systematically experimenting with information and advocacy campaigns as part of donor-driven or supported decentralization reforms would be valuable. If they work, they would assist poor countries in escaping from the governance trap. Theory and evidence suggests that information and advocacy are not a panacea and cannot be expected to achieve success if generally implemented. Specific design elements are critical and must be based on a rigorous understanding of local political economy if such campaigns are to be successful in changing citizen expectations and strengthening accountability of locally elected governments.
V. Concluding Thoughts—Why is decentralization partial?

Almost every paper dealing with decentralization in developing countries begins by citing Tiebout (1965). After paying homage to the originality and power of those early ideas by that brilliant economist, many go on to acknowledge that its application to developing countries is limited because populations are less mobile, and less eager to move across jurisdictions (or accept “outsiders”) in search of the “right” public goods. Few acknowledge another factor in the limited applicability of a Tiebout-style theoretical framework to understanding decentralization in the developing world—that long-standing central and/or provincial politicians are consciously deciding to delegate power and finances away from themselves, creating jurisdictions where none existed.

These central/provincial governments have some choice in determining the level of the lowest jurisdiction (based on considerations of capacity, natural tax bases, ethnic composition), expenditure and tax assignments, sharing of national/provincial revenues. What we find most commonly, especially in countries of Africa and South Asia, is a choice of decentralization instruments which results in the creation of very local village-level governments as the lowest tier, with low capacity, limited access to own tax bases, and no ownership over a defined policy space. That is, politicians choose decentralization to be partial. As a result local agents largely perform functions at the behest of the center/province. When decentralization is thus determined by politicians, we have argued in this paper that it reduces local government incentives to pursue “publicness” of spending and policies, and results in the provision of narrowly targeted or “club” goods. Donor-driven decentralization in the face of apathy of country governments, or worse still, in the face of widespread opposition by country political elites, can similarly lead to partial decentralization and clientelism, when greater resources are provided to local jurisdictions to distribute among communities, without proper specification of local policy space and budget constraints.

The motivations of national political elites for decentralization appear to be varied. Shah and Thomson (2004) have argued that in Eastern Europe and the former Soviet Union, decentralization was part of the region’s political and economic liberalization; in Latin America, it was to reinforce the transition to democracy; in South
Africa, Sri Lanka and Indonesia, it was a response to ethnic or regional conflict; and in Chile, Uganda and Cote d’Ivoire, it was to improve the delivery of basic services. When national or provincial political elite have incentives to pursue more complete decentralization is a critical question for future research. Only when politicians’ hands are forced by citizen pressure—greater demand for improved services—are things likely to be different. Both the institutions of decentralization will be then more complete (greater provision of resources and responsibilities) and citizens will have greater expectations from local governments. A striking feature of the experiments in Brazil discussed above is the critical role of national or large state governments in launching the information campaigns to change expectations of citizens from their local governments. Changing political incentives at higher levels of government can therefore contribute to more effective and successful decentralization.
References


