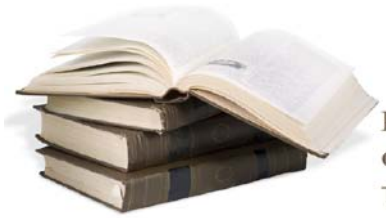

Encyclopedic Dictionary
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DECENTRALIZATION

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Decentralization, as a concept, is part of a cluster of interrelated notions (administrative discretion, autonomy, territory, empowerment, etc.), whose evocative power and ability to rally support are equalled only by their polysemy and lack of precision, as has been pointed out by many other authors. Any attempt to define this term should seek not so much to set forth a fixed interpretation as to develop an awareness of the linguistic, institutional and sociohistorical contexts in which the term is used.

In its most general sense, decentralization refers to the spreading or distributing of authority or power among several groups or local governments, or, in the case of industry and business, among smaller management and operational units. Decentralization thus implies an operation of organizational and institutional design that can apply to any comprehensive set of elements – e.g., a society, an economy or a particular organization – that is structured in relation to a centre. From the perspective of public administration, the concept of decentralization is used to describe certain trends influencing the internal organization of individual public institutions or shaping the overall configuration of a given country's institutions, specifically with respect to relations between the public and non-public organizations and between the state's central entities and all other public institutions.

In keeping with the vogue surrounding governance as a mode for grasping power relationships, the concept of decentralization has been increasingly relied on for analyzing and demarcating relations between the state and other institutions and organizations. Within the context of decentralized governance (Cheema and Rondinelli, 2007), the state's central position in society undergoes a metamorphosis and all organized actors are encouraged to take part in deliberation, decision making and the implementation of policies that seek the common good. This analytical perspective also informs the notions of economic decentralization or privatization as a form of decentralization.

However, the term decentralization continues to be applied primarily to the overall configuration of a country's public institutions and, in particular, to the reshaping of relationships between central and peripheral entities. Centralization is inherent to the constitution and perpetuation of a state; decentralization is introduced to improve the present-day conditions of sustainability. Used in this way, the term may have either a broad sense, referring to a rebalancing of powers between central and peripheral entities – generally involving the attribution of greater power to the latter – or a narrower sense, referring to a growing affirmation of the role played by

one sort of peripheral entity – that is, local authorities. The latter trend has been the focus of debates and reforms in many countries over the past two decades.

In its broad sense, decentralization may affect both peripheral entities, whose responsibilities reflect a functional sharing out of a government's activities, and those entities whose responsibilities are related to managing a given territory. In both cases, these entities have a distinct legal personality. In the first case, decentralization is said to be functional and administrative, while in the second, decentralization is considered to be territorial and political, since local authorities are normally chosen through democratic processes. The second case is also often associated with devolution.

Designing decentralized institutions is a complex operation that must take numerous dimensions into account and that is, at the same time, guided by very general criteria. These dimensions are related not only to the powers and duties falling to local institutions but also to the territorial basis on which these entities are founded. According to Lemieux (2001), the powers held by institutions fall into four categories: status (degree of dependence on the central entity), jurisdictions (specific powers to devise and implement action in certain fields), financing (nature of the local authorities' sources of revenue, as compared to conditional or unconditional transfers provided by the central entity) and basis of authority (the manner in which local leaders are appointed or elected and the instruments at their disposal).

Of these four categories, the most problematic is the dividing up of jurisdictions; for this reason, some authors prefer an approach based on the definition of roles (Cohen and Peterson, 1999). Territorial divisions may be determined in relation to numerous parameters, including the degree of homogeneousness displayed by certain socioeconomic characteristics, perceptions of local identity, and use-related areas for the provision of facilities or services. The parameters that come into play are particularly dependent on political preferences and institutional choices concerning the total number of local governments and the number of local government levels (whether in a hierarchical relation or not).

The design of local institutions should be based on and justified by the principle of subsidiarity; it should also meet general criteria proposed within the movement towards fiscal federalism – namely, economic efficiency, fiscal equity, political accountability and administrative effectiveness (Ebel and Yilmaz, 2002). In a more comprehensive perspective, wherein decentralization is viewed in terms of power relationships, Lemieux (2001) has systematized and enriched the four major categories of power mentioned above by associating each of them with two criteria: accountability and responsibility, in relation to status; efficacy and co-ordination, in relation to jurisdictions; efficiency and equity, in relation to financing; and, finally, participation and representativeness, in relation to basis of authority.

Considering the number of dimensions that must be taken into account and the political fibre of the institutional fabric, it is clear that the design of decentralized institutions cannot be a simple matter of applying a few precepts but must be rooted in sound judgment and an ongoing political construction process, both of which are highly context-specific. To quote from Fukuyama (2004), “the same degree of discretion [i.e., discretionary power] will work well in some societies but not in others; within the same society, it can be functional at one time period but not in another” (p. 74, English version). Given the extremely contingent nature of decentralization and the variety of ways in which the dimensions can intersect and combine, it is not surprising that the outcome often consists in a range of de facto hybridizations of decentralization and deconcentration, occasionally

referred to as "semi-decentralization" (Eisenmann, quoted in Lajoie, 1968) or "deconcentralization" (Lefebvre, 1996).

The difficulties associated with design have by no means prevented the widespread adoption of reforms promoting decentralization in numerous countries over the past two decades. Several international organizations, including the World Bank and UN-Habitat, have encouraged such reforms. The growing sociopolitical movement to give local authorities more power is illustrated by the adoption and general acceptance of the European Charter of Local Self-Government, to give but one example. The advantages traditionally attributed to decentralization (e.g., better services offering a closer fit with needs, closer control on the part of policymakers, and the opportunity for lessons in democracy) are now backed by new justifications related to the usefulness of local self-organization in stimulating economic development in the context of globalization (Greffe, 2005). On the other hand, decentralization also presents various drawbacks and risks with respect to equal access to services, coherent land-use planning, the entrenchment of traditional elites, alertness to corruption and the slow pace of local capacity building.

Comparative studies involving several countries (Saito, 2008; Yatta, 2009) and the most recent comprehensive assessments of experiences and the status of decentralization (IEG, 2008; Marcou, 2008; Boex, 2009) offer mixed reviews of the impacts of this movement. These studies and reports show that the quality of multi-level governance and the vitality of local democracy are important factors in the viability of decentralized entities.

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HOW TO CITE Divay, G. (2012). "Decentralization," in L. Côté and J.-F. Savard (eds.), *Encyclopedic Dictionary of Public Administration*, [online], www.dictionnaire.enap.ca

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