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The State of Local Government

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Abstract. *This paper and a special issue of the journal addresses the varying capacity of local governments in different regions in the world. Local Government Capacity as a concept can have varying definitions, but in this framework it seems adequate to simply define it as ‘the ability of local government to perform their functions in an effective and efficient way’. The idea behind this special issue argues that in order to improve the capacity of local governments especially in regions where its adequate performance is severely needed, a more differentiated approach to capacity-building is required, pinpointing the main factors inhibiting local government performance.*

Keywords: *local government, local government capacity, service delivery, good governance.*

Raktažodžiai: *vietos valdžia, vietos valdžios gebėjimai, paslaugų teikimas, geras valdymas.*

Introduction

This special issue is about the state of local government in varying regions all over the world. It addresses *the varying capacity of local governments* in different regions in the world. It is the result of a project that originated in 2011, when the United Nations Department of Economic and Social Affairs, Division for Public Administration and Development Management (UNDESA/DPADM) and the

International Association of Institutes and Schools of Administration (IASIA) conducted a joint Ad Hoc Expert Group Meeting on “Strengthening Public Administration and Leadership for the Achievement of the Millennium Development Goals (MDGs) at Local Level” at the Faculty of Economics, Roma Tre University, Rome Italy.

The goal of the Taskforce was to contribute to the improvement of the performance of public administration and leadership at local level in implementing national and international development agenda. The project also intended to further improve the fit between the needs of local governments in terms of training, education, institution building in dealing with intergovernmental complexities and the products (training, education, institution building consultancy) offered by Universities, schools, and institutes of administration including MDIs.

One of the objectives of the Taskforce was to conduct a ‘situation review’ of public administration capacities at local level and provide an analysis of problems and challenges confronting local level public administration and leadership in light of the need to effectively implement national and international development agenda including the MDGs. The articles in this special issue give the needed information in that regard.

Local Government Capacity as a concept can have varying definitions, but in this framework it seems adequate to simply define it as ‘the ability of local government to perform their functions in an effective and efficient way’.

In order to assess the capacity of local governments one therefore needs to have insight in their functions –what are they supposed to do? – and insight in their ability to perform these tasks. The prime focus of each article in this special issue therefore addresses the question whether local governments in the region the author focuses on, perform their functions in an effective and efficient way.

In fact, the actual functions of local government vary all over the world, especially with regard to the variety of policy areas they are responsible for. Nonetheless, one can distinguish two abstract dimensions which capture the basics of local government capacity. That is, service delivery and promoting good governance principles:

- On the one hand this is about *what local governments are supposed to do*, and whether they do this in an adequate effective and efficient way, that is, adequate service delivery in a varying area of policy-areas,

- Secondly, *how local governments do it*, especially with regard to principles of good governance, that is, transparency, accountability, rule of law, voice and democratic and accountable government, the involvement of communities and community organizations.

The main question relates to *the main problems local governments encounter* in different regions in the world causing inefficiencies and ineffectiveness in performing their tasks.

In today’s practice of trying to improve the functioning of local government, scholars and training institutes often tend to emphasize only one problematic aspect

of local government, namely the issue of inadequate human resources as seen in the individual knowledge and skills of public officials and the inadequate management and leadership at the local level. This results in training programs that are often only aimed at improving management and leadership and which are supply-based and not always address the needs of local governments.

The idea behind this special issue argues that in order to improve the capacity of local governments especially in regions where its adequate performance is severely needed, a more differentiated approach to capacity-building is required, pinpointing the main factors inhibiting local government performance.

In the literature, one can find many factors explaining the varying capacity of local governments. The articles in this special issue distinguish four conditions, that is, contextual, structural, institutional and human resource conditions.

- *Contextual conditions* are found in the judicial situation, the socio-economic situation of the country involved, historical determinants, et cetera.

- *Structural conditions* refer to the position of local government vis-à-vis other governments, that is, for instance, the degree of decentralization, in terms of the delegation of tasks local government is responsible for, but also in terms of financial autonomy, that is, balanced decentralization in terms of input and output.

- *Institutional conditions* refer to the size of local government, its internal organization, its financial situation (budget), the availability of a robust database on key economic variables, personnel, financial management, and the quality of the infrastructure.

- *Human resource conditions* for instance refer to the quality of leadership, the availability of skills in economic and policy analysis, of skills in budgeting, financial management, procurement, well-trained staff for budgeting and personnel management, skills in auditing, survey design, and evaluation.

Next to regions on which much is known already, such as Europe, this special issue includes articles on the state of local government in regions which are until now hardly investigated, such as Central Asia, South Asia, Australasia, and Africa.

Theoretical Foundations of Local Government Capacity¹

Capacity development in context and defining terms

The successful and ongoing development of any country is dependent to a large extent on having the required capacity to facilitate the process. Financial resources are imperative to fund development; however, without adequate supportive strategies; policy frameworks and legislation; procedures; skilled and educated people and

¹ The authors would like to acknowledge the contribution to this section by Roberta Ryan and Ronald Woods of the Australian Centre of Excellence for Local Government, University of Technology, Sydney

effective and efficient public institutions, it is unlikely that the envisaged development can be achieved [12, p. 21]. These factors constitute the basic foundation for planning, implementation and reviewing local and national development strategies within the country. Capacity development seeks to sustain and more importantly strengthen this basic foundation and is in fact the “how” of ensuring that development can be more effective. This in turn leads to the quest for “capable institutions that is better able to achieve its mandate” [12, p. 21]. In developing this line of thinking further, it has to be pointed out that the MDGs/SDGs cannot be achieved by directing financial resources to developing countries, but the international development partners, governments, the non – governmental and private sector have to work collaboratively together in developing the capacities of countries to manage and utilize its resources available effectively and efficiently. Consequently, capacity development is a critical issue for all the key role-players and stakeholders involved in the attainment of the MDGs/SDGs and accordingly has to be accorded a high priority in this regard [15, p. 57; 10, p. 1].

The concept capacity implies having the required aptitude, resources, relationships and facilitating conditions that are imperative to achieve some intended goals. Capacity is defined by the United Nations as “the ability of individuals, institutions and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner” whilst the World Bank views it as “the ability to access and use knowledge and skills to perform a task and to act in pursuit of an objective” [15, p. 56]. Both these definitions emphasize that appropriate organizational structures, systems and resources have to be in place for public institutions to operate effectively, and more importantly staff have to have the ability to understand goals and objectives in order to deliver on pre – determined goals.

Capacity development as defined by the UN [13, p. 1] is the “process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time”. It is therefore the process through which the resources, systems, structures and abilities mentioned above are obtained, strengthened and adopted over a period of time [15, p. 56]. More specifically, capacity development processes focuses on organizational change, leadership development, functional and technical capacities, policy changes, the enabling environment changing or even social cohesion which ensures that capacity can be used more effectively. Consequently, the work on capacity development would include inter alia, helping to diagnose capacity strengths, constraints and costs as well as supportive development strategies [14, p. 11]. The notion of capacity development thus extends beyond the concept training and includes:

- Human resources development: individuals are equipped with the information, understanding; skills and training for effective performance;
- Organizational development: structures, processes and procedures being developed internally and externally (community, public and private sector);

- Legal and institutional framework: creating an enabling environment within the broader regulatory and public accountability framework for capacity development [15, p. 57].

Viewed in a much broader governmental context globally, capacity development is regarded as a society – wide transformation process which is driven locally and acknowledges and recognizes the fact that capable societies, organizations and public functionaries can play a critical role in enhancing public governance. Sustainable capacity at the national and local level is generally premised on inter alia, the following assumptions:

- local generated, owned and sustained capacity is key to the success of any local structures;
- development of technical capacities (engineering; accountancy and town planning) need to be complemented with leadership development, managerial capacity and performance enhancing measures; and
- enabling environment, notably strong political ownership and commitment to extensive participation, transparency and clear public accountability to ensure that capacity translates to practice [13, p. 2].

According to Honadle [5, p. 83], local government capacity refers to how the current ‘factors of production’ are being used at a point in time, and how they might be converted if there was the need to meet additional demands. These factors of production are dynamic and difficult to measure, often only making sense when compared to other places or the same locality at a different time. They include:

- Human resource capacity, based on the talent, intelligence, industry, educational background, commitment and experience of the councilors, staff and volunteers;
- The capacity to influence anticipated changes in the local government area (LGA), and ensure flexibility required for governing and making and implementing rational policy choices and learning from experiences; and
- Technical assistance, research and education, which provide indispensable tools for local governments to understand their current conditions, to learn about alternative policies and the likely consequences of their choices, and to make course corrections as they proceed with policy implementation [5, p. 80-85].

Drawing on the international literature, Wallis and Dollery [17, p. 79] put forward a typology of local government capacity, incorporating four interlinked areas:

- Institutional capacity: local government’s ability to uphold authority and regulation of economic and political interactions which are effective. This capacity is mainly derived from their relationship with higher tiers of government;
- Technical capacity: strategic direction and effective leadership to local organizations that can potentially facilitate socio - economic development;

- Administrative capacity: reflected through administering local infrastructure effectively and proven track record in terms of provision of public goods and services locally; and
- Political capacity: ability to engage different groupings in governance processes and facilitate activities in government and render services in response to local needs.

The move from 'local government' to 'local governance' has been a significant shift of late [4, p. 9], linked to trends such as increased urbanization, globalization and new substantive and participatory demands. Governance implies that local public decision-making has progressively involved policy networks, public partnerships and several agencies working collaboratively which transcends organizational boundaries. Local governments in a governance context are taking part in networks that 'they cannot easily steer, let alone dominate...[and]...the private sector, the local civil society and individual citizens have a much larger influence than before' [16, p. 551]. This suggests that the capacity for operating explicitly within a 'governance mode' has become a hallmark of modern local government. Networked governance have been evolving of late and several new forms relative to theory and practice have been introduced to replace the adversarial, narrow, hierarchical, and managerial modes that limit the ability of any one level of government, or any single stakeholder, to actively address the complex problems faced by communities [1, p. 16-8]. Governance is also collaborative, reflecting the growing interdependence amongst governments, non-government stakeholders and the community.

Carter [3, p. 2] provides a framework for considering 'five pillars of strength' that would ensure long term local government sustainability. This includes a structure strong in terms of ethical governance and the required authority to identify local problems and find local solutions; facilitating local economic development through community engagement and more specifically participation, communication, planning and leadership; a database and knowledge deemed strong supported with the requisite technological capacity to respond to community and business needs; skilled staff in terms of technology and community involvement; and long-term financial and asset management which is effective.

The Link to Service Delivery and Good Governance

Democratic governance is a system in which citizens participate in government planning and decision-making while those in office respond to citizen needs with accountability and transparency. If the system is successful, not only do citizens receive the services they are supposed to be provided by government, they also tend to trust the government and officials more [9, p. 3]. The effective and efficient provision of municipal services is an integral part of good governance, as highlighted below.

Service Delivery

Public institutions and more specifically municipalities are critical in terms of basic municipal service provision and infrastructural development. A variety of models of service delivery are utilised by national, provincial/state and local governments, public agencies and non-state actors [15, p. 42]. Globally, municipal service provision is viewed as a “service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of its responsibility area irrespective of whether... such a service is provided, ... through an internal,... or, ...external mechanism” and whether “fees ... are levied in respect of such a service or not” [Craythorne as quoted by Nealer in 8, p. 94]. In this context, a basic municipal service can be viewed as “necessary to ensure an acceptable and reasonable quality of life and, if not provided would endanger public health or safety or the environment” [Craythorne in 8, p. 94]. There is general acceptance of what constitutes basic needs at the local level internationally and in this regard Bekink [2, p. 288] has pointed out that some of them are universally acknowledged and cites the examples of water, electricity; housing, solid waste disposal and general municipal infrastructure. Additional functions include education, transport, sporting and recreational facilities, public safety, human security, communication, information and registration (births, deaths, marriages and motor vehicles). These municipal services are provided to facilitate productive and reproductive activities of society and at the same time contribute to sustainable livelihoods, quality of life and human dignity [15, p. 42].

The majority of developing countries, following independence have undergone some sort of fundamental political and institutional restructuring process with a view to enhancing basic municipal service. However, in the majority of cases, despite decentralization policies being ushered in and considerable investments, both in terms of capital resources and time, local government performance has unfortunately not improved to the extent that the Millennium Development Goals (MDGs) and now the Sustainability Development Goals (SDGs) would have been satisfactorily addressed [15, p. 56; 10, p. 2]. Issues of access to quality and adequate services, particularly those that have a direct bearing on the MDGs/SDGs are major challenges for particularly developing countries despite the different modalities of delivery. It was pointed out in the UN General Assembly High Level Plenary Meeting on the five year review of the Millennium Declaration held in September 2005 that public sector capacity was lagging behind all the other MDG indicators. Consequently, it is a fact that capacity development is a critical challenge faced by developing countries internationally [13, p. 1]. Some regions, entire cities, whole communities and individual households have limited or no access to basic services and consequently implies that particular segments of society are unable to have a decent lifestyle. The failure to provide basic municipal services impacts negatively on the attainment of the MDGs/SDGs and the national priorities of any country be it developed or developing. The situation in many developing countries, despite some variations nationally and sub – nationally has highlighted the fact that some municipal service related

MDGs/SDGs are under threat as pointed out in several international reports [15, p. 42].

Good Governance

Good governance denotes the best process for formulating and implementing decisions in the public sector. Good decision-making processes and in the final analysis, good governance have several common characteristics, that does impact directly on local government namely equality; good working relationships and consultation. The key components of good governance are [18; OECD as quoted by 6, p. 39]:

- Accountability: local government is accountable for its decisions as it is made on behalf of local communities;
- Transparency: how and when a decision is made should be clearly visible to the local citizenry;
- Rule of law: decisions are within the powers of council and consistent with relevant legislation /common law;
- Responsive: balancing competing interests timely, appropriately and responsively while addressing the needs of the entire citizenry;
- Inclusive and equitable: all groupings, more specifically those deemed the most vulnerable should be active participants in the process;
- Effective and efficient: implement decisions and follow policies that make the best use of the available people, resources and time to ensure the best possible results for their community; and
- Participatory: the local citizenry should be able to directly participate in the process or through recommendations.

Good governance is the “exercise of authority through political and institutional processes that are transparent and accountable and encourage public participation” [11, p. 1]. It necessitates pinpointing specific community values, reconciling varied interests, and developing a common understanding on “what is in the best interest of the whole community and how this can be achieved’ [7, p. 33]. Human rights and good governance can be viewed as mutually supportive as the latter has certain distinct principles and values which guide the work of local governments and municipal functionaries. Democratic institutions introducing good governance reforms, where human rights values are critical considerations, provide mechanisms for the local communities to participate in policymaking either through consultations or submissions that are formal or informal. Good governance reforms in the broader context of service delivery tends to promote the notion of human rights when they enhance the capacity of the state to discharge certain basic services like inter alia, education, housing, health or food [11, p. 1]. Reform measures could include inter alia, strategies for public participation and decision-making; introduction of policies which are culturally sensitive with emphasis on services being acceptable and accessible and structures to ensure accountability and transparency. If the citizenry

engages in decision-making processes meaningfully and inclusively, and if there is transparency and accountability on the side of government, the level of confidence in a democratic system of government increases and the positive spinoffs are stability and prosperity. [9, p. 3]. The basic principles governing human rights makes provision for these basic and essential public services to be accessible, available and acceptable culturally thereby ensuring that the rights of the most indigent and marginalised are secured. In this context, good governance ensures that the participation of individuals and communities in question are secured as stakeholders rather than the beneficiaries of socio-economic development [11, p. 29].

The Main Outcomes of the Articles in this Special Issue

The articles included in this special issue describe and analyze the situation and capacities of local governments from very different perspectives. They intentionally cover relatively very developed area – Europe and Australia, but also regions with real challenges, like Central Asia or parts of Africa. In the following text we summarize main findings mainly on case by case principle.

Nemec and de Vries argue for Europe that the local government capacities and local government performance in Europe clearly rank this continent to the most developed world areas from the point of local democracy. The background factors explaining this situation have a multidimensional character and authors propose that the core positive factors are the relative economic wealth, high human development, the long historical tradition of the subsidiarity principle in most parts of Europe, and the regulatory function of the Council of Europe.

The strong development of local and regional democracy in Europe is protected and based on the principles of the Charter of the Council of Local and Regional Authorities of the Council of Europe, which, among its many activities, regularly organizes monitoring visits to all member states to check the situation of local and regional democracy. These visits are an important and effective tool to motivate all European governments to strengthen local democracy based on the principles of the Charter.

Authors also mention the core structural challenges, for instance the continuous discussion about amalgamation versus fragmentation, the overarching threat to the local democracy in Europe today - the financial crisis, which significantly decreased the level of available financial resources for self-governments, while the structure of responsibilities remains the same or even increases and the demands certainly increase and existing trends toward re-centralization or limited real will do continue with decentralization in, both in established and emerging democracies.

Regional issues in Europe differ – authors argue that the core issue might be the situation of post-communist countries, where local democracy does not have a long tradition and still needs to be revitalized. Moreover, in some CIS countries central governments are not at all inclined to promote the idea of decentralization as the official national policy (especially Belarus and very much also Azerbaijan).

The paper by Urinboyev explores the context, problems, quality, and challenges of local governance in four Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The prime focus is on the question of whether local governments in this region perform their functions in an effective and efficient way. The findings indicate that local governments in Central Asia do not have real capacity to adequately address the needs and concerns of citizens - contextual, structural, institutional and human resource capacities, and they are heavily dependent on the central government in all policy issues, be it taxation, service delivery, local development, or privatization.

A crucial lesson emphasized by the author is the fact that the socio-political context of Central Asia largely differs from the Western one and that administrative reform initiatives produce rather different outcomes. Decentralization in Central Asia largely takes on the form of a geographically based struggle between state elites for control over access to resources. These regional power structures are less concerned with local development issues and are more inclined to seek rent. In such a situation there is hardly any evidence that local government reforms could be beneficial and would increase the quality of public services: likewise, further decentralization only serves to intensify the struggle among governing elites for control over sphere of influence.

The author also argues that the core challenge hindering local government reform comes from the persistence of authoritarian style administrative practices. Although there have been some local government reform initiatives in the region, but they remained 'in paper' and had little or no effect on governance processes in the region and, while in practice local government continue to be subordinated to central government in all public policy issues, be it education sector, taxation, health care, welfare or agriculture.

Ryan and Woods argue for Australia that the local government sector's position in the Australian Federation still remains weak. Local government's primary relationship remains with the states, and there has been no concerted policy direction in recent years to devolve greater levels of responsibility for policy making, management, financial autonomy and implementation of national goals to the third tier of government.

The authors argue that the potential gap between expectations and resourcing to carry out necessary functions remains one of the prime concerns with regard to local government capacity in Australia. The workforce is highly educated on the whole, but there are skills shortages in key areas and the sector is facing problems with the aging of the workforce. Local governments in Australia exhibit considerable diversity, and there are different opportunities and challenges for metropolitan and other urban municipalities compared to local governments in regional, rural and remote areas. In many rural and remote communities, local government is a major employer, the primary economic driver and the only level of government delivering basic social and community services.

Capacities of local governments in Australia have recently been enhanced by focusing on effective long-term financial and asset management, a renewed emphasis on strategic planning and performance reporting, and structural reforms, which include mechanisms such as closer collaboration amongst local governments, shared service arrangements, boundary changes and mergers.

Concerning future challenges the authors argue that there is growing acceptance in the local government sector that enhanced strategic capacity linked to factors such as increased size and resourcing levels, pooling of knowledge and expertise, and encouraging a focus on operating in a broader context appears essential to local government's long-term success as a valued partner in the federal system of government. Capacity-building requires a skill set and enhanced capabilities at both local political and administrative levels, underpinned by greater levels of collaboration within the sector, and a consistent focus on being strategic enablers for local communities. In order to set the agenda and facilitate local solutions to local problems, there is a need to retain and attract a flexible and multi-skilled workforce that is informed by the multi-faceted community which it serves. Leadership and management capacity is crucial in this regard and, in this quest for enhanced capacity, local government as a sector is supported by national and state-based local government associations, an established and continuously improving tradition of research and reporting, and a growing emphasis on education and training for both elected local politicians and for local government personnel.

In the next article about South Asia, Basu first introduces the very interesting point that decentralization in the region is a *sine-qua-non* for the eradication of poverty and hunger in this region and this is why decentralization processes progress step by step in South Asia. However, he also suggests that a lot needs to be done to increase local government capacities in the region and proposes four concrete core challenges.

First, it is essential to have a strong political commitment for decentralized governance. This is to be followed by strong and clear legislative implementation of demarcation of role and function between central line ministries, local bodies, civil society organizations as well as different layers of local bodies and other stakeholders including NGOs.

Second, fiscal federalism system should be created - like the legislative provisions for inter-governmental transfers like sharing of revenue and tax proceeds; common property resources and borrowing by local bodies from financial institutions need priority attention. Streamlining budget spending processes and procedures and enhancing local revenue mobilization can help to solve situations when the actual demand for physical and social infrastructure at the local level far exceeds the availability of financial resources from local tax and non-tax income as well as the annual grants from the government.

Third, effective service delivery systems shall be established – this requires central, provincial and local actions such as promoting transparency, mechanisms of

accountability, and citizens' voice; improving incentives for performance; and building systems to monitor outcomes and support capacity building.

Fourth, capacity building measures for local bodies are of paramount importance to make these institutions self-sufficient, efficient and effective. Capacity building initiatives include establishment of systems - manuals, guidelines, direction, networking and partnership, openness and transparency, timely dissemination of information, right to access information through the use of information technology, and human resource development. The blurred line between elected representatives and officers is again something which needs to find convergence. Further, to ensure capacity building at organizational and human levels, it is important to build up a dedicated cadre for local government having the requisite skill and aptitude.

The final lesson is that South Asia is in midst of transition and reforms for democratic decentralization are in progress. The road is long and tortuous, but it is the only 'one-way' path to alleviation of poverty, inclusive growth, participatory planning and providing equality and justice to the people.

Mutahaba and Pastory argue that recent decentralization reforms in East Africa are relatively ingrained with the vigor to strengthen local governments, but face many serious challenges. The service provision capacity of local governments is largely affected by the power status of local government - local governments remain weak in terms of decision making, human resource management and fiscal autonomies.

The lack of reliable and sufficient finances as well as qualified and adequate service delivery professionals continues to be a serious challenge facing local governments in East Africa. This has negatively impacted on their capacity to deliver services. Local government's adequacy and reliability of finances are overdependent on central government which finances over 90% of their budget. Coupled with budget deficits, arising from poor economies, and discretionary power of central government on budget matters, shortages and unreliable financing of local governments are to be expected. This implies that without efficient country economic performance as well as an enlarged local government's own resource base, the financing of local government will continue to be a challenge.

The underdeveloped nature of most rural areas in the region contributes to the limited human resource capacity at the local level. Compared to urban areas, the many rural councils are relatively underdeveloped in terms of capacity to build infrastructure such as roads, electricity and housing. This has impacted negatively on their possibilities to attract and retain qualified personnel, especially in scarce professions such as health. Therefore, building capacities of local government would also imply rural transformation.

In the last paper, Reddy and Kauzya present the situation in the Southern African Development Community Region mainly from the point of the progress made in attaining the Millennium Development Goals, progress in service delivery and revenue mobilization. They argue that it is quite apparent that the overall enhancement of the local government system progress has contributed to reaching some of the targets set for the MDGs for 2015. However, the general performance of

local government in the Region can be summarized as mixed and inadequate. The core challenges analyzed in this paper are connected with fiscal decentralization, service delivery and human resources.

The distinct challenges related to local government financing in the Region are due to a mixture of causes found in the extent of fiscal decentralization and powers; the fact that there are very few local resources; the failure to maximize revenue collection; the increasing reliance on central/local fiscal transfers; inconsistency in fiscal transfers which can be quite unpredictable; lack of sustainability and donor dependence, lack of strategic engagement with the private sector and limited accountability and transparency.

From the point of view of service delivery the authors indicate considerable disparities relative to performance and progress across the Region and it is generally accepted that the higher income communities tend to have much better access to public services. Distinct challenges in relation to education; health; water and sanitation have compounded the problems of marginalized groupings.

The fact that a significant number of local governments cannot even discharge their traditional functions is connected also with limited human resources capacities and their motivation – for example only eight percent of public servants in Mozambique have university education.

At the end the authors argue that coping with existing challenges, especially the countries' political will constitutes a major challenge in terms of moving towards the MDGs and improving the local government performance.

Conclusions

1. The articles in this special issue point to a huge variance in the state of local government all over the world. If one thing stands out in this special issue, it is that issues and challenges at the local level need to be contextualized, within the intergovernmental relations between central, regional and local government and within the socio-economic and political context of regions. If service delivery at the local level hampers, it is mostly not local government that is to blame, but more often the bad intergovernmental, socio-economic and political conditions under which local governments have to function.

2. As to intergovernmental relations it is seen that regions differ in the extent to which local governments are dependent on central governments for their revenues and discretionary powers. The transfers from the central level are not always stable, partly because of rent-seeking behavior of national and regional elites and partly because of financial problems in the public sector as a whole. At present, the intergovernmental relations in many regions are to a larger extent characterized by a transfer of the financial crisis of the central to the local level than by a transfer of sufficient revenues in that direction. Sometimes this is caused by the lack of political will at the center to transfer authority and powers to the local level, at other times it is caused by real national budget deficits. A major impediment to adequate service delivery at the local

level is therefore found in the lacking capacity of local governments to create their own revenues and the unwillingness/impossibility for national elites to let local governments create their own revenues. The both factors inhibit local government capacity to deliver services. No matter what the cause in specific regions, all in all we see a relatively weak local government system all over the world.

3. This brings national governments in some regions to the inclination to recentralize, if not the implementation of service delivery, than at least the policy-development process, the the definition of boundary conditions and the subsequent regulations which limit local governments in their policy discretion because local governments have to provide services within those institutional settings.

4. Although most if not all authors in this special issue would favor further decentralization, especially fiscal decentralization – perhaps going hand in hand with an increased size of local government - the articles in this special issue also show that decentralization in itself does not automatically improve the situation as local governments may lack decision-making capacities, technical know-how and are often unable to attract qualified personnel. Even in a well-developed country as Australia there are shortages in such qualified personnel at the local level in key-areas, let alone in developmental regions such as in Asia and Africa.

5. If decentralization of powers and authority is to fulfill its promises - that is more effectiveness, more efficiency, policy-learning through diversity, increased public participation, the possibility of tailor-made policies, being closer to the people and thus inducing more responsiveness to local needs, less bureaucratization and regulation, and policies being based on specific knowledge of local circumstances – it is not enough to just transfer the responsibilities. Such processes need to be accompanied by actions that create the potentiality of local governments to achieve these aims. This is to be done primarily by capacity-building not only at the individual, structural, institutional or contextual level, but a capacity-building that incorporates each of these factors. Just giving courses in leadership and management does not do the job and neither does a training on building institutions alone, if factors and actors in the context are adversary to change. Such capacity building is in need of a combined effort to create favorable conditions in all four aspects of local capacity. Capacity building needs to ensure that qualified personnel is available and can be attracted by local governments. This can be done by training public officials at the local level, based on the needs in key areas addressing the challenges local governments face and analyze the way they match the problems, challenges, and capacity shortfalls of public administration and leadership at local level. But capacity-building is also needed to alter intergovernmental relations, to create the needed institutions and to create a structure enabling instead of inhibiting local governments to deliver services which are appreciated by the public, which are indeed effective and also in other aspects fulfill the promises of decentralization.

6. This topic is our next research project. To investigate to what extent capacity-building by universities, school, and institutes of Administration, by international organizations as well as regional organizations take up that challenge. In the end this

has to result in the provision of guidelines and tools that support public administration and leadership to assess their capacities and devise means of addressing capacity shortfalls, to make recommendations on how to strengthen public administration and leadership capacities at the local level, to provide, training programs/modules that respond to the identified local level public administration and leadership capacity development needs.

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Vietos valdžios būklė

Anotacija

Šis straipsnis ir visas specialus žurnalo numeris skirtas vietos valdžios gebėjimų įvairovei skirtinguose pasaulio regionuose analizuoti. Vietos valdžios gebėjimai kaip koncepcija gali turėti įvairius apibrėžimus, bet šio leidinio kontekste yra geriausia juos apibrėžti paprastai kaip "vietos valdžios gebėjimą įgyvendinti savo funkcijas veiksmingai ir efektyviai". Svarbiausia šio specialaus numerio idėja yra tame, kad siekiant pagerinti vietos valdžių gebėjimus ypatingai regionuose, kur adekvatus jos veiklumas yra itin reikalingas, yra būtina labiau diferencijuota prieiga į gebėjimų vystymą, tiksliai pabrėžiant svarbiausius vietos valdžios veiklumą varžančius veiksnius.

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Local Government Capacity in Post-Soviet Central Asia

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Abstract. *This paper explores the context, problems, quality, and challenges of local governance in four Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The prime focus is on the question of whether local governments in this region perform their functions in an effective and efficient way. It looks at the four conditions – contextual, structural, institutional and human resource conditions – as factors for explaining the capacity of local governments in the region. These questions will be investigated with reference to academic literature and policy papers on the topic. The findings indicate that local governments in Central Asia do not have real capacity to adequately address the needs and concerns of citizens, as they are heavily dependent on the central government in all policy issues, be it taxation, service delivery, local development, or privatization. The study suggests that local government reform in this region is not simply a matter of introducing Western-style governance structures or granting more autonomy to local actors. It is, more importantly, about understanding local socio-political context and promoting socio-economic change.*

Keywords: *local government; Central Asia; public administration; decentralization; governance; post-Soviet societies; civil service reform.*

Raktažodžiai: *vietos valdžia, Vidurio Azija, viešasis administravimas, decentralizacija, valdymas, posovietinės visuomenės, valstybės tarnybos reforma.*

Introduction

This paper aims to explore the context, problems, quality, and trajectories of local governance in four Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan². More specifically, it tries to address the following two questions: (a) what local governments are supposed to do, and whether they do this in an adequate and efficient way, e.g. adequate service delivery in a varying area of policy areas; (b) how local governments do it, with regard to principles of good governance, e.g.

² This paper covers only four Central Asian countries – Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Turkmenistan has not been included in this study due to scarcity of data.

transparency, accountability, rule of law, voice and democratic and accountable government, the involvement of communities and community organizations. In doing so, the paper looks at the four conditions – contextual, structural, institutional and human resource conditions – as factors that can account for the capacity of local governments in the region.

The rest of the paper proceeds as follows: In part two, I will describe the conditions under which local government function in Central Asia, focusing on their service responsibilities, financial situation, internal structure and human resource conditions. This will help us discern the varying contexts in which local governments function in the region. Part three discusses the actual service delivery capacity of local governments and presents the main trends and challenges local governments face in the region. Part four draws out the implications of the study for scholarly debates on local government reform, and highlights the most important findings of the study.

The Conditions under which Local Government Function in Central Asia

This section covers the following two issues: (a) the actual tasks and responsibilities of local governments in Central Asia; (b) the conditions under which local government function in the region. First, I describe the national differences and commonalities with regard to history, socio-economic indicators, administrative culture, service delivery, and human resource conditions. Second, I present the internal structure of local governments in order to explain the position of local government vis-a-vis the central government.

National Differences and Commonalities

Unlike Europe, where the European Charter of Local Self-government provides a unifying governance structure for all the member of the Council of Europe [see e.g. 19], there is no such unifying embodiment of decentralization principles in Central Asia that provides venue for local government representatives and policy-makers to exchange knowledge and good practices at a regional level [33]³. However, one can argue that the unifying governance structure for Central Asian countries is probably the existence of similar administrative culture and institutions that they all inherited from the Soviet Union. Notably, Central Asian countries did not exist in their present form as independent nation-states before they were incorporated into the Russian empire during the late nineteenth century [26]. Three Uzbek khanates (the Khiva

³ There is only one soft-law instrument – the Model Legal Act of the Interparliamentary Assembly of CIS Countries on Common Principles of Local Self-government Organization (24 November 1995) – that provides some sort of unifying governance structure for post-Soviet countries. But this document has virtually no effect on local governance trajectories in the region, merely having a symbolical value.

Khanate, the Kokand Khanate, and the Bukharan emirate) controlled most of the territory of contemporary Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan (*ibid.*). However, khans (rulers) had a limited power to control and mold the behavior of regional leaders [23; 24; 49; 55; 56; 84; 91]. Most of the contemporary forms of territorial power relations (i.e. central-local government relations) had been developed during the Soviet era. Hence, Central Asian countries share the following common characteristics:

- Resilience of the Soviet administrative traditions [e.g. 73; 71];
- Authoritarianism and centralization of power in the center [e.g. 62];
- Clientelistic culture, collectivism, and substantial influence of clans and elites, based on family, kinship, and business relationships, on policy processes and decisions [e.g. 93; 20; 85; 57; 58; 92; 98; 103; 104; 105; 106];
- Islamic public administration legacy [32; 41; 27; 28; 51; 107];
- They are unitary states and have a multi-level administrative system in which the provinces (oblast, viloyat) include smaller districts (raions, nohiya), which in turn districts consist of rural and urban settlements, and the largest cities have the status of province or district [86];
- The central government appoints the heads of local governments and the governors (akims, hokims, hyakims) serve as representatives of the president and central government and heads of regional executive bodies.

Considering the existence of so many similarities one might assume that local government structures and conditions in Central Asia would not differ significantly, but this is not the case. As will be shown below, in post-Soviet period each Central Asian country has designed its local governance reforms independently, reckoning with its local socio-political context, economic conditions, history, culture, and administrative traditions.

The first line of division is the wealth and socio-economic indicators of the countries. Kazakhstan has the highest GDP per capita in the region, largely due to its abundant mineral resources [92]. Turkmenistan, possessing enormous gas resources, also has relatively high GDP per capita [92]. Uzbekistan, with its fairly industrialized economy and mineral resources, has better socio-economic indicators than the two poorest countries of the region, Kyrgyzstan and Tajikistan [57]. When discussing the capacity of local governments in Central Asia, one may also look at the Human Development Index (HDI) of the United Nations (UNDP 2014), which provides important data about the level and quality of education, health and living standards in the region. The country with the highest HDI-scores in the region is Kazakhstan (0.757), followed by Turkmenistan (0.698) and Uzbekistan (0.661). Kyrgyzstan (0.628) and Tajikistan (0.607) have the lowest HDI indicators in the region. This index is useful tool for explaining and comparing the service delivery capacity of local governments in the region.

We can also observe certain differences when it comes to civil service reform trajectories. Kazakhstan is the only country in the region that adopted Western style

professional civil service system (Kazakh Civil Service Law, 2000), dividing civil servants into political and administrative employees [31]. Kyrgyzstan and Tajikistan also adopted laws on Civil Service but they do not make any distinction between political and administrative civil service positions [3; 47]. Uzbekistan's case is peculiar as it does not have a law on civil servants; instead, the public service system and the status of government employees are regulated by the Labor Code [11; 34; 1]. In theory, local government employees in all four Central Asian countries must be hired on a meritocratic basis through the open competition, considering such qualification requirements as education, work experience, knowledge of state and foreign languages, and knowledge of laws. Civil servants are evaluated periodically, every three to five years. Each country has a National Academy of Public Administration, which is responsible for establishing the national standards for civil service and carries out advanced training of personnel for public administration.

Main Responsibilities of Local Governments

The tasks decentralized to local governments in Central Asian countries include environmental protection, prevention of natural and technological accidents, fire protection, public sanitation, public order and security, local economic and social development, culture, tourism, sports, maintenance of leisure facilities, communal services (e.g. water, gas, electricity, heat supply, waste management, sewerage, engineering infrastructures), construction, maintenance and repair of local roads, public transport, support of employment and job creation, and development of small and medium enterprises. In Kazakhstan, Kyrgyzstan and Tajikistan, local governments are responsible mainly for providing social assistance to the needy families. Most of the social protection programs (e.g. pensions, unemployment benefits, maternity benefits, veterans, child benefits) are primarily financed by the state budget and administered by the territorial divisions of the state agencies responsible for social protection [3; 47; 64; 37]. Uzbekistan is a special case in this regard as the community-based organizations, mahallas have been charged with the administration and targeting of state social welfare benefits, such as child benefits, maternity benefits, and social assistance to the low-income families, families with children under sixteen and single mothers with children under two [22; 11; 74]. Funding for these programs is established centrally as part of consolidated budget expenditures, which in turn is transferred to the mahalla committees [ibid.]. The rest of social protection programs (e.g. pensions, benefits to veterans of the war) are the responsibility of district/city level units of the Ministry of Labor and Social Protection [11].

In Kazakhstan and Tajikistan, local governments are responsible for financing and provision of health care services and the central government finances only national public health programs, e.g. the centralized purchase of vaccines, preventing and mitigating dangerous infections, collecting the supply of blood and sanitary and epidemiological monitoring [64; 76]. In Uzbekistan and Kyrgyzstan, health care services are primarily financed by the central budget and administered by territorial

structures of respective ministry. The local government is merely responsible for the maintenance and renovation of health care institutions [3; 11]. For instance, in Uzbekistan, central government takes care of health care services through regional, district and city level health care management bodies of the Ministry of Health, while in Kyrgyzstan, medical service providers receive funding from the state and the mandatory medical insurance fund and medical institutions are compensated in proportion to the number of people that they serve. There is a growing tendency towards privatization of health care services, particularly in Kazakhstan and partly in Kyrgyzstan and Tajikistan. For example, most health care services in Kazakhstan are provided by private medical institutions [64]. Special case in this respect is Uzbekistan where almost all health care services are provided by public authorities.

Countries also vary in relation to financing and administration of basic education. Local governments are primarily responsible for financing school education in Kazakhstan and Tajikistan [47; 64], whereas in Kyrgyzstan and Uzbekistan the schooling is a joint responsibility of the central and local government in the sense that the local educational departments of the Ministry of Education pays teachers' wages and oversees administrative control and other expenditures such as school maintenance are covered by the local budget [3; 11].

The Internal Structure of Local Government

All Central Asian countries have inherited similar local government system from the Soviet Union, which consists of a local state administration (administrative body) and an elected local council (legislative body) at provincial (oblast) and district (raion) level [40]. The period for which the appointment/election is valid varies between four (Kazakhstan, Kyrgyzstan) and five (Uzbekistan, Tajikistan) years. The local administration represents the state executive and regulatory body at the oblast, raion or city levels and implements policies of the president and central government in provinces. The heads of local state administrations are all appointed by the central government, subject to [symbolical] approval of the corresponding councils [3; 11; 47; 64]. More specifically, in Kazakhstan and Uzbekistan, the president appoints regional (oblast-level) governors; oblast governors in turn appoint governors in districts and cities of oblast subordination [11; 64]. District and city governors are accountable to the regional governor, who in turn is accountable to the president [*ibid.*]. However, in Kyrgyzstan and Tajikistan, the president has the authority to appoint and dismiss the governors of regions, districts and towns, thus making both district and region-level governors directly accountable to the president [3; 2]. Hence, local governors (e.g. district-level governors) often experience double or even triple subordination, being accountable to the president, central government and regional governor.

Local councils, running alongside local administrations, are main local 'legislative' bodies, which are elected by the inhabitants of the respective administrative-territorial unit through general, equal and direct vote [3; 11; 47; 64]. As elected bodies local councils are expected to express and realize the will of the

citizens in the respective administrative-territorial units. In theory, local councils can exert some influence over their respective administrative bodies. For example, in Kazakhstan, they have the authority to pass a vote of no confidence in the head of local state administration by a majority of two-thirds of all members and to request his or her dismissal from office from the president or superior governor (article 87 of the Kazakh Constitution) [64]. However, this is not the case in practice as the heads of local administration enjoy absolute power in the management of local affairs. [e.g. 86]. As all governors are appointed, local councils cannot exert significant influence on governors. Even though governors periodically report to the local council on the current situation of the territory, this process is of mainly a symbolical nature [3; 11; 47; 64]. The situation is especially problematic in Tajikistan and Uzbekistan where the governors of the regional, city or district state administration simultaneously exercise executive authority and serve as local council chairmen [11; 47]. This means it is very difficult to distinguish between the functions of local state administration and local self-government bodies, since the same individual, i.e. governor heads both branches of power.

In addition to regional and district state administrations, there are also sub-district level governance structures in towns and rural areas. These sub-district structures were part of state farms, collective farms and enterprises during the Soviet era, but shortly after independency all four Central Asian countries, coming on the heels of global decentralization and good governance discourse, have revamped these structures, assigning them new legal status as 'local self-government bodies of citizens' [40]. Sub-district level self-government institutions are called *aiyl okmotu* in Kyrgyzstan, *aul* in Kazakhstan, *jamoat* in Tajikistan and *mahalla committees* in Uzbekistan. Although they are called differently, their responsibilities and conditions are quite similar in the sense that they assist district/town administrations in implementing local development projects, collecting taxes, administering social welfare programs, maintaining and repairing roads, disposing of waste, ensuring security and order, removing garbage, maintaining playgrounds and sports fields, and many other tasks that are of local importance [e.g. 3; 11; 47; 82; 112; 7]. Similarities can also be found when we look at the financial conditions and position of sub-district self-governments vis-a-vis higher level administrations: (a) the chairmen of sub-district self-governments report to the head of district or town administrations; (b) sub-district self-governments do not have solid financial base and are entirely dependent on budget allocations from district/town administrations, voluntary labor and individual donations. This means local self-governance institutions do not have real capacity to act as sites of local democracy and participation, merely serving as a sub-district extension of local state administrations.

The lowest tier in the system of local government is a traditional community-based (pre-Soviet) governance structures. There are various types and forms of community-based structures, such as community-based alternative dispute resolution mechanism (e.g. Aksakal court in Kyrgyzstan, Aksakal reconciliation in Uzbekistan and Tajikistan, Council of Aksakals in Kazakhstan), informal community gathering

(e.g. kurultai in Kyrgyzstan, informal mahalla gathering in Uzbekistan, guzar and tabagy in Tajikistan), community-based voluntary work (e.g. assar in Kazakhstan, hashar in Uzbekistan) and religious organizations (mosque, especially in Uzbekistan and Tajikistan). The analysis of scholarly literature shows that for many Central Asians traditional community-based structures are more legitimate and easily accessible than the formal state structures [e.g. 94; 41; 97; 63; 30; 69; 48; 5; , 89; 103; 105; 106; 105; 50; 13].

Local Government Situation in Central Asia

Following the collapse of the Soviet Union in 1991, Central Asian countries embarked on the highly complex task of reforming their public administration systems. Under the influence of global decentralization and good governance agenda, Central Asian countries proclaimed their commitment to the ideals of democracy, human rights, market economy, and rule of law. The implementation of these commitments however proved to be a daunting task, since each of these countries had to deal with their Soviet legacy and internal power structures, i.e. weak state institutions, poorly developed national identities, and entrenched sub-national political networks [73; 84]. In all four Central Asian republics, the relationship between local state administration and central government is often based on subordinate relations rather than on mutual cooperation. The system of local public administration in Central Asian countries continues to remain highly dependent on the center, justified by the ruling elites as a necessity for maintaining political stability and territorial integrity during the transition period [23; 3; 86; 60; 45; 38; 88].

One possible inference is that the absence of real administrative reforms in Central Asia could be explained with reference to ruling elites' perception of local self-government. Hence, local self-government is interpreted merely in terms of citizens' active participation in local government, but other key condition for local self-government, i.e. autonomy of local self-government structures from the state, is largely neglected or seen as a destabilizing factor that undermines public order and security [e.g. 70; 45; 57]. Similar hierarchical patterns can also be found when it comes to the relations between local executive bodies and local councils. As studies indicate, the most powerful actor in the local government, be it at the district, city or regional level, is a governor, who is appointed by the central government and primarily accountable to the country's president. Local councils merely serve as a symbol of local level legislative bodies, but in practice local governor is the main power breaker [3; 11; 47; 64].

Although local governments in all four Central Asian countries function in a similar environment, some differences exist among Central Asian countries when we measure the scope of reforms they have undertaken, at least from the point of view of formal reforms (i.e. de-jure decentralization). In this regard, Kazakhstan is the most active reformer in the region, since it carried out substantial reforms at the local level by holding pilot election of governors, establishing Western style civil service system, and privatizing some of the public services. Kyrgyzstan has also taken some steps

towards greater local autonomy by holding local elections for village and town governors. In comparison to Kazakhstan and Kyrgyzstan, other Central Asian countries have undertaken less reforms due to political turmoil (e.g. Tajikistan), or reform paths they have chosen have been largely conservative in nature (Uzbekistan and Turkmenistan). For instance, Uzbekistan showed less willingness to undertake neoliberal reforms, retaining the state as the key actor and manager in the economy. Due to the outbreak of civil war shortly after independence, no significant reforms were undertaken in Tajikistan in the 1990s and some forms of first-generation reforms started to come only after 2000. Nevertheless, Tajikistan seems to be more open to reform initiatives than Uzbekistan and Turkmenistan. Perlman and Gleason (2007) suggest that administrative reform in Central Asia is to a great extent an outcome of external pressure from international organizations, than of internal political shifts. Hence, one explanation for the variance in reform paths in the region is that countries that were dependent on foreign direct investment and development aid were more prone to initiate reforms.

The above suggests that local government in Central Asia functions in a rather complex socio-political environment dominated by powerful internal hierarchies. Public administration systems of Central Asian countries can hardly be regarded 'decentralized' in the sense that the local governments are heavily dependent on central government [see e.g. 57; 92; 43]. Even in Kazakhstan, where government has been ambitiously introducing Western style public administration structures, the administrative reforms are often illogical, barely implemented and deviations from formal requirements have become commonplace [18; 57; 31]. All in all, Central Asian countries share similar characteristics in terms of their institutional underdevelopment, centralization of power, scarcity of economic resources (with the exception of Kazakhstan), and the dominance of informal processes and structures. Due to their Soviet legacy and administrative traditions, the processes and attempts of decentralization are slow and face strong resistance from various power structures. Accordingly, local governments continue to remain dependent on the center in all matters and from the point of political, administrative and financial decentralization. These deficiencies are due to combination of many factors, such as path dependencies, dominance of informal institutions, authoritarian political culture, wealth and socio-economic indicators, weak local legislative bodies and geopolitical situation of the region. The question is how these similarities and differences influence the challenges and opportunities local governments in Central Asia face. Accordingly, in the next section the main challenges and problems of local government in Central Asia will be presented.

The Capacity of Local Government in Central Asia

This section aims addresses the following two questions: (a) How do local governments in Central Asia perform, with regard to service delivery and good governance? (b) What are the main challenges that local governments face? First, I will provide a brief assessment of the capacity of local government in Central Asia,

focusing on the quality of service delivery and satisfaction and opinion of citizens about local government.

One of the most important criteria used by the citizens to assess the performance of local governments is the quality and accessibility of local public services [86]. However, there are only few studies that can provide some data on citizens' satisfaction with local public services in Central Asia. In Kazakhstan, as Wilson *et al.* (2002) found, quality of services provided by local government in general do not meet the standards desired by service users, as 51 per cent of respondents stated that they are not satisfied with the quality of services provided by local government. Another pertinent literature is Neema Noori's [80] study of decentralization processes in Uzbekistan. As Noori argues, decentralization had a negative impact on public service delivery in Uzbekistan, as it was not accompanied by corresponding resources and consequently worsened the quality and accessibility of public services. Interestingly enough, most citizens in Kyrgyzstan are aware of the problematic financial situation of local governments and hence they rarely put pressure on them to address their needs and problems [8].

One common tendency in the region is that central government delegates enormous service delivery responsibilities to local governments without providing adequate funding [3; 80; 8; 48; 76; 84; 66]. Thus, local governments assume huge service delivery responsibilities without having sufficient resources to implement them. In Kazakhstan, for example, the central government legally absolved itself of the social welfare obligations by transferring them to regional governments, but without providing sufficient revenue basis. As a result, regional governments were not able to meet their service delivery responsibilities and had to cut back on social spending which in turn drastically deteriorated the quality of public service provision [84]. Analogous pattern can also be found in Tajikistan where local government is financially weak and the system of public services is highly unstable. For instance, many of the welfare entitlements (that the local governments (jamoats) are responsible for) are not paid at all. The health care services are available on a user-pays basis, with many people unable to get access to even the most basic services. The quality of public education is worsening. NGO's provide some form of social assistance to the poor families, though the scope of their assistance is limited [68; 53]. One evolving trend is the emergence of civil society organizations that provided alternative forms of welfare support to the population. One of the main focus areas of civil society organizations is the health sector [35].

The situation with health care provision is also problematic. In all four Central Asian countries health care systems are highly reliant on informal forms of financing. Most patients have to make informal payments to medical professionals in order to receive proper medical treatment, even though public authorities claim that citizens are entitled to free medical care. A similar situation can also be observed in the field of education. Due to their vulnerable financial situation, local governments do not have sufficient resources to maintain local schools and provide adequate number of books or build modern sports facilities. The parents usually cover these expenditures.

One trend common to all Central Asian countries is a growing importance of traditional community-based organizations in people's everyday life. Due to the incapacity of the state to provide adequate social services at the local level, traditional community-based structures have evolved to respond to declining state social welfare capacity in post-Soviet period, acting as a pseudo local government entity given the failure of existing regime to provide much need development in rural Uzbekistan. Another collective action in Central Asia that emerged in response to the failure of formal structures is a mass migration of labor force from Uzbekistan, Tajikistan and Kyrgyzstan to Russia. This tendency is particularly visible in Tajikistan where remittances sent from Russia constitute almost half of the country's GDP.

In the next sections, I will discuss the main trends and challenges hindering local government reform processes in the region. More specifically, I elaborate on the four core challenges: (a) problematic financial situation of local governments, (b) authoritarian regimes, (c) informal decentralization, and (d) clans and regional patronage networks

The Problematic Financial Situation of Local Governments in Central Asia

Local public finances are one of the most controversial issues on the decentralization agenda in Central Asia [86]. Studies show that local governments in the region have limited financial autonomy and are strongly dependent on the central government [23; 86; 82; 2; 38; 40; 71; 14; 28; 26]. Local budgets mainly consist of transfers from the central government and local tax revenues. Local budget planning is centralized and closely tied to the national budget, which implies that the revenue basis of the local budgets are determined by the central government bodies and local governments cannot independently establish tax rates or collect their own revenues through local taxes, with the exception of some insignificant local fees, taxes and duties, e.g. land tax. National budget funds are redistributed among different regions by deducting budget surpluses from regions that perform well and allocating in the form of subventions, subsidies, or equalization transfers to vulnerable regions that cannot cover their needs. The revenues collected from local taxes constitute a small portion of local government's revenues, insufficient for covering even the basic expenses. Hence, the ability of local governments to raise their own revenues is considerably limited and they remain dependent on transfers from the central government for fulfilling their service delivery functions.

Moreover, local governments' financial autonomy is often undermined by stipulations in various national laws that allow central government bodies to interfere directly into the most basic local government functions [86]. Therefore, they neither enjoy fiscal autonomy nor are transfers from the center sufficient to meet their service delivery needs [29; 25; 54]. Studies suggest that there is a need to introduce a new mechanism for inter-budgetary relations that provides local governments with the incentive to increase local revenues [3; 11; 86].

In their comparative study of decentralization and delivery of public services in Asia, Ghuman and Sing [39] found that decentralization improved the quality and

accessibility of public services where it was accompanied by sound financial resource base (*ibid.*). Similarly, one challenge common to local governments in all Central Asian countries is the gap between their economic and social functions and the meagre financial means available for their implementation. Local governments do not have sufficient resources to adequately maintain social infrastructures, majority of which was built during the Soviet period. For instance, in Uzbekistan, local governments are tasked with the responsibility to support local development, but in practice they neither have real ownership rights over local property, nor can manage local funds or material, technical and natural resources. Moreover, local governments do not have significant influence on privatization processes (with the exception of some small-scale local privatization programs), which deprives them of the possibility to generate significant revenues [11]. Special case in the region is Tajikistan where local governments possess their own source of revenue and have the right to develop and implement their own budgets own sources of revenue [3]. In spite of their relative autonomy, local governments in Tajikistan are financially very dependent on the center as the scope of their revenues is not sufficient to meet the local service delivery needs. Thus, Central Asian countries have made little or no progress in developing truly autonomous local governments.

Local Government Reform in Authoritarian Regimes

Although Central Asian ruling elites make all sorts of bold claims about their strong intention to give more autonomy to local governments, their system of administration still remains highly centralized [see e.g. 60; 86]. In Central Asia, as Saner *et al.* [92] argue, problems in implementing local government reforms are closely connected with the general problems with authoritarianism. Local governments are highly dependent on the central government in all levels – administratively, financially and politically. Over-dependence on central government limits the ability of local governments to support local development. Under these circumstances political and civil servants at all levels do not feel any accountability to citizens, but rather they try to meet the expectations of those who have power and authority to hire them [14; 15]. The malfunctioning local governments are mainly the outcome of centralized governments that do not delegate any real autonomy to local administrations [11]. Public participation in the local politics is almost non-existent and local elections are merely used to assert and legitimize central government's influence in the periphery. Openness and transparency are not viewed as a norm in day-to-day operation of local administrations. Local government officials care less about informing people about their work or considering their opinions on the level and quality of public services, but they are chiefly concerned with fulfilling the orders and expectations of the central government.

The power and functions between central state agencies and local governments are ambiguously distributed, which largely derives from the deficiencies in national laws that do not clearly specify the functions and powers across various tiers of government [86; 25]. Most administrative decisions concerning district and regional

public service delivery issues are taken by the central government bodies, in which a hierarchy of power starts at the ministry, followed by ministry's main regional department, followed by the district or city unit. Ministries control the daily activities of their territorial agencies and directly appoint their heads, in coordination (Uzbekistan) or without coordination (Kazakhstan) with the governor [11; 64], which implies that the territorial units of the ministries are accountable to their central bodies and thereby rarely coordinate with local governments.

It is assumed that local councils are more effective and interested in monitoring the activities of local government officials than distant civil servants and auditors [e.g. 9]. But this is not the case in Central Asia where local councils, despite having official status as local legislative bodies, in practice are subordinated to local state administrations. In addition, decentralization reforms do not promote local autonomy and democracy but paradoxically increase the influence of central government in local arenas. Hence, institutions of self-governance fulfil completely different functions and aims than the officially declared ones ('institutional pseudomorphism'). One good example is a mahalla reforms in Uzbekistan that transformed mahalla into an 'eyes and ears' of the state, thereby expanding the reach of the state in local areas [see e.g. 44; 80]. Thus, there is very little or no understanding of the real essence of local government reform in the region. As Abdukhalilov [1] notes, in Uzbekistan administrative reforms are often understood as a cutback in staff or an attempt to save money. More importantly, administrative reforms do not contain any single paragraph about the necessity to change the hierarchical norms and mentality of managers (*ibid.*). Given the nature of political regimes in Central Asia it is quite understandable that local government reforms merely remain on the paper and authoritarian regimes continue to exert strict control over local government.

Informal Decentralization

The scholars of development studies argue that decentralization can reduce the cost of public service delivery, enhance accountability, promote local social and economic development, and decrease the level of corruption [99; 81; 83; 77; 6; 110; 36]. However, the political and socio-economic context of Central Asian countries does not fit into this narrative, as decentralization occurs in this region not because of the intentions of the center to grant autonomy to local governments, but due to the covert resistance of regional and local elites to centrally designed policies and laws [e.g. 23; 84]. Moreover, there is no sufficient infrastructure in place (e.g. effective audit and budgetary control, independent judiciary, accountability mechanisms) that can ensure the effective allocation of resources at the local and regional level [61]. Hence, in Central Asia we find qualitatively different form of decentralization that comes more often from below (i.e. the regional-local government) than from above, occurring mainly through informal rules and networks. Hence, decentralization takes on a form that is much more de facto (unofficial) than de jure (official) [e.g. 61; 62; 57]. Libman [57] defines this process 'informal decentralization' as it is based on informal, unwritten rules, less transparent and barely helps the formation of favorable

economic and social conditions in regions. Most sociological and anthropological studies have revealed how the regional administrations in Central Asia have strategically used the informal powers they have ‘captured’ for rent-seeking purposes rather than for promoting local social and economic development [93; 61; 45; 111; 20; 2006; 100; 57; 58; 67; 101]. Likewise, central government in Central Asian countries is more prone to limit the independent actions and autonomy of regional leaders than to decentralize authority.

Kazakhstan’s ‘informal decentralization’ experience in the 1990s deserves special attention. As Libman [57] describes, between 1991 and 1999, Kazakhstan has experienced severe economic hardships that led the regional governors to introduce their own policies partly conflicting with the central ones. Moreover, the flow of foreign direct investment into the oil-rich Western regions of the country strengthened the position of local elites vis-a-vis the center, enabling them to influence the appointment of regional governors. These developments deepened the already-existing regional disparities, since the economically successful regions were able to retain a higher portion of tax revenue generated from their territory, while regions with little revenue basis continued to receive meagre funds from the center, insufficient to meet their service delivery responsibilities. However, post-1999 economic boom changed the course and dynamics of power relations between the center and periphery. First, the center utilized the personnel selection schemes as the main tool of recentralization, appointing former members of the central government as governors. Second, the central government created new national oil company KazMunaiGaz with the aim of re-establishing control over oil and gas resources of the regions. Third, center altered the borders of some regions and moved the capital from Almaty to Astana, which resulted in the reduction of political autonomy of governors. In doing so, the central government increased the dependence of regions on budgetary transfers and succeeded in reducing the autonomy of regions in order to preserve political stability in the long term.

Some patterns of ‘informal decentralization’ have also been observed in Uzbekistan. The central government in Uzbekistan continually rotates and changes heads of regional and district governors in order to effectively centralize power and to reduce the rent-seeking practices. In spite of these strategies, regional elites and networks find various ways to bend the centrally designed policies and laws. The most pertinent literature in this respect is the case study of rent-seeking strategies among local public prosecutors in Samarkand region by Markowitz [67] in which the author illustrates how an attempt to extend state power to the regional arenas unintentionally enhanced the control of local elites over extractive processes. Ilkhamov [45] describes the conflicting economic and political interests between central government, local producers and regional elites with respect to agricultural policy. In Uzbekistan, as Ilkhamov demonstrates, the policies of central government are permanently undermined by the destabilizing claims of a recalcitrant periphery, represented by regional elites within the state apparatus. Another relevant literature is Tommaso Trevisani’s [100] article on the struggles between central government and

local elites over land use. As Trevisani describes, after independence Uzbek government was no longer able to ensure the regular payment of wages and to provide adequate public services. But at the same time central government maintained firm grip over the returns of agriculture and extracted all profits from cotton sales, thereby depriving local elites of their share of rents from the business with cotton. The reaction of local elites was to invent alternative sources of income, which they did by forcing local producers (farmers) to increase the sector of agriculture not devoted to cotton production, as this is the sector that local elites can control autonomously and that enables them to generate the rents that are no longer available through the state budget. The negative consequence of these informal measures was that local producers had to shoulder a double responsibility imposed on them by the central government and local elites.

In politically unstable countries of the region, Tajikistan and Kyrgyzstan, where the central government is relatively weak vis-a-vis regional interests, decentralization may not only lead to more rent-seeking activities but also risk greater instability [61]. In Tajikistan, the central government faces strong resistance from regional networks and groupings. Regional leaders, having legitimacy in the local arenas, compete for access to natural, financial and administrative resources and set the rules of the game in their 'enclaves' [111]. Luong [59] argues that these regional interests and political identities influence the core policy processes not only in the regions, but also they manifest themselves in the decision-making at the central level.

As seen above, regional leaders have more control over the local resources in practice than they are granted on paper. However, such informal form of decentralization can hardly be seen as a positive development, since they are neither transparent nor promotes local economic and social development. The decentralization described above was not the outcome of carefully planned policies but rather it occurred largely due to inability of the center to implement adequate local development policies. Similar conclusions have also been made in recent literature on colonial administration in Africa and Asia where authors showed that devolving power to tribal chiefs and other local elites had very little to do with promoting democracy and local economic development [16; 17; 52; 75; 10; 65; 42].

Clans and Regional Patronage Networks

In all four Central Asian countries clans and regional patronage networks have a strong presence in the governing structures and dominate key political processes [23; 59; 45; 46; 111; 100; 57; 67]. The relations and behavior of bureaucrats within public administration structures are not based on formal rules, but are mainly driven by informal rules and networks. When discussing the relations between the center-periphery relations in Central Asia, some authors mention the existence of 'informal constitution', i.e. the system of informal rules governing relations within the elite [59; 57; 95]. Therefore, one of main challenges, influencing local government situation in Central Asia, are clans and patronage groups. Studies demonstrate that governments of Central Asian countries, even if they have accepted Western governance models

and theories, in practice, they are largely influenced by existing informal and formal structures [57; 4]. As formal state structures weakened during the post-Soviet transition, clans and patronage networks emerged as powerful political actors, vying for control over key sectors of the state and economy [93; 19; 20; 21; 2; 12; 78; 1; 46; 100; 24].

Much of the scholarly literature argues that clans have a negative influence on public administration and governance processes Central Asia, leading to rampant corruption, favoritism, nepotism and a weak rule of law. For instance, in Tajikistan statehood and governance hardly function at grassroots level. Local governance is increasingly exercised by alliances of local social forces (big landowners, religious structures, foreign and domestic NGOs, international organizations) that provide alternative means of survival for citizens [111]. Babajanian also observes identical pattern in Kyrgyzstan where the political and economic relations between the central government and local administrations are largely based around patron-client networks [8]. Kazakhstan also shares these problems. Despite the adoption of Civil Service Law, decision-making processes and the recruitment of civil servants are largely based on personal loyalty, friendship, or blood connections [31].

Conclusion

1. There is a widespread belief that local governments are better positioned to deliver public services due to their immediate proximity to people and better awareness of the local problems than central state agencies. However, the growing body of literature argues that decentralization can exacerbate inter-regional disparities, can undermine macroeconomic and political stability and create favorable conditions for corrupt transactions and diminish economies of scope. Prud'homme [1] argues that decentralization is a 'potent drug' that is better not applied when the symptoms of the disease are misinterpreted.

2. Hence, agreeing with the aforesaid literature, this article clearly demonstrates a need to consider the local context when applying global (Western-centric) governance and decentralization models in Central Asia. As shown in earlier sections, socio-political context of Central Asia largely varies from the Western one and that administrative reform initiatives produce rather different outcomes. Decentralization in Central Asia largely takes on the form of a geographically based struggle between state elites for control over access to resources. These regional power structures are less concerned with local development issues but rather they are more inclined to seek rent. Libman [57] also claims that there is no evidence that local government reforms could be beneficial and increase the quality of public services. Likewise, further decentralization only serves to intensify the struggle among governing elites for control over sphere of influence [62]. Consequently, any attempt to improve the quality of public administration in Central Asia should be aware of the covert power of these regional forces and that local government reform initiatives should reckon with the socio-political realities of the region.

3. As the results demonstrate, the core challenge hindering local government reform comes from the persistence of authoritarian style administrative practices. Although there have been some local government reform initiatives in the region, but they remained 'in paper' and had little or no effect on governance processes in the region and, while in practice local government continue to be subordinated to central government in all public policy issues, be it education sector, taxation, health care, welfare or agriculture. Therefore, local governments do not have real capacity to adequately address the needs and concerns of citizens, as they are merely concerned with implementing centrally designed policies. Tax revenue is not sufficient for fiscal autonomy of local governments and local governments heavily dependent on inter-budgetary transfers. Since local governments do not have a solid financial base and the center takes important public policy decisions, little or no possibility exists at the local level for citizens to voice their concerns about public services. One visible consequence is an emergence of alternative (to the state) decentralization strategies and citizens' informal coping strategies. We can observe the tendency of a return to older structures of clans, lineages, extended families, and personal networks as a coping strategy. These alternative strategies are short-term solutions, have little to do with local development issues and negatively influence governance trajectories in the region. They undermine the rule of law, foster clientelistic culture and promote social hierarchies and inequalities. Hence, local government reform is not simply a matter of introducing Western-style governance structures or granting more autonomy to local actors. It is, more importantly, about understanding the local socio-political context and promoting socio-economic change.

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Rustamjon Urinboyev

Vietos valdžios gebėjimai posovietinėje Vidurio Azijoje

Anotacija

Šiame straipsnyje analizuojama keturių Vidurio Azijos šalių – Kazachstano, Kirgizstano, Tadžikistano ir Uzbekistano – vietos valdymo kontekstas, problemos, kokybė ir iššūkiai. Daugiausiai dėmesio skiriama klausimui, ar veiksmingai ir našiai šiame regione vietos valdžia įgyvendina savo funkcijas. Vietos valdžios institucijų gebėjimai analizuojami remiantis keturiais veiksniais – kontekstinėmis, struktūrinėmis, institucinėmis ir žmogiškųjų išteklių sąlygomis. Šie klausimai analizuojami remiantis mokslinė literatūra ir viešosios politikos dokumentais. Tyrimo rezultatai rodo, jog vietos valdžios institucijos Vidurio Azijoje neturi reikiamų gebėjimų adekvačiai reaguoti į piliečių poreikius ir rūpesčius, nes jos yra stipriai priklausomos nuo centrinės valdžios visais viešosios politikos klausimais – ar tai būtų mokesčiai, paslaugų teikimas, vietos plėtra ar privatizacija. Tyrimas taip pat rodo, jog vietos valdžios reforma šiame regione neturėtų apsiriboti vien tikta vakarietišku valdymo struktūrų įdiegimu ar didesnės autonomijos vietos institucijoms suteikimu. Daug svarbiau, kad būtų įsigilinta į vietos sociopolitinį kontekstą ir skatinami socioekonominiai pokyčiai.

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Local Government capacity in the Southern African Development Community (SADC) Region

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Abstract. *Adequate country capacity is a key consideration in global efforts to meet the Millennium Development Goals (MDGs). The Organization for Economic Co – operation and Development (OECD) has pointed out that even if there were greater financial resources for capacity development in many developing countries, it is still likely to fail. Capacity development has also moved beyond the individual level in terms of knowledge and skills to a focus on the quality of leadership and management of the public institution and organization. However, irrespective of the governmental structure, it is a given that local governments globally play a critical role in local governance by promoting local development and ultimately the MDGs. However, the level of public governance in many countries is still too weak to make a significant impact in terms of accelerating the pace to reach the MDGs. This paper will critically review the attainment of the Millennium Development Goals in the Southern African Development Community (SADC) Region with a particular emphasis on the local sphere of government. There are currently twelve countries in the SADC Region; however, this study will focus on a representative sample of countries, notably South Africa, Botswana, Malawi, Mozambique and Zimbabwe. The countries chosen vary in size, physical attributes and political dynamics and more importantly in terms of levels of development. Adequate capacity is one of the critical missing factors in current interventions to attain the MDGs and other national development goals.*

Keywords: *Millennium Development Goals; South African Development Community (SADC) Region; local government; capacity development.*

Raktažodžiai: *Tūkstantmečio vystymosi tikslai (TVT); Pietų Afrikos Vystymo Bendruomenės (PAVB) Regionas; vietos valdžia; gebėjimų vystymas.*

Introduction

The issue of capacity is a key issue in global efforts to ensure the Millennium Development Goals (MDGs) are attained. The allocation of greater financial

resources to the attainment of the MDGs does not necessarily mean that it will be achieved. Finance is just one part of the equation in terms of meeting the goals and targets set in the MDGs. Key to this development process is capacity at all spheres of government which will be the determining factor. In this context, the notion of capacity development has also moved beyond the individual level in terms of knowledge and skills to a focus on the quality of public leadership and management in the institution and organization. It should be noted that the operations of public institutions and organization are to a large extent also influenced by the enabling environment at that particular point in time, more specifically the influence and structures of power and the public institutional culture in which they have been embedded over the years [19, p. 11]. Local governments globally irrespective of the systems and structures of local governance play a pivotal role in promoting local development and ultimately the MDGs. However, the quality of governance particularly in many developing countries is still not strong enough to make a positive impact in terms of accelerating the pace to reach the MDGs [23, p. 1]). The deadline for achieving the MDGs is 2015 and it is unlikely that the majority of developing countries will in fact meet that goals and targets set.

The Southern African Development Community (SADC) Region was created in terms of a Declaration and Treaty signed in Windhoek, Namibia in July 1992. It consists of twelve countries namely, Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique; Namibia; Seychelles; South Africa; Swaziland, Zambia, Zimbabwe and Tanzania [1, p. 3].

This paper will review the attainment of the Millennium Development Goals in the Southern African Development Community Region of the African Continent. It will initially provide a background of the Region, a SWOT (strengths, weaknesses; opportunities and threats) analysis based on the existing knowledge and literature studies of local government in each of the countries selected in terms of addressing the MDGs. In addition, it will highlight some of the key challenges for the attainment of the MDGs in an African context and more importantly, what needs to be done in terms of addressing the capacity constraints in meeting goals and the required targets. Decentralization strategies and initiatives in each of the countries will also be reviewed in a broader capacity development context.

Local Government in the Region

The South Africa democratic state, ushered in April 1994, was committed to addressing the issue of inequality and poverty which was high on the municipal agenda. Since then, a systematic process has been in place whereby new policies designed to enhance the quality of life at the local level were introduced thereby moving to a more equitable society. To this end, each successive administration appointed by the ruling party has contributed to development successes in terms of building blocks, as well as responding to challenges on an ongoing basis at that particular point of time in the broader context of growth and development.

The country is a unitary state and is a constitutional democracy with three distinct spheres of government, that is, national, provincial and local. The governmental system consists of nine provinces which are in turn divided into 278 municipalities (8 metropolitan; 44 districts and 226 local). The three distinct categories of municipalities constitutionalized, in terms of chapter 7 are Metropolitan (A), (exercising all local government powers); local (B) (sharing powers and functions) and constituting a district (C). The objectives of local government as defined in section 152 are to provide democratic and accountable government; ensure provision of sustainable services; promote socio – economic development; ensure a safe and healthy environment and local community involvement. Municipalities have to in terms of section 53 “structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community and participate in national and provincial development programs” A municipality is considered well capacitated and functional if it can, within its financial and administrative capacity achieve the objectives detailed above [17, p. 7].

There are few African countries that have adequate data in terms of addressing the goals and targets of the MDGs and South Africa is one of them. The country has proved to be quite interesting as it presents a mixed picture in terms of development. The MDGs have been achieved in some cases, whereas in others it is still lagging behind. It is generally accepted that government intervention is imperative to ensure that the goals and targets set are achieved. Intervention by Government is crucial in attaining those goals in terms of meeting the 2015 deadlines. The country has a stable macro economy and private sector, reasonably good infrastructure and more importantly is not reliant on donor funding; however, access to quality education and health is still very much viewed as major challenge for the majority of the populace [18, p. 3], despite South Africa becoming a democratic state in 1994. There is a strong view that the attainment of the MDGs in South Africa will depend on how the key role-players and stakeholders manage to mobilize public resources in the broader governance context. In the South African case, the MDG process has also unearthed some deficiencies in the quality of data and the resultant gaps that has come about [18, p. 3].

Botswana is a landlocked country with an estimated population of 1950 000 in 2009. Geographically the country covers an area of approximately 582 000 km² and a major part of the country is covered by the Kalahari Desert [UNDESA 2009]. A liberal democratic regime was ushered in at independence in 1966. The Tenth National Development Plan (2009 -2016) is the policy instrument used by the Government to steer progress on the MDGs over the next four years. Prudent macro – economic management complemented by strong public institutions coupled with good governance has facilitated economic growth which has in turn paved the way in terms of progressively moving towards the MDG targets [5, p. 10-11].

Botswana with a bicameral parliament is a democratic republic which consists of the elected National Assembly and the hereditary, advisory House of Chiefs. The

President is the Head of State and government and is indirectly elected by the members of the national assembly for two five year terms. Fifty seven of the 63 national assembly members are elected directly through universal adult suffrage under the first past the post system; four appointed by the President while the President and the attorney general make up the other two in an ex – officio capacity. The President appoints a Cabinet of Ministers from the national assembly and non-elected members can also be appointed. The House of Chiefs which has only advisory and not legislative powers, has a total of 35 members, namely the chiefs of the eight principal tribes, 22 members elected directly by the house and a further 5 appointed by the President [8, p. 34].

Botswana has been categorized as a unitary state and has a two – tier system of government, i.e. central and local⁴. The latter comprises of district/urban councils, land boards, tribal administration and the office of the district commissioner [11, p. 23]. At present, there are 16 local councils (10 districts, 4 towns and 2 cities), an increase of 7 since they were first established in 1966.

Local authorities have to provide basic social and infrastructural services which includes inter alia, primary schools, primary health care and sanitation services; public roads, rural water supplies, markets, parks cemeteries, relief services, recreation and welfare, commerce, abattoirs and regulation of beer halls.

Mozambique has a population of approximately 20.3 million people and occupies an area of 799 380 km². There is approximately 70% of the population living in rural areas and 5% live in the capital city of Maputo. Following a ten year war for independence from Portugal which was granted in 1975, a lengthy civil war ensued where almost a million people lost their lives and the state became dysfunctional [11, p. 142]. During the colonial era, there was limited investment in training of local staff and infrastructure. The country was then believed to be the poorest internationally with external debt of 200% of the GDP and poverty level above 80% and inflation running at 50%. Economic change commenced earnestly in 1987 followed by political changes in 1990 [11, p. 142]. Together with the support and co – operation of international development partners, a turnaround strategy was introduced resulting in a two figure growth rate; poverty reduction by 15% and inflation to a single digit figure and external debt levels to below 35% of GDP [16, p. 6]. All of this took place at a time when there was flooding, droughts and the global economic crisis. The MDGs have been integrated in the National Agenda for the Fight Against Poverty. Attempts have also been made to reduce climate change damage; impoverishment of the coastal and marine ecosystems (highlighted in the 2010 Gender, Environmental and Climate Change Strategy and Action Plan) and increase seawater level. Furthermore, Presidential initiatives were introduced to crystallize MDGs challenges,

⁴ In terms of a recent policy directive, “local authority” is reserved only for councils. Land Boards, District Administration and Tribal Administration are referred to as local institutions (Presidential Directive (CAB 22/2005) as cited in (Kathyola and Job 2011: 142).

namely the Presidential Initiative on Maternal and Child Health; “One Student One Tree Per Year” and “One Community Forest” [16, p. 3].

There are 43 municipal governments in the urban areas and 128 rural districts in Mozambique. Two basic policy documents have guided the strategic agenda, namely “Agenda 2025” and the ten year “Global Strategy for Public Sector Reform (2001 – 2011).” These policy documents view decentralization as the basis of modernization of the state [11, p. 142].

In comparing the different countries in the Region, it is obvious that the countries discussed have different geographical and physical attributes that have also impacted on local governance. They vary in size, population and history and the majority of them are coastal while Botswana is landlocked. All the countries have adopted a multi – party system and free and fair elections which are held fairly regularly. All the countries which attained independence in the 1960s (South Africa in 1994) focused on state/nation building opting for a stronger system of local government in line with their preference for democracy at the national level. However, a decade later, two of the countries, namely Mozambique and Tanzania adopted autocratic models of governance and consequently stronger systems of field administration or deconcentration became the norm. In the early 2000s virtually all the countries redirected all their energies towards the Millennium Development Goals and more specifically reducing poverty by half by 2015 [11, p. 228].

Malawi is a country with a high population density and is landlocked. It is one of the world’s poorest countries. It gained independence in July 1964 and the country was proclaimed a one party state shortly thereafter by the then Constitution (Act 23 of 1966). At that stage, all public institutions including local government were subordinate constitutionally to the Malawi Congress Party which in fact was the de facto Government of Malawi. Consequently, the relationship between local government and the higher levels of government was best described as one of deliberate superiority and subordination. The politicians, be they legislators or councilors had to be members of the ruling Party and subject to its Constitution, rules and regulations ([1, p. 15]. The political transition of 1994 provided an opportunity to restructure the public sector and economy and it was a joint initiative by the Government and development partners. A poverty reduction program focusing on restructuring the roles of the public, private and civil society sectors was introduced placing emphasis on more open and democratic governance. This program was developed over time culminating in the 2002 Poverty Reduction Strategy (PRSP) that was considered a strategic plan for addressing the needs of the country. Economic and public sector performance has been weak over the past ten years. Furthermore, economic restructuring has been slow and uneven; macro – economic stability has not been achieved and economically the country has not moved to a higher growth path.

Chapter XIV of the Constitution makes provision for local government and the Minister of Local Government and Community Development is responsible for overseeing local government. There are currently 35 single tier authorities, 4 cities, 28 district councils, 2 municipal councils and 1 town council.

Zimbabwe gained independence in 1980 and is a unitary state. Since then, the Government has declared its policy intention to promote decentralization based on the principles of subsidiarity. There were several institutional innovations to support this over the years.

More specifically, the District Council Act was initially enacted in 1982 and the amended in 1981 and 1982. The Act was only applicable to communal lands and was re – introduced following the period of insurgency by the guerrillas. This resulted in some consolidation where the previously fragmented authorities were reduced from 220 to 55 and resulted in the system being democratized [1, p. 19].

The Local Government System is governed by inter alia, Provincial Councils and Administration Act; Urban Councils Act; Rural District Councils Act; Regional Town and Country Planning Act and the Traditional Councils. There are presently twenty – eight Urban Councils in the country as provided in Chapter 29: 15 of the Urban Councils Act. Local Boards are the lowest on the hierarchy of urban councils that have been established in settlements where the population is very small and they have peculiar circumstances. but they have the potential to grow into large centers. Government assistance is also required in terms of funding. There are currently 8 town councils which have grown from service centers in the rural areas sufficient for them to be independent. The third position is held by ten municipal councils and six city councils currently have the highest status nationally. Rural district councils which currently number 58 are in existence throughout the country and have been created in terms of the District Councils Act [26].

Rationale and Objectives of Decentralization in the Region and for African Countries in General

Big and complex jobs require strong and complex capabilities. Through policies and strategies of decentralization, local governments in Africa are at the fore front of local level development, often with fewer resources. Local level public servants at political, administrative/managerial, and technical levels are under pressure to make and implement decisions on issues which are highly complex that has major implications on development in their constituencies. As a logical consequence, they must and are expected to be able to deal with issues ranging from economic development to personnel law, land-use planning, running meetings which are effective, environment, leadership, HIV/AIDS, education, primary healthcare in addition to very traditional functions of local administration to achieve the desired objectives of many decentralization policies in Africa.

If one has to reflect on the reasons dedicated to enhancing public administration at the local government level in Africa, perhaps the starting point should be to determine in the first place the objectives that have guided decentralization and local governance on the continent. In other words the overriding question should be: Strengthening public administration capacity-building to achieve what? Basically, in a general way one can say that decentralization policy objectives that are clearly set

out are a basic element of capacity. Public administration capacity in local governments need to be developed to achieve socio-politico-economic development objectives at the local level thereby ensuring a positive change in the lives of grass-roots communities who in the majority of cases suffer abject poverty. It is imperative therefore that the objectives of decentralization in African countries be explored to determine the rationale for strengthening public administration at the local level.

Decentralization signifies the transferring of authority, be it legislative, administrative or judicial and administrative from a higher to a lower level. The sharing of decision-making authority with the lower levels in the organization constitutes the basis of this policy. There could be a sharing of power within the system, or new mechanisms could be created internally or with outside agencies and organizations [White, Reddy, Department of Provincial and Local Government and Meenakhsisundaram in Reddy 2010:67]. It is indicative of increasing global acceptance of an approach which is more democratic and participatory at the local level where services can be accessed more directly by empowering local communities and ensuring that they are integrated into the policymaking process.

According to the Guide to Decentralization of the Swiss Agency for Development and Cooperation (January 2001), decentralization can be used to pursue a number of objectives, broadly grouped into three categories:

- Improving relationships between the State and its people.
- Improving the effectiveness of governmental services.
- Improving the effectiveness of governmental services.

Improving relationships between the State and its people, means especially more political legitimacy of the State, also the central State; enhanced (democratic) participation of the local population, of minorities and women in political opinion-building processes; improved social integration of women and marginal groups; more control of power through the broader division of political power among various actors; the strengthening of a civil society in a structurally decentralized way to better play its role as a local counterbalance; and the protection of minorities and their specific interests and needs.

Improving the effectiveness of governmental services means especially that governmental tasks are performed on the level which is optimally suited to carry out the assignment. In line with the subsidiarity principle those tasks which primarily require local know-how and involvement should be performed by local authorities; public services are provided by governmental or nongovernmental actors, depending on competence and qualifications; more and better local services which also benefit the poor; more effective use of resources thanks to enhanced transparency, clearer distribution of responsibilities and accountability; services better responding to local needs and the the mobilization of additional local resources.

Promoting local development should focus on more context-adapted development programs and projects; greater utilization of local development potentials; improved economic balance between the center and the periphery; growing competence and capacities at the local level and more local ownership”

At Intergovernmental level (Africa Union level), Ministers responsible for decentralization and Local Development in member States of the African Union are constituted by the decision of the Assembly of the Africa Union (Assembly/Au/Dec. 158 into All Africa Ministerial Conference on Decentralization and Local Development (AMCOD) as a specialized technical committee of the African Union in matters of decentralization and local development. AMCOD was established with the following objectives:

- Promote decentralization, local governance and participation of citizens and social groups in designing and implementing development policies;
- Include decentralization and local development in priorities of African government action;
- Sensitize all stakeholders of civil society to the primordial place of decentralization in the economic, social and cultural development of every nation;
- Provide intermediation between all African local authorities and their governments on all issues relating to decentralization and local development;
- Develop research and various studies in the area of decentralization and local development;
- Mobilize endogenous resources or resources from external partners for the execution of decentralization and local development programs;
- Formulate proposals for governments, for the optimal implementation of decentralization and the pursuit of local development in the African Union Member States;
- Encourage and support sub-regional groupings for the promotion of decentralization and local development [4, p. 3].

There has been some progress on decentralization in Southern Africa, more specifically in relation to the legislative and institutional arrangements. Some notable achievements include, commitment to decentralize from the center; establishment of local government; intergovernmental fiscal policies and transfers and structures for community participation in local democracy and development involving women and special groups [7, p. 7]. Decentralization objectives in a number of Southern African states are summarized below. While this is hardly exhaustive of all the African countries in the SADC Region, these can serve as examples from which the rationale for decentralization can be deduced. The purpose is to highlight the complex job decentralized entities are being assigned.

Decentralization Strategies and Processes in the Region

In South Africa the national decentralization strategy has incorporated administrative, fiscal and political considerations. Developmental local government as characterized by its objectives and outcomes as an integral part of decentralization, as the notion of participatory participatory local democracy is being promoted (Reddy 2010:70; Cheema and Rondinelli 2007). The objectives of local government has

summarized in Chapter 7 of the Constitution of the Republic of South Africa Act, 1997 (Act 108 of 1996):

- Provide democratic and accountable government for local communities
- Ensure the provision of services to communities in a sustainable manner.
- Promote social and economic development.
- Promote a safe and healthy environment.
- Encourage the involvement of communities and community organizations in the matters of local government.

Decentralization capacity is a major challenge in the South African context and the three spheres of government have to be strengthened and empowered in this regard [Reddy 2010:78].

There is no constitutional provision for local government in Botswana. The main legislative text is the Local Government Act of 2012. Other relevant legislation impacting on local government includes, inter alia Public Service Act of 2008; the Local Authority Public Procurement and Asset Disposal Act 2008 and Town and Country Planning Act of 2013 [8, p. 35]. Decentralization has been facilitated by the Town and Country Planning Act of 1980; National Development Plan (NDP) 1991 – 1997; National Development Plans 7, 8, 9 and 10 which proposed the drafting of a Decentralization Policy. The decentralization strategy followed has been creating a reasonable balance of power, resources and responsibilities between the center and four local institutions constituting local government. The positive includes considerable progress in the delivery of services. The trend has been deconcentration rather than devolution and decentralization is seen in terms of service delivery. However, there are other goals of service delivery like empowering local institutions to take control of processes that deliver services [11, p. 16 -17]. Some functions which were legally decentralized to local government such as the management and distribution of water have been taken back by the central government [7, p. 9].

Section 146 of the Constitution of Malawi made provision for the setting up of local government areas. A Decentralization Policy was adopted in October 1998 and revised in 2010 which facilitated the creation of an environment conducive for democratic governance, institutions and development at the local level. The Local Government Act was introduced in 1999 and revised in 2011. It makes provision for the establishment of local government and highlights their powers and functions [7, p. 8]. However, repeated postponements of the local government elections since 2005, when local authorities were dissolved have led to delays in the full implementation of decentralization.

The Constitution of Mozambique of 1996 makes provision for a legal framework for decentralization. The Local Government Act of 1997 established local government and granted them administrative and financial powers [7, p. 8]. “The tasks of local authorities are to: organize the participation of citizens in finding a solution to the community’s problems; to promote local development; and to strengthen and consolidate democracy within the framework of Mozambican state unity” [8, p. 104]. Decentralization was emphasized in the strategic vision Agenda

2015; Government's ten year Global Strategy for Public Sector Reform (2001 – 2011). Important decentralization achievements are the expansion of service delivery and gradual improvement of voter turnout in municipal elections. The challenges are the absence of formal policies on decentralization, although there has been decrees, national strategic plans and ministerial plans and programs; no clear conditions/benchmarks for municipalization; inadequate capacity used as an excuse not to decentralize and ensure that funds earmarked for poverty reduction is not retained at center, but transferred to districts and at the same time ensure that expenditure is monitored properly [11, p. 140 – 141].

The legal framework for implementing decentralization in Zimbabwe is facilitated by the District Councils Act of 1980; the Prime Minister's Directive of 1984; Provincial Councils and Administrative Act of 1985; Rural District Councils Act, Chapter 29.13 and the Urban Councils Act, Chapter 29.15 [7, p. 8]. In some cases, the national government issues directives which are counterproductive for decentralization and in some cases ultra vires. This has happened in Zimbabwe where in June 2006, the National Water Authority took over the management of water and sewage following a directive from the Minister of Local Government and the reasons advanced was the limited capacity of local governments to discharge these mandates [7, p. 9].

Some of the key challenges in implementing decentralization in Southern Africa includes, lack of consistency in the legal framework; inadequate human and financial resources; some resistance, particularly from line ministries; inappropriate financing mechanisms and unfunded mandates and the weakness of civil society [7, p. 20].

Progress Towards the Millenium Development Goals

The MDGs are a shared international development agenda and framework to address human poverty globally. It was ushered in 2001 following the 2000 Millennium Declaration that was signed by Heads of States and Governments. While there has been progress achieved in some of the key international development challenges that is, combatting poverty; control of Aids; school enrolment, child health and malaria and clean water access even in the poorest countries, it bears ample testimony to the fact that MDGs are achievable. However, despite the progress made, the impact on the lives of the poorest communities, particularly in Africa has been limited. The lack of a renewed and firm commitment for decisive action and the current economic crisis has meant that a significant number of countries will not achieve the MDGs by 2015. Consequently, serious consideration should be given to the ushering of a new post 2015 development agenda which will possibly extend the deadlines for the MDGs or complement them with a new development strategy which is all inclusive and comprehensive.

It is possible that the Region will achieve the universal primary education goal; however, rural water and sanitation, poverty, food insecurity, child malnutrition, gender equality, high child and maternal mortality, deforestation are likely to be

major challenges. The HIV/Aids pandemic is on the increase in most countries and has reached double digit figures. This has to be viewed against economic performance which is weak, official development assistance which is declining, a high debt burden; food shortage and poverty and most of the countries being landlocked. In addition, economic growth is a major challenge in many of the countries as low, stagnating and declining growth characterizes the majority of the countries. This has impacted negatively on the attainment of the MDGs (World Bank 2005: 2).

The New Partnership for Africa's Development (NEPAD) was adopted in July 2002 to ensure sustainable regional integration; embracing positive African concepts; promoting self-reliance and self-sustainability. Capacity development has been identified as a major priority as highlighted by the following:

“State capacity building is a critical aspect for creating conditions for Development. The state has a major role to play in promoting economic growth and development and in implementing poverty reduction programs,...It is for this reason that targeted capacity building should be given a high priority. Programs in every area should be preceded by an assessment of capacity followed by the provision of appropriate support” [24, p. 9].

A program on public administration and governance aimed at ensuring that African states and governments have the capacity to govern effectively and deliver services efficiently was adopted by the PAN African Conference of Ministers of the Public Service held in May 2003. The World Bank has added that key issues critical to the success of MDGs in the SADC Region includes inter alia, political commitment or more specifically political will; efficient resource allocation in terms of alignment between national budgets and development priorities and strategic micro – economic frameworks and broad partnerships between governments, the private sector, non-governmental organizations and local communities [24, p. 10].

It has been pointed out that not only financial resources are important for the attainment of the MDGs, but also the institutional governance context in which the required intervention takes place. Strong resources are imperative for deploying all the resources of the State to achieve not only the MDGs, but also national development goals. It has been pointed out that the achievement of the MDGs can be more effective when undertaken at the local level, as decentralized systems of governance enables quicker and improved targeted delivery of basic services.

Country by Country Analysis

In Mozambique the goals of the MDGs have been reinforced in the National Agenda for the Fight against Poverty. There has been progress made in the expansion of the educational and health services as well as gender equality. A firm commitment has been made to manage the negative impact of climate change and more importantly address the issue of food security. This has been detailed in the 2010 Gender, Environmental and Climate Change Strategy and Action Plan. Three Presidential Projects, namely “Maternal and Child Health”; “One Student, One Tree per Year” and the “One Leader, One Community Forest” have been introduced to

crystalize MDG challenges [16, p. 2]. The Government through substantial investments in education; health and supply of drinking water has endeavored to enhance the living conditions of the populace. In addition, the decentralization of resources to districts; the introduction of a District Fund and public private partnership bears ample testimony to the efforts of strengthening districts as poles of development. The principles of equality of rights/gender have been constitutionalized through articles 35/36 in a policy and strategy context. In addition, there are several other instruments such as Government – Five Year Program for 2010 - 2014; PARPA 2010 – 201; Gender Policy and Implementation Strategy; National Plan for the Advancement of Women; Sector Gender Strategies for Education, Health, Public Administration, Energy and Environmental Affairs which are key to the process. The commitment and political will relative to gender is documented in legislation and is an integral part of government programs [16, p. 540]. The constraints on the achievements of the MDGs are summarized below [16, p. 69]:

- Cumulative effect of the HIV/Aids pandemic has increased poverty levels at national level: attainment of MDGs necessitates poverty reduction by half;
- Quantity and quality of human resources limited for purposes of rotation and improvement/management of programs;
- Floods, cyclones and droughts has resulted in agricultural growth and production rates being very low or even zero;
- Job creating investment hampered by limited resources;
- Trade unions are weak in terms of technical capacity and coverage;
- Primary school population increase not accompanied by quality. A large number of those aged 6 do not have access to school and there is no legislation making primary education compulsory. The student/teaching ratio is very high and rural cultural habits has placed little emphasis on schooling;
- Issues of gender equality are more prevalent in the rural areas. Daughters not attending school as parents are afraid of sexual harassment or insecurity as there are more male teachers;
- Climate change has impacted negatively on natural resources and biodiversity as a result of cyclical floods, cyclones and droughts. There is limited training for importers about chemicals banned locally;
- External assistance subject to uncertainty and may decrease in real terms in the medium term.

The 2010 Government of Botswana/United Nations Progress Report highlights the fact that there has been progress made in the past five years and the 2004 levels of progress has been maintained. Poverty reduction policies and strategies facilitate the process of achieving the global goal of “halving the number of people living below the poverty datum line by 2015”. In this context, there has been a decline in the percentage of people living below the poverty datum line by 24% from 1993 to 2009. HIV and Aids still present major challenges to improving the lives of the people as well as diminishing the prospects of achieving the MDGs. The recent global financial

and economic crisis has meant that the country has experienced a loss of income. In addition, the reduction in diamond sales will also impact negatively on the attainment of the MDGs and Vision 2016. The Government has to work closely with development partners to promote economic development and ultimately human development outcomes [15, p. 63]:

- the gap between good macro – economic and poor micro – economic performance has to be bridged. In the absence of this, there will be in high unemployment and poverty. Private sector development has lagged behind public sector investment;
- the Global Economic Crisis has resulted in the GDP contracting by 3.7% and mining recording a decline of 20.9% and a growth of 6.2% in the economy.
- Mineral reserves growth which was lower was compounded by slower growth in other revenue sources and foreign exchange reserves;
- diversification and competitiveness in the economy is imperative and strategic public investments in communication; energy infrastructure, education and skills development are a priority. Emphasis has to be placed on quality and efficiency;
- emphasis should be placed on technology driven business as the country is landlocked. Disadvantages of cost as a result of no access to the ocean are mitigated.

In order to achieve its key developmental objectives, the Government has actively intervened in the economy, through inter alia the National Export Strategy (NES); National Trade Policy; Botswana Industrial Development Policy Investment Strategy; Export Development Program and Competition Policy Law and an imminent policy on Special Economy Zones.

South Africa is viewed as being in the middle income group and is one of the few on the Continent that has adequate data in reporting progress on the MDGs. Comparatively and continentally, the country does stand out from the rest as it reflects a mixed picture in terms of the MDG goals [18, p. 2-3].

Some of the MDG targets have already been met and in the case of those not, the country is on track to achieving them. Generally economic growth has been on an upward swing with the possible exception of 1998 which can be attributed to the crisis in East Asia and related factors. Since 1994, various legislative, institutional and administrative measures were introduced to ensure an enhanced quality of life for the majority of the citizenry as enshrined in the Constitution. In pursuance of this strategic goal, there have been several assessments over the years to ensure that the Government was on track with this overarching goal. These includes the Ten Year Review; Government Program of Action; Budget Votes; Speeches and Parliamentary Briefings and State of the Nation Addresses [Republic of South Africa 2007:9].

In addition, there has been several other initiatives introduced of late to assist other African countries achieve the MDGs. The country was instrumental in ushering in the New Partnership for Africa's Development (NEPAD) which is a socio – economic framework for development and more importantly the main instrument for

achieving the MDGs [Republic of South Africa.2007:9]. To a large extent, it has been mainstreamed in the development agenda of the Continent and has played a pivotal role in terms of informing the national framework for policy formulation and planning at a country level. The country has also participated in international structures that seek to develop the global developmental agenda. Critical to that process is regional integration continentally.

Consequently, the achievements of the MDGs are probable and possible. However, appropriate government interventions are imperative for making these goals achievable [18, p. 3]. In terms of positives, the country has a private sector which is reasonably well developed, sophisticated infrastructure and a macro – economy which can be described as stable. However, it has to be pointed out that the quality of education and healthcare despite being accessible is far from satisfactory. The latter seen together with the high prevalence of HIV/Aids has meant that several targets has not been reached in terms of the MDGs, notably in relation to employment; income levels as well as life expectancy. Given that South Africa is not dependent on donor funding, meeting and improving on the MDGs depends to a large extent on how domestic resources are mobilized by the Government and other stakeholders to meet the targets. The growth rate has reached 5%; however, a figure of 7% is required to reach employment and redistributive targets. Poverty levels have declined due to inter alia, a major reallocation of pro – poor expenditure to basic services provision (housing, water, electricity and sanitation) and a significant income transfer program [18, p. 3].

The implementation of the Millennium Development Goals in Malawi was facilitated through medium term strategies which were then translated into annual budgets. The first three year strategy was the Malawi Poverty Reduction Strategy (PPRS) implemented from 2000 to 2005. The review for the 2005 Malawi Poverty Reduction Strategy pointed out that as much as the Strategy emphasized poverty reduction, not much emphasis was placed on the economic aspects. It was apparent that if the Government was to make reasonable progress towards the attainment of the MDGs, it had to remodel its development strategy [11]. The 2006 – 2011 Strategy emphasized wealth creation and sustainable economic growth as a mechanism for poverty reduction and human development. Furthermore, the Government used the MTEF and the Public Sector Investment Program to facilitate the smooth implementation of the MDGs. Malawi Growth and Development Strategy which initially focused on six strategic areas which has since been reduced to one in 2009. There is a firm belief that the successful implementation of the priority areas will impact positively on the achievement of the MDGs and other pertinent development indicators.

The 2010 assessment has indicated that the Government is on track to attaining the MDGs by 2015 [10, p. 111]. The implementation, monitoring and evaluation mechanisms have been set up to provide feedback on the MDGs. It is viewed as being positive and points to at least five of the goals being achieved. There was some certainty in the other three not through lack of effort to achieve them, but do to the

fact that the country had a much lower starting base comparatively. The targets to be achieved are eradicating extreme poverty; reducing infant mortality; combatting HIV Aids, Malaria and other diseases; ensuring environmental sustainability and developing global partnerships for development. Those that are in doubt are achieving universal primary education, reducing gender equality and infant mortality [10, p. xi]. The achievement of the MDGs is to a large extent dependent on available resource and the Government has committed tax revenues to MDG related interventions. In addition, several policies and strategies have been developed to ensure that by 2015, most if not all the MDGs will be attained. Developing public sector capacity has been prioritized by the government; however, limited action has been taken and the impact modest. The limited effectiveness of capacity building initiatives can be attributed to the fact that government has not laid down clear capacity development goals and furthermore there is no clear national capacity development strategy or clear champion within government [24, p. 11]

It is generally accepted that the central government in both developed and developing countries are responsible for providing the majority of the funds for local government. However, poor revenue collection is a major weakness in the majority of the African countries and because of this our main focus in this part is the fiscal decentralization, but also provide assessment for local services delivery and of human resources capacity on the local level.

Fiscal Decentralization

In Mozambique, there has been a decline in donor funding and the probability is overwhelming that this trend is likely to continue. Consequently, a major priority would be developing the local revenue base. In this context, Kathyola and Job (2011:181) point out that although there is tremendous potential for revenue collection, there has been no concerted effort to capitalize on this and even something basic like parking and property taxes are not collected.

Municipalities in Botswana are legally empowered to collect certain taxes, levies and fees to cover their operating expenses. Local revenue sources includes rates, service levies and user charges, including clinic and abattoir fees, trade licenses, beer levy, interest on investments, housing rents and alternative sources of revenue. Property and business tax are applicable to both urban and district councils since 2012 [8, p. 36]. Urban councils in Botswana are reliant on central government for the major source of their revenue (approximately 80%) while in rural district councils it is even higher (97%).The traditional sources of revenue have been identified as property taxes; levies on service charges; interests on deposits and rent on council properties. Local authorities have the opportunity to generate higher sources of income, but the rate for services, property taxes and municipal rent is set by the national government. Councils also receive development grants from the central government. Given that the domestic government revenues in Botswana are generated principally by national taxes and mining, the revenue is pooled and shared between the local and central government. It would appear that municipalities are quite content to continue with the

current status quo as they tend to rely on grants from the national government [11, p. 181].

The post 1994 local government dispensation in South Africa has seen the demand for the upgrading, rehabilitation or replacement of ageing assets and economic infrastructure being increased considerably. More importantly, the nature and location of poverty has also been changing [17, p. 54]. Poverty is still widespread despite a redistributive intergovernmental fiscal system being in place. The resultant effect has been limited socio economic development. Although there has been some progress noted, it seems that the system generally has not been responding effectively to the challenges highlighted. A significant number of municipalities cannot leverage funds required for their basic municipal functionality. Problems like inter alia, audit reports which are uniformly poor; inability to manage financial statements and systems and processes described in the Municipal Finance Management Act has meant that compliance with the financial management system is a recurring challenge. In addition, other issues impacting negatively on the financial environment includes inter alia, weak skills base; limited support from the provinces; poor political and management oversight resulting in fraud and abuse and the onerous implementation of the Property Rates Act due to uneven application of processes, software and systems [17, p. 54].

Unfunded mandates have increased in South Africa despite the required protection being detailed in section 9 and 10 of the Local Government: Municipal Systems Act, 2000. Cloete in Reddy (2012) has pointed out that this state of affairs has come about as national and provincial government cannot discharge their own obligations.

In Malawi, the government has to ensure in terms of the Constitution that adequate resources are available for the effective delivery of devolved functions. The Local Government Act and the National Decentralization Policy provide for all sources of revenue where councils can charge or collect fees and levy rates. The Ministry of Local Government in consultation with relevant sectors of government, depending on the types of services, provides direction on how these can be determined. In accordance with the Constitution, there are two types of grant transfers from central to local government. In terms of the Constitution, 5 % of the net government revenue should be transferred to local authorities. This ensures that adequate resources are available for the effective local delivery of devolved functions and more importantly to address under collections. An approved formula reviewed regularly governs the transfers. The formula is the preferred mechanism to facilitate the process as it ensures fairness, transparency, accountability and equality across the different regions. On an annual basis, it is anticipated that a total of 29% of the national net revenue will be devolved to local government.

Following independence in 1980, Zimbabwean local authorities have been experiencing considerable difficulties in raising the required funding to finance the efficient and effective delivery of municipal services. In this context, some of the challenges have been highlighted by Coutinbo (2010:X1V) as inter alia, financial

management systems viewed as being inadequate; cost recovery on essential services viewed as being ineffective; debt recovery deemed to be insufficient amidst hyperinflation; lack of qualified staff who have moved into the private sector or have emigrated and poor financial accounting systems. Local governments are generally sustaining themselves financially although there has been a serious decline in local government transfers⁵⁴ [7, p. 32]. Coutinbo (2010:X1V) adds that interventions in law reforms such as compliance in terms of International Financial Reporting Standards are also ensuring that citizens are actively involved in preparing the budget needs to be addressed. In addition, the accountability to Parliament and the relevant Minister by the local government sphere has to be taken more seriously. To summarise, we may argue that there are certain distinct challenges relative to local government financing in the Region, as noted by Wright [25, p. 4]:

- A variation in the extent of fiscal decentralization and powers;
- There are very few local resources;
- There has been a failure to maximize revenue collection;
- Increasing reliance on central/local fiscal transfers;
- There is no consistency in fiscal transfers which can be quite unpredictable;
- There has been a lack of sustainability and donor dependence
- Lack of strategic engagement with the private sector; and
- There should be greater accountability and transparency to combat corruption.

Local Service Delivery/Infrastructure

In South Africa, basic service delivery has increased considerably following the ushering in of local democracy twenty years ago. The national government has facilitated the process relative to policy reforms, legislation and funding. However, a few municipalities have the institutional capacity and stability to discharge their developmental mandate as opposed to the majority of them which are facing serious economic and human resources capacity challenges. Consequently, the overall situation is far from satisfactory [17, p. 34]. The Local Government Turnaround Strategy Report (2009:35) also placed considerable emphasis on several issues which needs urgent attention, namely a legacy of infrastructure backlog; capacity constraints in relation to delivery and funding; increasing urbanization; public participation which is credible; key infrastructure in rural areas which is lacking and informal settlements which has been increasing. The socio – economic conditions among the municipalities tends to vary and municipal competence has also resulted in service delivery being uneven nationally. Provincial assessments of individual municipalities has highlighted other critical issues that has to be addressed in the broader context of

⁵ In 2006, local governments were self funding by 90% whereas in 2010 and 2011 they were receiving less than 1% of national revenues (CLGF/UNCDF/CLGF 2012:32).

monitoring and evaluation, notably wastage, underspending; poor oversight and inappropriate usage of funds [17, p. 40].

The national Ministry in charge of local government sets standards in terms of which service delivery is measured in Botswana. Although the approach to service delivery may be described as technocratic, there is a compulsion for public institutions including local authorities to be discharging their obligations [11, p. 216]. Kathyola and Job point out that the quality of service delivery is monitored through (1) quality of services that clients/users receive is assessed through “public service customer satisfaction” surveys organized by the Public Sector Reforms Unit of the Office of the President. The quality of services is high comparatively in the African context. There has been progress generally even in relation to the MDGs. However, there is some disparity between the urban and rural areas; (2) there is some duplications and ambiguities of responsibilities in the institutional arrangements for service delivery as the work is carried out by deconcentrated sectoral agencies and departments, each with their own budget and employees. This applies to education; health; housing and sanitation (2012:46-47).

In the case of Mozambique, some of the local government responsibilities have been transferred to the market through privatization and public – private partnerships. According to Cramer (Kathyola and Job 2012:171), the privatization program has been the largest in Sub-Saharan Africa and possibly one of the most successful in Africa. However, private sector participation has been poor in the municipal sector, with only a few urban municipalities contracting out solid waste collection to private companies. In addition, the management of municipal parks and gardens has also been privatized. NGOs working with donor agencies have been quite active in primary education, water, health and other basic infrastructural services (Kathyola and Job 2012:172). The key objective of decentralization is improved service delivery. It is believed that provision of basic services has improved in the rural areas due to a massive injection of government funds. Access to potable water has increased from 37.1% to 48.5%; coverage of pit-hole latrines is currently 39%; urban water supply has increased from 31.2% to 40%; primary school completion rate has increased from 38.7% to 72.6%. It is possible that the number of people without access to safe drinking water could be reduced by half in terms of MDG targets (Kathyola and Job 2012:176–177). Local governments in Zimbabwe are experiencing serious challenges in delivering services to their communities as evidenced by the poor state of the road network, failure to supply clean water and uncollected refuse. The reasons for this failure can be attributed to:

- failure to collect adequate revenue due to poor collection methods; inability to link revenue to service provision and the general economic situation in the country;
- inappropriate knowledge, skills and attitude - poor connection with communities, resulting in lack of ownership and participation in council programs;

- no strategic and development planning being carried out by local government;
- unfunded mandates as a result of decentralized services [7, p. 64].

Service delivery in Southern Africa has shown signs of stress and in some cases indications of possible failure. Some of the service delivery challenges can be summarized as follows:

- weak end user and service provider interactions which are strained resulting in institutional mistrust and stress. This tends to undermine the processes of civic engagement; institutional collaboration; planning and management of the new service;
- inadequate resources: resource constraints tend to curtail service delivery and more specifically inclusive service delivery. Efficient deployment and management of resources, notably human will impact positively on service delivery;
- rapid urbanization: the municipality's capacity to provide adequate services or expand existing coverage has been far outstripped. This is due to growth in urban areas and improved lifestyles;
- political and policy interference: where party cadres are appointed at local level or the politicization of local issues;
- institutional coordination problems: overlapping mandates and wasteful duplication and poor co – ordination;
- malpractices: corruption; poor procurement systems and bureaucratic inefficiencies burden service delivery;
- weak traditions of participation: often leads to limited citizen consultation;
- research and technological limitations: application of appropriate technologies that ensures efficiency;
- planning and budget tracking: participatory long and short – term planning systems ensures a good opportunity to apply inclusive service delivery [7. p. 48 -50).

Wright [25, p. 6] adds that there is a need for inclusiveness in terms of meeting the needs of the marginalized/disadvantaged groups; pressures of rapid urbanization which has led to migration; poor service quality and accessibility; problems around capacity and resources and the need for monitoring and assessment of quality control. In addition, there has to be a link to the post 2015 sustainable development agenda in terms of local target setting and implementation.

Human Resources Capacity

In Mozambique, 8.1% of public servants have university degrees; 25.69 % have completed their high school education and 42.04% have completed their basic education. 3.4% of those public servants with university degrees are working in the districts, outside the provincial capitals. Consequently the educational level of the public servants will to a large extent impact on the quality and competence of

government machinery to develop and implement programs [11, p. 167]. There has been training offered to public servants; however, to date it has not been evaluated in terms of effectiveness to develop the type of competencies required by municipal public servants. In addition, there are a large number of civil servants that have to be trained [11, p. 167].

The establishment of the Department of Local Government Service Management in Botswana which is responsible for recruitment; transfer; training and dismissal has resulted in greater uniformity in local government employment. The Department of Corporate Services within MLDRD is responsible for human resources matters for all senior staff in all local authorities. The administrative head of the councils and the urban and rural districts are the town clerks and council secretaries respectively. Local authorities have the responsibilities for lower graded staff. Councilors receive remuneration determined by the central government. The mayors in towns and council chairpersons in rural districts provide strategic leadership [8, p. 36]. Although centralization of the processes has increased, there is still active involvement by local authorities. Kathyola and Job [11, p. 167] observed that the competence of district council employees has increased over the years as many heads of departments have university degrees with a few of them having masters' degrees. In addition, short and long term training programs has played a pivotal role in developing capacity. However, the challenges are the exclusive loyalty of local government staff to central government and the centralized systems in recruitment, dismissal and disciplinary action at the local level [11, p. 167].

A best practice local governance system which is constitutionally and legislatively entrenched was ushered in post 1994 in South Africa. The large number of service delivery protests of late throughout the country points to the fact that all is not well and that basic constitutional values and principles and relevant legislation is not being adhered to. Failures in municipal service delivery have its origin in several factors, namely unstable political governance; irregular/ inappropriate appointments (limited/poor capacities and skills) and weak institutional management. It would appear that a significant number of district and local municipalities cannot even discharge their traditional functions. The rural areas have their own added challenges like limited understanding of the socio – economic and spatial realities and access to skills. Consequently, the capacity to deliver is lacking and the resultant effect is that they cannot deliver on their constitutional mandate [17, p. 33]. In this context, Tapscott in Reddy (2012:12) add that in “some areas, the municipality cannot be considered to be operationally functional, while only a small proportion of municipalities may be considered administratively effective”.

In Malawi, in terms of Local Government Act, 1998, municipalities are responsible for human resources administration. A legislative amendment in January 2001 transferred responsibility for the recruitment of senior management staff from municipalities to the Local Government Service Commission which has responsibility for inter alia, the recruitment of the chief executive/district commissioner; directors of finance; internal audit and two finance officers responsible for recurrent revenue and

development matters, administration; management information systems and public works. The Commission is an independent body that was originally set up in 1984 to support local government but was later disbanded. However, it has now been re – activated on an interim basis until municipalities have developed the capacity to assume full responsibilities for recruitment. Responsibilities are retained by council for all other staffing matters. In addition, they have discretionary powers to organize secondments.

Challenges, Capacity Gaps and how to Address them

There are similar challenges at individual, institutional and systemic levels. As indicated above, the gaps are in relation to lack of resources, both human and financial; lack of skills as qualified staff members leave for greener pastures and lack of political will to complete the decentralization process [7, p. 58].

At the individual level, there has been a skills flight as people have tended to move to greener pastures. There is a shortage of skilled manpower, poor conditions of service; technical departments adversely affected; migration of qualified personnel and low levels of remuneration. In addition, staff needs to be innovative and creative in term of dealing with issues like PPPs [7, p. 58].

The challenges at the institutional level are financial (which undermines government effectiveness and legitimacy); local government planning is not participatory and furthermore the issue of unfunded mandates.

At the systematic level, there has been a lack of comprehensive and sustainable capacity development focusing on inter alia community mobilization; community based monitoring and evaluation; public private partnerships; participatory planning and budgeting. Political will and ownership; contested political and administrative interface; weak oversight and support from higher level institutions are still a challenge [7, p. 58].

In such situation the core proposals for a way forward relative to revenue mobilization, service delivery and capacity development in the SADC Region include issues like: localization of the new sustainable goals, in terms of local targets, notably empowerment of developmental local government; there should be an LED strategy in place in partnership with the private sector; ensure fiscal decentralization with a view to generating new local resources; there should be mechanisms in place to facilitate intergovernmental relations; greater political will by both the politicians and political parties; and development partner support for local government capacity development [24, p. 8]. To address existing challenges, from the regional level, we may argue that there are several role-players and stakeholders in local government capacity building and they can be summarized as follows:

- **Local Government Associations:** which is the collective interface between local government and respective governments. They cater for member's common needs and interests and provide an opportunity to exchange information. More specifically, they are responsible for lobbying and advocacy; capacity development and a platform for information exchanges;

- Central Government: responsible for providing policy guidance, technical support and capacity development. They work closely with development partners in supporting capacity development through workshops; formal skills upgrades, equipment and technical support;
- Tertiary institutions like universities offer specific capacity development programs that impact on local government [7, p. 58].

Capacity development is a cross cutting issue and an integral part of human resources development. There has to be political and management commitment and clearly defined roles and responsibilities to ensure success in terms of organizational development. The linkage with the tertiary institutions is important. In terms of facilitating capacity development at the local level.

Conclusion

1. In reviewing the overall assessment of the progress made by the sample of countries in attaining the Millennium Development Goals, service delivery and revenue mobilization, it is quite apparent that progress has been made reaching some of the targets set for the MDGs for 2015 and overall enhancement of the local government system. Overall, the general performance of local government in the Region can be summarized as mixed and inadequate. There are still considerable disparities relative to performance and progress across the Region and it is generally accepted that the higher income communities tend to by and large access basic services. Distinct challenges in relation to education; health; water and sanitation have compounded the problems of marginalized groupings.

2. However, African countries have to as a matter of urgency prioritized strong economic growth which in the final analysis has to be translated to job creation and poverty reduction. Political will which does constitute a major challenge in terms of moving towards the MDGs is critical to the process. It is imperative that there is regular monitoring to evaluate performance on the MDGs. Consequently, monitoring if it is going to be effective requires considerable investments in research and dissemination as opposed to what is happening at present. It has been pointed out that “improved data coverage and quality, particularly at sub – national levels are critical for unmasking intra – country variations on MDG performance in identifying pockets of vulnerability as a basis for targeted interventions”.

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Vietos valdžios gebėjimai Pietų Afrikos Vystymo Bendruomenės (PAVB) regione

Anotacija

Adekvatūs šalies gebėjimai yra svarbiausia globalinių pastangų aplinkybė pasiekti Tūkstantmečio vystymosi tikslus. Ekonominio bendradarbiavimo ir plėtros organizacija pastebėjo, kad net jei būtų didesni finansiniai ištekliai gebėjimų vystymui, vis viena šis procesas, tikėtina, sužlugtų. Gebėjimų vystymas iškilo virš individo lygmens žinių ir įgūdžių požiūriu į viešosios institucijos ir organizacijos lyderystės ir vadybos kokybės dėmesio centrą. Tačiau nepriklausomai nuo valdžios sandaros, globaliai vietos valdžios atlieka kritinių vaidmenį vietos valdyme skatindamos vietos vystymąsi ir galiausiai Tūkstantmečio vystymosi tikslų (TVT) siekimą. Vis dėlto viešojo valdymo lygis daugelyje šalių vis dar yra per silpnas, kad darytų reikšmingą poveikį spartinant TVT pasiekimą (UNDP 2011:1). Šis straipsnis kritiškai apžvelgia Tūkstantmečio vystymosi tikslų siekimą Pietų Afrikos Vystymo Bendruomenės (PAVB) regione su ypatingu vietos valdžios išskyrimu. PAVB regioną šiuo metu sudaro dvylika šalių, tačiau ši studija amalizuoja reprezentatyvų šalių pavyzdį, būtent Pietų Afriką, Botsvaną, Malavį, Mozambiką ir Zimbabvę. Šios šalys skiriasi savo dydžiu, fiziniais požymiais, politine dinamika ir išsivystymo lygiu. Adekvatūs gebėjimai yra vienas kritinių trūkstumų veiksnių dabartinėse pastangose pasiekti TVT ir kitus nacionalinio vystymosi tikslus. Politinė valia, stebėseną ir vertinimas yra esminės aplinkybės palengvinančios vystymosi procesą ir TVT pasiekimą.

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Local Government Capacity in Australia

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Abstract. *This paper analyses how effectively local government in Australia performs its functions as a key element of subnational governance. Service delivery and local democracy are identified as the core functions of local government. The analysis takes into account paradigms of public administration, democracy and management, the public organization, accountability and capacity. The concept of ‘capacity’ brings together many of the issues discussed in this paper. Questions of capacity relate to whether local governments are effectively performing their institutional functions, how they do so with regard to principles of good governance, and whether the dimensions of their capacity can be reformed if there was the need to meet additional demands.*

Keywords: *Local Government in Australia; subnational governance; functions of local government; institutional capacity of local government, local government governance.*

Raktažodžiai: *Australijos vietos valdžia; subnacionalinis valdymas; vietos valdžios funkcijos; instituciniai vietos valdžios gebėjimai; vietos valdžios valdymas.*

Introduction

Australia, the world’s sixth-largest country by land area (7,692,024 km²), is home to one of the oldest living cultures, that of the Aboriginal Australians, and is today a complex, multicultural nation. In a country that is semi-arid and arid in substantial parts, the population of nearly 24 million is unevenly distributed and highly urbanized, with 71% of the population residing in a Major City. The population is growing by around 1.8% per annum, and population growth tends to be most prominent in the outer suburbs of metropolitan areas, inner cities, urban infill areas and along the coast [3].

Economically – and increasingly socially – identified as a nation within the burgeoning Asia-Pacific region, Australia’s colonial past has bequeathed to the country a constitutional monarchy solidly located in liberal democratic traditions common to the developed countries of the Anglosphere. Australia was one of the first

countries to establish democracy in the modern world, including being among the first to give women the vote. The mixed economy relies heavily on the services and construction sectors for employment and on the primary resources sector (especially mining) for its economic health, contributing to uneven growth and prosperity in the various regions of the country.

All of these factors have an influence on the structure and functioning of Australian local government. The aim of this paper is to explore whether local government in Australia performs its legislated functions in an effective and efficient way, and how local councils do so with regard to principles of good governance, especially transparency, accountability, the rule of law, local democracy and the involvement of communities and non-government community organizations.

Conditions under which Local Government Functions in Australia

In this section, we consider the contextual, structural, institutional and human resource conditions that have an impact on the capacity of Australian local government to carry out its functions.

Contextual conditions

After tens of thousands of years of settlement by Aboriginal Australians, parts of the Australian mainland and neighboring islands were mapped by Dutch, French and British navigators in the 17th and 18th centuries. From 1788, Britain established penal colonies in New South Wales, Tasmania and Western Australia. Free settlers followed in increasing numbers, and relatively soon outnumbered convicts and corrective personnel.

The origins and development of local government in Australia is characterized by a series of tensions. From the early 1800s, the British Colonial Office made it clear to the colonies that it would not provide funding for local services such as roads, as it believed these were matters for local landowners [24]. This need for groups of landowners to fund the development of local services established the spatial or territorial basis for local government as an organizing principle [6]. At the same time, it resulted in local government adopting a narrower range of services compared to its European counterparts, and often being regarded as little more than an administrative arm of their respective colonial state governments. Starting in Adelaide, South Australia in 1840, local governments were gradually established in localities throughout the country to enable these governments to deliver local services and allow local residents to contribute to their cost.

The Commonwealth of Australia was created in 1901 when the British colonies that had become established on the territory of the Australian mainland and Tasmania agreed to federate. These now form the six states of Australia (New South Wales; Victoria; Queensland; Tasmania; South Australia; and Western Australia), each with its own capital city, popularly elected legislature and administration. There are ten Australian territories outside the borders of the states and, of these, the Australian Capital Territory (ACT), the Northern Territory and Norfolk Island are granted a

limited right of self-government by the Australian Government [4]. Australia is thus an example of a ‘coming together’ federation in the sense that it was formed through aggregation of previously existing governments [18, p. 222].

Socio-economic Situation of Country

Australia is the fourth largest economy in the Asian region and the 12th largest economy in the world. The country was ranked second in the United Nations Development Programme’s *Human Development Report 2014*. According to the Organization for Economic Cooperation and Development (OECD), Australia performs favorably with respect to many measures of well-being. Key data for Australia, compared with the average of the 30 developed countries in the OECD, are provided in Table 1.

Table 1. Australia: Key socio-economic data and comparisons with other OECD countries

<i>Indicator</i>	<i>Australia</i>	<i>OECD average (30 countries)</i>
Life expectancy at birth	Women – 84 years Men – 80 years	Women – 83 years Men – 77 years
Average household net-adjusted per capita disposable income	US\$ 31,197 per year	US\$ 23,938 per year
Average expenditure on housing (proportion of gross disposable income)	20%	21%
High school qualification (proportion of adults aged 25-64)	74%	75%
Working-age population in a paid job	72%	65%
Gender difference in employment (percentage points)	13	16
Unemployed for a year or longer	1.1%	2.7%
Youth unemployment rate	11.7%	16.3%
Voter turnout in most recent national elections	93% ⁶	72%
Engagement in volunteering activities (average minutes per day)	6	4
Rating of general satisfaction with life (scale from 0-10)	7.4	6.6

Source: adapted from OECD (2014)

⁶ Voting is compulsory in Australia

These data suggest that Australia compares favorably with other developed nations on a range of socio-economic criteria. At the same time, Australia ranks 21st out of 30 countries in terms of social inequality, with the top 20% of the population earning almost six times as much as the bottom 20%. Women are still less likely than men to participate in the labor market in Australia [30].

Australia is a highly diverse country. According to the 2011 Census, around 3% of the Australian population (approximately 670 000 people) were estimated as being of Aboriginal or Torres Strait Islander origin (i.e. Indigenous Australians) [34]. Around one quarter (24.6%) of the population was born in a country other than Australia, 43.1% of people have at least one overseas-born parent and 8.5% of people were born in non-English speaking countries [3].

Australia's Aboriginal and Torres Strait Islander peoples are disadvantaged across many areas of social concern, including life expectancy, child mortality, school attendance and achievement, and employment [34]. A profound socio-economic challenge for the country has been to effectively address Indigenous disadvantage and reduce the 'gap' between Indigenous and non-Indigenous people in terms of these key indicators, while also acknowledging changes over time in outcomes for Indigenous Australians, not linked to the gap to non-Indigenous Australians. Data from 2014 [34] suggest that there have been improvements in life expectancy, young child mortality and high school completion, but that challenges remain with regards to mental health, suicide and self-harm and imprisonments and juvenile detention.

While there have also been challenges relating to the settlement and integration of people, including refugees, from a wide range of countries, Australia's official policy of multiculturalism 'aims to strengthen social cohesion through promoting belonging, respecting diversity and fostering engagement with Australian values, identity and citizenship, within the framework of Australian law' [14].

Australia is fully integrated into the global world economy and is thus strongly impacted upon by macroeconomic trends, particularly as regards trade, currency values and the demand for commodities. A key economic feature of the past few decades has been Australia's enhanced role as supplier of key minerals such as iron ore and coal to major economies such as China, Japan, South Korea and India, which has led to a mining boom. This has had noteworthy impacts on investment and economic development in diverse parts of the country, as well as enabling the country to avoid the worst consequences of the Global Financial Crisis which affected most major economies from 2008. Data provided in Table 1 suggest that the employment rate, including youth employment rate, remains favorable in comparison to other countries of the OECD.

The Constitution and Legislation

The federal government, which can also be referred to as the Commonwealth of Australia or the Australian Government, follows the British (Westminster) tradition in being a constitutional monarchy, with a Governor-General representing the Crown (Queen Elizabeth II) and Prime Minister as the head of the country. The Federal

Parliament passes laws which affect the country as a whole. Like the United States of America, and unlike Britain, Australia has a written Constitution which defines the responsibilities of the Federal Government, which include foreign relations, trade, defense and immigration. Governments of the States and Territories are responsible for all matters not assigned to the Commonwealth. This includes public health services and primary and secondary school education. A federal law overrides any state law that is not consistent with it.

A distinctive feature of the Australian federal model is that there is a relatively high degree of shared functions between governments [29, p. 21] so that, in practice, the Commonwealth and States/Territories cooperate in many of the areas that are the formal responsibility of second-tier government, such as education, employment, transport, health and law enforcement. Each state is also responsible for planning and major infrastructure and service delivery in the state's dominant urban regional area so that, in this sense, the states are the primary 'metropolitan managers' [36, p. 5].

Local government is the third tier of government in Australia, although it is not recognized in the federal Constitution. Since Federation in 1901, Australian local government's key relationship has been with the state governments, based on 'the constitutional and legal frameworks, state oversight and control of local government activities and the close interrelationships between state and local government responsibilities for service delivery and infrastructure' [37, p. 22). Each state government defines the powers of its local governments, and decides for which geographical areas those local authorities are responsible. This third tier of government is consequently legislatively established at the State and Territory (second-tier) level. In New South Wales, for example, the *Local Government Act 1993* stipulates:

A council may provide goods, services and facilities, and carry out activities, appropriate to the current and future needs within its local community and of the wider public, subject to this Act, the regulations and any other law. [New South Wales Local Government Act 1993, Section 24]

This fairly 'open' interpretation of functions provides opportunities and constraints for local governments to be the institutional representation of democracy at the local level. Citizens in designated local jurisdictions elect representatives to serve as their local councilors, and in some cases directly elect the Mayor. These elected representatives serve as the policy-making arm of local government, while the management and administration is performed by a multi-faceted workforce. Local government in Australia functions within a multi-party democracy, underpinned by the rule of law and an independent judiciary. All of these suggest opportunities. At the same time, and as will be explored further in this chapter, local government is constrained due to its relatively weak position as a tier of government within the Australian federal model.

Other contextual conditions

Other key contextual conditions to take into consideration include:

- Firmly within the liberal democratic tradition, there is a strong focus in Australia on the rule of law, an independent judiciary and freedom of the press.
- Civil society is active and influential. Public consultation by all levels of government is taken seriously, albeit not always delivered consistently or effectively.
- While the federal government in particular takes an active role in wealth and income redistribution – and there is a functioning social security system that shifts between right-of-center and left-of-center approaches toward the welfare state in tandem with political shifts in an essentially two-party system – the private/corporate sector is a powerful actor. Issues of privatization and ‘small government’ are regularly in the public debate.

Structural Conditions

The focus in this section is on the position of local government vis-à-vis other governments and on the degree of decentralization in the Australian Federation. A key feature of the Australian model of federation is the extent of the ‘imbalance in the revenue raising capacities and spending responsibilities of the different tiers of government’, which is described as ‘vertical fiscal imbalance’ [29, p. 22]. Income tax is levied federally – over 90% of Commonwealth revenue is sourced from taxation, and the amount it raises in revenues exceeds its spending responsibilities. At the same time, State and Territory governments have insufficient revenue from their own sources to finance their spending responsibilities. Total Commonwealth funding to the States and Territories represents around one quarter of the Commonwealth budget and 40% of the revenue of the second tier [29, p. 22].

Debates and practices relating to fiscal decentralization, that is, the devolution of authority for public finances and the delivery of government services from the national to sub-national levels, has primarily been focused on the relations between the federal government and the second-tier (State and Territory) governments. There has been no concerted policy direction in recent years to devolve greater levels of responsibility for policy making, management, and implementation of national goals to the third tier. At the same time, there has been concern about ‘cost-shifting’, that is the transfer of more service delivery responsibilities to local government from other spheres of government without appropriate resources, and thus reducing the ability of local governments to focus their own revenues on the priorities of their communities [22, p. 24].

Australia has needed to focus on the relationship between the national and sub-national governments within its federal system, which has developed in a dynamic way over the decades in response to political, economic, demographic and international changes. Fenna and Hollander [18, p. 225] point out that ‘the Constitution makes little provision for intergovernmental relations... [but]...considerable need now exists for cooperative and collaborative action’. The Council of Australian Governments (COAG) is the key intergovernmental forum in Australia. Its members are the Prime Minister, State and Territory Premiers and Chief

Ministers and the President of the Australian Local Government Association (ALGA).

Under the auspices of COAG, the *Intergovernmental Agreement on Federal Financial Relations* came into effect with the passing of the *Federal Financial Relations Act 2009* [18: p. 225]. This Agreement currently provides the overarching framework for the Commonwealth's financial relations with the States and Territories. While the States/Territories have increased budget flexibility under the revised federal financial relations framework, they are also subject to greater accountability through new reporting arrangements. One consequence has been a proliferation of National Agreements and National Partnerships on key public issues such as education, health and employment. In particular, there is a range of Agreements relating to 'closing the gap' between Indigenous and non-Indigenous Australians, briefly discussed earlier as one of the key socio-economic challenges of the country.

Institutional Conditions of the Local Government Sector

Local governments in Australia exhibit considerable diversity, not only in terms of the state-based legislative frameworks within which they operate, but also due to their size, the demographic, geographic and economic attributes of their LGAs, their financial capacities, the preferences and expectations of their local communities, and the management capacity and skills base of their elected representatives (councillors) and staff [35, p. 10-12].

While many local governments in urban areas have populations of 100,000 or more⁷, around 200 local governments serve populations of less than 10,000 residents. Local governments range in size from a few square kilometers in some metropolitan areas to thousands of square kilometers in remote parts of the country⁸. The number of local governments in Australian state jurisdictions is summarized in Table 2.

Due to structural reform in the various state jurisdictions, the trend over the past hundred years has been towards consolidation, and hence towards fewer individual local governments. This trend is ongoing and, for example, a current large-scale process of local government amalgamations in Western Australia – accompanied by wide community consultation and media attention – will influence the size and number of local governments in that jurisdiction in the near future. A similar process has recently been initiated in New South Wales.

⁷ Brisbane City Council in Queensland is the most populous, with a population of 1,052,458.

⁸ The largest is East Pilbara in Western Australia, covering an area of 371,696 square kilometres, with a population of 7,954.

Table 2. Number of local governments in Australia (2014)

Jurisdiction	Greater Capital City Area	Non-Capital City Areas	Total
New South Wales	43 ⁹	109	152
Victoria	31	48	79
Queensland	10 ¹⁰	63	73
Western Australia	31	108	139
South Australia	17	51	68
Tasmania	6	23	29
Northern Territory	3	13	16
Total	141	415	556

Source: authors, drawing on data on local governments in State/Territory jurisdictions as at January 2015

Functions

In contrast to many other, Australian local government has a relatively narrow range of functions. Initially, it acted as the primary mechanism to transfer to the community the ‘administrative and financial burden for the provision of basic local services’ [6, p. 5]. Services to property were at the core of its responsibilities, with provision of local roads being the most prominent¹¹. Following the Second World War, local government functions broadened to include town planning and a range of welfare, environmental protection and leisure services.

The past few decades have been marked by expansion of local government functions and there has been a shift in emphasis in service provision away from the traditional focus on ‘services to property’ towards a more expansive ‘services to people’ orientation [16, p. 280]. This has been partly due to devolution of roles and responsibilities by other spheres of government, but also due to market deregulation; industrial relations reform; the privatization of public utilities; competition policy; technological advancement; and expanding service provision in response to community demands [6, p. 7]. Key service areas that are common to local

⁹ This number includes the LGAs in the Blue Mountains and the Central Coast, which have close links to the Greater Sydney Metropolitan region, also as dormitory cities.

¹⁰ This includes all the LGAs of the South-east Queensland region in which Brisbane, the capital city, is located.

¹¹ As of 2011, Australia’s total road network length was 911,418 km, with local councils being responsible for the majority – approximately 670,000 km – of roads (ALGA 2014).

governments throughout the country at the present time, whether as provider, contractor and/or coordinator, are summarized in Table 3.

Table 3. Services provided by local government in Australia

Service category	Service examples
Engineering and infrastructure	Public works design, construction and maintenance of local roads, bridges and footpaths, drainage, waste collection and management, water supply
Property-related	Domestic waste management, including solid waste and recycling
Administration, regulation and planning	Land use and town planning, development approvals, building inspection, licensing, administrative functions related to cemeteries, parking stations and street parking
Environment and health	Catchment management, parks and gardens, tree removal, pest and weed control, public toilets, noise control, animal control
Community and social	Aged services, child care services, youth centers, community housing facilities, counselling and welfare services, arts and cultural development
Recreation, cultural and education	Libraries, swimming pools, recreation centers, community halls, sports facilities, camping grounds, community festivals, museums
Other	Abattoirs, bus services, livestock sale-yards, markets

Source: Productivity Commission [35, p. xx]

As is evident from the description of service categories and service examples in Table 3, local government in Australia delivers substantial levels of public services and manages considerable economic activity. Australian local governments generally have responsibility for a homogenous stock of assets including the local road network (more than half the total stock by value), bridges, storm water and drainage systems, swimming pools, parks and community centers. Some local governments are also responsible for managing local water supply and wastewater, waste management facilities, and regional airports.

Assets and Finance

In 2011-12, according to data from the Australian Bureau of Statistics, Australian local governments raised \$37 billion in revenue, spent \$31 billion, and invested a net additional \$5 billion in its infrastructure assets [7, p. 3). A summary of revenue and expenditure for 2011-12 is provided in Box 1.

Box 1. Australian local government revenue and expenditure in 2011-12

Revenue (totaling \$37 billion) comprised:

- \$13.2 billion in tax revenue (36% of total)
- \$9.2 billion of 'other' revenue, such as capital grants and infrastructure levies for new upgraded assets (this has grown over the decade from 2002-03 from 16% to 25% of general revenue)
- 49.0 billion in sales of goods and services (24% of total)
- \$4.3 billion in current grants and subsidies (12% of total)
- \$1.2 billion in interest (3% of total)

Expenditure (totaling \$31 billion) included:

- \$7.3 billion on transport and communications (24% of total)
- \$6.9 billion on housing and community amenities (22 % of total)
- \$5.6 billion on general public services (18% of total)
- \$4.6 billion on recreation and culture (15% of total)
- \$1.7 billion on social security and welfare (5% of total)
- \$633 million in debt repayments (2% of total).

Source: Carter [7, p. 3]

According to Carter [7, p. 4], Australian local government is 'asset rich and income poor' and the sector's total income of about \$37 billion is 'dwarfed' by the billions of dollars in fixed assets it needs to manage and maintain. Nationally, the value of total land and fixed assets of local government in 2012-13 was \$333 billion, of which local roads infrastructure constituted \$165 billion [5]. The Australian Bureau of Statistics estimates that these assets grew at the rate of 7.4% between 2002 and 2012 [17, p. 13].

Local government revenue comprises own-source revenues and grants from other tiers of government. Own-source revenue derives from taxation on property (about 37 percent of total revenue), user charges, income from public enterprise and fines, and interest on investments and dividends [35: p. xxvii]. Factors affecting own-source revenue per person raised by local governments include the size of the population and population growth, the number of properties serviced per person, personal income of residents, business income, total length of the local road network (greater length representing higher expenditure needs), and the class of the council. The latter reflects in part the preferences and needs of classes of local communities as well as differences in the cost of services across geographic locations [35, p. xxvii].

Federally-provided revenue is the most important source of external funding for local governments [37, p. 20], accounting for around 12% of aggregate local government income [7, p. 4]. The federal government financially supports local government by means of 'untied' Financial Assistance Grants (in keeping with the *Local Government (Financial Assistance) Act 1995*) and 'tied' Specific Purpose Payments. Financial Assistance Grants are distributed on the basis of recommendations made by the Commonwealth Grants Commission, operating under

the *Grants Commission Act 1973*. The grants are paid to the States/Territories and in turn passed onto local governments. The most significant Specific Purpose Payment has been the *Roads to Recovery* program to assist in the construction and maintenance of extensive local road networks.

The grants, first introduced in the mid-1970s, have aimed to reduce the vertical fiscal imbalance discussed earlier; and to promote horizontal equalization between the more and less financially secure local governments. Funds are distributed to local governments via the states' *Local Government Grants Commissions*. Around two-thirds of total funding is allocated to non-metropolitan areas, where the local councils are generally in greater need [37, p. 20-21].

Knowledge and Sources of Information

Key sources of knowledge and information that contribute to the local government include:

- The *Australian Bureau of Statistics* conducts the five-yearly Census of Population and Housing, as well as making publically available a range of data under its 'Local Government Portal', including population, economic and social statistics [3].
- The *Council on Federal Financial Relations* is responsible for maintaining a register of national minimum data sets to allow comparative reporting of governments' achievements against agreed objectives and outcomes [10].
- The *Productivity Commission*, the Australian Government's independent research and advisory body, conducts 'public inquires at the request of the Australian Government on key policy or regulatory issues bearing on Australia's economic performance and community wellbeing' [33, p. 3].
- Research-based expertise is provided through organizations such as the *Australian Centre of Excellence for Local Government (UTS:ACELG)* located at the University of Technology, Sydney and other university-based public administration, political science and economics faculties.
- Local governments tender out or conduct their own research, including community profiles, community satisfaction surveys and evaluations of programs.

Human Resource Conditions

Key data on human resource conditions in Australian local government are provided from the recently-conducted *Australian Local Government Workforce and Employment Survey* [20]. Local government employs a large and diverse workforce that comprises around 10.2% of the total public sector – as of 2013, there were 192,500 people working in Australian local government, out of a total of 1.8 million public sector employees nationally. Compared to the Australian labor force average of 29%, 37% of employees in local government are aged 50 years or over, and males are on average older than female employees. Local governments employs a large number of Aboriginal and Torres strait Islander people – while local government

employees represent only 9% of the total public service workforce, 22% of all Indigenous public sector workers are employed by local government. Employees of local governments have higher levels of educational attainment than the all-industries-workforce across Australia, with 65% of men and 70% of women in local government having a post-school qualification compared to the national average of only 45%. In areas where local government has difficulty recruiting staff due to skills shortages, it is also often in competition with other industries for these workers. Vacancies are higher for engineers, planners, child care staff, environmental health workers, surveyors and managers.

There is a diverse range of roles, responsibilities and activities required by local government to efficiently and innovatively deliver the range of local services that satisfy community and stakeholder needs and ‘without an effective local government, local economies and communities would struggle to operate, especially in regional Australia’ [25; 20, p. 22]. The range of occupations employed by Australian local government can be classified into four main streams, illustrated in Figure 3 with examples of occupational categories:

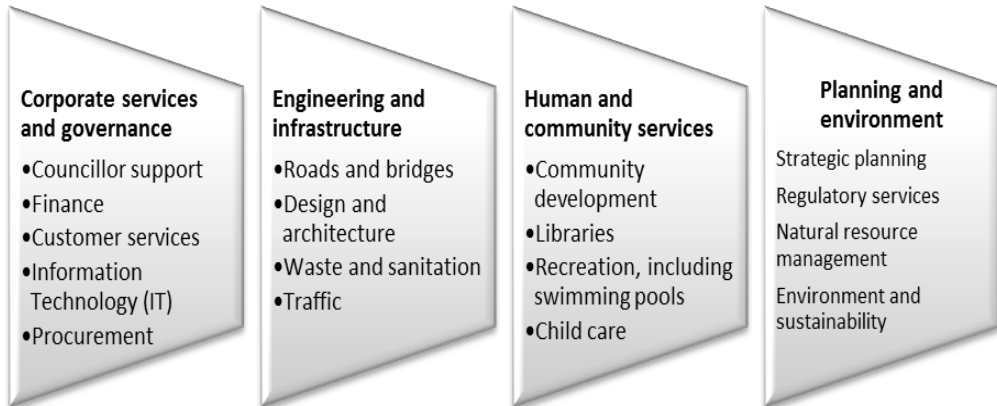


Figure 2: Local government workforce occupational groupings

Source: adapted from LGMA and ACELG [25, p. 24-25].

A feature of the workforce situation in the country is the active involvement of professional membership-based organizations, such as Local Government Managers Australia, the Australian Business Excellence Network and the Institute of Public Works Engineering Australasia. These operate at a national level, as well as in the States and Territories. Professional development and graduate training is available to people who work in the sector, and, for example, UTS: ACELG offers training and development for councillors to better understand their legislative responsibilities and build their skills and capacity to have a positive impact on council decision-making. This is in addition local government studies at graduate level that provide teaching/learning on subjects including research, organization and management, leadership, strategic planning and comparative local governance.

As a sector, local government is supported by national and state-based local government associations, who provide networking, training and advocacy services to their members [5].

Recent Attempts to Improve Local Government Capacity

Local government in Australia is under ongoing pressure to evolve in order to address challenges such as financial sustainability, changing community needs and expectations, metropolitan growth and shifting relationships with federal and state governments [2, p. 9-10]. A potential gap between expectations and resourcing to carry out necessary functions within the Federation remains one of the prime concerns with regard to local government capacity in Australia. Ongoing reforms have aimed 'to improve some aspect of the structure, performance or accountability of local government' [19, p. 3-4]. Recent reforms have focused on, amongst others:

- Structural reforms – changes to the boundaries, numbers and types of local governments
 - Functional reforms, including the alignment of functions between local government and other tiers of government
 - Changes to the financial circumstances of local government, including changes to revenue sources, expenditure and financial management
 - Changes to the administrative, executive and management processes of local governments, including performance management and performance monitoring and reporting.

Structural Reform

Structural reform, which includes mechanisms such as closer collaboration amongst local governments, shared service arrangements, boundary changes and mergers, has been a key strategy adopted by State and Territory governments in order to reform local government. Cost savings due to economies of scale have often been seen as the prime motivation for such reforms, which are ongoing [2]. Questions of representation and local democracy, and the loss of local identity that may follow amalgamation are important aspects of an often vigorous debate and research is continuing in respect of the impact and outcomes of these structural reforms.

Despite difficulties with, and opposition to, reforms that may lead to the consolidation of local government jurisdictions, there is growing acceptance in the local government sector that enhanced strategic capacity is important. Due to factors such as increased size and resourcing levels, pooling of knowledge and expertise, and encouraging a focus on operating in a broader regional and system-wide context enhanced capacity appears essential to its long-term success as a valued partner in the federal system of government [2] and in the face of changing capacity required for an enhanced governance role.

Accountability Within the Federation

Notwithstanding its relatively weak constitutional and legal position, local government in Australia has made some progress towards its acceptance as a partner in the federal system. This is due in no small measure to the growing power of the Australian Government vis-à-vis the states as a result of High Court decisions, income taxing powers and revenue capacity, key referenda results and the policy objectives of governments, particularly the federal government [13, p. 7]. The *Public Governance, Performance and Accountability Act 2013*, which came into effect on 1 July 2014, is intended to modernize and simplify the financial, accountability and audit obligations of government agencies and departments. It is based on four key principles:

- Government should operate as a coherent whole
- Uniform duties should apply to all resources handled by Commonwealth entities
- Public sector performance is more than financial
- Engaging with risk is a necessary step in improving performance.

As noted earlier in this chapter, local government is not an equal partner with the Commonwealth and States/Territories in terms of inter-governmental debates and agreements, and yet, at the community engagement and implementation level, it is difficult for higher tiers of governments to meet targets without involvement of local communities and local governments. There have been attempts to have local government formally recognized in the federal constitution, including plans for a national referendum on the issue in 2013/14, but, as has often occurred in the past, the impetus for this waned, giving further support for the view that 'local government's emergence on the federal scene is presently not guaranteed and could be reversed at any time if federal and state governments were to agree on such a course' [37, p. 29].

It may also be argued that constitutional recognition of local government would not alter substantially the role and standing of local government within the federation. The latest initiative with regard to broader reform has been progress towards a 'White Paper on Reform of the Federation', which has the objectives of achieving a more efficient and effective federation and, in so doing improve national productivity [13]. Since the 'White Paper' is expected to be delivered by the end of 2015, the impacts of this reform, including potential impacts on local government, are unclear at the time of writing.

The regulatory framework governing the activities and performance of local governments is similar in the different state and territory jurisdictions, including that they each have a *Local Government Act* and supporting legislation, a ministry, division or department of local government (and in some cases of regional affairs), and a Local Government Grants Commission and ancillary regulatory bodies [16, p. 280]. Research and reporting, and the accountability it enables, is consistent and reliable in the country, although improvements are always desired and encouraged,

highlighting the point that capacities in strategic planning, research, reporting, finance and asset planning are necessary for the functioning of councils in their communities.

Performance Reporting

All local governments in Australia have the legal requirement to report on their performance to their respective state government in the form of Annual Reports, performance statements and financial statements. The model in the state of Victoria represents a new level of sophistication in local government performance monitoring and reporting in Australia, and is briefly described in Box 2.

Box 2. Performance Reporting and Accountability in Victoria

The *Local Government Act 1989 (Victoria)* is the main legislative instrument for Victoria's 79 local governments. The *Local Government Amendment (Performance Reporting and Accountability) Act 2014* sets out the new financial planning and reporting framework for local government, commencing in the 2014-15 financial year. The Framework comprises indicators that measure performance across three thematic areas, namely service performance, financial performance and sustainability. To provide a comprehensive picture of local government performance, four indicator sets were developed across the three thematic areas. These indicator sets are:

- Service Performance (quantitative measures)
- Financial Performance (quantitative measures)
- Sustainability (quantitative measures)
- Governance and Management (qualitative measures).

It is noteworthy that this indicator framework has gone through several iterations (currently version 4), suggesting that the development of performance monitoring and reporting frameworks, especially the indicator sets that are used, is a process that requires ongoing revision and refinement, as well as the capacity to engage in such a process.

Key aspects of this process have included the need for reform established through a government audit; involvement of key stakeholders – State government, local governments, and local government peak bodies – in the development of the framework; establishment of a legislative basis; and cumulative development of the framework, including discussion papers, drafting and consultation, and refinement and further refinement of the metrics (e.g. the indicators) used in the models, suggesting that these all take time to develop.

Source: adapted from Local Government Victoria [26]; Victorian Government [40].

Strategic Planning

There are differences in the nature and scope of strategic planning in the various jurisdictions, but common components include long-term Community Strategic Plans that are based on sound engagement of the local government within its community and progress on which is reported back to the community via Annual Plans; Corporate and Workforce Plans; and Financial and Asset Management Plans. Examples of the diversity evident in the different jurisdictions is that, in Queensland, regional as well as local issues are considered in the long-term Community Plans; and

in South Australia, the local governments have to show in their strategic planning that their activities are aligned with those of the other levels of government. The strategic planning framework adopted in the most populous state, New South Wales, is described in greater detail in Box 3.

Box 3. The Integrated Planning and Reporting Framework in New South Wales

Amendments to the *Local Government Act 1993 (New South Wales)* led to promulgation of the *Local Government Amendment (Planning and Reporting) Act 2009* that required local governments to adopt robust financial planning and reporting practices in responding to their communities' needs. All local governments in this most populous state of Australia are required to prepare a suite of integrated documents, the preparation of which requires extensive community consultation guided by a community engagement strategy. This is known as the Integrated Planning and Reporting Framework.

The Community Strategic Plan identifies the main priorities and aspirations for the future of the local government area covering a period of at least ten years from when the plan is endorsed; and establishes strategic objectives together with strategies for achieving those objectives. Each local government needs to ensure that the Community Strategic Plan addresses civic leadership, social, environmental and economic issues in an integrated manner; is based on social justice principles of equity, access, participation and rights; is adequately informed by relevant information relating to civic leadership, social, environmental and economic issues; and is developed having due regard to the State Plan and other relevant state and regional plans of the New South Wales Government.

A resourcing strategy identifies responsibility in terms of the issues identified in the Community Strategic Plan. The resourcing strategy focuses in detail on matters that are the responsibility of the local government and comprises: a ten year financial plan; a ten year asset management strategy; and a four year workforce development plan. A four-year delivery program translates the community's strategic goals into actions within the resources available under the resourcing strategy. The Annual Operational Plan supports the delivery program and spells out the individual projects and activities that will be undertaken to achieve commitments made in that program.

Source: adapted from Tan and Artist [38]

Western Australia has adopted a similar system of integrated planning and reporting as the model developed in New South Wales.

Financial Performance and Capacity

Comrie [8] classifies factors that have raised interest in local governments' financial performance and capacity in recent decades as follows:

- An increased range of responsibilities, but without revenues keeping pace with expenditure requirements
- Demands and implication of demographic change – additional infrastructure needs and service level pressures in many local governments in urban and coastal localities that have experienced rapid population growth, and financial challenges for local government in many rural and regional communities that have experienced population and income loss

- Concern that local government assets are aging and that renewal expenditure is not occurring at the rate necessary to maintain service levels
- Volatility in the local taxes (rates) paid by many ratepayers.

This has led to the observation by commentators such as Dollery, Kortt and Grant [15, p. 81] that 'Australian local government has become victim to worsening financial sustainability and the emergence of a massive infrastructure backlog'. At the same time, there is evidence that, taking all of the local governments in Australia as a whole, revenue slightly exceeds operating expenses and that local government liabilities are modest as a percentage of total assets (5%) and as a percentage of total annual revenue (44%). In other words, the sector has negative net financial liabilities [8, p. 9-11].

Most recently steps have been taken by the federal government and local governments to assess the status of local government financial and asset management, and a national approach to the issue has been adopted, by pulling together information from state-based data and creating national data. Prior to this, in the mid-1990s, amendments to local government acts obliged local governments to change from cash accounting to accrual accounting, which 'values assets according to their replacement cost, not their historical cost [requiring]...provisions for the cost of restoring ageing assets to a sound operating condition' [7, p. 9]. Still, local governments were slow to move from a 'balanced budget' mindset, and Comrie [8] has recommended that the sector consider using debt instruments more broadly as a means to deal with infrastructure backlogs. There is currently work underway to better assess the state of assets in a manner which is more realistic. This approach is likely to lead to an overall reduction in the estimated value of infrastructure backlogs [5].

The ability of the sector to accelerate new investments is constrained by a perceived limited access to capital, the absence of projects of sufficient scale and the use of methods of procurement that do not involve significant ongoing maintenance and operation activities [17, p. 60]. Dollery et al [15] show support for the establishment of a national collective financing vehicle for the local government sector that could address this suboptimal use of debt. The Local Government Finance Authority of South Australia, which has been functioning since 1984 as a municipal bond bank, provides an example of a state-based borrowing and investment program for the benefit of councils and prescribed local government bodies that could serve as model for a nation-wide institution.

Rural-remote and Indigenous Local Governments

The great diversity in the geographic and population size of local governments in Australia has been referred to earlier. As a key example of this institutional diversity, rural-remote and Indigenous (RRI) local governments in the vast and sparsely-populated interior of the continent are often obliged to assume responsibility for local services that are delivered in urban municipalities by state and federal government agencies or by organizations in the private sector [16, p. 280]. In regional and remote areas, local government employs a larger proportion of the workforce than most other

industries, with the exception of health care, social assistance and education [20, p. 9].

While Australian local government commonly faces challenges such as critical skills shortages, problems with recruitment and retention of staff, infrastructure backlogs, and increasing service demands from communities, ACELG through its Rural-remote and Indigenous Local Government Program has identified a group of 105 RRI local governments where such challenges are significantly magnified due to:

- Geographic size – these 105 Councils account for 65% of Australia’s total land mass
- Geographic isolation, low populations, and a higher proportion of Indigenous people
- A higher proportion of workers who do not make their places of employment their communities of residence, and consequently commute over long distances
- A high demand for community services normally delivered by other tiers of government
- Large infrastructure maintenance requirements
- High financial dependence on grants from higher tiers of government.

This led to the development of a national capacity-building strategy launched in 2011 [28]. Key priorities for RRI local government include:

- Aiming for a shared understanding of the ‘core’ local government responsibilities that can be delivered sustainably by RRI local governments and against which actual services provided can be assessed
- Tailored information technology, finance, management and communications systems
- Training and support for improved financial and asset management literacy and practices of elected members and council staff
- Appropriate governance training and practices for councilors and staff, including education for the community on the roles and responsibilities of local government and councilors to parallel the governance training of councilors and staff
- Maximized regional collaboration and resource sharing, including developing case studies of successful practice.

Key activities since the launching of the capacity-building strategy have included scoping studies (such as on community engagement and local government service delivery), developing case examples, sharing information and lessons learned through networks, and delivering learning programs to the local government sector, particularly in rural and remote regions [28].

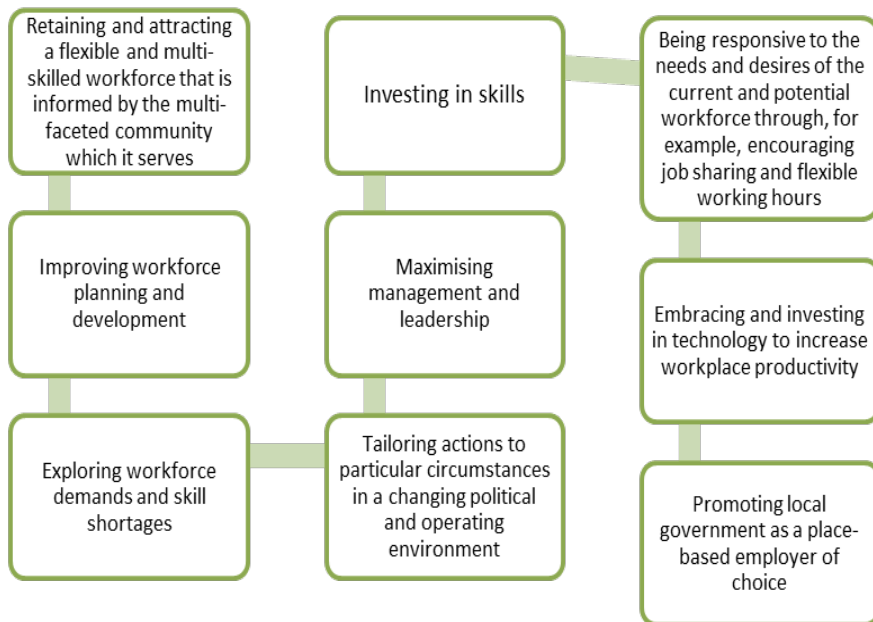
Human Resources

According to LGMA and ACELG 2013 report main current local government workforce challenges include especially skill shortages in some occupations that are critical to the functioning of local government, and challenges in attracting and retaining skilled staff, a widespread problem of the ageing of the workforce and

inadequate succession planning associated with the expected widespread retirement of mature workers, an increasing need for higher qualifications and technological changes require the workforce to continuously upgrade its qualifications and skills.

ACELG was requested in 2010 to develop a local government workforce strategy and follow-up actions with respect to sustainability, based on funding provided by the Australian Government. This included the design and initial collection of a National Minimum Data Set and the development of a National Assessment Framework for asset and financial management [25]. Based on a program of research and consultations, a *National Local Government Workforce Strategy* was put forward that is designed to move the sector towards a more sustainable workforce through adoption of the following strategies and actions (Figure 3).

Figure 3. Key elements of the Local Government National Workforce Strategy



Source: adapted from LGMA and ACELG [25].

As noted earlier in this chapter, local government is a significant employer nationally, and particularly so in regional and remote areas. Strengthening the local government sector represents an opportunity to secure and strengthen the economic, environmental and social foundations of many communities in Australia [20, p. 37].

An important human resource issue in Australian local government relates to the importance of leadership as discussed earlier in this chapter, and specifically the relationship between the Mayor, as leader of the elected council, and the chief executive officer (CEO) or general manager leading the council organization. Recent research suggests that local government capacity is enhanced when this relationship

effectively on focuses on challenges, based on having a sense of purpose, a clear and well-articulated vision, a facilitative leadership style and a willingness to share the honor of serving the community they represent with others [27, p. 21]. This remains a focus of local government capacity building in Australia.

Conclusion

1. Appreciation of historical antecedents, opportunities and constraints: From its origins as administrative arm of state government, with a traditional focus on 'services to property', there has been a shift to a more expansive 'services to people' and now a governance orientation for local government. The local government sector's position in the Australian Federation still remains weak. Local government's primary relationship remains with the states, and there has been no concerted policy direction in recent years to devolve greater levels of responsibility for policy making, management, financial autonomy and implementation of national goals to the third tier of government.

2. Current governance capacity: A potential gap between expectations and resourcing to carry out necessary functions within the Federation remains one of the prime concerns with regard to local government capacity in Australia. The workforce is highly educated on the whole, but there are skills shortages in key areas and the sector is facing problems with the aging of the workforce. Local governments in Australia exhibit considerable diversity, and there are different opportunities and challenges for metropolitan and other urban municipalities compared to local governments in regional, rural and remote areas. In many rural and remote communities, local government is a major employer, the primary economic driver and the only level of government delivering basic social and community services. Capacity has recently been enhanced by focusing on effective long-term financial and asset management, a renewed emphasis on strategic planning and performance reporting, and structural reforms, which include mechanisms such as closer collaboration amongst local governments, shared service arrangements, boundary changes and mergers. Efficient and effective capacity in a local governance milieu focuses more and more upon explicit functioning within a governance context and there is a growing recognition that this places emphasis on networking and collaborative capabilities, underpinned by sound public service and democratic principles.

3. Capacity to take on additional challenges and responsibilities: There is growing acceptance in the local government sector that enhanced strategic capacity linked to factors such as increased size and resourcing levels, pooling of knowledge and expertise, and encouraging a focus on operating in a broader context appears essential to local government's long-term success as a valued partner in the federal system of government. Capacity-building requires a skill set and enhanced capabilities at both local political and administrative levels, underpinned by greater levels of collaboration within the sector, and a consistent focus on being the strategic enablers for local communities. In order to set the agenda and facilitate local solutions

to local problems, there is a need to retain and attract a flexible and multi-skilled workforce that is informed by the multi-faceted community which it serves. Leadership and management capacity is crucial in this regard and, in this quest for enhanced capacity, local government as a sector is supported by national and state-based local government associations, an established and continuously improving tradition of research and reporting, and a growing emphasis on education and training for both elected local politicians and for local government personnel.

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Australijos vietos valdžios gebėjimai

Anotacija

Straipsnyje analizuojama kiek efektyviai Australijos vietos valdžia, kaip svarbiausias subnacionalinio valdymo elementas, įgyvendina savo funkcijas. Paslaugų teikimas ir vietos demokratija yra išskirtos kaip pagrindinės vietos valdžios funkcijos. Analizėje naudojamos viešojo administravimo, demokratijos ir vadybos, viešosios organizacijos, atskaitomybės ir gebėjimų paradigmos. „Gebėjimų“ koncepcija apjungia daugumą problemų aptariamų šiame straipsnyje. Gebėjimų klausimai bet kuriuo atveju yra susiję su tuo, kiek vietos valdžia efektyviai įgyvendina savo institucines funkcijas, kaip ji tai daro atsižvelgiant į gero valdymo principus, ir kokios jos gebėjimų dimensijos gali būtų reformuotos dėl poreikio atsiliiepti į papildomus poreikius.

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Local Government Structure and Capacities in Europe

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Abstract. *This article argues that the local government capacities and local government performance in Europe clearly rank this continent to the most developed world areas from the point of local democracy. The background factors explaining this situation have a multidimensional character and one can identify as core positive factors the relative economic wealth, high human development, the long historical tradition of the subsidiarity principle in most parts of Europe, and the regulatory function of the Council of Europe. The strong development of local and regional democracy in Europe is protected and based on the principles of European Charter of Local Self Government. However, this does not mean that everything is perfect in Europe and that there would be no challenges to be addressed. It is difficult to define clear common weaknesses of the local democracy in Europe. We need to mention the core structural challenges here, for instance the continuous discussion about amalgamation versus fragmentation. Most countries also indicate one overarching threat to the local democracy in Europe today, that is, the financial crisis, which significantly decreased the level of available financial resources for self-governments, while the structure of responsibilities remains the same or even increases. Another core threat visible in many European countries is the trend toward re-centralization or limited real will do continue with decentralization in, both in established and emerging democracies. Regional issues differ, and we mention especially the situation of post-communist countries, where local democracy does not have a long tradition and still needs to be revitalized.*

Keywords: *European Union, Council of Europe, European Charter of Local Self Government, decentralization, local finance, fragmentation.*

Raktažodžiai: *Europos Sąjunga, Europos Taryba, Europos vietos savivaldos chartija, decentralizacija, vietos valdžios finansai, fragmentacija.*

Introduction

Europe consists of 51 states on the World's second smallest continent. Of these 51 states, 47 belong to the Council of Europe, which thus comprises the most comprehensive common structure for European countries (COE - www.coe.int) covering 800 million citizens (Belorussia territorially belongs to this area, but is not accepted to the organization, and San Marino, Kosovo and Vatican city are also not a member of the Council).

The unifying governance structure for members of the Council of Europe, related to our topic, is the existence of specific regulations concerning the rights and roles of local governments – the existence, ratification and enforcement of the European Charter of Local Self-government (Charter - the detailed analysis of the contents of the Charter will be provided by the later text). Council of Europe members delegate their representatives to the Congress of Local and Regional Authorities (Congress/CLRAE). CLRAE was established in 1994 to act as the voice of Europe's regions and municipalities in the Council of Europe. It provides a forum to allow for local and regional elected representatives to effectively participate at a European level. The Congress consists of both a Chamber of Regions and a Chamber of Local Authorities. The role of this Congress in Europe is not marginal – between many tools to protect interests of local and regional authorities, the Congress organizes regular monitoring visits to all Council of Europe member states with the aim to evaluate the “quality” of local and regional democracy. Recommendations from such visits are normally well respected by member states. Reports from monitoring visits are publicly available via Congress web pages and represent one of main sources for this article. This Congress provides the basic legal structure for the functioning of local government, to which all member-states adhered.

The existence of such a forum does not imply that the members are alike. As will be argued below, Europe is not at all the homogeneous area with regard to governance structures, people outside Europe might think it is. The goal of this article is to present and discuss the context and problems of, and trends in local governance in Europe. We first introduce the main lines of division in historical, political, economic and legal terms. This gives the varying contexts in which local governments on this continent have to function. Second, the capacity of local governments is assessed, and third this article addresses some recent trends in Europe to improve the capacity of local governments.

The Varying Context of Local Government in Europe

This section addresses some of the main lines of divisions within Europe important for the position of local government. First we address national differences and secondly general and institutional differences directly related to local government.

National Differences

The first and most visible line is that of the *European Union* consisting of 28 of the 51 European states. The EU is important for the functioning of local government, because it adheres to the principle of subsidiarity, the organizing principle of decentralization, implying that decisions are to be taken as closely as possible to the citizens. This is laid down in Article 5 of the treaty of the European Union.

This brings us to the second line of division, partly overlapping with the division between EU and non-EU members, which is the *wealth of countries*. With regard to the wealth of nations, the Council of Europe consists of highly developed countries (OECD data), located especially in the west and northwest of it (Luxembourg and Lichtenstein have incomes of over 100 000 USD per capita). On the other hand, several developing countries also belong to this continent, too, located especially in the east (Moldova being the poorest with an income of about 1500 USD per capita).

The third line important also for local governments is the *Human Development Index*, comprising education, health and living standards [17]. One can distinguish the European countries also in this respect. There are seven countries with almost maximum scores (>0.90) on the Human Development Index. These are Norway, Sweden, Switzerland, Iceland, Ireland, Germany and the Netherlands. All other countries belonging to the EU have very high HDI-scores (0.80-0.90). Non-EU members have high scores between 0.70 and 0.80, and the one poor member of the European family, that is Moldova, still has a medium HDI-score between 0.60 and 0.70. This index is important also for local government in Europe, because it indicates, that no matter the differences, people for the most part well of. There are hardly problems with illiteracy or finding well-educated people to do the job in local government and there are financial resources to fund the activities of local government.

Local Government Differences in General

As told above, the vast majority of European countries are member of the Council of Europe. Its Charter denotes the main principles of local governance in Europe that are expected to be respected by all signatures. Because of the crucial importance of the contents of the Charter (describing agreed contextual values about local democracy in Europe) we will first provide the short review of the core principles of the Charter. It first describes the principle of local self-government which should be recognized in domestic regulation, and where practicable in the constitution (Article 2). It also stipulates the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population (Article 3). Furthermore, local governments should have full discretion to exercise their initiative with regard to any matter, which is not excluded from their competence nor assigned, to any other authority. Public responsibilities shall generally be exercised, in preference, by those authorities, which are closest to the

citizen. Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly (Article 4). Local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided (Article 6). Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers (Article 9). They have the right to associate with other local authorities in order to carry out tasks of common interest (Article 10) and they are to be legally protected (Article 11).

Under such a comprehensive common unifying structure one might expect that local government structures in Europe would not diverge significantly from the point of view of structural and human resource conditions, but this is not the case in Europe. We provide some dimensions of such divergence in the next paragraphs.

In financial terms - the level of decentralization measured in *expenditures of local governments* - these are in the EU on average about 12-13 per cent of GDP (2010), which is about half of the expenditures by national governments. However, even the EU is not a homogeneous entity with regard to the autonomy of local governments. In its North western part, the role of local governments is significantly more important than in the southern part. For instance, the expenditures of local government in Denmark, Sweden and Finland are all above 20 per cent of GDP, while this is less than 10 per cent in Belgium, Greece, Spain, Portugal, Austria, Slovakia, Bulgaria, and Germany (Eurostat). The situation in non-EU members from the point of view of subnational expenditures is rather critical (except for reach non EU states like Switzerland and Norway) – own revenues of local self-governments plus lump sum transfers are insufficient to cover own responsibilities and local expenditures represent very small proportion of GDP. The most critical case is Belarus, where real subnational finance do not exist.

The share of local expenditures to GDP is only one indicator for local autonomy. Another one is the ability of local government to raise its own revenues. Here also huge differences are visible in Europe. Especially in Eastern European countries, but also in a western European country as The Netherlands, local authorities are not, or only to a minor degree, allowed to collect their own revenues through local taxes and they are dependent on transfers from national government, which are provided in terms of general transfers and specific transfers. In the latter case, local governments can only use the money for policies specified by national government. Some have said that this [3, p. 29].

A third point of difference lies in the tasks of local governments and the actual service delivery under their responsibility. Local communal services are obvious local responsibility, but in many countries, for example, health care or primary education is not local but state responsibility. Countries differ to the extent to which national of

subnational governments are responsible for education, health-services, housing, infrastructure, local economic development, the provision of welfare, public order and safety, social integration, culture and recreation, and sports, to mention just some of the policy areas in which local authorities could be autonomous. The tasks decentralized to municipalities in a majority of European countries concern basic education, sports, social services, urban planning, local infrastructure, culture, environment, water supply, public transport, waste management, and to a lesser extent (parts of) health care, housing, local economic development, sewage and public order and safety [2, own calculations].

Special cases are the United Kingdom and Ireland (the same principle is applied also in Ukraine, but for other reasons). Because of historical tradition, local self-governments' rights are still formally restricted by the "ultra vires" principle, telling that they must have statutory authority for everything they do (this means they can execute only functions allocated to them directly by law). Such a situation is formally contradictory to the Charter, telling that local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority. The Charter says in simplified way – "what is not prohibited is allowed", but the "ultra vires" principle is based on the assumption that "what is not allowed is prohibited". In real life, also because of local and Congress pressures, the "ultra vires" principle is today more a formal than a real problem – it does not seem to limit independent decision making of local self-governments in United Kingdom and Ireland too much.

Differences also exist within countries, when large cities and metropolitan areas have much more autonomy and responsibilities than small municipalities. This is, for instance, the case in Albania, Croatia, Cyprus, Estonia, Macedonia, Georgia, Germany, Hungary, Ireland, Latvia, Poland, Portugal, Romania, Serbia, Slovakia, Spain, Turkey, Ukraine, and the UK [2]. Size matters and differs within and among countries.

Probably the most interesting and differentiating issue in Europe is the size of local self-governments. Existing data (especially reports of the Congress and Moreno et al, 2012) indicate that there is no relation between the size of a country (both from the point of view of the number of inhabitants and the size of territory) and the level of the territorial fragmentation. Many European countries are characterized by a high level of territorial fragmentation and especially the existence of really small municipalities. Illustrative cases are Armenia with the smallest municipality consisting of 37 inhabitants and Herstappe in Belgium with about 87 inhabitants. Also worth mentioning in this regard are the Czech Republic with more than 6000 municipalities per 10 million inhabitants and Slovakia with almost 3000 municipalities per 5,5 million inhabitants.

On the other hand, Europe counts 71 metropolitan areas with more than half a million inhabitants [6], including Moscow (15 million inhabitants), Paris (11 million) and London with 10 million inhabitants. According to Warner [19], suboptimal local government size raises two concerns: 1) capacity - small size can lead to inadequate

financial or managerial capacity and 2) fragmentation - lacking economies of scale undermine efficiency. She concludes that the smallest governments are least attractive and least able to play effectively and efficiently in market systems for public service delivery. This denies many rural areas the opportunity to effectively explore the benefits of service delivery innovation. At the metropolitan regional scale, the problem of suboptimal government size is the problem of fragmentation and the inability to coordinate and finance service delivery across the metropolitan region.

The Internal Structure of Local Government: Commonalities and Differences

In general, a local government consists of a political part, including a council and a mayor, and an administrative body, where the administrators conduct their work. However, that is where the similarities end. In some countries the mayor is elected through direct elections (f.i. Bosnia, Croatia, Poland, Slovakia), in others he or she is elected/appointed by the local council (f.i. Denmark, Czech Republic, Estonia, Georgia, Germany, Spain), and in still others he or she is appointed by higher authorities (f.i. Netherlands, parts of Belgium). In addition, the period for which the election/ appointment is valid, varies between one year (in Ireland) and six years (in for instance Netherlands). Most frequent is a four-year period. Sometimes, as in Austria and Belgium, procedures even vary within the country.

Although one might think the mayor to be the most important office in local government, this is not the general case. The role of the mayor is sometimes limited to a purely symbolic one, often limited to chairing the local council, sometimes responsible for public order and safety, and often he or she is the head of the administration and responsible for the internal organization of the municipality. However, for example in Ukraine or Moldova, the mayor is – according to the law – the highest executive level of the local self-government.

For most countries the main “legislative” local self-government bodies are the elected assemblies, that is, local councils. The supreme power in a municipality does not lie in the mayor’s office, but in the local council, which in Europe is nearly always democratically elected by universal suffrage (in some countries proportional system applies – f.e. Moldova). Specific problem is the local government in the capital of Azerbaijan – Baku. The Council of Europe severely criticized this country by recommending it to: “recognize municipalities as decentralized institutions exercising public power as part of the overall public administration, reconsider substantially and clarify the division of tasks and powers between parallel structures of local public administration, transferring the most important local public competences to municipalities and allocate sustainable financial resources to municipalities, commensurate with their competences, and ensure that municipalities can freely dispose of their resources within the scope of their powers. Finally, the Congress calls on the Azerbaijani authorities to enact a law on the special status of the capital, Baku, to consider providing a system of democratic election for the local government of Baku city.” (Council of Europe, 23rd session, Feb. 2013)

Explanations for the Variance in Europe's Local Government Conditions

The analysis above indicates on the one hand a common framework, as laid down in the charter of the Council of Europe, which all member countries have ratified (some of them with reservations). On the other hand huge differences are seen in the institutional and organizational structures. Partly these differences can be explained by the national context in which municipalities function. The distinct features – membership of the EU, wealth and human development - can explain part of the variance. Some scholars tend to explain the variance by cultural differences, mainly in terms of religion – the Protestant North versus the Catholic South and the more Orthodox east. Others see a lasting historical influence of the Napoleonic conquests, which introduced centralization and limited the powers of previously autonomous cities in the countries conquered by France around the turn of the 18th and 19th century. Goldsmith and Page suggested an explanation in a combination of geographical factors, democratic legacy, economic development, and path dependencies [11].

Especially the case of the United Kingdom and Ireland indicates that path dependence plays an important role. The “ultra vires” principle, mentioned above, is the “non-written” source of the legislation and it is very difficult to depart from it. Path dependence may also influence the level of fragmentation or levels of the administrative oversight over self-governments (countries with strong central state tradition are less ready to trust to capacities of self-governments and to the principle of subsidiarity).

Interesting cases are transition countries. In theory, during the transformation from centralistic to democratic structures, starting nearly much from “zero”, these countries got the opportunity to introduce optimum solutions and optimum models (however, in reality many obvious optimum solutions do not exist). Interestingly, politics, power play and defending vested interests, seems to be the main determinant of the processes of transformation in this region. The most visible case is the creation of regional structures – established not in the first phase of transformation, but often as part of the EU accession process. The dominance of political arguments over rational arguments express themselves, for instance, in the outcomes of political decisions on decentralization, the creation of subnational units and their functions, and for instance, reforms in local government, such as amalgamations.

For instance, if we just look at new EU member states in Central Europe, we see that Bulgaria with 7.5 million inhabitants created 28 regions, Czech Republic with 10.5 million inhabitants now has 14 regions, Hungary with 10 million inhabitants has 23 regions and Poland with 38 million inhabitants has 16 regions. It is visible that other than “factual” factors determined new territorial structures in these countries.

In addition, the vast differences in tasks allocated to local governments vary not because public choice theory and research tells that some policy areas are better taken care of at the local level and others fare better when under the responsibility of

national government. Rather, political interests and conflicts seem to determine the outcomes of such processes.

The same goes for decisions about at present popular municipal amalgamations. The process is full of conflict, ideology, fear, and negative side effects. First, many of the arguments used by policy makers in support of amalgamations just reflect ideological framing as opposed to genuine reasons for amalgamation [cf. 5].

Summarizing the Context of European Local Government

The above suggests that local government in Europe on the one hand performs within a rather specific context, certainly in comparison to other regions in the world. There is a clear legal framework for local government - ratified by most of the European countries and based on the subsidiarity principle – that assures a substantial role for local government as well as legal protection and its ability to recruit high-quality staff based on merit and competence. Furthermore, the majority of European countries are relatively wealthy and the population enjoys a high to almost maximum human development. All this is favorable for the position of local government in Europe.

Because of path dependencies, historical and cultural factors, the division among EU-membership lines and the dominance of strategic instead of substantial arguments, but also because some questions do not have definite answers (like fragmentation versus amalgamation), one can still witness huge differences in the structure, the autonomy and responsibilities of local governments as well as in their position vis-à-vis higher authorities. The question is how these differences impact on the opportunities and challenges local governments in Europe face. The next section will address the main challenges of local government in Europe and will argue that the degree to which these varying contexts affect the current issues regarding local government capacity can be relativized.

Issues of Local Government Capacity in Europe

How do local governments in Europe perform? This section addresses that question. First we give an overview of the scarce data on satisfaction of citizens about their city administration and their opinion about the situation in these cities. These data are derived from the Urban Audit, a project conducted on behalf of the European Commission, monitoring how citizens perceive quality of life in their home cities. In 2012, 41.000 people were interviewed in 79 European cities and 4 urban agglomerations. One of the questions related to the quality of administrative services in these cities. In 53 of the cities surveyed, a majority of respondents consider that their city's administrative services help people efficiently. In 7 cities, the level of agreement equals or exceeds 70%. Luxembourg (77%), Aalborg, Antwerp and Zurich (all 72%) have the highest level of agreement, while Palermo (17%), Napoli (19%), Roma (21%) and Bratislava (28%) have the lowest. In 67 cities, a majority of respondents consider that their city's administrative services can be trusted, and in 21

cities at least 70% of respondents share the same view. A majority of respondents agree with this statement in 67 out of the 83 cities surveyed, and in 12 cities, at least three quarters of them agree. Luxembourg, Zurich (both 87%), Aalborg (83%) and Munich (81%) recorded the highest scores for this question (*ibid*, p98), while Palermo (24%), Prague (28%), Bratislava and Napoli (both 29%) have the lowest [7, p. 12].

The satisfaction with regard to public spaces such as markets, squares and pedestrian zones, their satisfaction regarding the availability of retail shops and green spaces, and the perception of safety is high. In all but one city, a large majority of respondents says they are satisfied with the lives they lead; and a majority of respondents is satisfied with the place where they live. The satisfaction with schools and educational establishments and the satisfaction regarding the state of streets and buildings in respondents' neighborhoods is somewhat lower (p. 9), although in most cities, still a majority of the respondents that have an opinion about such things, are satisfied.

Within European cities, the citizens seem to have good life and they are in general satisfied with the performance of the municipal administration. The differences in opinion reflect especially the North-South difference, that is, the level of decentralization, and the West-East difference, that is the level of national wealth [cf. 5]. In countries where the share of public expenditures by local governments is higher, the citizens are also more satisfied about local governments' accomplishments, as is the case in relatively wealthy countries compared to the less well-off countries.

Hence, the main challenges are not to be found in the for Europe favorable contextual conditions such as the political or judicial situation, the socio-economic situation of the country involved, historical determinants, et cetera, although the concrete country conditions might explain part of the variance in local government performance. Nor are the main challenges likely to be found in human resource conditions, referring to illiteracy or lacking capability of local government leadership, or the absence of skills in the administration.

Political and socio-economic situation in the country may but must not influence the performance of local governments, depending on local conditions. Decentralization and the principle of subsidiarity are very much based on assumption of vital local democracy and high level of participation of citizen in local issues. However, this is not really true for all European countries, with positive and negative examples both in "East" and "West" or "North" and "South". Challenges in the "East" may be partly "historical" - citizens in transitional countries are still not well prepared to effectively control politicians and bureaucrats (neither on central, nor on local level) – which is hardly a surprise after the long period of former regime. Many, especially older people, still think that the state "donates them its services" and they must be satisfied with any quality provided.

Currently the core challenges are mainly structural and institutional – elaborated on below. First we address the new trend in Europe from decentralization towards

centralization, second, the trend to consolidate local governments, and third, the growing financial problems of local governments.

From Decentralization to Centralization

As to the intergovernmental relations between local and national government the challenge is situated especially in the continuing changes in the relation, from centralization to decentralization and recently back again [cf. 4; 13]. From the 1980s onwards to the middle of the first decade of the new millennium, there were widespread trends of decentralizing powers and authority to the subnational, especially local level.

Since 2005 a reversal of this trend is seen, especially in those countries that decentralized the most, be it out of New Public Management ideas, or because of external pressures to do so, like in the transition countries and Turkey, for whom it was a requirement to become members of the EU [13]. In 2004, this incentive ended for the 10 Central European countries, who did indeed become EU-members, while in Turkey it became apparent around 2010 that the EU became too hesitant in accepting its membership.

The consequence was that decentralization-processes ended and reversed in processes of re-centralization. Those countries which were decentralized furthest out of NPM ideas, like the UK, started so-called joined-up government, partly because of the frustration of central government that it had lost its capacity to act as a coordinated, single actor, out of which attempts to strengthen policy capacity of the center emerged [Halligan, in: 13]. The countries involved, achieved this re-centering by 1) implementing institutional and procedural measures to increase horizontal coordination, for instance tightening legal frameworks, limiting the discretionary powers of local governments, and through intersectoral policy programs in Finland, or the creation of a Prime Minister's Delivery Unit in England, 2) a shift from letting-go strategies to a restoring strategy in which especially the prime-minister's office is increasing its political control, and 3) by increasing the audit capabilities out of visions of strategic management, coordination and vertical coordination. Peters et al (2011, introduction) conclude: "many presidents and prime ministers are attempting to find ways of restoring their capacity to govern from the center".

The Anglo-Saxon and Scandinavian countries are not the only ones in which recentralization is visible. According to the German Reinhold Schnabel more and more people are criticizing the concept of federalism, asking whether the system has become outdated. For these critics, the structure of 16 federal states, with 16 state parliaments, and 16 state governments with their dozens of ministers, state agencies and thousands of officials has become an unaffordable model. In Germany in 2005, the Federal State ordered tax equalization as well as limits on state borrowing,

Gellén [9] mentions similar tendencies in Hungary and describes these reform-steps by the labels of concentration and centralization affecting the entire corpus of administration. On January 1st 2013 Hungarian central government took over the responsibility for schools from local self-governing authorities. Saltman [15] gives a

nice overview how the tendency to decentralize health care has seen a reversal from the early 2000s onwards, first in Scandinavia, but later on also in Germany, Netherlands and Poland. Pola [14] describes similar tendencies in France and Italy, and the most striking example is of course Russia under Putin [10; 16]. The latter argues that in Russia one can witness “significant strengthening of presidential power and its expansion to a regional level through a new institution of Plenipotentiary Representatives of the President of the Russian Federation established in eight federal districts”. Furthermore, “the proposed direct election of governors was annihilated. Today governors are elected by local parliaments, and candidates are those as advised by the President”. Seliverstov and Leksin conclude; “It is clear that in recent years we have witnessed a noticeable strengthening of central power in its relationship with the regions. This was reflected in the formation and strengthening of the *vertical*, as well as in a whole set of measures associated with the concentration of political and economic powers in the presidency and the federal government.” [16, p. 141].

Consolidating Local Government

A second trend, affecting institutional conditions witnessed in Europe, is the tendency to consolidate subnational government [cf. 5]. First, in Scandinavian countries, Denmark decreased the number of municipalities from 275 to 98 between 2000 and 2010; Finland went from 436 to 342; and Iceland from 124 to 77. In Western Europe, the process of consolidation also continues. The Dutch continue incremental amalgamation to a current number of 400 municipalities, compared to 500 in the early 2000s, and it plans to reduce the number of municipalities to no more than 150 during the second half of this decade. Within roughly the same period, the 12 provinces will be reduced to five counties. Ireland plans to consolidate local government and reduce the number of regions from eight to three. In 2012, Turkey, with a population of approximately 74 million, decreased the number of municipalities from 2950 to 1375. In Greece, the 1997 *Capodistrias* Plan reduced the number of municipalities from 5825 to 1033, although its original plan was to end up with 500 municipalities.

Turning to Central and Eastern Europe, in 2004, Macedonia reduced the number of municipalities from 123 to 84 based on the Ohrid Framework Agreement. Georgia reduced the number of local governments from 998 to 64 in 2006 after the Rose revolution. Beginning in 1998, Latvia encouraged local governments to amalgamate with the intent to reduce the number of local governments from 542 to 102. No local government would have a population under 4,500 and the average would have to rise to about 23,000 people [8, p. 7].

In other countries, amalgamations are on hold, but the autonomy of small communities is nevertheless reduced by the required intensified cooperation between them or between them and a central city. This happened in Hungary, where the government introduced “multipurpose micro-regional associations”, which can comprise up to 65 municipalities around a larger town. It is also evident in the Czech

Republic where municipalities cooperate intensively, especially in the areas of regional development, tourism and environmental protection, and somewhat less in social infrastructure, energy, transport and waste disposal, and in order to receive European subsidies [18]. The only country with clear plans to increase the number of municipalities was Lithuania. This plan was a result of the substantial amalgamation activity in the 1990s that reduced the number from 581 to 56. This process created municipalities that were too large according to the Lithuanian government [cf. 5] – in 2015 also Georgia started to return back by increasing number of local units, officially on the base of the same argument.

The Problematic Financial Situation of Local Governments in Europe

The third major challenge for local governments is posed by their financial situation. Only looking at the European Union, the total local government debt is estimated to be around 1 trillion US \$, or about 6% of total GDP. In all countries, the municipal debt sharply increased between 2007 and 2010 (Table 1). Especially in countries like Spain, Germany, Turkey and Ireland the situation is becoming grave as municipal debt is nowadays higher than the yearly local revenues and the increase in debt during the crisis is sharply increasing. In Spain, debt doubled in four years, as it did in Slovenia and Bulgaria (In the latter two cases the increase came from a minimum base).

Apart from Moldova, Russia and Bulgaria in all countries the municipal debt is higher than 25% of local revenues (Table 2). If the “critical” level is somewhere between 50 – 100%, depending on the concrete situation, the problem is pressing in at least four countries. In absolute values, according to the most recent statistics, taking Germany (80 million inhabitants), the total municipal debt is about 135 billion Euros and in Netherlands (16 million inhabitants), the municipal debt is 51 billion Euros in mid-2013.

In Finland, local authorities nowadays hold 70 per cent of all public debts. Of course, there are differences in the debt problem even when the local finance systems – with regard to deregulated local borrowing- are similar. (For example no increase is seen in the Czech Republic compared to massive increase in local debt in Latvia).

Table 1. Local government debt as per cent of GDP (top to down)

Country	2007	2008	2009	2010	Increase during the crisis (2010/2008)
Norway	9.6	9.8	11.7	12.6	29
Netherlands	7.1	7.3	8.0	8.4	15
France	7.2	7.5	8.2	8.3	11
Italy	8.0	8.1	8.6	8.3	2
Denmark	6.3	6.6	7.3	7.2	9
Finland	5.3	5.4	6.6	6.6	22
Latvia	3.3	4.1	5.8	6.4	56
Sweden	5.6	5.5	5.5	5.6	2
Portugal	4.2	4.5	5.1	5.2	16
Germany	4.9	4.8	5.2	5.2	8
Belgium	5.0	4.8	4.8	5.1	6
U. Kingdom	4.6	4.7	4.8	4.9	4
Hungary	3.1	3.9	4.1	4.6	18
Poland	2.2	2.3	3.0	3.9	70
Estonia	2.7	3.2	4.0	3.7	16
Ireland	2.5	3.0	3.6	3.6	20
Spain	2.8	2.9	3.3	3.3	14
Austria	1.9	1.9	2.3	2.8	47
Slovakia	1.8	1.9	2.4	2.7	42
Czech R.	2.5	2.5	2.7	2.6	4
Romania	1.7	1.9	2.3	2.4	26
Luxembourg	2.2	2.2	2.3	2.3	5
Cyprus	2.0	1.9	2.0	2.0	5
Slovenia	0.7	0.9	1.5	1.7	89
Lithuania	1.0	1.2	1.6	1.6	33
Bulgaria	0.6	0.6	1.0	1.2	100
Greece	0.8	0.8	0.9	0.9	13
EU 27	5.1	5.1	5.7	5.8	14
Euro area 16	5.5	5.6	6.1	6.1	9

Source: Urban Audit Database Eurostat

Partly this situation is due to the international crisis by which transfers from national governments to local governments diminished. On the other hand, central governments diminished the discretionary powers of local governments, thus reducing their possibilities to adapt to the changing financial circumstances. Local governments became less able to change policies (and the expenditures involved), because of increased restrictions in national legal frameworks.

Table 2. Local government debt as per cent of total local revenues (all tiers combined, top to down: 2008)

Country	2008	2009	2010
Spain	169.7	182.5	over 220
Germany	153.0	171.7	187.4
Turkey	120.8	126.0	127.0
Ireland	100.0	114.0	n.a.
Sweden	46.3	50.5	45.8
Latvia	39.7	57.0	62.0
Estonia	37.7	45.9	44.8
Hungary	32.2	36.6	43.3
Croatia	29.1	32.2	30.2
Denmark	29.3	29.3	n.a.
Slovakia	26.7	31.8	38.4
Czech Republic	24.5	26.2	24.7
Finland	22.4	23.8	23.2
Romania	21.8	26.0	27.1
Poland	20.3	26.0	33.8
Slovenia	15.9	22.4	25.4
Moldova	6.4	5.0	4.0
Russia	6.1	7.6	8.0

Source: Urban Audit Database Eurostat

The consequence is that many a municipality has to take action in order to reduce their financial problems. As a recent Ernst & Young report notes about Germany, “Given the desperate financial situation of many municipalities comes another wave of power cuts and tax increases on the citizens: three-quarters of local authorities want to increase 2013/2014 taxes and fees. And 37 per cent plan to reduce or discontinue services, such as street lighting in the area or in child and eldercare.” [cf. 1].

Implications

What does all the above imply for the position and challenges faced by local governments in Europe? Below we give a framework analysis of the pros and cons of the situation of local governments in Europe.

First we are able to conclude that the main strength of Europe is the existence of strong and consolidated local self-government systems (except for very few countries) that exercise significant levels of trust by local inhabitants (especially in Nordic countries) and deliver high quality local public services. Another strength is the fact that local government systems in Europe develop according to centrally expressed and supervised principles of local self-government that are formulated by the European Charter for Local Self Government in a comprehensive way.

The strong development of local and regional democracy in Europe is protected and based on the principles of the Charter of the Council of Local and Regional Authorities of the Council of Europe (CLRAE). Among its many activities, CLRAE regularly organizes monitoring visits to all member states to check the situation of local and regional democracy. These visits are an important and effective tool to motivate all European governments to strengthen local democracy based on the principles of the Charter. The contents of all monitoring reports (available on line) indicate that member states devote more and more attention to issues raised in such monitoring reports and tend to act accordingly. Another favorable condition for most of the region is the relatively high level of the economic and human development.

It is difficult to define common weaknesses of the local democracy in Europe. However, we need to mention the core structural challenges here, for instance the continuous discussion about amalgamation versus fragmentation. The existence of too many, too small municipalities with limited human and financial capacities to deliver local public services in some countries presents a limitation to effective and efficient local service delivery. The trade-offs between fragmentation and consolidation are frequently debated in scholarly research. Whereas consolidation of municipalities is mainly favored for its supposed impact on adequate service delivery, the basic argument for smaller local units relates to local democracy - the idea of localism and the idea of public choice. Although the ideas of localism and public choice are based on very different theoretical assumptions, both arrive at the similar conclusion that "*small is beautiful*". The most important arguments for territorial consolidation are connected with theories on the economies of scale. According to such theories the small size of municipalities (including a lack of finance and employment opportunities for their inhabitants, a lack of technical infrastructure, difficult access to basic services and small population) limits their performance. In reality, the issue of the optimum size of municipalities is much more complicated and politically very sensitive.

Most countries indicate one overarching threat to the local democracy in Europe today, that is, the financial crisis, which significantly decreased the level of available financial resources for self-governments, while the structure of responsibilities remains the same or even increases and the demands certainly increase. Some CLRAE delegations complain that the level of budget cuts at the local and regional level is proportionally higher compared to cuts at the central level, which may result in too limited resources and subsequently decreased service delivery standards and cuts of some local services (for example some cities in Ireland already fully privatized communal waste management). Financial burdens are also increased by the trend towards outsourcing and public private partnerships, while many a local government lacks knowledge, experience, and capacity in public procurement, making the outcomes of such processes more expensive than needed.

A second core threat visible in many European countries is the trend toward re-centralization (plus limited real will do continue with decentralization, respecting CLRAE recommendations), including limitations on local policy discretion by

national regulations and the reduction of local powers and authorities in many a policy area.

Regional issues differ, and we mentioned the situation of post-communist countries, where local democracy does not have a long tradition and still needs to be revitalized. The second clear regional challenge is the situation in some CIS countries, where central governments are not at all inclined to promote the idea of decentralization (especially Azerbaijan and Belarus).

Conclusion

1. This article argued that the local government capacities and local government performance in Europe clearly rank this continent to the most developed world areas from the point of local democracy. The background factors explaining this situation have a multidimensional character and one can identify as core positive factors the relative economic wealth, high human development, the long historical tradition of the subsidiarity principle in most parts of Europe, and the regulatory function of the Council of Europe. However, this does not mean that everything is perfect in Europe and that there would be no challenges to be addressed.

2. The core challenges to be addressed from the international perspective have regional dimensions. They are seen in the varying development of local democracy, especially along the East West continuum and the varying development of local autonomy, especially along the North-South continuum.

3. For instance along the East-West continuum one sees the specific challenges of several post-communist countries compared to the more optimal situation of local governments within the old EU-member states. Most improvement and assistance are needed in those countries where self-government structures are still weak or in early phases of their development – parts of the Balkan area, Moldova, Ukraine and Caucasus. Taking the strong position of CLRAE into account, the coordination of such assistance and training within CLRAE activities could avoid any potential conflicts and problems.

4. The North-South dimension still represents the division between more and less developed subsidiarity and varying trust in strong local autonomy. In the northern part of Europe local governments are responsible for more policy areas and their part in the public expenditures are significantly higher than in Southern Europe. However, the trend seen is that in especially in the North, national financial problems are partially transferred to the local level by decentralizing policies without providing the necessary financial means, and simultaneously limiting municipalities in their policy discretion by national regulations, and thus also limiting the possibilities of municipalities to address their financial problems.

5. Concluding, this article argues that currently the main challenges for local government in Europe are structural and institutional, in terms of horizontal and vertical intergovernmental relations. The new trends in Europe initiated mainly by national governments, from decentralization towards re-centralization, the growing

financial problems of local governments and the amalgamations, pose challenges difficult to address properly.

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Juraj Nemec, Michiel S de Vries

Vietos valdžios struktūra ir gebėjimai Europoje

Anotacija

Straipsnyje įrodoma, jog vietos valdžios gebėjimai ir veiklumas Europoje leidžia aiškiai laikyti šį žemyną kaip labiausiai pažengusį vietos savivaldos srityje. Kontekstiniai veiksniai, paaiškinantys šią situaciją, yra daugiadimensiniai – kaip esminius teigiamus veiksnius galima išskirti santykinę ekonominę gerovę, aukštą žmogaus raidos indeksą, ilgą istorinę subsidiarumo principo daugelyje Europos šalių tradiciją ir reguliacinę Europos Tarybos funkciją. Nuoseklus vietos ir regioninės demokratijos Europoje vystymasis yra ginamas ir grindžiamas Europos Tarybos priimtoje Europos vietos savivaldos chartijos principais. Europos Taryba, be daugelio kitų veiklų, reguliariai vykdo stebėsenos vizitus į visa šalis nares, kurių metu tikrina vietos ir regioninės demokratijos situaciją. Šie vizitai yra svarbi ir efektyvi visų Europos šalių vyriausybių motyvavimo stiprinti Chartijos principais pagrįstą vietos demokratiją priemonė. Tačiau tai nereiškia, jog Europoje viskas tobula ir kad nėra jokių iššūkių, į kuriuos reiktų reaguoti. Yra sunku aiškiai apibrėžti bendrus vietos demokratijos trūkumus Europoje. Tačiau reikia paminėti, jog kaip vieną esminių struktūrinių iššūkių galima išskirti nepertraukiamą diskusiją apie suvienijimą versus fragmentaciją. Dauguma šalių kaip vieną svarbiausių grėsmių vietos demokratijai šiandienos Europoje nurodo finansinę krizę, kuri žymiai sumažino vietos valdžiai prieinamų finansinių išteklių lygį, nors atsakomybė išlieka tokia pati ar net didesnė, tuo pačiu neabejotinai didėja ir poreikiai. Kita daugumoje Europos šalių pastebima esminė grėsmė yra recentralizacijos arba ribotos valios tęsti decentralizaciją tiek išsivysčiusiose, tiek besivystančiose demokratijose, tendencija. Regioninės problemos yra skirtingos, ypač situacija pokomunistinėse šalyse, neturinčiose ilgus vietos demokratijos tradicijos, kuri turi būti gaivinama iš naujo. Dar daugiau, centrinė valdžia kai kuriose NVS šalyse visiškai nėra linkusi propaguoti decentralizacijos idėją kaip oficialią nacionalinę politiką (ypač Baltarusija ir Azerbaidžanas).

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Local Government Capacities in East Africa

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Abstract. *East Africa which traditionally consisted of Kenya, Uganda and Tanzania has practised a system of centralisation for several decades following independence. This had the effect of weakening institutions resulting in them being incapable of delivering services. The capacity issues are critical as the lack of professional staff is a challenge. The meagre allocations to the development budget implies that there is limited or no development. Local government has in this context broad experienced financial and staffing challenges and lacked autonomy to make decisions. The underdevelopment of the rural areas relative to infrastructure is a challenge and there has to be rural transformation in this regard. New Public Management has influenced reform strategies and more specifically decentralisation. The reform strategies did impact positively on implementation of the Millennium Development Goals (MDGs). However, the quest for a sound economy and a reduction in poverty levels is yet to materialise. Despite these challenges, East Africa is comparatively better off than the other regions on the Continent.*

Keywords: *local government; capacities; service delivery, East Africa, Kenya, Tanzania, Uganda, financing and economic performance.*

Raktažodžiai: *vietos valdžia, gebėjimai, paslaugų teikimas, Rytų Afrika, Kenija, Tanzanija, finansinis ir ekonominis veiklumas.*

Introduction

East African countries practiced centralized system of governance for more than three decades after independency. The practice weakened local government institutions rendering them incapable to deliver services. Since the last decade of the last century the countries have been embarking on decentralization reforms by adopting policies and restructuring institutions with the aim of improving service provision capacity of local governments. This goal of this paper is, by drawing data from documentary sources to assess power and resource capacity of local governments in East Africa. Three issues are analyzed, the degree of autonomy of the local government, the human resources management, quality and staffing levels on

local government level and adequacy and reliability of financing (with focus on Tanzania and Uganda situation). The analysis is preceded by three sections intending to enable the reader to understand the profile of the East Africa region, the history of local governance in the region and the current system of local government.

Background of East Africa Region

The East Africa region traditionally comprises three countries namely Tanzania, Kenya and Uganda. These countries have always been governed through a unitary structure of governments except the recent Kenya which is moving towards a quasi-federal structure following the 2010 constitutional reforms. Historically the three countries gained their independence from the British colonial administration in 1961, 1963 and 1962 respectively. At independency they inherited almost a similar system of governance and the local government in particular. The post-independence period however sparked into different practices both in terms of policy and administration. Tanzania for instance operated through “*ujamaa*” (socialist) policies while Kenya remained largely capitalist. Uganda experienced frequent policy reshuffles depending on the interest of the coup that was in the reins of power. The countries however maintained centralized political and governance systems practicing marginalization of local governments through enacting legislations that incapacitated local authorities rendering them almost dysfunctional.

The last decade of the 20th century was an era of reform in the region. In search of efficiency and delivery of public services the countries engaged in series of political, economic and governance reforms with each adopting a public sector reform strategy. By the mid of the first decade of the 21st century the countries had undertaken major institutional and policy reforms aiming at improving the economy and service delivery. A recent report on implementation of Millennium Development Goals (MDGs) shows that countries in the region are making a considerable progress towards achieving MDGs. For instance in case of provision of Universal Primary Education all the countries have exceeded 90% net enrollment rate, closely heading towards achieving 100%. Pupil-teacher ratio has reached acceptable standard in Kenya (45:1) but remains above average in both Tanzania and Uganda [Kakande 2010]. The countries have also made a considerable progress towards attaining gender parity. There is however still serious challenges in reducing Child Mortality Rate as many children especially infants are still dying of preventable diseases. This is also the case as maternal health is concerned¹². HIV prevalence is reversing with Uganda achieving attaining a relatively better performance than Kenya and Tanzania¹³. East Africa countries are yet to build a sounding economy and achieve a satisfactory reduction of poverty levels albeit the growing economic potential.

¹² Maternal deaths per 100,000 is highest in Tanzania, 950, followed by Kenya 488 and Uganda, 435 (ibid.)

¹³ For more information on East Africa MDGs performance see Kakande (2010)

Historical Development of Local Governance in the Region

The post-colonial East Africa inherited a centralized system of governance but with a fairly active local government system. In the first decade of independence East Africa states demonstrated a movement towards a relatively higher level of centralization of institutions of governance with states taking powers of self-governance away from the civil society and local communities in particular to ruling political parties and or executive branch of government. In Tanzania this was realized through enactment of the Decentralization Act in 1972 that disbanded local governments at the same time centralizing powers to regions and district development committees. In Uganda the Local Administration Act, 1967 introduced decentralization by deconcentration. Following enactment of the Transfer of Functions Act, 1969 local governments in Kenya lost control of their mandatory functions to central government [14]. This tendency towards centralization was also the case elsewhere in Africa [19]. Centralization however was never a blessing but a curse. Many studies on decentralization indicated that the disbanding of local government resulted into a serious deterioration of service delivery almost leading East African states to crisis of governance [6; 3; 5; 4].

With the results of centralization weighing up heavily on the capacity and performance of the state the pressure for decentralization increased forcing them to decentralize institutions. Earlier decentralization strategies undertaken by government focused at relieving themselves from financial and service delivery burdens they had been carrying. This resulted into a creation of less-autonomous local governments required to handle as many functions as central government determined than their capacity could allow. In Tanzania reintroduction of local governments began with establishment of urban councils in 1978 and formally in 1982. It was until the 5th Constitutional Amendment in 1984 when at least local government obtained a Constitution mention. Uganda, whose history was characterized by frequent coups, had never experienced political decentralization until in 1986 when the National Resistance Movement (NRM) came to power [15]. In Kenya Central control of local government remained so tight that Oyugi [7] thought of them being neither 'local' nor 'government'.

Tanzania's 1980s decentralization reforms did not significantly change the power status of local governments neither did it improve their capacity to deliver services. Instead, continued to subject them under strict control of the State and the ruling Party [3; 13; 5]. Local governments remained largely starved of finances, understaffed in terms of skilled personnel and without autonomy to make decisions. The situation was almost not dissimilar in Uganda and Kenya. For instance the passage of Resistance Councils and Committee Statute No. 9 of 1987 in Uganda conferred administrative powers and responsibilities to local governments but not fiscal and political autonomy. In 1993 however, local governments were strengthened through passing of Local Government (RCs) Statute. This Act empowered local governments to collect and expend local revenues for local development. Kenyan local governments continued to experience a tighter control by central government with the

ministry for local governments exercising enormous fiscal, human resources and decision making powers over local governments [4].

A serious move towards strengthening local governments in East Africa began during the awakening of the New Public Management oriented public sector reform strategies in the region in mid-1990s. In Uganda and Tanzania this was earmarked by decentralization by devolution reforms in mid and late - 1990s respectively. It is during that period States took concerted efforts to transfer political, administrative and fiscal powers to local governments. For instance, in 1995 Uganda entrenched into its Constitution the devolution of government powers and functions. Art II (iii) of the Constitution states that: *“The State shall be guided by the principle of decentralization and devolution of governmental functions and powers to the people at appropriate levels where they can best manage and direct their own affairs”*. This was subsequently followed by the adoption of Local Governments Act, (1997) empowering local governments to make decisions concerning their areas of jurisdiction. Efforts that were undertaken by Tanzania government included formulation of decentralization by devolution policy in 1998, the passing of the Local Government Laws [Miscellaneous Amendments] Act in 1999, Launching the Local Government Reform Program in January 2000 and passing of the Local Government Regulations 2000 all committing the government to devolve powers. In Kenya however, policy reforms that began in 2003 did not culminate into empowering of local governments especially after the Government rejected the Boma’s draft of new constitution putting forward an alternative that eventually became rejected in the 2005 Constitutional Referendum [4].

Efforts to reform the system of local government in East African were taken after the conviction that centralized systems have failed to efficiently deliver services. It therefore became increasingly acknowledged by governments that the capacity of local governments to efficiently and reliably deliver services to the people largely depended on devolution of roles, resources and authority from central government. Yet, a general assessment of the implementation of decentralization by devolution reforms in East Africa suggests that the reforms are yet to reach a logical conclusion. This is because central governments continue to encroach on the powers of local governments and largely still influence budgetary allocations of the latter. Comparatively however East Africa is far a better step off in strengthening local governments than many other African regions. For instance by 2001 Uganda was considered a probable country with the clearest legal framework for decentralization in African continent, also transferring highest amount of resources to local governments [12]. The 2010 Constitutional Reforms in Kenya has given to Counties enormous powers than enjoyed by other devolved authorities elsewhere in Africa. Albeit the functioning local government institutions Tanzania remains the only country in the region whose local authorities still lack a robust power base.

The Current Local Government System and the Degree of Autonomy of Local Governments

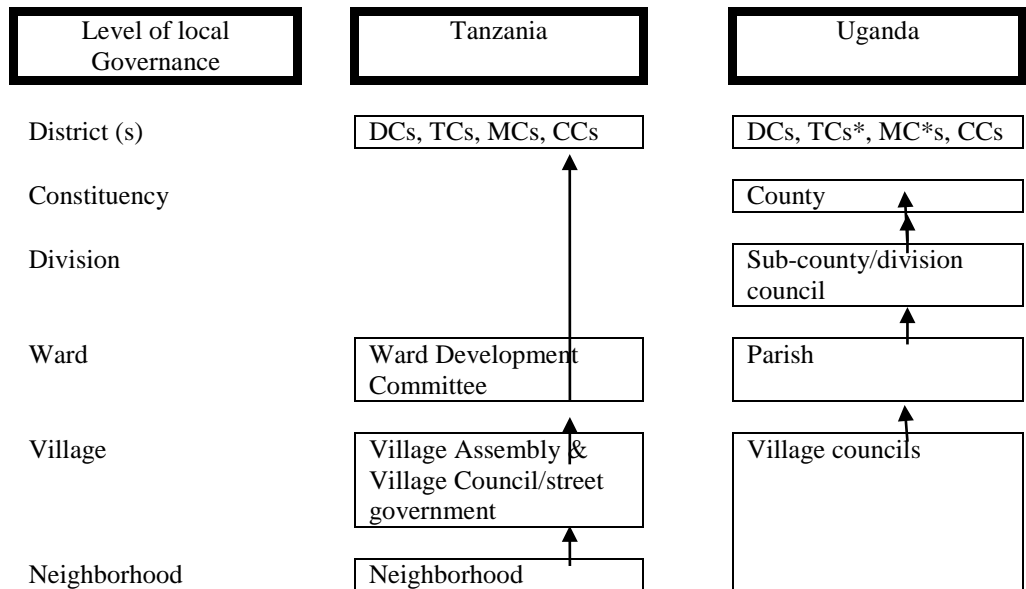
The system of local government in East Africa countries is based on democratically elected councils governed through a political body chaired by the mayor or council chairperson. This body works hand in hand with a technical organ that deals with day to day administration of council activities and discharging of council functions. The council administrative structures are organized into various departments including planning, education, health, agriculture, finances *etc.* Councilors supervise these departments through various committees created by the local government council. In Kenya this arrangement has been changed as the country is heading to implement the new Constitution of 2010. Under the new Constitution, Kenya will run a devolved, quasi-federal, governance system in which Counties have been established as separate governance entities assuming previous responsibilities of local governments¹⁴. The implementation of this new governance arrangement is still at the nascent stage neither is a relationship between traditional local government system and newly established county system has been resolved. In this paper therefore the Kenyan local government system will be marginally treated and the concentration given to Uganda and Tanzania.

In both Tanzania and Uganda the local government system is divided into urban and rural councils. Generally urban local governments comprise of city councils, municipal councils and town councils. These make a higher level category of local governments. Rural local governments are basically made up of district councils and account for more than 79% of local governments in Tanzania and 83% in Uganda. This is not surprising as more than 70% of East African population lives in rural areas. Under the higher level category of local governments there are lower level governments and administrative units. Unlike local governments administrative units are not body corporate and they largely for coordination purpose. The structure of Tanzania and Uganda local government system is presented in Figure 1 below.

As it is indicated in Figure 1 above the neighborhood is a lowest administrative unit in Tanzania. It is governed by elected chairperson and representatives who together form an executive committee. An equivalent unit in case of Uganda is a village. The lowest government in Tanzania starts at the village level. The village government is made up of the village assembly and the village council the former being the supreme decision making authority in the area. The village council is constituted by members of the neighborhood and is headed by an elected chairperson. The day to day administration of the village council is conducted by the Village Executive Officer (VEO) who is employed by the higher local government authority. An equivalent of VEO in Uganda is a Parish Chief and comparable level is the Parish (local council II).

¹⁴ Article 1 (3 &4) of the Kenyan Constitution establishes two layers of government, the national level government and the county. Article 18 provides for continuing existence of local government authorities but they are neither given any power nor assigned functions. Only counties are recognized as major units of devolution (for instance see Article 186, 209 and 210 of the 2010 Kenyan Constitution)

Figure 1. Levels of Local government in Tanzania and Uganda



Source: authors

**in Uganda a MC and TC are considered lower level governments*

Key: DC=district council; TC=town council; MC=Municipal Council, CC=city council

The next level of local government in Uganda after the Parish is a sub-county in rural areas or a division in the urban (local council III). A sub-county is made up of parishes in that area. It is run by an elected committee and a chairperson as a political organ and a sub-county chief as a technical personnel who is also the supervisor of other technical officials such education, health, social welfare and extension officers working at the sub-county level. In Tanzania an equivalent of the sub-count is a ward governed by the Ward Executive Officer. However, in Tanzania the ward is not a local government but an administrative unit serving for coordination purpose. Village chairpersons and executives converge at the ward level for planning purposes and discussing matters concerning the ward through an organ called Ward Development Committee. This organ is chaired by an elected ward councilor who is also a representative of the ward to higher local government levels. The Ward Executive Officer is the secretary of Ward Development Committee.

Uganda system of local has an intermediary level before the district (local council IV). This level is called the County, which is made up of several sub-counties. An equivalent level in Tanzania would be a constituent but there is neither a government nor administrative unit at this level only, an elected Member of Parliament. The county is constituted by all members of executive committees of sub-

counties who in turn elect the executive committee of the county from among themselves.

The major local government authority in both Tanzania and Uganda is organized at the district level. In Uganda this level primarily comprises of district and city councils while in Tanzania it include district, town, municipal and city councils. It is this level which is entrusted with major responsibilities of the local government. It directly relates with the central government but also provide guidance and supervision of the lower local government. They are required to handle both mandatory and permissive functions. Mandatory functions include primary and secondary education plus technical education in the case of Uganda, primary health care (district hospitals, health centers and dispensaries), local roads and works, agricultural extension services and livestock development.

Degree of Autonomy of Local Governments

The power status of the local government can be assessed by analyzing the extent to which the Constitutional and legal framework devolves political, administrative and fiscal powers to local government. A review of decentralization institutional framework indicates that even though the policy framework for decentralization focuses on achieving decentralization by devolution ideals, local governments are more autonomous in Uganda than Tanzania. In the case of the former powers of local government are not only guaranteed by the Constitution but also supported by sounding local government legislation.

Councils have been installed as supreme decision making authority in their area of jurisdictions. In Tanzania local government can make by-laws but subject to the approval of the minister responsible for local government. The minister may also disapprove. This is however not the case in Uganda where procedures for enacting bylaws under Section 38 of the Local Government Act does not give a minister such powers¹⁵. The fact that local authorities in Uganda can easily make by-laws enables them to facilitate the process of service delivery. Makara (1998) observes that with decision making powers central-local relations have improved and local Government leaders have gained confidence but central government officials still want to claim control over local authorities. In Tanzania the central-local relations have relatively improved but there still many cases of governing local governments through administrative commands and directives from central government officials including senior officers of the incumbent party.

Human Resources

¹⁵ The best he/she can do is, within ninety days, return the bill with his or her comments to the relevant council for modification or other appropriate action.

In this part we focus on selected aspects of the human resources management, quality and staffing level on local level.

Human resources capacity: Autonomy over local government personnel

Through a District Service Commission Ugandan local governments have power over appointment, supervising promoting and disciplining of all staff in the local government service including the Chief Administrative Officer. With this power the local governments are better position to ensure effective accountability because there is a very minimal chance for dual allegiances. Contrary to decentralization policy Tanzania continue to practice a centralized system of recruitment. Because of this practice the local government service comprises of staff from various appointing and disciplinary authorities including the President or the Prime Minister in case of local government Executive Directors, the minister for local governments for heads of departments and the Teachers Service Department for teachers [8]. The procedure for councilors to remove the council Executive Director from his office is cumbersome and ambiguous that in many cases councilors has only succeeded by resorting to political pressure. In this situation it is very difficult to ensure accountability as councilors have nothing significant they can do if the central government is not willing to take a requisite action.

Human Resources Capacity: Quality and Staffing Levels

Tanzania's local governments are relatively staffed with qualified personnel. At least a middle level post in the local government service requires a diploma and the minimum qualifications for lowest carder is a pass certificate in secondary education or in technical training. The local government bureaucracy at district/municipal levels is to a larger extent sufficiently staffed. However there are still serious shortages of teachers and health service professionals especially in rural areas. This largely curtails the ability of local government to provide better services. Uganda is also facing the same problem [1; 2]. For example, Jean et al [2] reveal that a number of local governments in Uganda have unstaffed posts. This problem is exacerbated by low pay, salary delays and lack of equipment. A case study of Kanungu district reported existence of only two doctors working in the main hospital in the district instead of necessary five. The case further reveals that two of the health centers were not manned by medical officers [2]. The problem of lacking sufficient qualified personnel especially in rural councils largely affect service delivery capacity of local governments in both Tanzania and Uganda.

Adequacy and Reliability of Financing

This part focuses on different interrelated aspects of the local finance, namely on the independence of the budget management and the reliability and adequacy of local fundings.

Fiscal Capacity: Taxing and Spending Powers

The power to spend resources based on local plans and priorities is essential for the capacity of the local governments to deliver services. In both Tanzania and Uganda local government councils have been given planning and budgetary powers. They can also collect local taxes and expend resources. This power is however affected by overdependence on central government allocations as the major source of local government financing. Expending powers is relatively high on resources obtained from own source and fairly in unconditional central government allocations and not on conditional grants which are always followed by strict guidelines. In Tanzania there are instances where central government interventions have altered local government plans in mid of budget implementation. For instance in 2006 contrary to local government plans the government directed local governments to build a secondary school in every ward¹⁶. A study conducted in 2009 revealed that this decision had a negative impact on councils' financial positions as it was not correspondingly followed by decentralization of funds to effect the implementation [8].

Fiscal Capacity: Reliability and Adequacy of Local Government Financing

Local governments play an important role in the delivery of public services. It is therefore important that fiscal resources are made available in time and in sufficient amount to enable them to play this role effectively. Both Tanzania and Uganda local governments still face many challenges in terms of adequacy and reliability of financing. First local government activities are largely funded from central government allocations which are also not always readily available. Councils own revenue source account to less than 10% of total local government budget meaning that the dependence rate to central government is over 90%.

Secondly the overall share of total government budget allocated to local government spending remains relatively small especially in Tanzania. For instance an average of actual share of local spending on overall government spending in three consecutive financial years from 2007/08 for recurrent and development expenditures was 23.8% and 15.5% respectively. The average local government spending on overall government budget in the same period was 21.2% [18]. The Local Government Fiscal Review, 2007 further reveals that almost two third of recurrent expenditure is spent on personal emoluments [17]. Uganda local governments are

¹⁶ By then the provision of secondary education was still the responsibility of the central government

relatively receiving a higher share of national budget compared to their Tanzania counterparts. According to Jean *et al* [2] the share of total funds distributed to local governments is 24%. Whether the disbursement is reliable it is the question of further exploration.

The third challenge involves cases of late to partial disbursement. It is increasingly becoming common that in many council's first quarter allocations are received in the end of the second or in the third quarter of the year. In an interview conducted by the author in one of the Tanzania's local government council in May, 2009 a senior local government council leader reported that although they were already in the last quarter of the financial year his council was yet to receive, from the government, the allocations of the third quarter [8]. One can still doubt whether that year's third and or fourth quarter allocations ever reached the council. In the financial year 2011/2012 only 55.9% of planned development and 79.4% of recurrent budgets were received by local government from central government transfers¹⁷. The study by a local NGO observed that towards the mid of the third quarter of the financial year 2011/2012, 93% of the schools were yet to receive capitation grants from the governments. Few schools that managed to get funds only got an average of Tanzania shillings 517/- per student instead of the planned 10,000/ shillings¹⁸

The above noted challenges have several implications on the capacity of local government to deliver services. One of the implications is there is partial or no implementation of local government plans. Meager allocations for development budget suggest little to nothing developmental being undertaken at the local level. Health and education facilities are obviously ill-equipped to deliver such services because local governments are financially unable to procure necessary goods and services from service providers.

Conclusions

1. Recent decentralization reforms in East Africa are relatively ingrained with the vigor to strengthen local governments. The 2010 Kenyan Constitution has even gone further to establish a more autonomous system of sub-national governments in the country. However the fact that the Constitution only establishes two levels of government the principle of subsidiarity remains largely undermined. The newly introduced Kenyan system of local self-governance is most likely to risk the capture of power and resources at the County level at the expenses of sub-county communities. The fact that the established 47 county governments remains larger units an effective local self-governance would need to go beyond the county level for a more capable and responsive system of service provision.

¹⁷ Prime Minister's Office Regional Administration and Local Government (2011) <http://beta.pmoralg.go.tz/lginformation/reportc41112.php> Accessed February 10, 2013

¹⁸ Hakielimu (2011) "matoke ya utafiti wa ruzuku kwa shule za secondary" <http://hakielimu.blogspot.com/2011/03/mkatokeo-ya-utafiti-kwa-ruzuku-katika.html> accessed February 10, 2013

2. The service provision capacity of Tanzania local government is largely affected by power status of local government than it is the case in Uganda. The local governments remain largely weak in terms of decision making, human resources management and fiscal autonomies. This is largely because the country still lack a robust Constitutional and legal framework that empowers local governments. This calls for a more serious institutional reform. Ongoing process of constitutional reforms in the country provides potential opportunities for citizens and local authorities to pressure for a substantive local government system.

3. The lack of reliable and sufficient finances as well as qualified and adequate service delivery professionals continues to be a serious challenge facing local governments in East Africa. This has negatively impacted on their capacity to deliver services. The adequacy and reliability of finances is contributed to by overdependence of the local government to central government that financing over 90% of their budget. Coupled by budget deficits, arising from poor economies, and discretionary power of central government on budget matters shortages and unreliable financing of local governments will always be expected. This implies that without efficient country's economic performance as well as enlarged local government owns resource base the financing of local government will continue to be a challenge.

4. Underdeveloped nature of most rural areas in the region contributes in reducing human resources capacity of the local governments. Compared to urban rural councils are many in numbers and are relatively underdeveloped in terms of infrastructure such as roads, electricity and housing. This has impacted negatively on their capacity to attract and retain qualified personnel especially in scarce professions such as health. Therefore, building capacities of local government would also imply rural transformation.

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Gelase Mutahaba, Parestico Pastory

Vietos valdžios gebėjimai Rytų Afrikoje

Anotacija

Rytų Afrika, kurią sudaro Kenija, Uganda ir Tanzanija, kelis dešimtmečius po nepriklausomybės vystė centralizuotą sistemą. Visa tai susilpnino institucijas ir to padariniu tapo jų negebėjimas teikti paslaugas. Gebėjimų problemoms tenka kritinis vaidmuo pirmiausia dėl profesionalaus personalo trūkumo. Skurdūs biudžeto asignavimai sąlygoja ribotą vystymąsi arba net jo nebuvimą. Vietos valdžia šiame kontekste patiria finansinius ir personalo trūkumo iššūkius ir stokoja autonomijos priimti sprendimus. Kaimiškųjų rajonų neišvystymas infrastruktūros atžvilgiu yra iššūkis ir reikalauja kaimiškųjų rajonų transformacijos. Naujoji viešoji vadyba veikė reformos strategijas ir dar labiau decentralizaciją. Reformų strategijos teigiamai paveikė Tūkstanmečio vystymosi tikslų įgyvendinimą. Tačiau sveikos ekonomikos paieškos ir skurdo lygio sumažinimas vis dar turi materializuotis. Nepaisant šių iššūkių Rytų Afrika yra palyginti geresnėje būklėje nei kiti Afrikos žemyno regionai.

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The Capacity of Local Government in South Asia

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Abstract. *South Asia, covers 7 countries – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka; and accounts for about 34% of Asia's population or over 16.5% of the world's population and are home to a vast array of people. South Asia has experienced a long period of robust economic growth, averaging 6% a year. The proportion of poor is lower now in South Asia than any time since 1981. Yet, it is the poorest region in the world after Sub-Saharan Africa. Across the region, democracy has been weakened, corruption has increased and the rights of citizens are denied. In April 1993, the Heads of States of South Asia unanimously committed to poverty eradication. It opened up new political space in South Asia and was the beginning of decentralisation of government authority in this region. Although political decentralisation has taken place, fiscal and administrative decentralisation lag behind in most of the South Asian countries. Decentralisation has resulted in establishment of local government institutions, provision of their constitutional recognition and empowerment. As part of democratization, the local bodies are having elected representatives, who determine the policies and strategies and executive wing implements and carries out day-to-day functions. The foremost challenge for effective local governance is enhancing the capabilities of local bodies and staffing by officials who are adequately trained and equipped for the tasks assigned to them. Also, to be successful at local level it needs to be backed by political will and clear legal responsibilities for local government. South Asia is in midst of transition and reforms for democratic decentralization. The road is long and tortuous, but is the only 'one-way' path to alleviation of poverty, inclusive growth, and participatory governance.*

Keywords: *decentralization, democratization, governance, capacity-building*

Raktažodžiai: *decentralizacija; demokratizacija; valdymas; gebėjimų vystymas.*

Introduction

South Asia, covering the southern part of the Asian continent, comprises the countries of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. In

terms of land and topography, though South Asia is made up of three topographic regions: (i) the Himalaya, Karakorum, and Hindu Kush mountain ranges and their southern slopes, (ii) the Indo-Gangetic plain, and (iii) the Deccan plateau. South Asia is a single geographical unit, but it is a region of complex and pluralistic characteristics having ethnic and linguistic differences and religious diversity.

Such difference and diversity clearly determine the fact that local governments, their roles, structures and problems have some common features, but also very many critical differences. The goal of this paper is to present the current situation of local government in South Asia and to derive main lessons for future improvements of local government capacities in the region.

Main characteristic of the South Asia Region

With the seven countries¹⁹, the area covers about 4.48 million km² (1.7 million mi²), which is 10% of the Asian continent or 2.4% of the world's land surface area. These countries account for about 34% of Asia's population (or over 16.5% of the world's population) and are home to a vast array of people. The area, population and population density of the South Asian countries is presented in Table 1.

Table1. Area, Population & Population Density of South Asia

Country	Area (km²)	Population (2009-2012)	Density (per km²)
Bangladesh	147,570	152,518,015	1,099
Bhutan	38,394	697,000	18
India	3,287,240	1,210,193,422	382
Maldives	298	396,334	1,330
Nepal	147,181	26,620,080	200
Pakistan	796,095	180,440,000	225
Sri Lanka	65,610	20,277,597	319

Source: Statistical Year Book for Asia and the Pacific 2014

The population in the region totalled nearly 1.6 billion inhabitants, representing nearly 25% of the world's total population spread over less than 4% of the world's surface. From a demographic point of view, South Asia is dominated by India, which alone has a population of 1.21 billion, but there are two other densely populated countries in this region, namely, Pakistan and Bangladesh, with population of 180 and 147 million respectively as per latest available data. South Asia also includes countries with small population such as Bhutan, with only 697,000 inhabitants and the Maldives with just 396,000.

¹⁹ According to some school of thoughts, Afghanistan does not fall in South Asia. However, Afghanistan is admitted into South Asian Association for Regional Cooperation (SAARC) forum. However, for the purpose of this paper Afghanistan is not covered in the main section, but a brief note on it is provided as a separate Annexure.

According to the report released by World Bank in 2011, the annual population growth rate in 2010 in South Asia was 1.46 %. Only Sri Lanka in this region has a growth rate less than the world's average. India has a share of 17.54 % in world's population. Pakistan, the sixth most populous country in the world has a growth rate of 2.04 % in 2010. Bangladesh, the seventh most populous country in the world, contributes 2.35 % to world's population. Nepal, Bhutan and Maldives make smaller contribution.

As a diversified geographic zone, there are sharp contrasts in South Asia between the mountains of Nepal, for instance, and the lowlands of the Maldives Islands or the Ganges Delta in Bangladesh. This geographic diversity goes hand in hand with demographic, economic and social heterogeneity.

The demographic challenges confronting South Asia are those of developing countries faced with a major population increase. They are the challenges of education, housing, health care and employing a growing – sometimes rapidly growing – population. These countries have to fight against poverty while ensuring that the economic growth needed to improve the lives of the people does not result in serious environmental damage. However, there are sharp contrasts between these countries, be it in terms of demographic growth, population density, mortality and fertility rates, urbanization or literacy.

Economy and Human Development

South Asia has experienced a long period of robust economic growth, averaging 6% a year over the past 20 years. Yet, it is the poorest region in the world after Sub-Saharan Africa. According to the United Nation's Multidimensional Poverty Index (MPI), South Asia leads the world in poverty, housing between 52% and 62% of the bottom billion. Most of the rest live in Sub-Saharan Africa, which is home to 33% to 39% of the poorest billion people. However, the strong growth has translated into declining poverty and impressive improvements in human development. The percentage of people living on less than \$1.25 a day fell in South Asia from 61% to 36% between 1981 and 2008. The proportion of poor is lower now in South Asia than any time since 1981. Still, the South Asia region is home to many of the developing world's poor. According to the World Bank's most recent poverty estimates, about 571 million people in the region survive on less than \$1.25 a day, and they make up more than 44% of the developing world's poor. The Human Development Index (HDI) of the countries in South Asia is presented in Table 2.

Sri Lanka has the highest Gross Domestic Product (GDP) per capita in the region. India is the largest economy in the region (US\$ 1.97 trillion) and makes up almost 82% of the South Asian economy. It is the world's tenth largest in nominal terms and third largest by purchasing power adjusted exchange rates. Pakistan has the next largest economy and the fifth highest GDP per capita in the region, followed by Bangladesh and then by Sri Lanka which is the fourth largest economy in the region.

Table2. South Asian Countries by HDI Index

Rank	Country	HDI New 2013 Estimates for 2012
High Human Development		
1.	Sri Lanka	0.715
Medium Human Development		
2.	Maldives	0.661
3.	India	0.554
4.	Bhutan	0.538
Low Human Development		
5.	Bangladesh	0.515
6.	Pakistan	0.515
7.	Nepal	0.463

Source: United Nations Development Program Report on Human Development Index, 2013

As referenced in the January 2013 Global Economic Prospects, growth in South Asia weakened to an estimated 5.4% in 2012 from 7.4% in 2011, mainly as a result of a slowdown in India, where GDP growth was forecast to be 5.4% in the fiscal year ending in March 2013. Weak global demand exacerbated region-specific factors, including subdued investment growth, electricity shortages, policy uncertainties, and a weak monsoon. Regional GDP is projected to grow by 5.7% in the 2013 calendar year, 6.4% in 2014, and 6.7% in 2015, driven by improvement in export demand, policy reforms in India, stronger investment activity, and normal agricultural production.

According to the World Bank estimates, 70% of the South Asian population and about 75% of South Asia's poor live in rural areas and most rely on agriculture for their livelihood. The 2013 Global Hunger Index (GHI) states that hunger in South Asia prevails, with its 20.7 hunger index making the region's situation "alarming". Corruption and lack of initiative on the part of the government has been one of the major reasons for building up to this situation.

Democracy and Governance

Most countries in the region experienced colonization before becoming independent sovereign states. After attaining independence, political systems in the region have produced many forms of government: democratic, socialist, military and monarchical. Military rule, monarchy and centralized autocratic political systems are accepted within the framework of democracy in the region. However, the systems lack visions and directives for the development of minorities and the marginalized. Thus, the fate of South Asian minorities and the marginalized in general and women in particular has been ignored – despite various political experiments in governance. Further, South Asia is characterized by its large population, growing poverty, weak

governance structures and feeble democratic institutions, increasing militarization and sectarianism.

Across the region, democracy has been weakened, corruption has increased and the rights of citizens are denied. Economic liberalization and globalization have contributed to a further increase in income inequalities, whereby more privileged groups have enjoyed the fruits of development by controlling the limited resources.

The rule of law in South Asia is largely disregarded and undermined in terms of economic rights and equality for all, despite the fact that South Asian Association for Regional Cooperation (SAARC) member states²⁰ are signatories of international instruments. Lawlessness plays a dominant role in promoting bad governance in most South Asian countries. As a result, ordinary people have been deprived of civil liberties, security and socio-economic rights.

Despite its cultural diversity, strong feudal and traditional values and patriarchal cultural practices, which are common characteristics across the region, have hindered capacity building and the improvement and take-up of opportunities for women, and tribal, ethnic and minority communities in South Asia. This has prevented marginalized communities, including women, from participating in political decision-making processes.

The stage of crisis has been manifested by pervasive nepotism and corruption, misappropriation of state funds, an absence of transparency and accountability in public administration, a lack of respect for the rule of law and ethical behaviour in public life and reluctance to delegate administrative or financial powers to grassroots organizations.

Reform of the situation is only possible if the people assert themselves and demand that the country be governed and not ruled, and that issues of good governance are seriously addressed. Public campaigns to secure the right to information could start a mass movement. Democratic governance begins with commitment to and respect for the sovereignty of citizens irrespective of religious, racial, linguistic, class, caste and gender diversities in an accountable, inclusive and participatory process. A radical reconstitution of governance is therefore required to make democracy functional. Only democratic governance based on strong democratic principles can bring about desirable change. This can be achieved by devolving constitutional power to the citizens and actively involving marginalized people in decisions-making processes.

Decentralization Processes in South Asia

This part of the paper describes the evolution process of decentralization of government hierarchy in South Asia and explains the main driving force for

²⁰ The Islamic Republic of Afghanistan, the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Federal Democratic Republic of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka.

emergence of empowering local governments. It also presents the key challenges that face decentralization and the local government in the region.

Evolution of Decentralization in South Asia

In addition to the general data described in the previous section, South Asia also had too long depended on external inspiration and hegemonies. In retrospect these strategies ended up with ‘soft’ societies, where the majority of people including the poor, women, and young people became alienated. The welfare societies became unsustainable. The creativity, innovativeness and holistic problem-solving approach to life, which has always been a characteristic of South Asian societies was ignored. De-alienation of people had to be an important dimension in the process of building self-reliance and human security.

There were sharpening contradictions and polarization between the rich and poor in South Asia and the link between poverty and violence. Multifaceted crisis was increasingly visible—demographic pressures, extensive erosion of the natural resource base, large scale unemployment of educated youth and youth alienation, low growth, increasing lack of credibility of the state and ethnic and gender conflicts. The inadequacy and disarray in conventional development thinking and action was understood. It was realized by the governments of the region that social transformation and structural changes are required. It had to go beyond the simplistic growth and redistribution and human face models. Structural change was more than mere financial and budgetary discipline and ad hoc redistributive justice. The much needed social transformation has to be conceived as a long reform process implying a complex chain of long and short time frames—not a one-shot ‘big bang’ revolution.

In 1992, Independent South Asian Commission on Poverty Alleviation²¹ was established by the Heads of State of SAARC. At the Seventh SAARC Summit in Dhaka, in April 1993, the Heads of State unanimously endorsed the Poverty Commission recommendations and reiterated their commitment with the Dhaka Consensus to continue to accord the highest priority to the eradication of the worst forms of poverty, within a ten-year period. This commitment was repeated in the SAARC Summits of 1995 and 1997. In other words, the SAARC Heads of State accepted ownership of the strategic thrust. This was the Dhaka Consensus of the Heads of State of SAARC constituted a major coherent response to reflect the strong compulsions to bring poverty to the centre stage of national concern in South Asia with innovative action. It also opened up new political space in South Asia for a political approach to poverty eradication through social mobilization and participation

²¹ Report of the Independent South Asian Commission on Poverty Alleviation, “Meeting the Challenge”, SAARC Secretariat, Kathmandu, November 1992. Members of the Commission were Krishna Prasad Bhattarai (Chairman), Ponna Wignaraja (Vice Chairman), Shaikh Maqsood Ali, Fazle Hasan Abed, Sangay Ngedup, Jigmi Singay, K. R. Venugopal, S. R. Hashim, Abdul Sattar Moosa Didi, Hassan Sobir, Shreekrishna Upadhyay, Madhukar S. J. B. Rana, Safdar Hussain Kazmi, Sohaib Sultan Khan and Warnasena Rasaputram.

of the people in development. This was the beginning of decentralization of government authority in this region.

Decentralization Processes

Political decentralization usually requires changes in constitutions and legal frameworks. Several South Asian countries in one way or another have moved ahead with political decentralization. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka have adopted changes in their constitutions and legal framework to re-define the roles, functions and functionaries of local governments.

There are different driving forces as to why these countries have pursued (or are pursuing) decentralization. The primary reason for this initiative, however, lies in the economic rationale that local governments, being closer to their constituencies, may be more responsive to local needs, and consequently, provide public services more efficiently.

Bangladesh, has had a long history of rural local governments (the Union Parishads), although with limited powers and a long history of community based systems of service delivery and Non-Governmental Organizations (NGOs). Bangladesh has been a parliamentary democracy since a constitutional amendment in 1991. The Constitution of Bangladesh, in Articles 59 and 60, has laid down a framework concerning local government bodies. After the elections in December 2008, the expectations have been that decentralization will be one of the pillars to enhance democracy and to reduce corruption.

In Bhutan, the 9th Five-year Plan (2002/03–2006/07) and 10th Five-year Plan (2008/09–2012/13) focused on the needs of the Gewogs (rural communities) and Dzongkhags (districts). Devolution of resources and decision-making powers to the local level is a key aim of the Plans.

The 73rd and 74th Constitutional Amendments in India, issued in 1992, enshrined devolution in the Constitution of India and mandated that states hold regular elections and transfer funds and functions to the third tier of government—urban (i.e. municipalities) and rural (i.e. panchayats) local governments.

The constitutional sanction to local government has raised expectations and aspirations. Local Body elections have disproved the myth that women are uninterested in public life. There is a near unanimity among women that they would have been unable to get into these bodies were it not for statutory representation. Significantly, about 40 percent of women panchayat (rural local body) members belong to marginalized groups in the villages.

Local government in Maldives provided for by the Decentralization Act 2010 and the Local Council Election Act 2010, and it is enshrined in the Constitution (Chapter VIII). The Local Government Authority Department of the Ministry of Home Affairs is responsible for local government, which comprises 20 atoll councils, 66 island councils and two city councils (Malé and Addu). Local government is in two tiers with the atoll councils in the first tier and the island and city councils in the

second. Local elections are held every three years. The local authorities have revenue-raising powers, charging fees or rent for services provided, as well as receiving transfers from national government. They are also empowered to raise finance to fund development projects. Atoll councils are responsible for managing projects in the Atoll Development Plan not assigned to an island council. The island and city councils are responsible for primary health care, pre-school education, adult education, utilities, waste disposal, pest control and roads.

In Nepal, the Local Self Government Act (LSGA) of 1999 defined three types of local bodies and endowed them with some revenue powers and expenditure responsibilities. Recently, Nepal has undergone a delicate transition from monarchy to the model of a federal state. In this context, the roles of the different tiers of government, the number of tiers, and the nature of fiscal flows are still under way to define the future of the decentralization strategy. Local bodies are becoming increasingly involved in local service provision and users' groups in the management of local resources and services. For example, thousands of user groups have been given authority to manage local forests. Decentralized governance has produced positive impacts in terms of people's participation in governance, poverty reduction, empowerment of women and weaker social groups, and involvement of non-governmental organizations and the private sector in delivery of social and production services.

Local people have been able to solve individual as well as community problems on their own. The number of women in leadership roles in community-based activities is increasing. The provision for representation of women in local governance has made about 40000 women local government representatives.

Pakistan embarked upon a far-reaching devolution plan in 2000-2001 to transfer central powers to new local governments. Devolution was aimed at injecting new blood into the political system, including marginalized citizens in formal politics, and contributing to strong accountability between new politicians and local electorates. A three-tier federated local government system was set up in every district of the country as an integral part of provincial governments. The local government system integrates rural with urban local governments and the bureaucracy with the local governments so that the district administration and police are answerable to the elected head of the district government. Women, peasants, workers and minorities have been given representation at each level of local government. Citizen Community Boards provide a mechanism for motivating and involving the local community in local development. The local government system has been implemented in all the four provinces of Pakistan and direct elections have been held to fill more than 120 000 Union Council seats.

Decentralization has made the district and tehsil (sub-district) the hub of all development and service delivery activities. The head of the district government is an elected representative and not a bureaucrat.

The 13th Constitutional Amendment of Sri Lanka in 1987 called for substantial decentralization reform in the public sector and in service delivery. The reforms were

meant to be part of the peace strategy aimed at addressing the issues of ethnicity and local autonomy in the context of the civil war²². Improved service delivery is an implicit goal. Local governments are the third tier under the purview of the provincial councils created. However, local authorities still have limited fiscal and administrative authority and the Government structure, by and large, remains centralized.

The organization and administrative structure of the local government have certain commonalities across South Asia in terms of institutions and authorities formed and empowered at local level – i.e. urban and rural. The local government usually has at the apex level the district followed, especially in Bangladesh, India, Pakistan, and Sri Lanka, the sub-district at intermediate level and at the grass-root level is the urban local body or village body. The local bodies are given a constitutional recognition. Further, as part of democratization, the local bodies are having elected representatives. The elected wing determines the policies and strategies and executive wing implements and carries out day-to-day functions. The local bodies have been transferred a number of functions from basic civic services to provision of livelihood facilities, shelter and the likes. Also, to ensure people participation, reservation of posts in the local bodies is made for women, the economically marginalized, indigenous people and minority communities.

Ways and Initiatives Focusing on Improving Local Government Capacities

It needs to be underlined that local government is not only practical but also effective in taking development directly to the people in this region. Therefore, it is imperative to make local government sustainable and help to reduce poverty and provide a variety of vital public services. Hence, a certain level of state intervention is necessary in order to ensure equitable distribution of the benefits, and social inclusivity. Further, local governments elected and monitored by the electorate who understand their rights or is sensitized enough to do so, local governments can be good medicine against bad governance, corruption, and ensuring efficient service delivery. In other words, local government is not just important for the delivery of services, but is crucial for the economic and social development of the people of South Asia, especially in the context of its present socio-economic situation. Therefore, for development to be successful at local level it needs to be backed by political will, clear legal responsibilities for local government, appropriate instruments, and ensuring that it is grounded in local conditions.

²² The Sri Lankan Civil War was a conflict fought on the island of Sri Lanka. Beginning on 23 July 1983, there was an intermittent insurgency against the government by the Liberation Tigers of Tamil Eelam (the LTTE, also known as the Tamil Tigers), an independent militant organisation which fought to create an independent Tamil state called Tamil Eelam in the north and the east of the island. After a 26-year military campaign, the Sri Lankan military defeated the Tamil Tigers in May 2009, bringing the civil war to an end.

However, it has been borne out by practical experience that local government institutions can be of real service to the people only if they are staffed by officials who are adequately trained and equipped for the tasks assigned to them. And, the other aspect, equally important, is that local government institutions must operate within the overall framework of policy determined by the central government. This element of cohesion is absolutely essential to ensure the absence of contradictions and the delivery of substantial benefits to the people.

The rationale behind strengthening capacity of the Local Government Institutions (LGI) is that it would help in deepening local democracy, upholding socio-economic equity and ensuring provisions of public services to citizens. Capacity in the context of democratic decentralization refers to the totality of inputs required by the local government institutions to fulfil their purposes.

Capacity development of LGIs aims to ensure that such institutions are able to function as institutions of self-governance. For this, the intervention can be at individual, institutional and societal levels. Individual capacity development focuses on enhancing inherent human potential and aims at developing conditions that allow individuals to build and enhance existing knowledge and skills, improves learning and helps them to adapt to change. Secondly, institutional capacity in LGIs refers to the ability of these institutions to develop and manage its systems and procedures by aiding and modernizing the pre-existing institutions; promoting mechanisms of transparency, accountability and participation; improving LGIs ability to relate to the external environment to find innovative mechanisms to promote 'smart privatization' and hold private service providers accountable to the poor. Thirdly, societal capacities development aims to be inclusive of all the actors and stakeholders of LGIs, particularly including the citizens, the poor and marginalized, as the primary stakeholders of LGIs. Hence, at the societal level capacity development initiatives need to establish more interactive public administration that considers people's feedback, and removes societal and institutional constraints to allow people's involvement in affairs of LGIs.

In Bangladesh, the government and the Community Service Organizations (CSOs) are both involved in providing capacity development support to LGIs. The government provides capacity development support through different government institutions to elected representatives and related government officials by providing training on the roles and management of the LGIs. The CSOs focus on improving governance at the local level. The CSO approach is more inclusive, intensive and wider in which the local communities are also included in the capacity development activities.

Improving pedagogy and quality of facilitators is a necessary requirement for the success of the capacity development effort. Bangladesh's *Cascade Based Training* project focused on the training of trainers (TOT) and used *organizational strengthening approach* and *leadership development approach*. A cascade-based training module was developed and an 'expert panel' supervised by National Institute

of Local Government (NILG) was constituted to prepare the Local Governance Support Project (LGSP) training module and training material.

In order to ensure that LGIs are effective institutions of self-governance, capacity development interventions can be at individual, institutional and societal levels. As is evident, in Bangladesh's *Strengthening Local Governance* project, the initiative of creating Lok Morchas at all three levels of Union, Upazila and District enabled horizontal and triangular linkage of LGI, public officials and local community and further helped in developing a micro-macro linkage between local and national levels. Hence, interventions at the *institutional* and *societal* levels created linkages and mobilized the local society, which helped to establish a participatory and accountable local governance system.

The participatory process of planning and decision-making were also found to be established in the Bangladesh's *Strengthening Local Governance* project.

In India, the Ministry of Rural Development (MoRD) and Ministry of Panchayati Raj (MoPR) through identified national institutes, plans and organizes training of trainers program for all the State Institutes of Rural Development (SIRDs) faculty members. They in turn train both the elected and non-elected functionaries of the Panchayati Raj Institutions (PRI) in every state. Apart from these various CSOs also provide capacity development support. Moreover, for urban local bodies, there are several accredited training institutes across the country and the Ministry of Urban Development (MoUD) has taken number of initiatives to build capacity at urban local body level.

Knowledge management is another concern in the capacity development of LGIs. The '*Panchayat Resource Centre*' initiative in India is an example of addressing this concern in which four different approaches of *partnership approach, communication approach, leadership approach* and *knowledge management approach* were utilized.

A good example to address a capacity development need that requires *building partnerships and networks* is the '*Pre-Election Voters Awareness Campaign*' (PEVAC) in India. In this the approaches of *partnership and networks, and communication* were utilized.

Use of technology is evident in the '*satellite communication model*' (SATCOM) of Gujarat, India, where the *e-learning approach* to capacity development, has had an extensive reach.

Leadership development is a very crucial part of capacity development in LGIs. '*Panchayati Raj Jagrukta Abhiyan*' (PRJA) in India - a campaign on awareness building for the elected representatives of LGIs is an example of this where *communication* and *leadership development* approaches were made use of in this project.

The Village Development Program (VDP) in Nepal works for poverty reduction by forming community organizations (COs). The program aims to support local communities and local governments in institutionalizing community organizations as self-governing and self-sustaining institutions to facilitate participatory development.

In Pakistan, capacity development training was mandatory under the Local Government Ordinance, 2001. Following the ordinance, various training programs were organized by the Provincial Governments for the elected and non-elected LGI functionaries in collaboration with the National Reconstruction Bureau (NRB).

In Pakistan's *Capacity Building of Women in Local Governance Institutions: Gujranwala and Rahim-yar-Khan District* project, *partnership and networks approach* and *leadership development approach* were applied. Besides the National Reconstruction Bureau (NRB) which trained a group of master trainers, who further trained district based groups of local trainers, three other organizations were involved in imparting training to women councillors and three groups of councillors representing workers and peasants' communities.

Pakistan's *Capacity Development of Women* project, created spaces to *develop women elected representatives as community leaders*. The number of women elected as heads of representative local councils increased tremendously and women councillors were also seen actively pursuing various community problems.

In Sri Lanka, under the National Policy on Local Government, 1999, capacity development was viewed as a requirement to make LGIs an integral part of the system of representative government. Sri Lanka Institute for Local Governance (SLILG) is responsible for planning and implementing the national program for capacity development of LGIs throughout the country. This national program includes preparing and delivering annual training programs for skill development and also preparing, educational courses and conducting training programs in response to specific requests.

Sri Lanka's *Managing Solid Waste* project is an example of intervention at individual and societal levels where both elected representatives and Pradeshiya Sabha officers were provided training and programs were also conducted to involve the community at large to bring about a system change in solid waste management. Sri Lanka's Dehiwela-Mt Lavinia Municipal Council project helped the municipal employees to identify problems of poor service delivery and feasible pragmatic solutions, which enhanced their living standards and led to better service delivery with respect to provisions of infrastructure facilities by the Council.

The Lok Morchas also helped to solve many *personnel issues* through continuous lobbying and voice articulation. The issue of transparency was addressed in all the three committees and services were found to be better. An improvement in services was also observed in the Pakistan's *Karachi City District Government* project, offering exemplary services even during natural calamities.

Establishing vertical and horizontal linkages and enabling interface between the people and the governance institutions is an important component for the success of local governance units. Power to the grassroots will come only if this link is made strong, and capacity development has a crucial role to play in this. Such linkages were developed in Bangladesh's *Strengthening Local Governance* project and proved to be an effective tool in bringing the desired level of change. Hence, capacity development cannot be viewed through a narrow prism of training of individuals but

also needs to focus on developing capacity at institutional and societal levels, with a particular focus on building horizontal linkages. Further, effort needs to be made for enhancing the material base for the sustenance of LGIs which requires capacity enhancement interventions that focus on mobilizing local resources.

For promoting effective participation, the need is to build networks and collaborations of different actors at regional and local levels to take up issues of participation and accountability through local government. Hence, capacity development has to be an integrated approach.

Other focus areas need to include developing individual local leadership, developing skills that are necessary to functions in LGIs, programs for promoting attitudinal change in officials at all levels, creating institutional mechanisms so that the LGIs function as transparent and accountable institutions, and most significantly building an active, engaged and informed citizenry.

Key Future Challenges to Increase Local Government Capacities in South Asia

In general, although political decentralization has taken place, fiscal and administrative decentralization lag behind in most of the South Asian countries. We provide some examples. In Bangladesh, local governments lack adequate financial resources for the development of basic rural infrastructure. There is a need to improve the resource base of local government institutions through sharing of tax and non-tax revenue, and provision of grants and other development assistance by the central government. Local government bodies also need support for building their management capacities.

Similarly, in India, local governments face impediments to discharging their responsibilities, the primary being an inadequate resource base. Local government representatives and nearly a million local government officials assigned or closely connected with the local government's bodies also need capacity-building training.

In Nepal, although the LSGA has devolved authority to local bodies, central line agencies are reluctant to put this in practice. Local bodies continue to be treated as subordinate agents of local development rather than autonomous units of local self-governance.

While the new system in Pakistan provides for more responsiveness and accountability, the process of establishing supporting institutions is slow which is affecting service delivery. Yet, local revenue mobilization is insufficient for the sustainability of the local government bodies and comprehensive capacity-building is required for local government institutions.

The devolution process in Sri Lanka has found shortcomings in the structure and working of decentralized governance in the country. Social and economic indicators strongly suggest that decentralization has not been effective in reducing inter-regional income and social development disparities. The main reason is the lack of sufficient political will at the centre and an inadequately developed legal framework which have

made the system unwieldy and ineffective with high "transaction costs". This is reflected in the insufficient delegation of powers from the centre to the provinces and from the provinces to local authorities. There is also insufficient utilization of existing technical and management capacities.

Main Challenges: SWOT Analysis

The move towards decentralization and empowerment of local government in different countries of South-Asia has strengths, weaknesses, opportunities and threats that are, by and large, common across these countries.

As the main strengths we can mention (on the base of information in this paper, but also many other sources) following - unified legislation that integrates the different tiers of government; division of roles and functions between central government agencies and local bodies by devolution of a wide range of sectoral functions, though there are instances of such devolution of functions instead of by delegation and de-concentration; fiscal provision made for local bodies to generate their own resources, obtain grants & fiscal transfers and borrow from banks; provision for representation of women and the marginalized is made to provide voice to disadvantaged groups; institutionalization of electoral process for selection of people's representatives.

The general core weaknesses are connected with the following constraints in South Asia:

1. Decentralization is generally seen as a threat by politicians;
2. Local government institutions lack the necessary financial and human resources;
3. Local-level management capacities are inadequate;
4. Gaps exist between resource needs and availability;
5. There is a need for public-private partnership projects and activities, however a legal framework for public-private partnership is not available;
6. Lack of resources and management skills makes the local institutions ineffective.

Other partial issues can also be mentioned, like - old mind-set of the central line agencies continues to regard local bodies as subordinate agents of local development rather than autonomous units of local self-governance; despite authorization of local bodies to impose and collect taxes, service charges and fees, revenue generation by local government bodies is inadequate and they continue to depend largely on grant from central and/or provincial government; very few local bodies have been able to satisfactorily carry out the given tasks especially on account of limited institutional capability and limited financial resources; in almost all the local government bodies represent more than one party and partisan political interests influence the functioning of the local bodies. In some cases, conflicting interests have stalled the functioning of local bodies. Partisan political affiliations also affect the relation of local bodies with the central government if the latter is formed by a rival political party; usually local bodies have not been effective in terms of inclusion and participation at local level in

governance due to lack of financial resources, poor institutional capabilities, partisan politics and absence of real autonomy.

The processes of empowering local governments in the region are connected with many opportunities, especially - multilateral and bilateral development agencies are giving priority to decentralization issues; political parties and the intelligentsia are largely in favour of decentralization and local self-governance; Local bodies can be training grounds for developing political and social leadership; Setting up a local development-oriented civil service accountable to local bodies can help in attracting professionals to local bodies.

The core threats are as follows - The centralized political culture impedes the process of decentralization; Non-implementation of legislative provisions in spirit by many provincial governments, including the bureaucracy, poses a high degree of uncertainty for proper functioning of local governments; With transparency and accountability practices and supervision, monitoring and evaluation weak at central and provincial levels, narrow partisan and political biases thrives at the local level; Fiscal decentralization remains neglected.

Effective service delivery requires central, provincial and local actions, such as streamlining budget spending processes and procedures; enhancing local revenue mobilization; promoting transparency, mechanisms of accountability, and citizens' voice; improving incentives for performance; and building systems to monitor outcomes and support capacity building. Key improvements in decentralization of public services to the local tiers will continue to depend on the political commitment to strengthening local governance.

Common challenges in the region therefore include - development of institutional capacity; clear distinction of roles and functions at different levels of the local governments; clear definition of fiscal transfer systems from central government to local governments; improved accountability and responsibility, improved authority; and provision of adequate human and financial resources.

Democratic decentralization supported by social mobilization is a powerful tool for poverty alleviation. However, it faces a renewed local level resource mobilization strategy, therefore, requires a changed approach that recasts sources of tax and non-tax revenue for different strata of local government.

It is often said that the powers and functions that have been devolved to local bodies for which they are not prepared. The first and the foremost challenge for effective local governance is enhancing the capabilities of local bodies. This requires coordinated efforts among local bodies, government, donors, NGOs and training centres. Moreover, local body autonomy is greatly restricted by the dependence on central grants and local government institutions need technical support for mobilizing internal or own resources. It is equally important for the central bureaucracy to change its mind-set and the political leadership to have trust in local bodies.

Conclusion

1. Decentralization is a *sine-qua-non* for the eradication of poverty and hunger in this region and this is why decentralization processes progress step by step in South Asia. However, our paper suggests that a lot needs to be done with the aim to increase local government capacities in the region.

2. First, it is essential to have a strong political commitment for decentralized governance. This is to be followed by strong and clear legislative implementation of demarcation of role and function between central line ministries, local bodies, civil society organizations as well as different layers of local bodies and other stakeholders including NGOs.

3. Second, fiscal federalism system shall be created - like the legislative provisions for inter-governmental transfers like sharing of revenue and tax proceeds; common property resources and borrowing by local bodies from financial institutions need priority attention. Streamlining budget spending processes and procedures and enhancing local revenue mobilization can help to solve also situations when the actual demand for physical and social infrastructure at the local level far exceeds the availability of financial resources from local tax and non-tax income as well as the annual grants from the government. Another aspect that needs focus is enabling financial resource mobilization capacity through increased share of national resources for local bodies, direct assignment of taxes, formula-based distribution of available resources among local body levels, reduction in regional disparities and provision of subsidy to poorer regions, reduction in administrative expenditure, community participation with matching contribution, improvement for efficient tax collection and account keeping.

4. Third, effective service delivery requires central, provincial and local actions, such as: (promoting transparency, mechanisms of accountability, and citizens' voice; improving incentives for performance; and building systems to monitor outcomes and support capacity building. Key improvements in decentralization of public services to the local tiers will continue to depend on the political commitment to strengthening local governance.

5. Fourth, capacity building measures for local bodies are of paramount importance to make these institutions self-sufficient, efficient and effective. Capacity building initiatives include establishment of systems - manuals, guidelines, direction, networking and partnership, openness and transparency, timely dissemination of information, right to access information through the use of information technology, and human resource development. The blurred line between elected representatives and officers is again something which needs to find convergence. Further, to ensure capacity building at organizational and human levels, it is important to build up a dedicated cadre for local government having the requisite skill and aptitude.

6. Common challenges in the region also include - development of institutional capacity; clear distinction of roles and functions at different levels of the local governments; clear definition of fiscal transfer systems from central government to

local governments; improved accountability and responsibility, improved authority; and provision of adequate human and financial resources.

7. The final concluding lesson is that South Asia is in midst of transition and reforms for democratic decentralization is in progress. The road is long and tortuous, but is the only 'one-way' path to alleviation of poverty, inclusive growth, participatory planning and providing equality and justice to the people.

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Amitava Basu

Vietos valdžios gebėjimai Pietų Azijoje

Anotacija

Pietų Azijai, kurios plotas yra 4,48 milijonai kvadratinų kilometrų, priklauso septynios šalys: Bangladešas, Butanas, Indija, Maldyvai, Nepalas, Pakistanas ir Šri Lanka. Šiame regione gyvena apytiksliai 34 proc. visų Azijos gyventojų ir daugiau nei 16,5 proc. visų pasaulio gyventojų. Pietų Azija išgyveno ilgą spartaus ekonominio augimo, siekiančio vidutiniškai 6 proc. per metus, laikotarpį. Nors neturtingųjų dalis šiuo metu Pietų Azijoje nuo 1981 m. yra pati mažiausia nei bet kada anksčiau, tačiau šis regionas išlieka pats neturtingiausias pasaulyje po Afrikos sub-Sacharos regiono. Visame Pietų Azijos regione demokratija yra silpnai išsivysčiusi, korupcija yra išaugusi, o žmogaus teisių dažnai nepaisoma. 1993 m. balandžio mėnesį Pietų Azijos valstybių vadovai vienbalsiai nutarė sumažinti skurdą. Šis susitarimas Pietų Azijoje atvėrė naujas politines galimybes, davusias pradžių valdžios decentralizacijai šiame regione. Nors politinė decentralizacija vyksta, tačiau fiskalinė ir administracinė decentralizacija atsilieka daugumoje Pietų Azijos valstybių. Decentralizacija lėmė vietos valdžios institucijų atsiradimą, jų konstitucinį įtvirtinimą ir įgalinimą. Kaip demokratizacijos dalis atsirado renkami vietos valdžios atstovai, priimančys politinius sprendimus ir kuriantys strategijas, o vykdomosios institucijos įgyvendina ir atlieka kasdienes funkcijas. Didžiausias iššūkis siekiant efektyvaus vietos valdymo yra vietos valdžios institucijų gebėjimų stiprinimas – šiose institucijose dirbantys tarnautojai turi būti adekvačiai išmokyti ir aprūpinti užduotims atlikti būtinais ištekliais. Vietos valdžios institucijų veiklos sėkmė taip pat priklauso nuo politinės valios ir aiškaus vietos valdžios institucijų reglamentavimo. Pietų Azija yra perėjimo į demokratinę decentralizaciją ir reformų pusiaukelėje. Šis kelias yra ilgas ir skausmingas, tačiau tai vienintelis kelias į skurdo sumažėjimą, įtraukiantį augimas ir dalyvaujantį valdymą.

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