DECENTRALIZATION

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Decentralization means…

Depending on the degree of transfer of responsibility there are three levels of decentralization

- **Delegation** - transfer of certain executive functions from the central to local level government (municipality, city or region)

- **Deconcentration** - a dispersion of central level responsibility and the transfer to local sectoral departments (centers for social work, local employment offices, regional insurance funds, etc.)

- **Devolution** - the highest level of decentralization, decisions are made at local level, including policy decisions in specific areas
Motives for decentralization

- Slow changes, lack of efficiency, flexibility and innovation at central level
- Local specificities and needs can be better identified and resolved at local level
- Decentralization facilitates citizens’ participation in decision-making which induces better quality services
There could also be other motives

- Resolving political crises due to ethnic and religious conflicts
- EU integration process
- Shifting responsibility to lower level government to avoid:
  - Unpopular reform measures and
  - Fiscal crises and deficit at central level
Limitations and Preconditions

- Adequate level of democratization
- Adequate capacity at local level
- Differences in the level of development between LSG
- Control mechanisms on a central level
- Clear division of mandates, responsibilities and funds
- In transition countries reform “mind-set” more present at central than at local level
Limitations arising from the specificity of social protection

- Local governments do not see their (political) interest in allocating funds for social protection
- There are other big problems that affect a larger number of citizens / voters
- There is a greater chance that prejudice towards some groups is manifested
What should be decentralized

- Cash benefits
  - There is no convincing argument of the benefits of decentralization
  - In the majority of developed countries minimum rules and financing are at national level
  - In most cases experience in decentralizing cash benefits in transition countries is not positive
What should be decentralized

- **Services**
  
  Why should then the system be decentralized in the area of services?
  
  - Dividing the roles of service purchaser and service provider corresponds to a decentralized government.
  - Local needs for services can be very specific due to demographic, economic and social specificities.
  - Inter-sectoral cooperation is easier to achieve at the local level.
What can we do?

Do not opt for quick decentralization to lower level government, especially if:

- Regional level government does not exist
- There are no control mechanisms
- If there are large differences in LSG level of development
- If LSG do not have adequate capacity
What can we do?

- In some segments / under certain conditions - reforms should precede decentralization
- Examine the option of “asymmetric decentralization”
- When implementing decentralization, financial resources must follow the shift of mandates
What can we do?

- Securing funds at national level for sustainable financing, particularly for:
  - Services in small and undercapacitated municipalities
  - Services that are considered especially important by the national level and are not sufficiently recognized as important at local level
  - Covering transition costs in establishing services