

Development through Decentralisation

by Maj Gen Z A Khan (Retd)

For expeditious dispensation of justice and to ensure availability of goods and services upto thana level, government departments should be decentralised so that the broad majority of the rural folk receive the benefits. This is likely to enthuse people to take interest in the affairs of the local government and thus promote local participation. If the aim is wholesome development, decentralisation seems to be the answer.

DEVELOPMENT as one understands it is an increase in both growth and equity. This essay is based on the conviction that public institution can contribute to development and even if such institutions are often part of the problem, they can also be part of the solution. Although developmental changes may come from several sources, efforts will be made here to highlight the role of organisations and administrators can play. Often behaviour and events that appear unrealistic and perverse, are actually responses to organisational structures and designs to determine which forms are most compatible with the developmental dynamics. Some prescriptions towards attainment of development are found in the decentralisation of administration.

There are a good number of interpretations of decentralisation given over the past three decades. Although it has been widely accepted that decentralisation contains in it the aggregate wisdom of development, there were at times signs of insipid reluctance to offer amenability towards this direction. Decade between 1950s and 1980s, except for a relative lull in major part of the sixties, saw a zealous growth of decentralisation of administration as a recipe for development. It has been explained that the increasing tendency of decentralisation of administration from central government to state, region, district, local agencies, field units of central ministries, local government and parastatal bodies arose from three converging forces. These are:

* Disillusionment with the result of central planning and

control of development activities during 1950s and 1960s.

* Implicit need for participatory management of development for development programmes to conform to the growth with equity strategy of 1970s.

* The realisation that expansion of government activities from the centre.

We know that recognising the shift involves changes that are not just technical and administrative, they are also political. They involve a transfer of power from groups who dominate the centre to those who have control at the local level. Although major attention was focused on decentralisation in the 1950s and 1960s, these two decades in fact have witnessed more centralisation of administration and planning. It may have been due to the inherent organic weakness of local government institution to shoulder the added responsibility delegated for community development which entailed both planning and execution.

Development is a normative concept which implies choices about goals for achieving what Mahatma Gandhi called the 'realisation of the human potential'. Growth by itself does not accomplish enough and sometimes has unfortunate consequences. Similarly, development is not always interchangeable with modernisation, for, there are many aspects of tradition that enhance human potential and knit cultures together. Michael Todaro indicates that there are several qualities of development. To him, it is a multidimensional process involving major changes in social structures, popular attitudes and national institutions as well as acceleration of economic growth, reduction of inequality and eradication of absolute poverty.

Michael Todaro opines that development implies three different values. These are:

* Life Sustenance: The ability to provide basic needs without which life would be impossible. These self-sustaining needs indisputably include food, shelter, health and protection.

* Self Esteem: It means ability to be a person which develops around a sense of worth, self-respect and a feeling of not being used as a tool by others for their own needs.

* Freedom from Servitude: This means ability to choose. This is the concept of 'freedom'. Freedom here is not to be understood in the political and ideological sense, but in the more fundamental sense of freedom or emancipation from material conditions of life and from social servitude of man to man, ignorance, other men, misery, institutions and dogmatic belief.

Development fundamentally involves both 'being' and 'doing'. Deprivation, degradation and poverty indicate underdevelopment. 'Development means increasing the capacity of people to influence their future. Development should encompass capacity to determine citizens' future, acquisition of leverage for the poor (empowerment), a long-range concern for the future, interdependence of interactive forces and an efficient administrative

machinery to implement development strategies. The fact that 'development often does not happen or is uneven, is partially rooted in management and organisational problem'. Management problem can snowball if it is concentrated. It is believed that transfer of delegation of responsibility upto local government level will help implementation of project fairly efficiently.

A number of arguments have been advanced for transferring more responsibility for development planning and implementation from the centre to local government. Dennis T. Rondinelli argues that:

* It can facilitate the articulation and implementation of development policies assigned to accomplish growth with equity by strengthening the administrative capacity at regional or sub-regional level enabling local officials or political leadership to identify their own development problems and priorities.

* It can reduce red-tapism and overcome the adversities of highly bureaucratic procedures.

* It can increase national unity and political legitimacy of government by providing more opportunities for the people to identify their problems and to communicate their claims to relevant government agencies.

* It can promote more effective coordination of local planning and implementation as it can provide base for harmonising

and integrating development activities undertaken by diverse government organisations. The existence of viable mechanism for participation also leads to increased accountability by government agencies at regional and subregional levels.

* It can be a mechanism to increase the efficiency of central government agencies by relieving senior level administrators of routine tasks which could be more efficiently performed by local officials.

* It can increase access to government facilities and services by reducing control of local elite on development activities, by allowing timely monitoring and providing for evaluation of programmes by beneficiaries.

* It can lead to more efficient delivery of public goods for meeting basic human needs by reducing the cost of providing services, identifying problems in the delivery system and by eliciting popular response to government's infrastructure and social welfare programmes.

* It can increase flexibility of central agencies, field staff and local leaders to deal with unique problems in an area or region, to experiment with programmes without having to justify them for the whole country.

The above may not be found workable if the contour of freedom of action is not identified. Hasnat A Hye in his book De-

centralization of local Government Institution and Resource Mobilization had suggested the extent of freedom to be given and the occasions in which they may be given. He says 'if the overriding objective of decentralisation is better planning and management of rural development project, then decentralisation with delegation may meet the requirement. However, if the objective includes the additional criterion of participatory development, then some degree of devolution of powers to local authorities becomes essential.'

Although theoretically it may be possible that all types of decentralisation can be implemented under different forms of governance, 'there is an inevitable qualitative difference in the evolution of different variables representing processes and institutions. The development of polity with stability and continuity under commonly agreed procedures for exercise of political power within a multi-party system can overcome the apprehensions over devolution of powers and when that happens, people's participation through strengthened local government institution can be perceived by the parties as an integral part of political process. Negative attitude of bureaucracy can also be overcome to a great extent in these circumstances.'

Implementation is of paramount importance to make decentralisation programme

viable. Implementation has been defined as 'Process of interaction between setting of goals and actions geared to achieving them'. In his review of a literature on policy and programme implementation, Ingle has identified two competing views on the subject — the compliance approach and the politics of administration approach. The first approach, Ingle points out, puts emphasis on execution of predetermined plans and assumes that subordinates 'comply' with policy guidelines of the superiors, thereby minimising the significance of the implementation process as routine and apolitical. According to the second approach, policies, programmes and procedures are, in reality, refined, reformulated or even abandoned during implementation. Therefore, a great deal of efficiency would be necessary to ensure a result bound implementation. Efficient implementation largely depends on:

* State of inter-organisational relationship and coordination.

* Ability to generate resources for programme implementation.

* Capability and characteristics of implementing agencies.

* Environmental conditions.

* Existence of machinery to evaluate performance and its impact.

The conditions that have affected the implementation of decentralisation have been identified to be the following:

* The extent of support that the political leadership and bureaucracies lend to the organisation to which these responsibilities are transferred.

* The degree to which dominant behaviour, culture and attitude are conducive to decentralised decision making and

administration.

* The extent of appropriateness of policies designed to promote decentralised decision making and management.

* Excessive financial, physical and human resources placed at the disposal of organisations to which the responsibilities are transferred.

In Bangladesh, the decentralisation of administration was attempted without any visible success probably due to lack of political will. What is the use of establishing offices at thana and union level when planning and decision making on development is retained with the central government? Bureaucrats' disinterest to go to thanas and unions for various reasons is another impeding factor that frustrated decentralisation efforts in Bangladesh. Decentralisation can flourish if democracy is practised in real earnest. Except for subjects related to national security, foreign policy, external trade, international resources mobilisation and maintenance of law and order, all other subjects could be decentralised to the extent that the local governments are made to formulate suggested plans for development and implement/execute plans approved by the centre. For expeditious dispensation of justice and to ensure availability of goods and services upto thana level, all the government departments other than those just mentioned should be decentralised so that the broad majority of the rural folk receive the benefits. This is likely to enthuse people to take interest in the affairs of the local government and thus promote local participation. If the aim is wholesome development, decentralisation seems to be the answer.

Structural Adjustment : Points to Ponder

by Dr A M Zakir Hussain

The probability of exploitation is real in a democracy ... So the proponents and the guardians of structural and sectoral adjustment policies should guard against this probability. If this cannot be ensured then the success of the policy will hang in the balance.

STRUCTURAL adjustment and sectoral adjustment policies are aimed at freeing economy from the clutches of artificial market interventions that 'distort natural processes in the market'. This is said to be necessary to make the economy of a country sound, dynamic and self-reliant. The question however, remains as to whether a free market economy itself is really a non-distorted natural process in developing countries where there is either no democracy or it is in a rudimentary stage and where the rate of literacy is poor and commoners and paupers have no say or corporate strength in the political power structure.

The strategies adopted under structural adjustment (SAP) and sectoral adjustment policies (SECAP) are liberalisation of import, lifting of protections and tariffs on imports and exports and privatization of nationalised enterprises which are attempted at through reduction of public commitments, e.g. controlling of public expenditure, subsidy and contraction of public sector; in other words, minimising government interventions and roles in the market or deregulation of government control.

In practice, some of the measures undertaken in the light of the above spirit, for example, are reduction in procurement of food crops through government outlet, reduction of fiscal deficit (although not achieved so far that notably) through reduction of public investment (not relying much on domestic savings in addition), strengthening of the national coffers through export of non traditional items and closure of sick enterprises, opening of the market to foreign investors and imports and attempts to involve beneficiaries in shouldering the responsibility of infusing resources, monetary devaluation and price liberalisation etc. For boosting export, SAP and SECAP prescribe civil service and labour front reforms, restructuring of government infrastructure, updating of the legislation, improvement of coordination vertically and horizontally across the public sector, improved collection of domestic revenue and resources, improved access of women to social services and income generating activities, strengthening of regulatory capacity of the public sector, endeavours to make public sector sustainable and efficient through reduction in administrative costs including reduction of manpower, improved aid utilisation and empowering the forgotten half of the nation in decision making.

The reasons of the above envisaged non 'conventionalisation' of the public sector system aims at controlling the public sector loopholes and to address its weaknesses. What however, was overlooked, in the zest of getting rid of the public sector problems, was that, private sector in those countries where corruption is rampant in the public sector cannot be free either from corruption because corruption is a social phenomenon. Those who serve in the private sector are not any different from those who are related with the public sector in a similar socio-cultural milieu. Reduction in government's food

procurement and storage (which besides other is also supposed to reduce public embezzlement) has contrarily, for example, soared the food price in the open market due to reduction in competition in the market when it was left to an unscrupulous private sector which looks for opportunities to extract as much profit as possible without much consideration of human factors reducing thereby public consumption and consequently increasing ill health and lowering production.

The above argument can be examined in the light of what happened due to implementation of SAP and SECAP in Bangladesh. Did the internal market and consumption expand noticeably? Did production, export and resource flow increase in the market? What ever expansion we see in the public consumption and consequently increasing ill health and lowering production. These are due to SAP or SECAP? Although domestic saving has increased, did private investment increase commensurately? Did private investment achieve the goal that was expected from it? Arguably, since SAP and SECAP did not take root the way they were envisaged, the result was not visible the way it was expected. The question still, however, remains on how much was followed in letter and spirit and how much was achieved and if there is any shortfall, then what was the reason? One of the reasons at least could be that many of the strategies that were followed in implementing SAP were not practical and feasible in the light of the socio-political realities and peculiarities of a country. An analysis of IDA's country assistance strategy shows that over the years IDA has gradually emphasised more, as it learnt with time, on political economy and governance issues, appreciation of institutional constraints, prioritisation of assistance in accordance with the constraints, formulation of strategy according to past experience etc. This admittance is appreciated but question is how much, in the light of this realisation, IDA really thinks it has understood the gamut and its future measures will be foolproof and infallible?

Although, on paper, agreements between development partners and beneficiaries, their clauses, policies and strategies look innocuous and brilliant, they fail to succeed at times because there are many a slip between the cup and the lip. Out of many, one very strong reason probably is subjective interpretation of the agreement. These creep in at times because of coterie interests, schemes, and clouts among individuals from either side of the agreeing parties who do not represent the interest of the involved parties genuinely but their own. Almost always these are personal and subjective and nothing to do with SAP or SECAP per se. Which, as has been said earlier, is nothing but natural in a country where not all are equal in terms of decision making and participating in decision making. There has been reluctance, for example, to understand the necessity of reform by the public sector employees to protect some interests and subsequent rejection of owning this reform process by

those who mattered. Failures occurred because the prophets of reform failed to realise the facets of conflict of interest among the concerned ones and the implication thereof. Uneven distribution of favour, at times, among key implementers make the equation more complex and vulnerable. This may frustrate many useful partners.

To elaborate further, we believe that the prescriptions given in SAP/SECAP are not ill-motivated per se, and on paper, they look acceptable and harmless. Many of the adjustments had been warranted for long.

We should have had implemented them ourselves long before, without waiting for some one to tell us to do so. What happens then when we do start implementing them? It is felt that on many occasions these policies do not remain as innocuous they looked in the beginning. This is because of the interpretations given to the policies and the strategies by those who are at the helm of affairs that are naturally governed by the interest, background and the level of understanding of these individuals, and also due to misunderstanding of the philosophy that dictates the policies and the real of

apparent incapability of the negotiating counterparts.

Contractions in the area of human development is not prescribed directly by SAP/SECAP but if it is left to the free market forces, then the area will remain neglected, unmarked and unfocused. If the social sector is not expanded, belt tightening will also tighten the employment scopes and illiteracy eradication drives. This is what we have seen in the seventies in the Latin American and some African countries where debt payment became a noose in the neck of these nations. Schools were closed, small traders became extinct, teachers became vendors and export elusive since production fell within the country due to failure in the internal resource mobilisation.

Government had to denationalise state enterprises in Bangladesh at beggarly prices. The new owners' hidden agenda was not to rescue them but to usurp state given preferential loans and assets. They acquired assets as collateral and skim profit by selling other accompanying assets and leave the enterprise behind sicker. This was a three-pronged disaster — Public banks were depleted, capital assets evaporated and workers bled. There had been experience of 'bad peo-

ple driving away good people from the market'. As a result, many of the lofty aims of privatization were not fulfilled. This is a shining example of what happens if a strategy is adopted without understanding its implication deliberately or inadvertently in a given context or when a policy or strategy is spoiled by individuals representing the policy makers or the implementers for their personal gains. Instances are rare that the involved partners took cognizance of this possibility and took a prior or post facto measures to curb or remedy these problems. How much of these failures is due to the weakness of the policy or the strategy and how much is due to underhand dealings and failure in identifying problems must be understood. Otherwise, lay people will naturally hold the proponents of the new solutions responsible for the problems that will erupt due to the new measures.

At various indicators need to be formulated to equate between the measures prescribed in SAP and SECAP and the consequent effects. This will indicate the real causes of failure and discontent for that matter as well. It will tell us whether it is a problem of governance or policy or strategy itself that

precludes success. The time trend and the time lags also need to be understood and examined. A stabilised state, as it appears today, may not be the real picture. It may not sustain after it has run its braided up course. We must learn what happened elsewhere or within the country in the past when the prop was removed.

Privatization, we still believe, is helpful because it helps curb corporate corruption and improve production and marketing. One effective difference between the public and the private sector probably is that in the former, no one is the beneficiary of the profit but the government and in the latter, an individual or a group is the beneficiary. While in the public sector many loosely related individuals try to skim profit breaking law in an unorganised way, usually individually, at the cost of many others, in the private sector an individual, a family or a closely knit group skims profit in an organised way at the cost of others legally. So the exploitation, when it takes place (and in a developing country with poor track record of democracy, it is likely to occur) is open and therefore mighty. This is also unfortunately the driving force of the

private sector.

In a society where greed, indifference, inhumanity, indelicacy, illiteracy and poverty, lack of respect for individual rights and rule of law and self respect are common, not all people are powerful enough or to equal degrees to make decisions on important matters or on something that is vital to them or on something that they own albeit transiently (like workers of a factory). In this manner, the fruit of development accrues to a few powerful ones not so infrequently but not so to the fleeting but sustaining partners (workers). If SAP and SECAP do not take cognizance of this then they are going to be failures at least in poverty alleviation.

The message as stated above is clear. This probability of exploitation is real in a democracy where it is either absent or fledgling. So the proponents and the guardians of SAP and SECAP should guard against this probability. If this cannot be ensured then the success of the policy will hang in the balance. To ensure this, if necessary, in these sorts of situations the state must intervene. An example of what happens if state does not come to the rescue of those who are going to be affected by a distorted implementation of SAP/SECAP can be seen in the form of occasional outpacing of output price by input price in the market. This happens obviously when there is fall in the demand of certain products in the market for various reasons. Marketing information and strategy are therefore important which may not be within the grasp of small producers in developing countries. State should come forward in this situation which means a free market may need to be checked at times. In fact change of ownership, from public to private, cannot be the goal of SAP/SECAP. It is only a means to reach a goal; where the goal is efficiency, dynamism and effectiveness.

On the issue of middleman in marketing is a strong deterrent to poverty alleviation. If this problem is not solved, market does not behave naturally either because this middleman emerges artificially when the marketing process is weak and the small producers are helpless. If the state does not intervene, there will be artificial crises or artificial flooding of the market with consumer items of dubious utility specially when the consumers are ill-educated. This may create a distorted picture of the market and if allowed to run for long, producers may shift production line or trade, further deteriorating the picture. Should the state remain silent in these instances?

True that subsidy is not a prudent process. Money that government could invest in some productive process is spoiled because it is pressed to keep an enterprise alive which apparently cannot survive on its own. In such a situation, had the owner of this dying venture been an individual, a family or a group of privates, it would have had been divested. The question however, is whether a government should also behave like such individuals or groups? There are other facets

to this dilemma. Suppose the state withdraws the support. What does the state do with the savings? In a state and governance culture where even the state provided loans face problems in their recovery, where does the state invest, on what, with what assurance that the investment will be wise and profitable? On the other hand, led us not forget that a state has some responsibility towards the welfare of its citizens unlike that of a private enterprise. After all what does a government stand for? For making profit by keeping its teeming millions hungry? The choices are either that the state invests directly or indirectly. In either case, if the outcome seems similar then the decision has to be based on which option gives more benefit and welfare practically and not on what seems prudent theoretically.

Let us also ask a few questions to ourselves at this juncture. Do we need loans for everything that we do, plan to do or are supposed to do? Is the amount accepted right? Could not we do with less? Is every penny of the loan put to the right cause and use? The possibility that the answer will be positive to all these queries is very very robust. It is true that there are strings attached to the loans.

Evaluation of the expenditure, performance and outcome of the loan should be done meticulously by the loan receiving agency itself without taking any external help, involving only those who do not have any scope of getting any positive or negative, direct or indirect benefit from the result of the evaluation. International evaluations or reports prepared by others should not be accepted at their face value as comparative figures. Evaluations done by an agency or organisation may reflect its own expectations irrespective of whether the goals of a project were achieved or not in reality.

To preclude personal interest vitiating the loan terms and wrong or harmful interpretation of the SAP/SECAP strategies or policies, we will have to put our house in order first. One of the ways of ensuring this would be, as a matter of policy, to bar a policy/decision maker in the government from getting a job in an organisation that is influenced by the loan giving agency directly or indirectly. We should also make sure that recommendations given by loaning agencies directly or indirectly are also scrutinised objectively before accepting them through a proven and tested office, organisation or individuals and once accepted, we must, at all costs, stick to them without slightest modification. If a modification seems imperative, whatever its scale may be, it should be examined very stringently and independently by the government first. We all know that what seems a coma today may become a full stop in reality some day. So we need to be cautious. In practice, donors have been found to be more cautious with their money than us.

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TOM & JERRY

