

ACCOUNTABILITY IN THE CONTEXT OF DECENTRALIZATION & REVENUE GENERATION



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KEY PROPOSITIONS...1

- Both in terms of **process** and of intended **outcomes**, social accountability encapsulates the **key components of improving governance** – particularly at the local level.
- Sustainable intervention for improving social accountability contributes to **systemic change** as well as to **citizen empowerment**.

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KEY PROPOSITIONS...2

- **Decentralization = essential prerequisite** for fostering social accountability.
- Past two decades African countries have undertaken **major decentralization reforms**.
- Outcome - some improvement in **management efficiency & streamlining of inter-governmental relations**.
- **More work** - on improving social accountability within the framework of decentralization

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KEY PROPOSITIONS...3

- **Fiscal Decentralization** – a critical factor in fostering accountability.
- At the operational level – **the budgetary process**, particularly the process of **revenue generation** underpins the **effectiveness** of decentralization and more so the potential of **accountability to thrive**.
- Developments so far in Africa – reveals a **narrow scope** of linking revenue generation with accountability .

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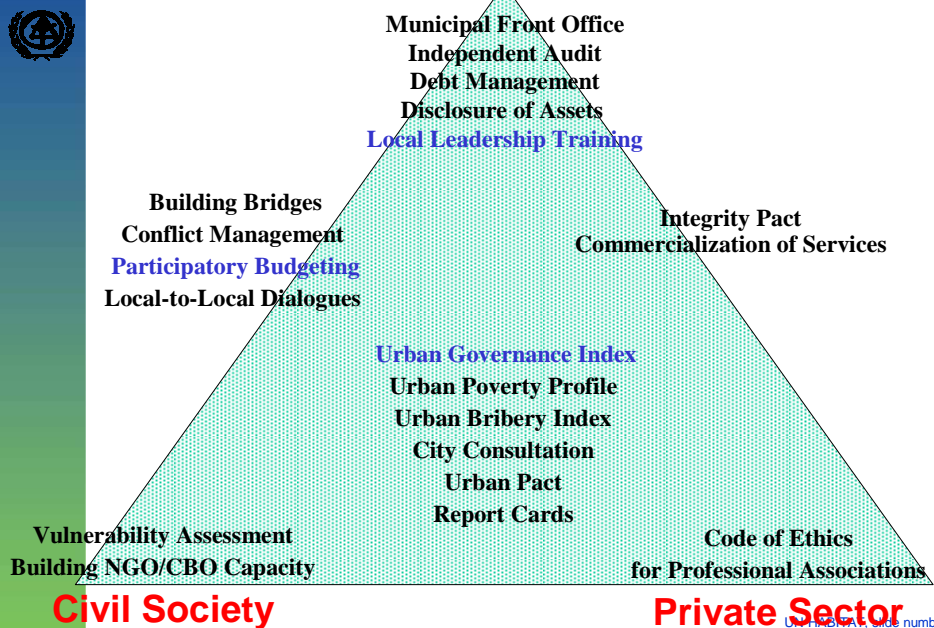
Accountability & Governance

- Paradigm Change:
 - Administration → Management → **Governance**
- General Consensus on Elements of Improved (Good?) Governance:
 - Subsidiarity
 - Transparency & **ACCOUNTABILITY**
 - Civic Engagement & Citizenship
 - Efficiency
 - Equity
 - Security
- Accountability Driven Reform Process – Greater Governance Impact

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Local Government



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Africa – Institutional Reforms

- Past Two Decades:
 - Administrative Reforms
 - » Civil Service
 - » Parastatals
 - » Local Government
 - Liberalization & Opening up
 - Democratization

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Africa – Institutional Reforms: Essence

- Forging a New Relationship Between Public – Private and Civil Sectors
- To Promote Efficiency and Effectiveness in Performance
- Reconfigure Inter-Governmental Relations
- Broadening the Space for Engagement
- Improving Governance

◀ **Decentralization Process - A Major Tool** ▶

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Decentralization & Accountability

- At the level of Principle – Decentralization:
 - Brings the object of accountability closer to stakeholders;
 - Confers rights and responsibilities to stakeholders;
 - Renders accountability more operational;
 - Provides a political, legal, and operational framework for enforcing accountability

- However, these are not automatic !

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Decentralization & Accountability

- Recent Assessment by scholars, Donor Agency evaluations & Stakeholder associations (UCLG)
 - Acknowledge significant progress – legal, administrative, functional
 - Noticeable efficiency improvement & delineation of functions
 - **However effective engagement of stakeholders remains marginal**

- UN-HABITAT - Dialogue with Member States

- Last May at 21st Governing Council – Guidelines on Decentralization were approved

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Fiscal Decentralization – Revenue Generation

- Devolution of revenue mobilization, spending power to lower levels – main area of concern;
- Not only handicap service delivery but impairs the effectiveness of decentralization & the fostering of accountability;
- Local Government revenue base weak, finances highly unstable, with variable collection capacity;
- Mainly relying on transfers

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Revenue & Accountability

- Dependence on transfers from state and provincial levels & narrow scope of revenue directs more attention to **expenditure planning** – including in such initiatives as **Participatory Budgeting**;
- Accountability in such cases is ‘**supply driven**’.. **Top-down !**
- There are positive experiences of **reforms in local revenue systems**, which are promising.
- However, like Decentralization reforms, inclination is towards **efficiency improvement**

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To Conclude – With an Optimistic Note

- There is a reform dynamic in the Continent, and at high momentum;
- A large part of the legal and administrative prerequisites for effective social accountability are in place;
- Improved local revenue generation offers an attractive platform at which all key actors can converge in deepening the reforms downwards;
- However, **WHO ARE THE CHAMPIONS?**

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