

# A new wave of decentralisation in Latin America? A conversation with Rosemary Thorp

*Alina Rocha Menocal*

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Long known for what observers have called its 'centralist tradition' (Véliz 1980), since the late 1980s Latin America's political landscape has undergone a transformation of considerable proportions. In a context of growing democratisation, state retrenchment, and economic restructuring, decentralisation has become the buzzword for development in the new millennium. As governments throughout the region have come to embrace it (whether out of choice or out of political necessity), a shift in the distribution of power away from the centre towards the local level has become increasingly perceptible.

This trend towards local empowerment is evidenced in many of the reforms Latin American governments have undertaken over the past two decades. For example, elections for local and/or regional office have been implemented in a growing number of countries, including Argentina, Chile, Colombia, and Venezuela, and citizens of Mexico City finally earned the right to vote for a mayor in 1997. Electoral reforms have also been accompanied by other institutional changes to give local entities more policy autonomy and control over resources. Following the promulgation of the Brazilian federal constitution of 1988, for instance, which enshrined important provisions regarding administrative and fiscal decentralisation, the Partido dos Trabalhadores (PT) launched its 'participatory budgeting' initiative in the city of Porto Alegre in 1989. Since its inception, this policy has sought to promote greater citizen participation in the decision-making process at the municipal level to make the political system more transparent and accountable (Koonings 2004). In Bolivia, the Law for Popular Participation approved in 1993 calls for the election of mayors and other local officials, as well as the assignment of important sources of revenue to the municipal level to enable local communities to better address their needs (Grindle 2000). Even in Mexico, the country's long-dormant federal system seems finally to have become activated, giving real substance to vertical structures of government (Beer 2004).

But if a 'historically unprecedented level of political authority and fiscal autonomy' has been vested at the local level of political systems across Latin America (Montero and Samuels 2004:4), how does this matter in practice? In other words, by 'bringing government closer to the people', has decentralisation altered the way in which politics gets done at the local level? If so, how? And has it indeed proved to be a catalyst for development? In the interview below, I (ARM) ask Rosemary Thorp (RT), University Reader in the Economics of Latin America at St Antony's College, Oxford, and Chair of Trustees of Oxfam GB, to share her expertise and bring her critical perspective on a subject matter that has come to dominate so much of development thinking.

*A new wave of decentralisation in Latin America?*

- ARM:** Can you explain what is meant by decentralisation, and are there different types?
- RT:** The most exciting form of decentralisation involves the transfer of actual *power* and responsibilities to the local level—decision-making authority, control over resources, and the raising of resources themselves. This is called devolution. However, deconcentration—the transfer of administrative functions to lower levels while the central government still keeps control—is another, if more limited, form of decentralisation.
- ARM:** Why has decentralisation become so popular among donor agencies?
- RT:** It's been seen as the answer to overburdened and ineffective states. The hope is that by taking administration and revenue raising closer to the users of public services, quality can be increased. Those using a service, it is thought, are best placed to monitor it and shape it to their true needs. Those experiencing the need at the local level can also be motivated to pay for the service. So donor agencies hope for greater efficiency in the use of their money and the generation of counterpart funding, and healthier finances at central government level. I would add other elements not commonly stressed by donor agencies—for example, the stimulus to local development from new kinds of relations between public and private sectors.
- ARM:** Decentralisation, of course, may generate unforeseen, and undesirable, consequences (for example, regional political bosses or *caciques* may end up capturing decentralised functions or policy areas to their benefit). What do you see as the risks of decentralisation?
- RT:** You mention one of the most common: local politics are only too often more corrupt and even less democratic than national politics, so local power groups may simply capture resources for themselves with limited developmental effects. In a similar way, local bureaucracies may well be less competent than national ones, so resources get wasted. The other danger is what is called 'fiscal laziness'—that transferring resources from the national budget leads to a reduction in local tax-raising effort. The idea here is that local officials may be reluctant to increase the tax burden on their constituents if they know they can rely on the centre for needed resources. In this way, they can claim credit for services provided without necessarily having to front the costs.
- ARM:** Has decentralisation in Latin America been mainly a top-down process, or bottom up, or a combination of both?
- RT:** The story has varied greatly between countries. Chile, for example, has had an extreme centrist tradition, and even with the introduction of local elections, it has passed very little to the local level in terms of power or resources. Brazil, Colombia, and Venezuela, on the other hand, have had much stronger processes. But the initiative has always come from the centre—in that sense it is always top down.
- ARM:** What has compelled the centre in some of the countries you mention to divest itself of some of its power by promoting decentralisation?
- RT:** At least in Colombia, it was a genuine recognition of the importance of the regions and the need to respect their desire for a say in their own futures. In some other instances, and Argentina in the 1980s was an example of this, it was a desire to offload problems to the state level. More often than not, I would say that in times of crisis, governments in the region have resorted to decentralisation as a matter of political survival.
- ARM:** This wave of decentralisation may not be the first in Latin America, but it is the first to occur within a broad process of democratisation. Is there anything qualitatively different about previous decentralisation attempts and those carried out from the 1980s forward that reflects a deeper commitment to democratic values?

*Alina Rocha Menocal*

**RT:** I do think what is happening today is qualitatively different. There has been a growing awareness in the region that if groups that have been previously marginalised are to be given a genuine voice in the political process, this needs to be achieved at the local level in the first instance. Two key objectives of 'democratic decentralisation', which are discussed in depth in the book James Manor and Richard Crook published in 1998, are improving accountability and allowing a greater possibility for popular participation in decision making. In the Latin American context, very often local structures may not be at all democratic in a real sense, but sometimes they are, and local officials are getting held accountable for their actions.

**ARM:** Who are the new actors involved in democratic decentralisation, and how have they been incorporated into the decision-making process?

**RT:** I think where there is real responsibility and power devolved, talented and committed people start to be willing to get involved. In a recent research project I carried out with two colleagues (Angell et al. 2001), we studied four municipalities in Colombia, and in three of these, some impressive people ran for mayor, including a dynamic and committed ex-guerrilla. In office they then in various ways started drawing local citizens into the process of building a local project, usually with 'open meetings'. A nice example is Mayor Germán Cardona in the city of Manizales in Colombia. He built the road that no previous administration had managed to build, held a big launch party, and said, 'Right, you like your road? Pay your taxes and I can do lots more good things ...' Then there is the example of Antonio Navarro, an ex-guerrilla who, upon being elected mayor of Pasto in 1994, instituted 'surgeries'—or open-office hours when he or his officials were available to anyone who cared to drop by. One of his officials described for us how the people who came initially brought the usual gripes, but gradually over time their interactions progressed from requests for favours to proposals for projects.

**ARM:** Has the involvement of new actors actually made a qualitative difference in terms of outcomes/impact?

**RT:** In the few good strong experiences, I do find that involving ordinary citizens has made local government more responsive and accountable. But these are the minority. In our study we deliberately picked cases likely to succeed. In small rural municipalities there has often not been much impact, mainly because of lack of capacity and the strength of local power structures.

**ARM:** Presumably one of the desired goals of decentralisation has been to imbue the political system with a new sense of democratic legitimacy. One important element of the decentralisation reforms introduced throughout Latin America since the 1980s that reflects this concern has been the direct election of mayors and other government officials at the local level. Have you found that local electoral processes have been able to restore faith in political institutions—are political parties, for example, viewed in a more favourable light at the local level even if they suffer from widespread disillusionment at the national level?

**RT:** I don't think this process has yet reached the point of restoring faith in political parties—not in the cases we studied. Local leaders create their own followings. Brazil should be a different story but I haven't studied it—but there it is the *nationally* greater strength of political parties that makes the difference.

**ARM:** Besides elections, which happen at scheduled intervals every number of years, what other mechanisms do citizens have (or should have) to hold elected officials accountable at the local level?

**RT:** Surgeries, public meetings, knocking on doors ...

*A new wave of decentralisation in Latin America?*

- ARM:** And how can unelected officials/bureaucrats be held accountable?
- RT:** The same methods can work, in a climate of accountability.
- ARM:** Does an emphasis on the local level actually help improve accountability? If so, how?
- RT:** We found plenty of examples in our Colombian case studies. I remember the director of the principal business association for small and medium enterprises in Manizales describing with delight how she'd been able to call the national senator for her region and make him listen. She told us how in the past these people had been like distant gods and you only got favours by paying. Now she had made him listen and hadn't had to trade ... However, I have to emphasise that these success stories are a tiny minority still. We studied them because we wanted to show the potential.
- ARM:** What are some of the key factors likely to influence the success or failure of democratic decentralisation efforts?
- RT:** Leadership at the local level is crucial. And to get that, decentralisation has to be serious. There has to be a real possibility of achieving something at the local level—autonomy and resources, to attract good people. The context also matters—a history of a positive relationship between local government and the private sector, and economic opportunities, are both important. The lack of administrative capacity at the local level is a huge problem—but we saw instances where a determined local leader could change a culture remarkably fast.
- ARM:** What kind of role should the central government play in making decentralisation work?
- RT:** The central government sets the rules of the game. So it must do this, and generate systematic and predictable transfer of power, responsibility and resources. It also needs to invest in building capacities at the local level. The rules of the game include things like the roles given to NGOs and other actors who can help a great deal, but a framework for a healthy relationship needs to be put in place by the central government.
- ARM:** Are there areas such as education and health, for example, that seem particularly suited to be decentralised because they are better managed at the local level? In such cases, how can an optimal balance between the local, regional, and national levels be reached to ensure local autonomy but also promote national standards/a reasonable level of uniformity across regions?
- RT:** The benefits from being in line with local needs and tapping into local insights and energies are clearly different among the different areas of government. They are far greater in health or education, as you suggest, than in, say, macro policy making or foreign policy. But the role of the central government remains absolutely crucial. Standards do have to be set, maintained and raised, along with some sort of common curriculum, for instance. But it would be missing the point of decentralisation if there could be no local input to the curriculum design and content. So there is a delicate finessing that needs to go on.
- ARM:** What kinds of synergies must be built in the interactions among key actors in the national and local governments as well as in NGOs and community organisations to generate virtuous circles of interaction and policy change based on participation and capacity building rather than a dynamic based on paternalistic and clientelistic links?
- RT:** There needs to be a culture of trust and belief in people's ability to define their needs and put effort in themselves when they see it as worthwhile. The different actors need to back each other up. When Cardona had a party to celebrate his road and make his point about taxation, it was important that national figures came from Bogotá to applaud the initiative. I would also emphasise synergies with local business groups. In

*Alina Rocha Menocal*

Manizales successes in better provisioning of local services gave confidence to the private sector, which started to participate in mixed enterprises and invest in local activities. In Pasto as well, Navarro was able to transform ineffective public services, like rubbish collection, for instance, into successful mixed enterprises. Both of these are examples of the creation of a powerful virtuous circle, which in turn can lead to increasing revenue.

**ARM:** What is the role of political parties in all this? Are left-of-centre parties committed to popular mobilisation (like the PT in Brazil) more likely than other parties to promote democratic decentralisation and citizen participation?

**RT:** Yes. But I'm more aware of the depth of the difficulty created in the majority of Latin American countries by the across-the-board weakness of political parties, on the right and on the left.

**ARM:** Reflecting on your comments to the above, would you say that, in making decentralisation work, it is agency (e.g. political leadership) or structure (e.g. pre-existing levels of social trust or of economic development), or a combination of both, that matters most?

**RT:** I think my answers make clear that I see the answer as a combination of both. But also political leaders have to see the importance of building institutions, so their reforms last beyond their time. This was crucial in the success of Pasto and Manizales, among our Colombian case studies.

**ARM:** What are social funds, and how can they operate at the local level to combat poverty? Do they genuinely empower local governments, or are they more closely affiliated with the central government?

**RT:** Social funds became popular in the 1980s as a way of compensating for the huge social cost of adjusting after the debt crisis. Most were centrally controlled and administered. But increasingly, some governments in Latin America have attempted to make them more locally based and sensitive. Given the highly federalised nature of its political system, Brazil perhaps has gone the farthest in devolving financial responsibility to the state and municipal levels.<sup>1</sup> But other countries are following suit—Mexico, for instance, is building an interesting initiative to make social spending more genuinely decentralised. Central governments battle with the limited capacity they see at local level, and not without reason they fear to commit international aid money to local bureaucrats.

**ARM:** Funding is a big issue, with cities now embarking on international fundraising campaigns independently of central government, but what does this mean in terms of the state's redistributive role, i.e. some cities will raise lots of money while others won't have that capacity. Could this not end up being highly divisive—and is there then not a role for the central government to intervene in favour of poorer regions and/or poorer municipalities to improve their welfare?

**RT:** Yes, I do think it can be divisive, and in any case I would see the central government as the guardian of equity. This is an important role for the central government I should have mentioned earlier. All I've said above suggests that it is the stronger municipalities who gain most readily in many ways from the opportunities of decentralisation. So the central government must look to playing an equalising role, though it is very difficult, given shortage of resources and weak capacity in the poorest regions. Most countries attempt some sort of fund that aids poorer municipalities/states. Efforts at building capacity have to be focused on where they are most crucial.

**ARM:** What can large international NGOs like Oxfam GB do to deepen democratic decentralisation and enable the poor to participate more meaningfully in the political process?

*A new wave of decentralisation in Latin America?*

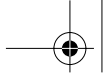
- RT:** As I stressed in some of my earlier comments, weak capacity at the local level is a significant element constraining the potential of democratic decentralisation, and capacity building is an area in which international NGOs, Oxfam GB included, can work with local actors to begin to make a difference. As reflected in its 'Right to be Heard' initiative, Oxfam GB is fully committed to the principle that people need to be able to have an effective voice in the decisions that affect their lives in order to overcome poverty and suffering. Oxfam GB thus works to strengthen people's rights in specific areas, including rights to access to information, to expression, to association, and other ways that people meaningfully participate in determining their future. One example of this has been Oxfam GB's efforts to encourage civil society organisations to engage in the elaboration of Poverty Reduction Strategy Papers.<sup>2</sup> In some instances, this involvement has led to the opening up of significant spaces for civil society to influence government policy making. In both Chile and Bolivia, for example, civic fora such as the Citizen's Forum in the former and the Women's Citizenship Platform in the latter have emerged to enable different groups to come together to monitor public policies and hold not only their government but also Oxfam GB itself accountable for their actions.<sup>3</sup>
- ARM:** On balance, are you optimistic or pessimistic about democratic decentralisation as a development strategy?
- RT:** Definitely optimistic. But more so if we can learn the lessons from where it works and why. When you visit a municipality where the mayor is genuinely empowering his/her staff and pushing to create a fresh culture of accountability, it's tremendously exciting.
- ARM:** Many thanks for your comments, Rosemary.

**Notes**

1. For more information, see Peter Lloyd-Sherlock (2000).
2. Poverty Reduction Strategy Papers, or PRSPs, are intended to be documents prepared by governments through a participatory process involving civil society and development partners, including the World Bank and the International Monetary Fund, as part of an attempt by the World Bank and the IMF to base all of their lending decisions on nationally owned participatory poverty reduction strategies. The papers describe a given country's macro-economic, structural, and social policies and programmes to promote growth and reduce poverty, as well as associated external financing needs. For more information, see [www.worldbank.org/poverty/strategies/index.htm](http://www.worldbank.org/poverty/strategies/index.htm)
3. For more information on Oxfam GB's Right to be Heard Programme, please refer to [www.oxfam.org.uk/about\\_us/thisisoxfam/heard/index.htm](http://www.oxfam.org.uk/about_us/thisisoxfam/heard/index.htm)

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*Alina Rocha Menocal*

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