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Decentralization and Public Sector Reform: Impacts on Accountability and Service Delivery

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Abstract

One of the most powerful public-sector reforms in recent decades has been decentralisation, which is based on the belief that delegating political, administrative and financial powers to people will make public services more responsive and accountable, and better quality. However, there is no straightforward conclusion from the empirical evidence that decentralization is necessarily better than the centralized administration. This article critically analyzes the impact of decentralisation on public accountability and service delivery in an integrative review of theory, comparative and sectoral studies. It makes a distinction between political, administrative and fiscal decentralisation and considers the ways in which it can affect information flows, voice of citizens, bureaucratic incentives, resource allocation, intergovernmental coordination and local state capacity. The evidence indicates that decentralization can help in better matching of preferences, participation, transparency, and access to services, provided that local governments have meaningful powers, adequate resources, professional capacity, and credible mechanisms of downward and upward accountability. But if poorly sequenced, reforms can exacerbate or re-create elite capture, corruption, territorial inequalities, unfunded mandates, fragmented responsibilities, and poor coordination. The article proposes that decentralisation be conceived as a multi-level system of government rather than a transfer of power. Reforms need to be effective, and therefore, clear expenditure assignments, predictable intergovernmental finance, local revenue incentives, minimum national service standards, transparent performance information, citizen participation and differentiated capacity support are needed. The central conclusion is that the effects of decentralization are contingent: they will either be a way of holding governments closer to citizens and making them more accountable for improved services or they will simply shift administrative failure and political capture.

Key words: *decentralization; public sector reform; accountability; service delivery; devolution*

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1. Introduction

The decentralisation debate has shifted from being an issue confined to the specialist domain of fiscal federalism to becoming a key aspect of public sector reform in both developed and developing countries. Transfer of public functions such as education, health, water, local infrastructure, social protection, land

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administration, licensing etc. to regions, provinces, counties, districts, municipalities and communities. Besides the management motives, the reform has been encouraged for democratic reasons. Politically, devolution and the delegation of powers to elected subnational bodies will enhance participation, make public officials more visible to citizens, and shorten accountability chains. Administratively, local decision makers are assumed to have superior information about local needs, and that they are quicker to respond than distant central bureaucracies. The economic benefits of decentralization are expected to strengthen the relationship between government spending and local tastes (Oates, 1972; Seabright, 1996; Faguet, 2014) and, in cases where local taxation is important, between the level of local taxes and the benefits received by local residents.

Such asser-tions have been an incentive for decentralisation as an alternative for any government that wants to make their government more legitimate and better-performing. The reform is also aligned with broader public administration reforms to become more oriented toward results, to involve citizens, to be transparent and open, to foster collaborative governance and to adopt a place-based approach to policy. According to OECD analysis, decentralisation is one of the most important governance changes in recent decades and that the success of the reform depends on the design of the reform, and not on decentralisation per se (OECD, 2019). Smoke (2015) also describes decentralisation as a public-sector reform that is ubiquitous around the world, and that more often than not the promise is greater than the institutional preparation required to implement it.

The theoretical case is convincing and incomplete. Local autonomy does not automatically create local capacity and proximity does not automatically create responsiveness. Local governments might be nearer to citizens, but also nearer to local elites, patronage relations and organised interests. Subnational governments could have an understanding of local priorities but lack staff, systems of information, capacity to procure, fiscal base, or economies of scale needed to provide complex services. The decentralisation may help to make clear the responsibility, but it may also make responsibility more obscure where functions are shared among multiple tiers of government. Fiscal transfers can help poorer jurisdictions to provide services, but badly designed transfers can lead to soft budget constraints, tax effort and responsibility problems, or to local officials being held responsible for spending outside of their control. It is these tensions that account for the mixed results found in the empirical literature (Prud'homme, 1995; Ahmad et al., 2005; Arends, 2020).

Of particular significance are accountability and service delivery as they embrace both the democratic and performance aspects of public-sector reform. Accountability relates to the ability of public officials to explain and justify their actions, and the ability of citizens, elected institutions, courts, audit institutions, higher-level governments or other actors to hold public officials to account for their poor performance or misconduct. Service delivery is not just about having decentralised administration but about whether citizens are able to access, timely, equitably, reliably and in good quality, public services. The two dimensions are linked: information, voice and answerability can enhance services, but accountability changes which do not lead to incentives, resources and frontline capability changes can have limited impacts (World Bank, 2004; Hout et al., 2022).

The article critically considers the issue of decentralisation as a public-sector reform and poses two related questions: When does decentralisation enhance accountability and when does it enhance service delivery? The article does not see the decentralization as a binary decision made between the central and local government, but rather as a multidimensional reallocation of authority within multilevel institutions. Thus, mechanisms, design conditions and implementational constraints are the focus of the review. It posits that most effective outcomes are achieved when there is congruence between political authority, administrative discretion, fiscal resources, information and accountability. In the absence of these elements, decentralisation can create a sense of responsibility without authority, authority without accountability or spending commitments without the funds to cover them.

2. Conceptualizing Decentralization and Public Sector Reform

Decentralization is a term more frequently used to refer to the devolution of authority, responsibility, and resources from the level of central government to lower levels of government or to other public institutions with territorial jurisdiction. It has at least three analytically separable dimensions. Political decentralization involves devolution of decision-making power to elected subnational governments, and provides opportunities to elected local governments to be chosen and to be sanctioned by citizens. Administrative decentralization shifts the planning, staffing, budgeting, implementing and managing to lower levels. Fiscal decentralization refers to the delegation of expenditure responsibilities, revenue sources, transfers, borrowing authority or a combination of these to subnational governments (Rondinelli et al., 1989; Litvack et al., 1998; OECD, 2019).

The level of decentralization is also different in different institutional forms. Deconcentration involves the transfer of functions and responsibilities to the territorial offices of the central ministries, which remains under the hierarchical control of the central ministries. Delegation provides semi-autonomous entities with accountability for certain functions with ultimate accountability staying at the center. Devolution gives meaningful authority to legally recognised subnational governments which have independent political mandates and some autonomy over resources. These forms cannot be regarded as interchangeable since they establish different accountability relationships. An institutionally different type of local health office is one that reports up to a national ministry as opposed to a county health department, in which the county government elects the health executive.

The overall framework is that of public-sector reform. Decentralisation typically affects more than the office location; it also affects how discretion and discretionary powers are distributed, how bureaucratic careers are organised, budget processes, procurement, involvement of citizens, performance monitoring and the relationship between elected politicians and public servants. So complementary reforms are a prerequisite for its success. More generally, as is demonstrated by Andrews et al. (2017), state capability is not created by establishing formal structures; organizations need to have problem-solving routines and implementing power. In the context of decentralisation, this implies that a constitutional or statutory transfer can be institutionally superficial, if local governments do not have control over staff, reliable financing, information, management systems etc.

An important distinction is that of decentralization as an end and decentralization as a means. Local autonomy could be attractive to democratic reformers as it can open up political participation and territorial representation. Public-management reformers tend to favour decentralization because they believe that it will lead to better services, innovation or efficiency. There are overlaps and conflicts between these objectives. A system with a high degree of local choice can have a variety of service models, while a system more concerned with national equity can have a variety of national standards and redistributive transfers. It is thus necessary to define the purpose for which reform is sought and to define which functions would be local, which national, and which should be jointly governed.

3. Theoretical Perspectives on Accountability and Service Delivery

The classic economic rationale for decentralization starts with the notion of preference matching. If preferences for public goods are geographically differentiated and there are weak inter-regional spillovers and/or economies of scale, it can be argued that local provision results in welfare gains: local governments can provide the public goods according to local preferences. According to Tiebout's (1956) model, a competitive mechanism is added, namely citizens can “sort” themselves across jurisdictions with tax-service packages of their preferences. Despite the fact that in many contexts in developing countries the conditions of the Tiebout model are unrealistic, the principle of Tiebout that institutional diversity and comparison can discipline local governments remains relevant in theory.

A second justification is that information provides information. When local needs vary from place to place, central governments are confronted with serious information problems. Local authorities and residents may have a more detailed understanding of infrastructure deficits, school quality, local disease trends, water availability or farming restrictions. Thus, decentralized decision making can enhance allocative efficiency by giving decision authority to decision makers who have the information relevant to the decision. This mechanism becomes especially significant if you need to adjust services instead of making them all the same.

A third rationale is provided by accountability theory. Seabright (1996) sees decentralization as an assignment of control rights that can make the local politicians directly more responsible for the welfare of a smaller group of people, and hence more responsive to them. Political decentralization can help to attribute responsibility and reduce monitoring costs of officials. Citizens might have more chances to go to meetings, reach out to their representatives, compare with other jurisdictions and vote out poor performers. Blair's (2000) comparative study of democratic local government also shows participation and accountability as key means to enhance democracy through decentralization.

However, the rosy picture is complicated by principal agent and political economy. Decentralization introduces several principals/agents: citizens are principals for local politicians who are principals for subnational bureaucrats; central government is a principal of subnational governments; and subnational governments are principals of central ministries. When two or more functions share the same duties, each actor can point fingers at other actors. When there is a lack of political competition, media attention, civic organizations, or administrative professionalism, local elites may capture the decision making process (Bardhan, 2002; Bardhan & Mookherjee, 2000). So, decentralisation can reduce the physical distance between citizens and government without reducing the political distance of marginalised citizens and powerful local actors.

Second generation of fiscal federalism also focuses upon incentives. Local governments which spend a large volume of transfers from the central level without collecting income or taxes of their own may experience low fiscal accountability since citizens are not directly affected by the tax price of local expenditures. In contrast, if own-source revenue is overused, this can exacerbate spatial disparities if tax bases vary significantly. Intergovernmental finance needs to be a balance of autonomy, accountability and equalisation, therefore. Enikolopov and Zhuravskaya (2007) prove that the impact of fiscal decentralisation depends on political institutions, which confirms the fact that fiscal rules are not an independent phenomenon but are influenced by party systems and political incentives.

Lastly, polycentric governance moves away from a dichotomy of centralized versus decentralized. Ostrom (2010) contends that multi-layered, overlapping, coordinating, competing and learning centers of decision making are potentially more effective ways to tackle complex public problems. In this view, the effective decentralization is not the death of the central government, but the creation of differentiated roles, such that the central government sets national standards, redistributes resources, provides technical assistance, and manages externalities, while subnational governments take care of how it is implemented locally. This multi-level perception is essential to grasp the reasons for decentralisation to be effective in some areas and not in others, and the need for central stewardship in the latter.

4. Review Approach

A structured integrative review is used instead of a statistical meta-analysis. To bring together causal mechanisms, empirical patterns, and lessons for institutional design from a diverse literature in public administration, political economy, development studies, public finance and sectoral governance. Peer-reviewed studies and major scholarly books are given priority, with support from policy research by the World Bank, the OECD, and the UNDP when these sources offer evidence on institutions in comparative

perspective or recommendations for reforms. The review focuses on the developments in democratic and fiscal decentralization, local accountability, corruption, citizen participation and service delivery in the areas of education, health, infrastructure and general local government.

Decentralization is not a treatment, so the evidence is interpreted with caution. Different countries delegate various responsibilities at different times and to various subnational entities with different powers and capabilities. Decentralisation can also be measured in a variety of different ways such as expenditure shares, revenue autonomy, constitutional authority, direct elections and sector-specific decision space. Therefore cross country associations cannot on their own determine that decentralization was the cause of an outcome. Studies that detect institutional mechanisms, take advantage of subnational variation, or analyze reforms both before and after authority changes are thus given special consideration in the synthesis. The aim is not to arrive at a universal effect size, but to try to understand the variation in effects and what public-sector reformers can learn from it.

5. Decentralization and Public Accountability

The promise of decentralization is accountability, and the first step to this is visibility. Local officials are more approachable than national ministers and local services sometimes give tangible performance cues. Roads, classrooms, water points, waste collection, clinics and local permits are things that can be seen up close. This visibility can enhance electoral accountability when citizens are aware of the level of government to which they can hold accountable. Faguet (2014) suggests that decentralization, and the expansion of political competition and public accountability that it fosters, can be beneficial to governance, particularly in contexts where local political institutions are substantive, rather than merely symbolic. Empirical evidence in Bolivia indicates that decentralization affects the direction of public investment toward local needs, implying that local political incentives and information may affect government responsiveness (Faguet, 2004).

There's a second channel of participation. Political decentralization can lead to local councils, participatory planning forums, budget hearings, community committees and grievance mechanisms. These forums can help to reduce the costs of voice and allow citizens to convey preferences in advance of elections in addition to simply voting in retrospect. However, as Blair (2000) demonstrates, participation does not equal empowerment - local democratic structures can be more participative and still continue to reflect social inequalities. Citizens must have information about the issue, organizational ability and reasonable chances that participation will influence decisions for the formal opportunities to have any meaning.

Transparency is also at the heart of it. Decentralisation can generate more disaggregated budgets and performance data, which enables citizens and oversight agencies to make comparisons between jurisdictions. However, transparency does not result in sanctions. Information needs are for information to be understandable, timely, and linked to institutions that can take action on it. The World Development Report 2004 considered service accountability to be a relationship between citizens, policymakers and service providers, and suggested that the 'short route' of client power and the 'long route' of political accountability are mutually complementary (World Bank, 2004). A recent example from Uganda sheds light on the effectiveness of accountability interventions in the absence of a link between scorecards and resources, and enforceable incentives. However, as Hout et al. (2022) conclude, a local government scorecard effort does not necessarily lead to improved service delivery, which requires a link between monitoring and authority and follow-up.

There is some evidence that decentralisation might also have an impact on corruption. In contrast, Fisman and Gatti (2002) report a negative cross-country correlation between fiscal decentralization and corruption based on the hypothesis that competition and monitoring among localities helps to limit rent seeking. Other studies suggest that decentralization could simply move corruption if local political markets are less

competitive or oversight is lax. Theoretically, Bardhan and Mookherjee (2000) demonstrate the relative vulnerability of central and local government to capture as a function of political competition, voters' awareness and the organization of interest groups. The operative word is that 'closer to the people' can result in being closer to the scrutiny of citizens or closer to dominant elites.

There is also an upward strand of accountability. Central governments still have an overall account for macro-fiscal stability, constitutional rights, interregional equity, and national sector standards. This means that there needs to be audit and reporting, financial management and legal mechanisms to enable central oversight without turning local government into mere administrative deconcentration. In a review of health decentralisation, Abimbola et al. (2019) point to ‘watching the watchers' as a potential way in which different levels of governance can hold each other accountable. What they've found is significant because it moves the discussion from a local vs. central accountability debate to a discussion about “layering” accountability.

One of the common issues is the lack of alignment between responsibilities and authorities. Even where staffing, procurement processes, wage bills or funding is centralised, citizens may hold local governments responsible for poor services. On the other hand, central governments can fund services but do not necessarily have an overview of the local implementation. Where such mismatches occur, there can be accountability gaps. Decentralisation should be characterised by an understandable distribution of functions, a clear disclosure of the decision-making powers of decision-makers and performance indicators that are assignable to actors. In the absence of these conditions, decentralization can lead to a proliferation of elected institutions and to the proliferation of responsibility.

6. Effects on Public Service Delivery

Decentralization can best be justified on the basis of service delivery when local information is relevant and service gains are locationally clustered. A central ministry can establish standards, but it cannot necessarily be aware of the most urgent village road, the additional classroom the local school needs, or the failure of local water facilities. Local governments may be able to change the mix and/or the timing of expenditures in response to these differences. Faguet (2004) evidence from Bolivia is influential because decentralization was tied to an increase in investment in areas where local needs were highest. The results of this type of research help to justify the idea that decentralisation can enhance preference matching, rather than simply re-distribute administrative power.

There is supportive and cautionary evidence in education. Faguet and Sanchez (2008) examine the relationship between educational outcomes and decentralization in Bolivia and Colombia and conclude that local institutional contexts can have an impact on enrolment and other outcomes, but with variation across settings. The decentralisation also has its limits in education: curriculum standards, teachers' labour markets, examinations and equality of access have national dimensions. Local, national or regional institutions may be more appropriate for redistribution, regulation of professional standards, or for dealing with unequal availability of teachers, while a municipality may be better positioned to maintain school buildings, or to respond to local problems of attendance. Thus, it is not a question of whether the whole education sector should be local or central, but which educational functions should be decentralized.

The same is true for health systems. In a realist synthesis on 51 studies from 25 countries, Abimbola et al. (2019) find that decentralisation operates through processes that are shaped by institutional, socioeconomic and geographical context. They have a ‘close to ground' mechanism that encapsulates the benefit of local knowledge and participation, and ‘watching the watchers' captivates the accountability between levels. Meanwhile, decentralization can exacerbate inequities if wealthier jurisdictions have the resources to provide more or better services, or if specialized personnel concentrate in attractive jurisdictions. Thus, Arends (2020) warns that complex services like health and education, if decentralized, may lead to

inefficiency and unequal fiscal outcomes, and accountability issues, where the fiscal design, local capacity, or scale of a territory are poorly aligned with the service.

One more direct test with evidence from Côte d'Ivoire is available for service access. Sanogo (2019) also concludes that fiscal decentralization improved access to certain public services and has improved poverty reduction in municipalities in a context of weak institutions of the state, showing that local fiscal authority can play an important role even with strong constraints on national institutions. Another key finding from the study is that service impacts are conditioned on local resources and institutional environments: decentralisation does not overcome all fragilities.

Comparative Asian research also arrives at similarly qualified conclusions. Ghuman and Singh (2013) analyse decentralized service delivery in Asia and highlight differences in institutional frameworks, administrative infrastructure and citizen engagement. The area contains high-performing subnational governments and local governments that are weak in terms of resources and facing interference from the central government. The disparities illustrate why it is a bad indicator of effective service autonomy to use the decentralization of aggregate expenditure. A government can decentralize a function in theory, but not in practice, when they formally transfer a function and keep the approval, staffing or procurement rules at the center.

Decentralisation can also help with experimentation and comparison to enhance service delivery. Subnational governments can be used as policy laboratories to try out new ways of procurement, digital service platforms, community contracting, new maintenance approaches, etc., before scale up to the national level. This allows citizens and central ministries to make cross-jurisdictional comparisons, which results in reputational pressure. But for comparison, it's important to have common data standards and transparent metrics. The learning advantage is undermined where local accounting systems are not consistent, where service outputs are not well measured or data are politically manipulated.

There are economies of scale and spillovers that restrict the argument for local provision. Unit costs of waste treatment, specialized health care, water systems, public transport or information technology may be high in small jurisdictions. There may also be local costs on other jurisdictions. Intermunicipal cooperation, regional authorities, shared-service organisations or central provision is justified in these conditions. Prud'homme (1995) cautioned that the loss in efficiency can occur when the size of local governments is too small and when there are wide differences in administrative and fiscal capability between governments. It is not always necessary to recentralise all functions, but to match the level of governance with the level of the public challenge.

Equity is another big contradiction. Decentralisation can have a positive effect on the intra-jurisdictional responsiveness and a negative effect on the inter-jurisdictional inequality. Rich areas tend to be better able to raise income, bring in skilled people, co-finance infrastructure, etc., than poorer areas. In this regard, where equal citizenship demands equal access to basic services, equalization transfers and national minimum standards are crucial. OECD (2019) is stressing the necessity for a coherent fiscal framework, well-defined responsibilities, and coordination and capacity-building mechanisms for decentralisation systems. That is, local discretion should complement national solidarity, not be a substitute for it.

Overall, the evidence of service delivery is contingent rather than contradictory. Studies that find positive impacts tend to point to a mechanism, such as increased local information, significant fiscal autonomy, citizen voice or enhanced incentives. Where a weak or negative relationship is reported, a constraint is usually cited, such as a lack of capacity, disjointed responsibilities, low levels of accountability, extreme territorial disparities, or fiscal design. The central empirical finding is thus that decentralisation does not work or not work, but that service results are a product of the interplay of authority, capability, incentives and context.

7. Conditions That Shape Reform Outcomes

The first is the functional assignment is clear. Decentralization often results in failure of public services because laws devolve general responsibilities, and no one knows who is paying for, regulating, staffing, implementing, and monitoring these responsibilities at any given level. Ambiguity makes it possible to shift the blame and makes things duplicated. According to Ahmad et al. (2005), the institutional set-up, including the distribution of responsibility for service delivery, financing and accountability for it, is crucial for achieving outcomes. So, reform should start not from the assumption that each subnational level should carry out a similar package of functions, but from functional mapping.

The second is fiscal adequacy and autonomy. Local governments require stable and predictable resources that are proportionate to the responsibilities they have been charged with. Unfunded mandates are a highly problematic kind of decentralization, because they put local officials in charge of providing services without the money to pay for them. But it's not enough to simply have adequate transfers. Even some amount of own-source revenue can help local governments in two ways: it can help tie the tax-service connection and it can provide some flexibility. The challenge of design is to prevent getting into the stickies of too high transfer dependency and too high local tax dependency based on unequal local tax bases.

Thirdly, the administrative ability is important. Decentralisation may reveal gaps in human resources, purchasing, budgeting, scheduling, information management and contract administration. This reflects an issue that has been overlooked in many reform agendas: the need for systems to carry out new responsibilities and functions is not a key concern of legal transfers. Capacity building should therefore be function specific and ongoing. Training workshops are not a substitute for competitive recruitment, professional career systems, digital financial management, procurement controls or technical specialists.

Fourth, political competition and inclusion are the key factors in whether local voice is broad or captured. Elections can discipline officials only when citizens are provided with reliable information and the opposition, civil society, the media, women, minorities, and marginalized communities are able to participate. Crook and Manor (1998) demonstrate that democratic decentralisation's impact varies with the political and bureaucratic context. There is a need to protect participatory institutions from domination of more organized groups and accountability must be based on electoral processes, audits, complaints procedures, public hearings, disclosure and social accountability.

Fifth, coordination between governments is essential. Decentralization does not bring about autonomy in isolation but interdependence. Epidemics, transport networks, environmental management, education standards, social protection databases and disaster response cross territorial boundaries. The central ministries must move from direct control to a stewardship role, to provide standards, equalization funds, coordinate functions across borders, support national data systems, and step in when basic rights or fiscal discipline are at stake. The OECD (2019) considers this coordination as an important part of enabling decentralization to function.

Sixth, the order of reforms matters. Political devolution without fiscal resources can result in frustrated local governments. Fiscal transfers that are not accompanied by accountability can open up opportunities for misuse. Without human-resource authority, administrative responsibility can leave local managers with no way to solve performance issues. The connection of the sequence of political legitimacy, administrative discretion, finance and oversight is coherent. Decentralisation can thus be thought of rather as an institutional process which takes a long time than as a one-time legislative act.

Table 1. Institutional Conditions Linking Decentralization to Accountability and Service Delivery

Reform dimension	Potential gain	Main risk	Design response
Political authority	Stronger citizen voice and electoral sanction	Elite capture and blame shifting	Competitive local politics, disclosure, clear assignment of responsibility
Administrative discretion	Faster adaptation to local needs	Weak staffing and fragmented implementation	Professional local administration, shared services, technical support
Fiscal decentralization	Better preference matching and local prioritization	Unfunded mandates, transfer dependency, inequality	Predictable transfers, own-source revenue, equalization, hard budget rules
Performance information	Benchmarking, transparency and learning	Data without consequences; gaming of indicators	Common data standards, audit, grievance redress, links to managerial action
Intergovernmental relations	Coordination and national equity	Recentralization or overlapping mandates	Minimum standards, negotiated roles, cross-boundary institutions

8. Risks and Unintended Consequences

Local elite capture is one of the most long-standing threats. Decentralized institutions in unequal communities can be dominated by landowners, business groups, political families or ethnic majorities. Bardhan (2002) warns that decentralization may be simply a duplication of local power rather than a transformation of it. The biggest danger occurs in the absence of civic organizations, lack of political competition and limited access to information for citizens. Anti-capture mechanisms include clear tendering procedures, provisions for conflict of interest, rotation and/or representation restrictions, publication, independent audits, and direct complaints by citizens.

Fragmentation is a second risk. It is possible that multiple levels of government have control over different parts of a service chain, leading to coordination costs and standards. For instance, one level can establish clinics, another employ personnel and a third acquire medicine. If the results get worse, each can blame the other. Fragmentation can also create the lack of economies of scale and incompatible administrative systems. Thus multilevel service agreements and interoperable data systems are of equal importance as legal autonomy.

A third risk is related to territorial inequality. Better funded localities can speed up and less funded localities slow down. Decentralization can thus create a paradox: services that are more responsive within places are not more equal between places. To avoid a citizenship based on geography, fiscal equalization, needs-based grants, national minimum standards and targeted capacity support is required. Arends (2020) highlights the importance of equity challenges as core instead of incidental to the design of decentralized public services.

Soft budget behavior is a fourth risk. Incentives for prudent budgeting are undermined if local governments rely on the center to make up budget shortfalls. In contrast, stringent fiscal rules can hinder the productive local investment and limit the flexibility that decentralisation was supposed to provide. It is thus necessary to have hard budget constraints, transparent borrowing rules, and credible equalization in fiscal frameworks. It's about autonomy with discipline, not about totally local borrowing or total financial control at a central location.

Lastly, recentralization can occur due to poor performance of decentralization and/or due to a central will to regain control. Some correction may be warranted in cases where functions clearly go beyond the local scale or where basic standards break down. Nevertheless, if reactive recentralisation takes the discretion away without tackling underlying issues, it can be detrimental to local institutional learning and accountability. Functions must be reassigned according to evidence in reform systems; however, this reassignment must be done according to clear criteria, not political convenience.

9. A Reform Framework for Accountability and Service Delivery

The evidence suggests that a design framework of alignment is used. First: Authority must be commensurate with responsibility. A subnational government with accountability for a service should have substantial discretion in decisions about service performance. Constraints on staffing, procurement and budgets should be made clear, and accountability shared if these are being imposed by central rules.

Secondly, financing matching with expenditure needs. Credible decentralization is about predictable transfers, clear formulas, a certain autonomy in revenue generation, and equalization measures. Funding formulas should provide neither rewards for jurisdictions that are politically connected, nor for chronic overspending. Meanwhile, grant mechanisms based on performance should be crafted to ensure that a jurisdiction that is already proficient does not see the majority of grants and that jurisdictions that are weaker are not pushed further down to lag behind.

Third, information should be related to accountability. Citizens should have easy-to-access information on budgets, standards of services, procurement, and results; local governments should have information on operations; and central governments should have comparable indicators across governments. While digital platforms can help to increase disclosure, it needs to be complemented by institutions that can act on this information. Some scorecard programs have had modest results, showing that accountability alone, in the absence of authority, resources, and sanctions, can be symbolic (Hout et al., 2022).

Fourthly, it is necessary to differentiate capacity support. A one-size-fits-all approach to local governments does not take into account the wide variation in population, geography, revenue base, and administrative maturity. For asymmetric decentralisation, it may be preferable to give greater autonomy to strong jurisdictions and provide directed assistance and progressively increasing autonomy to weaker jurisdictions. This should be done on a rule based basis and be transparent to prevent politicised favouritism.

Fifth, citizen participation must be inclusion not attendance. Participation mechanisms should make decisions transparent prior to making them, give citizens clear and easy-to-understand budget information, give citizens feedback on how their input was used, and lower the barriers for women, youth, minorities, persons with disabilities and low-income communities to participate. Representation without influence can bring ‘consultation fatigue' and trust loss.

Sixth, the strategic role of central government should be kept. Decentralization and strong central institutions can be made compatible if central institutions perform the functions of national standards, equalisation, macro-fiscal discipline, rights protection, cross-jurisdictional coordination, data systems, and sector stewardship. Abimbola et al. (2019) show that centres of accountability can work together to enhance health-system performance, and do not need to be separated. This is true for education, infrastructure, environmental management and social protection.

Last, there is a need to evaluate reform based on outcomes and not legal transfers. Monitoring by governments is often focused on the devolution of the functions and not necessarily on the improvement of access to services, quality, responsiveness, equity and trust. It is important to establish a comprehensive assessment and monitoring framework to measure not only the overall state of development but also regional disparities, as national gains can be accompanied by increasing inequalities at the regional level. It should also review the accountability chain: if citizens do not know who is accountable, if complaints are not satisfied, if audits lead to corrective action, and if local decisions are indeed based on public preferences.

In sum, these principles point to the need to think of decentralisation as institutional engineering at the interface of levels of government. The challenge is not to increase local autonomy for the sake of it, but to place decisions at the lowest level where they can be effectively made, while maintaining coordination, equity and accountability at other levels. This subsidiarity concept means that different levels of government

are better suited to different functions, and as local capacities grow, the level of government could shift accordingly.

10. Discussion

One key conclusion in this review is that decentralization alters the structure of accountability prior to its impact on service outcomes. Transfer of authority introduces new actors, information streams, and political forces, but such institutional changes will only enhance services if it changes the decisions made in relation to resources, staff, maintenance, procurement and implementation. It is, in part, due to this that democratic achievements do not always come with satisfactory service delivery. Citizens may have more say, but local governments in turn still can't respond due to fiscal or managerial constraints.

The second is that there are multiple directions of accountability. While the conventional reform narratives focus on downward accountability from local government to citizens, there is also a need for horizontal accountability via local councils, auditors, courts and civil society and for upward accountability to national standards and fiscal rules. Layered accountability is thus the most robust. Excessive "upward control" can undermine local autonomy and pure "local accountability" can be insufficient to safeguard minorities, achieve national equity, or control spillovers.

Thirdly, decentralization needs to be studied on a sectoral level. Informational advantages to local government are greatest for those services that have a high degree of locality in terms of benefits and operating conditions. Central or regional involvement is more justifiable the larger the economy, the greater the externalities, the more specialized the expertise, the greater the redistributive goals, and the more important the rights at stake are at the national level. This implies that a single nation can sensibly decentralize local roads and the maintenance of primary schools, and centralize disease surveillance or specialized health services.

Fourth, the reform debate needs to go beyond looking for the universal verdict. The literature has evolved from the question of whether decentralization is good or bad, to a consideration of different mixes of institutions and contexts. From various disciplinary angles, Faguet (2014), Smoke (2015), Abimbola et al. (2019), Arends (2020), and OECD (2019) agree on the significance of design and context. This conjunction is important because it means that the policy issue is not so much one of decentralization of government as one of the distribution of authority, resources and accountability over a particular function in a particular institutional context.

Future research should focus on the issue of longitudinal institutional change, subnational capability, and the interfacing of digital government with decentralization. Some information disadvantages inherent in multilevel government may be mitigated through the use of digital financial-management systems, open contracting, geospatial service data or Citizen reporting platforms. However, digitalisation can also lead to recentralisation of the control, if national platforms limit the scope for local discretion. The research should therefore focus on the impact of technology on the viability of decentralized administration as well as on the accountability implications.

11. Conclusion

Decentralisation is one of the most significant tools of public-sector reform as it changes who decides, who pays, who delivers and who can be held accountable for public services. Its appeal is a seemingly democratic and managerial idea: that government closer to citizens has better information, is more responsive to local priorities and is more open to public scrutiny. This is supported by empirical evidence, including evidence for increased responsiveness, increased participation and access to services in some locations, as well as evidence for locally-targeted spending (Faguet, 2004; Sanogo, 2019).

But the opposite is true with respect to decentralization's self-executing nature. Local governments may be under-resourced, co-opted, broken up, or poorly managed. Regional inequalities may increase, accountability may be confused, and large services may suffer from loss of economies of scale. Thus the impact of decentralization hinges on institutional complementarities: clearly defined functional responsibilities, sufficient and stable financial resources, financial incentives for local revenue generation, competent local government, transparent information, democratic political competition, effective citizen voice, independent oversight, equalization, and co-ordination between governments.

There is no policy stance more defensible than neither decentralization maximalism, nor reflexive recentralization. It is essential to have a multilevel governance system where responsibilities are vested at the level most capable of delivering them and where higher level government institutes and maintains national standards, re-distribution, and coordination. Decentralization enhances accountability and service delivery in the presence of real but bounded autonomy, equality of resources and responsibilities, observable and controllable actions, and mutual accountability between the different levels of government. It is the good institutional design, not simply the transfer of functions that makes the difference for a successful decentralization and its potential as a public sector reform.

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