


# Chapter 15

## Decentralization and Good Governance

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### **ABSTRACT**

*Decentralization and good governance are policy instruments whereby the world in general and African in particular have pursued it for the past 40 and 50 years. Despite empirical studies not yet being conclusive, decentralization helps to improve good governance. Decentralization and good governance are brought into Africa following the beginning and end of structural reforms, to bring economic development, respectively. The chapter has six parts. The first part deals with the introduction and background of good governance and decentralization. The second part highlights the meanings or concepts and elements of good governance, and issues and concepts related to decentralization. The third part insights the relationship between decentralization and good governance. The fourth part gives some highlights about decentralization and good governance in Africa, and when and why decentralization has been introduced among African nations. The fifth part investigates the relationship between decentralization, good governance, and economic development; and the last part provides conclusion.*

### **INTRODUCTION**

There have been several scholarly contributions to decentralization and good governance. However, most scholars have addressed them discretely. These two concepts are highly interwoven to support each other. Decentralization, as a policy instrument, has been rigorously implemented to improve the efficiency and effectiveness of service delivery by making the decision making processes transparent, accountable, responsive, participative, and predictable, which ultimately instills good governance.

Good governance as a concept of quality governance has been implemented both in the post-cold war and structural adjustment periods as a means of improving the economic performances of Sub-Saharan African countries. Good governance has been subjected to many conceptual related problems. Perhaps, the problem doesn't lie in the concept but the definition of what is good? Does "good" mean western

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system or processes? For whom “good” is it? The relativeness and judgmental concept of “good” make good governance difficult to define.

The idea of good governance has been greatly promoted by the World Bank since the early 1990s. It is therefore argued that the most common definition of governance, which is provided by the World Bank is: “how power is exercised in the management of a country’s economic and social resources for development”. The World Bank also refers to good governance as a ‘sound development management’ and sees it as ‘central to creating and sustaining an environment which fosters strong and equitable development and it is an essential complement to sound economic policies’ (World Bank, 1992:1).

The OECD defined it same how similar to the World Bank’s definitions, how it gives more emphasis to democratization and reduction in military spending in developing countries. According to OECD, the rule of law, public sector management, control of corruption, and reduction of military spending within developing countries are important aspects of good governance.

There have been emerging perspectives that address decentralization as a process of transferring powers, resources, and functions to the lower echelons of government (Miraftab, F., 2008; Rodríguez, A., and Ezcurra, R., 2009; Cheema, G. and Rondinelli, A., 2007; Merilee, S., 2007), which ultimately promotes the process of good governance (Utomo, 2011). Decentralization is a process of transferring power, resources, and responsibilities from the central to the sub-national levels of government, whereas governance is a new model of government characterized by heterarchy rather than by hierarchy, creating a horizontal or a flattened relationship among a multitude of actors both public and private. Different authors have implied the direct relationships between decentralization and good governance in many ways as decentralization aims to promote good governance by enabling citizen participation, enhancing public accountability and transparency, promoting rule of law and equality, and enhancing effective and efficient service delivery (Utomo, 2011). Harikumar, S. L. (2013), has also indicated decentralization as a mechanism or tool for good governance to be addressed through which public goods and services can be distributed effectively and efficiently. Decentralization also makes local needs evident through active participation, transparency, accountability, and development. Saito (2008) and Oyugi(2000) have also argued that there is a causal relationship between decentralization and good governance. Decentralization yields positive outcomes to ensure good governance, however, if it is successfully implemented. The synergy between decentralization and good governance can ultimately lead to economic growth and development as it fosters the quality of institutions (Nadeem, 2016). Decentralization, particularly fiscal decentralization has also a positive and significant effect on government quality (Huther and Shah, 1998; Kyriacou, A., and Roca-Sagales, O. 2009). Hence, this paper argued that decentralization would lead to good governance, however, decentralization needs to be successful in terms of scope, intensity, and commitment.

Generally, this chapter has aimed at providing conceptual understanding about good governance, elements of good governance, decentralization, forms of decentralization, dimensions of decentralization. Moreover, the chapter tries to figure out the relationship between decentralization and good governance, highlights the process of decentralization and good governance in Africa, and when and why decentralization was introduced in African nations, and the contribution of the synergy between good governance and decentralization on economic development.

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