

# Decentralisation and Local Government Performance: A Narrative Literature Review with Implications for Mogadishu, Somalia

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## Abstract

The decentralisation of authority, responsibilities and resources from central government to subnational governments has been encouraged in the developing world as a way of enhancing public service delivery, increasing accountability and meeting diversity. Somalia's provisional constitution provides for a federal structure with local government as an entity, although the powers and position of the capital city of Mogadishu is still not clear, and the Benadir Regional Administration has limited autonomy. This narrative literature review investigates the theoretical underpinning and empirical research about decentralisation and local government performance, and reflect on its implication for Mogadishu. The review separates political, administrative and fiscal decentralisation and the different forms of decentralisation, such as deconcentration, delegation and devolution and presents the main theories, ranging from the tradition of fiscal federalism to theories of participation and accountability. Evidence shows that decentralisation can enhance local government responsiveness to local needs, but that it will be effective if its fiscal resources are sufficient, its administrative capacity is adequate, local government has genuine downward accountability to citizens, and central–local government relations is effective. If these conditions are lacking, however, then decentralisation can lead to unfunded mandates to local governments, to the capture of political power by the elite, and to fragmented service delivery. Decentralisation can be an enabling practice in fragile and conflict affected contexts that can allow for the recognition of diversity and local legitimacy, but can also reinforce local power holders. In the literature, Mogadishu's constitutional status as a capital city, a greater understanding of the role of own-source revenue and fiscal transfers, and a continued shift toward elected and accountable district councils, are identified as critical factors for decentralisation to have a meaningful impact on local government performance. There are identified gaps in the evidence, including a lack of empirical research on south-central Somalia's local governance.

**Keywords:** decentralisation; local government; fiscal decentralisation; devolution; service delivery; accountability; fragile states; Mogadishu; Somalia; narrative literature review

## 1. Introduction

Since the 1980s, decentralisation has become one of the most widespread reforms of the state in developing countries. Governments across Africa, Asia and Latin America have transferred responsibilities, resources and, in many cases, elected authority to regional and local governments, often with the support of international development agencies (Rondinelli, Nellis, & Cheema, 1983; Litvack, Ahmad, & Bird, 1998). The rationale is that governments closer to citizens can better identify local needs, deliver services more efficiently and be held accountable more directly, while decentralised institutions can give voice to diverse communities and reduce the concentration of power at the centre (Bardhan, 2002; Faguet, 2014).

However decentralisation has not been entirely successful. In some countries, local responsiveness and service delivery have improved, while in others, local government has been captured by elites, or responsibilities have been shifted without the necessary resources to address them (Prud'homme,

1995; Crook, 2003; Smoke, 2003). Researchers have been making it increasingly clear that the results of decentralisation are not intrinsic to the idea itself, but rely on the design and implementation of decentralisation, as well as the political, fiscal and institutional environment under which it occurs (Bardhan & Mookherjee, 2006; Faguet, 2014).

Somalia is a very important and complex case. After the collapse of the central state in 1991, governance was provided by a variety of local actors, including clan elders, religious leaders, business people and emerging local administrations (Menkhaus, 2007). The Provisional Constitution of 2012 introduced a federal system of government, which consisted of the federal government, Federal Member states and local governments (Federal Republic of Somalia, 2012). The capital and largest city, Mombasa, is administered by the Benadir Regional Administration, whose head is also the mayor, and is appointed by the federal government; the constitution does not define its status but leaves it to be determined by later legislation. The connection

between decentralisation and local government performance in Mogadishu is thus both a policy issue and a field of international work that can shed light on the subject.

This narrative review of the literature was structured around three questions: (1) how decentralisation has been conceptualised and theorised; (2) what the evidence suggests about the connection between decentralisation and local government performance, such as service delivery, accountability and fiscal capacity; and (3) what the literature suggests for local government in Mogadishu.

## 2. Review Approach

A narrative review design was adopted because the literature on decentralisation spans public administration, political science, economics and development studies, and combines theoretical work, cross-national comparisons, country case studies and policy reports. A narrative approach allows these diverse sources to be integrated and interpreted in context. The review draws on foundational theoretical works (for example, Tiebout, 1956; Oates, 1972; Rondinelli et al., 1983), major comparative and review studies (for example, Crook & Manor, 1998; Manor, 1999; Bardhan, 2002; Bardhan & Mookherjee, 2006; Faguet, 2014), studies of decentralisation in Africa (for example, Crook, 2003; Smoke, 2003; Olowu & Wunsch, 2004; Conyers, 2007) and in fragile and conflict-affected settings (for example, Brancati, 2006; Brinkerhoff & Johnson, 2009), together with literature and policy documents on governance in Somalia. Sources were selected for their influence in the field and their relevance to local government performance in developing and fragile contexts. The discussion is organised thematically.

## 3. Conceptualising Decentralisation

### 3.1 Forms of decentralisation

**Table 1.** *Forms and dimensions of decentralisation*

| Form or dimension | What is transferred                                            | Accountability and typical risks                          |
|-------------------|----------------------------------------------------------------|-----------------------------------------------------------|
| Deconcentration   | Administrative tasks to field offices of central ministries    | Upward to the centre; limited local responsiveness        |
| Delegation        | Management of specific functions to semi-autonomous bodies     | Ultimately to the centre; fragmentation of responsibility |
| Devolution        | Authority, functions and revenues to elected local governments | Downward to citizens; capacity gaps and elite capture     |
| Political         | Power to elect local representatives and executives            | Electoral accountability; local patronage politics        |

Rondinelli (1981) and Rondinelli et al. (1983) defined decentralisation as the transfer of responsibility for planning, management and the raising and allocation of resources from the central government to field units, subordinate levels of government, semi-autonomous public authorities or non-governmental organisations. They distinguished four forms according to the degree of authority transferred. *Deconcentration* shifts administrative responsibilities to field offices of central ministries, which remain accountable upward to the centre. *Delegation* transfers managerial responsibility for defined functions to semi-autonomous organisations that remain ultimately accountable to the central government. *Devolution* transfers authority to legally constituted, usually elected, subnational governments with their own powers and revenues. *Privatisation* or divestment transfers functions to private or voluntary organisations.

A complementary classification distinguishes three dimensions (Litvack et al., 1998; Schneider, 2003). *Political decentralisation* gives citizens or their elected representatives more power in public decision-making, typically through the election of local councils and executives. *Administrative decentralisation* redistributes authority, responsibility and resources for delivering public services among levels of government. *Fiscal decentralisation* assigns revenue sources and expenditure responsibilities to subnational governments and determines the system of intergovernmental transfers. Falleti (2005) showed that the sequence in which these dimensions are introduced affects the balance of power between central and local governments: where administrative responsibilities are decentralised before fiscal resources and political autonomy, local governments may be left with obligations they cannot meet. Table 1 summarises these distinctions.

| Form or dimension | What is transferred                                        | Accountability and typical risks                                    |
|-------------------|------------------------------------------------------------|---------------------------------------------------------------------|
| Administrative    | Responsibility for delivering and managing services        | Depends on staff capacity; unfunded mandates                        |
| Fiscal            | Revenue powers, expenditure responsibilities and transfers | Local revenue effort; fiscal imbalances and dependence on transfers |

Source: Compiled by the author from Rondinelli et al. (1983), Litvack et al. (1998) and Schneider (2003).

### 3.2 Theoretical arguments

The economic case for decentralisation is rooted in the theory of fiscal federalism. Tiebout (1956) argued that when citizens can choose among local jurisdictions offering different combinations of services and taxes, local governments have an incentive to provide services efficiently and in line with residents' preferences. Oates (1972) formulated the "decentralisation theorem": in the absence of economies of scale or spillovers, public goods are more efficiently provided by the level of government closest to the population that benefits from them, because local governments are better informed about local preferences.

Political and governance arguments emphasise participation and accountability. Elected local governments are expected to bring decision-making closer to citizens, allowing them to participate in setting priorities and to hold officials accountable through local elections and direct engagement (Crook & Manor, 1998; Manor, 1999). Decentralisation may also accommodate ethnic, regional or clan diversity by giving groups a measure of self-government (Brancati, 2006). Critics, however, warn of the "dangers of decentralisation" (Prud'homme, 1995): local governments may lack technical and administrative capacity; decentralisation may increase regional inequalities, since poorer areas have weaker tax bases; macroeconomic management may become more difficult; and local elites may capture decentralised institutions and resources (Bardhan & Mookherjee, 2000). Treisman (2007) concluded from a wide review that theoretical arguments point in both directions and that the effects of decentralisation are highly context-dependent.

## 4. Decentralisation and Local Government Performance: Themes in the Literature

### 4.1 Responsiveness and service delivery

A central claim for decentralisation is that it makes public spending more responsive to local needs.

Some of the strongest evidence comes from Faguet's (2004) study of Bolivia, where the 1994 decentralisation reform shifted investment toward education, water and sanitation and toward the poorer municipalities that had previously been neglected, indicating greater responsiveness to local needs. Faguet (2014) subsequently argued that decentralisation can improve governance by increasing political competition and the number of actors able to hold government to account.

Evidence from Africa is more mixed. In a comparative study of Ghana, Côte d'Ivoire, Karnataka and Bangladesh, Crook and Manor (1998) found that decentralisation increased participation, but that improvements in responsiveness and performance depended on local government resources, capacity and accountability relationships. Reviewing sub-Saharan African experience, Conyers (2007) concluded that decentralisation has rarely produced significant improvements in service delivery, because local governments were typically given responsibilities without adequate finance, staff or authority, and because central governments retained control over key decisions. Smoke (2003) similarly argued that African decentralisation has often been driven by political motives and has been undermined by weak fiscal systems and limited capacity.

### 4.2 Accountability, participation and elite capture

The positive aspects of decentralisation are anticipated to be an increase in accountability, though this will rely on the availability of mechanisms through which citizens can have an influence over local decision making. In Kenya and Uganda, Devas and Grant (2003) observed a positive correlation between citizen participation and local accountability in that information was available and local civil society and political leadership were strong and committed to openness whereas citizen participation and local accountability were lacking in areas without information, weak civil society and weak political leadership. In Uganda, participatory

planning was frequently replaced by technocratic, bureaucratic approaches and by patron-client relationships, reducing the power of citizens (Francis & James, 2003).

The risk of elite capture is a recurrent theme. In terms of vulnerability to local elites, Bardhan and Mookherjee (2000, 2006) theorized and found that a high level of inequality, low political awareness and low electoral competition are associated with a higher risk of capture. In Uganda, Reinikka and Svensson (2004) concluded that a substantial proportion of central government grants allocated for schools in Uganda was not distributed to the schools, but instead captured by local officials and politicians, as well as was leaked in poorer communities. Other scholars, notably Ribot (2002), suggested that many decentralisation processes in Africa leave decision-making power to local actors, who have no downward accountability to the citizens - namely appointed representatives or customary authorities - leading to "decentralisation without representation". The findings illustrate that devolution of authority needs to go hand in hand with accountability from above.

#### 4.3 Fiscal capacity and central–local relations

Decentralisation will have a positive effect on performance if fiscal arrangements are decisive. Local government revenues in developing countries tend to be small, and rely heavily on resources transferred from the centre, which may be unpredictable or conditionally linked to central priorities (Litvack et al., 1998; Smoke, 2003). As responsibilities are shifted without equal revenues (unfunded mandates), the effectiveness of local government service delivery is compromised and citizens can lose faith in local government. (Conyers, 2007). Falletti's (2005) research on sequencing adds to this idea, as administrative decentralisation without fiscal and political decentralisation can be disempowering.

Central–local relations are also matters of politics. Crook (2003) suggested that decentralisation in Africa has rarely been pro-poor as it is generally central governments who exploit decentralisation to

establish local patronage networks and/or control opposition areas and decentralisation is used to serve central political objectives, not local citizens. Other research, however, suggests that decentralisation is more likely to be successful in settings where central governments have established clear legal structures and predictable transfers, and where they support local capacity (Olowu & Wunsch, 2004; Cheema & Rondinelli, 2007).

#### 4.4 Decentralisation in fragile and conflict-affected states

Decentralisation has frequently been proposed as part of peace-building and state-building in fragile states. Its potential benefits include accommodating diverse groups, bringing government closer to populations alienated from the centre and building state legitimacy from the bottom up through the delivery of tangible local services (Brinkerhoff & Johnson, 2009). Brancati (2006) found in a cross-national study that political decentralisation reduces ethnic conflict and secessionism overall, but that it can also increase them indirectly by encouraging regional parties that reinforce group identities.

Brinkerhoff and Johnson (2009), drawing on the experience of Iraq, argued that decentralised local governance in fragile states can improve service delivery and legitimacy, but that it faces particular challenges: contested authority between central and local actors, the presence of armed groups and informal power holders, weak administrative capacity and dependence on external support. They warned that externally driven decentralisation may empower local power holders rather than citizens unless it is accompanied by mechanisms of inclusion and accountability. Menkhaus (2007) observed that in Somalia, local governance arrangements that emerged in the absence of the state were often effective in providing basic security and services, but depended on negotiated arrangements among clans, business people and religious leaders — arrangements that formal decentralisation must build on rather than ignore.

**Table 2.** Key evidence on decentralisation and local government performance

| Source                            | Setting                                 | Main findings                                                                                                   |
|-----------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Crook & Manor (1998)              | Ghana, Côte d'Ivoire, India, Bangladesh | Decentralisation increased participation; performance gains depended on resources, capacity and accountability. |
| Bardhan & Mookherjee (2000, 2006) | Comparative                             | Risk of local elite capture greater where inequality is high and electoral competition weak.                    |

| Source                       | Setting                 | Main findings                                                                                                   |
|------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------|
| Crook (2003)                 | Sub-Saharan Africa      | Decentralisation seldom pro-poor; outcomes shaped by central–local elite relations.                             |
| Devas & Grant (2003)         | Kenya, Uganda           | Participation and accountability stronger where information, civil society and committed leadership present.    |
| Faguet (2004)                | Bolivia                 | Decentralisation shifted investment toward local needs and poorer municipalities.                               |
| Reinikka & Svensson (2004)   | Uganda                  | Substantial capture of central grants by local officials; greater in poorer communities.                        |
| Falleti (2005)               | Latin America           | Sequencing matters: administrative decentralisation first weakens local autonomy.                               |
| Brancati (2006)              | Cross-national          | Political decentralisation reduces ethnic conflict overall but can encourage regional parties that increase it. |
| Conyers (2007)               | Sub-Saharan Africa      | Service delivery gains limited by unfunded mandates, weak capacity and central control.                         |
| Brinkerhoff & Johnson (2009) | Iraq and fragile states | Local governance can build legitimacy but risks empowering local power holders.                                 |

*Source: Compiled by the author.*

## 5. Decentralisation and Local Government in Somalia and Mogadishu

According to the provisional constitution of 2012, Somalia is a federal State consisting of two tiers of government above the local level – the federal government and the federal member states – and local government is the level closest to the people (Federal Republic of Somalia, 2012). In reality, however, there is still a process of negotiation between the levels of government and a lack of harmonisation of local government structures throughout the member states. The United Nations Joint Programme on Local Governance and Decentralized Service Delivery (JPLGDS) has been active since 2008 in supporting local government legislation, district council formation, public financial management and service delivery in various regions of the country, which has seen local governments as central to state-building and service provision. Effective, accountable institutions and service delivery at all levels of government are also key to the National Development Plan 2020-2024 (Federal Government of Somalia, 2020).

Mogadishu is in a unique situation. It is the country's biggest urban center and is experiencing critical needs for security, sanitation, roads, water and land administration and services for a large population of internally displaced people. It is administered by the Benadir Regional Administration that also acts as the municipality, and which is led by an appointed mayor, while district commissioners are appointed for each of the districts. The constitution does not specify the status of the capital and Mogadishu is not mentioned as a federal member state. The typology in section 3 thus suggests that, in terms of

deconcentration, local government in Mogadishu is more delegation than devolution (the lower level of authority is largely delegated to the federal level), and more accountability is provided upwards than to the residents (the accountability is upwards rather than to residents).

This mode of organisation reduces the benefits of decentralisation, according to the international literature. There are limited avenues to access elected councils to express preferences and hold local officials to account (Crook & Manor, 1998; Ribot, 2002). Delivering services is also constrained where municipal revenues are limited and transfers are uncertain (Conyers, 2007). Furthermore, the clan-based nature of Somali politics, negotiated by clans, imposes risks typical of decentralisation in weak accountability contexts (Bardhan & Mookherjee, 2006; Menkhaus, 2007). In tandem, the literature on fragile states suggests that a competent and responsible municipal government in Mogadishu could play a crucial role in contributing to legitimacy if it provides tangible services to a large population (Brinkerhoff & Johnson, 2009).

## 6. Discussion and Implications

The literature converges on the conclusion that decentralisation improves local government performance only when four conditions are met: local governments have adequate fiscal resources relative to their responsibilities; they possess sufficient administrative and technical capacity; they are genuinely accountable to local citizens; and central–local relations are clearly defined and supportive rather than predatory. Where these conditions are absent, decentralisation risks

unfunded mandates, elite capture and fragmented service delivery. Applying these conclusions to Mogadishu suggests the following priorities.

- Make sure capital is legally defined: laws clarifying the role of the capital, the authority of the Benadir Regional Administration and its relationship with the federal government will help to alleviate uncertainties and create the basis for local governance that is held accountable.
- Improve fiscal decentralisation – the municipality should be assigned specific revenue sources, better property and business tax collection and regular, predictable, and formula-driven transfers in line with responsibilities.
- Improve capacity; recruitment based on merit, training for municipal employees and improving public financial management systems are essential to effective service delivery.
- Increase downward accountability – work towards elected district councils, elected mayor, participatory budgeting, transparency on budgets and accounts, and mechanisms for citizen participation.
- Ensure that reforming sequences are managed carefully: responsibilities must be shifted together with resources and authorities to meet the responsibilities; reforms should be based on existing local governance structures and not take them over.

## 7. Gaps and Directions for Future Research

This review reveals a marked scarcity of empirical research on local government in south-central Somalia, and on Mogadishu in particular. Much of the available evidence consists of donor programme documents and general analyses of Somali governance rather than systematic studies of municipal performance. Future research should examine how residents of Mogadishu experience municipal services and how they perceive the accountability of local officials; analyse municipal revenue and expenditure patterns; compare local governance arrangements across Somali federal member states and districts where elected councils have been formed; and assess the effects of district council formation and capacity-building programmes on service delivery. Research on the roles of clan elders, business actors and civil society in local decision-making would also help to design decentralisation that builds on, rather than competes

with, existing sources of local authority. As a narrative review, this article does not claim to be exhaustive, and it was limited to English-language sources; systematic reviews and studies drawing on Somali-language sources would complement it.

## 8. Conclusion

This narrative literature review has examined the theory and evidence on decentralisation and local government performance, with particular reference to Mogadishu. Theoretical arguments suggest that decentralisation can make government more responsive, efficient and accountable, but the empirical evidence shows that these benefits materialise only where local governments have adequate resources, capacity and downward accountability, and where central–local relations are supportive. In fragile and conflict-affected settings, decentralisation can build legitimacy and accommodate diversity, but it can also empower local power holders. For Mogadishu, where local government currently operates with limited autonomy and upward accountability, clarifying the capital's legal status, strengthening municipal finances and capacity, and progressively introducing elected and accountable local institutions are the key conditions for decentralisation to contribute to better local government and to the wider process of state-building in Somalia.

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