Administrative Decentralization:
A New Framework for Improved Governance, Accountability, and Performance

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Abstract

Decision-makers and aid agency professionals in a number of transitional and developing countries are increasingly turning to “administrative decentralization” as a strategy for addressing a number of critical governmental needs. Foremost among these are improved governance, increased transparency and accountability, and more effective and efficient production and delivery of public goods and services. Unfortunately, currently available analytical frameworks and guidelines are not particularly helpful in assisting them to design strategies and reforms aimed at promoting these and other needs.

This paper summarizes a new Framework developed by the authors that can assist governments and aid agencies in transitional and developing countries to design and implement administrative decentralization strategies and reforms. Labeled the “Administrative Design Framework,” it emerges from a lengthy exercise carried out by the authors for the United Nations in 1995-96.

Annex I of the paper seeks to briefly review the problems and limitations of current frameworks and guidelines. In this regard, this paper should be read in conjunction with the authors’ earlier HIID Development Discussion on methodological problems in the decentralization literature, which is cited in the Annex. Importantly, the Annex also describes the currently dominant “Type-Function Framework,” particularly because its definitional clarity on the forms and types of decentralization are drawn upon by the authors in formulating their new Framework.

A second Annex summarizes the issues involved in redefining the public sector. This Annex reviews current debates about downsizing and reengineering the public sector. Such a review is central, for administrative decentralization is essentially a strategy for rationalizing the distribution of public sector tasks held by the central government in most transitional and developing countries.

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Administrative Decentralization: A New Framework for Improved Governance, Accountability, and Performance

Decision-makers and aid agency professionals in many transitional and developing countries are increasingly turning to “administrative decentralization” as a strategy for addressing a number of critical governmental needs. Foremost among these are strengthened governance, increased transparency and accountability, and more effective and efficient production and delivery of public goods and services. Unfortunately, currently available analytical frameworks and guidelines on administrative decentralization are not very helpful in assisting them to design strategies and reforms aimed at promoting these and other needs.

It is not the purpose of this paper to analyze the problems and limitations of current frameworks and guidelines. But Annex I does summarizes the conceptual problems that hamper academic and professional discussion of advantages and strategies of administrative decentralization reforms. More importantly, Annex I describes the Type-Function Framework, which is currently the most widely accepted Framework focused on administrative decentralization. To some extent this is because its conceptual definitions of forms and types of decentralization provide the basis of the analytical framework proposed by the authors is based. In this regard, it is essential to point out that the authors accept the dominant Framework’s assertion that one must distinguish between various forms and types and decentralization, such as political, market, spatial, and administrative. Of these forms, the new Framework presented here is focused on administration. The Annex is particularly important because it contains basic definitions of the form of administrative decentralization and its three types of administrative decentralization: deconcentration, devolution, and delegation. These three types provide a the linkage between the currently dominant Framework and the new Framework.

Nor is it the purpose of this paper to describe the theoretical foundations for administratively decentralizing the central governments of transitional and developing coun-


tries. However, it should be noted that the new Framework is based on:

- the growing trend to find ways to reinvent or re-engineer the public sector likes at the heart of the new Framework presented here;
- principles drawn from the theoretical literature on organizations, public choice, fiscal federalism, and public finance; and
- promoting economic growth, addressing financial incapacity of the state, reducing the spatial concentration of development, and promoting bureaucratic reform.

This being the case, a second Annex summarizes these foundations and reviews current debates about redefining, downsizing, and reengineering the public sector. Such a summary is central for administrative decentralization is essentially a strategy for rationalizing the distribution of public sector tasks held by the central government in many transitional and developing countries.

The new Framework, labeled the “Administrative Design Framework,” seeks to assist decision-makers and aid agency professionals to:

- strengthen local-level governance, increase transparency and accountability, and improve governmental performance; and
- break the “monopoly of central control” and find innovative ways to allow local-level associations and firms to produce and deliver public goods and services.

**Administrative Design Framework**

**Design Strategies**

The Administrative Design Framework examines administrative design in terms of the concentration of organizational and institutional roles that implement public sector tasks. The central principle underlying this Framework is that providing allocative tasks through a pluralist, rather than a monopolist, administrative design promotes accountability, which in most transitional and developing countries is the most important principal of administrative design. Breaking the “monopoly of central design” and expanding the options of administrative design is one of the major challenges facing administrators and development assistance agencies using decentralized strategies to promote accountable delivery of public goods and services.

Viewed from the perspective of roles, the Framework identifies three administrative design strategies, which are defined by how concentrated roles are:

- **Institutional Monopoly**, or centralization, is where roles are concentrated at the spatial center in an organization or institution;
- **Distributed Institutional Monopoly**, or administrative decentralization to local-level governmental institutions or private sector firms and organization through deconcentration, devolution, and/or delegation, but where roles are distributed spatially and concentrated in one organization or institution; and
- **Institutional Pluralism**, or administrative decentralization through deconcentration, devolution, and/or delegation, but where roles are shared by two or more organizations or institutions, which can be at the spatial center, distributed, or a combination of both.

**Components of Administrative Design Framework**

The Administrative Design Framework has three components: principles of administration, purpose of the public sector, and properties of design.

The principles of design are the normative criteria by which to judge the performance of an administrative system. A hierarchy of three design principles is offered: accountability, efficiency, and effectiveness. Together evaluation of these three criteria help designers and/or reformers optimize the mobilization of public resources. Briefly, accountability is holding public servants responsible for
outcome, efficiency is the positive relationship of resource outputs to inputs, and effectiveness is a measure of the appropriateness of outputs. The most important principal of administrative design in most transitional and developing countries is accountability.

The purpose of the public sector focuses on what is done. Public purpose has three levels, which are defined by the three objectives set out in the literature on public finance: stabilization, distribution, and allocation. These three objectives have usually implied an administrative design. For example, typically, stabilization and distribution are centralized while allocation is open to being decentralized.

The Framework further disaggregates these objectives into goals. For example, stable exchange rates might be a goal for the stabilization objective. Goals are further disaggregated into tasks, such as money supply intervention. Tasks are the final level of public purpose and are the specific activities that organizations and institutions implement through roles.

Finally, the properties of administrative design center on the roles and sequence of roles that together define an administrative strategy. Roles are a key category of this Framework for they are the specific actions (e.g., funding, accounting, auditing, and monitoring) that need to be implemented by an organization/institution or array of organizations/institutions to carry out a task. Role is a core concept in the Framework because it disaggregates the actions needed to implement a task and allows mapping of responsibility for implementing tasks (and thus goals and purpose) from a single organization/institution to many. Roles can be shared by two or more organizations or institutions and they can be managed by one organization or institution. Role thus defines the administrative strategy as being one of either monopoly or pluralism.

One value of using roles rather than structure as the principal instrument of analysis, which is the case with Annex I’s Type-Function Framework, is that it identifies, by task, which roles should not be distributed and should remain the monopoly of either central or non-central governmental units. A second value of using roles is that it gives important insight into the level of accountability: a given administrative strategy can be expected to generate. As noted earlier, from the perspective of most transitional and developing countries, accountability is the most important principle of administrative design. All things being equal, for tasks that should be administratively decentralized, such as allocation, a strategy of Institutional Pluralism, where tasks and roles are not monopolized but are shared between central and non-central public and private levels, is far more likely to promote accountability than strategies where roles are monopolized. Monopoly, be it public or private, delivers services at high costs, less efficiency, and less accountability.

The Framework does not assume that Institutional Pluralism is a necessary and sufficient condition for democracy and civic participation in governance. For this reason, the Framework does not dwell on the utility of local planning groups, citizen advisory groups, town meetings, local ombudsmen, or quality commissions. However, this does not mean linkages between administrative decentralization and democracy are ignored by the Framework. For example, it assumes Institutional Pluralism promotes administrative accountability through competition, which in turn can promote democratic processes to the extent that non-state institutions are involved in public service provision.

While the book summarized in this paper reviews all three strategies of administrative design, it gives particular emphasis to elaborating the partnership of institutions and organizations that is found under the strategy of Institutional Pluralism. But this emphasis

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does not mean that the established strategies of Institutional Monopoly and Distributed Institutional Monopoly should not be promoted by governments. Quite the contrary.

For the foreseeable future, most transitional and developing countries are going to continue to pursue the Distributed Institutional Monopoly strategy for administratively decentralizing public sector tasks. Given the control orientation of most political centers, the limited capacity of non-central institutions and organizations, and the centralization of revenue sources that characterize the task environments of most transitional and developing countries, Distributed Institutional Monopoly in the form of deconcentration or devolution may be the only realistic approach most governments can follow when attempting to administratively decentralize public sector tasks.

Still, it seems clear that the better strategy for achieving the objectives of administrative decentralization is that of Institutional Pluralism. The promise this approach offers is the trend toward urban local-level governments to delegate public tasks to private firms and organizations. This trend suggests that for the foreseeable future, the strategy of Institutional Pluralism will primarily be used in dealing with the production and provision of public sector goods and services in urban areas. There is little doubt that the strategy will eventually be extended to smaller towns. Whether it is a strategy suitable for providing goods and services in rural areas is unlikely to be tested for some time to come.

There are major similarities between the earlier discussed Type-Function Framework (Annex I) and the Administrative Design Framework proposed here. First, both Frameworks can facilitate the analysis of case studies. Second, both Frameworks are based on the commonly agreed upon four forms of decentralization and three types of administrative decentralization. Third, both Frameworks focus on institutional or organizational structures and functions.

It is in regard to the third similarity that major differences between the two Frameworks are found. The central issue for the Administrative Design Framework is not so much the spatial relationship of structures, as is the case with the Type-Function Framework, but the role relationships among central governmental, non-central governmental, and private sector institutions and organizations relative to a given public sector task. For the Administrative Design Framework, the “de” in decentralization is about limiting the structural monopoly of roles and not the spatial distance between structures. The Type-Function Framework focuses on the spatial dimensions of centralization and decentralization but does not address roles. The Administrative Design Framework augments this view with a focus on one role dimension: institutional concentration, which can range from monopoly to pluralism. While the spatial and the role dimensions are interrelated, the new Framework argues that focusing on roles leads to a more useful approach to understanding and promoting decentralization. Roles make administrative design both concrete and dynamic. It is concrete, for role directly relates task and the organization or institution. It is dynamic, because role can change over time and be managed by different organizations/institutions or combinations of them.

Because of their differing perspectives, the two Frameworks vary in regard to their capacity to offer options of administrative design. The reason for this is that reforms aimed at promoting extensive devolution and delegation involve increased sharing of roles. Yet, the Type-Function Framework has difficulties in dealing with roles. Its focus on structures, functions, and spatial relationships leads toward deconcentration and limited devolution. That is, the Type-Function Framework recognizes delegation as an administrative design option, but in practice the Framework has largely been used to design and implement reforms and initiatives based on spatial deconcentration and some devolu-
tion in urban areas. As such, the Framework has not been particularly good at providing governments and practitioners with administrative options to address the problems of limited administrative and financial capacity as well as low levels of accountability.

The first two strategies of the Administrative Design Framework (Institutional Monopoly and Distributed Institutional Monopoly) share some of these limitations because, to some extent, roles are allocated or held in monopolistic ways by specific institutions located in differing geographic locations. However, its third strategy allows for a mix of central, non-central, and private sector relationships for implementing a given public sector task. As such, it addresses major failings of past decentralization efforts and meets the new economic and political problems of the 1990s and beyond. It does this by:

• identifying and focusing on the roles required to effectively and efficiently carry out a particular public sector task;

• allocating those roles among an appropriate and changing mix of central, non-central, and private sector institutions and organizations so as to maximize the complementarities among these levels, in most cases increasing the amount of delegation and strengthening trends toward devolution;

• recognizing that devolution, deconcentration, and delegation can occur at the center as well as in the periphery; and

• raising the level of accountability through increasing the number of actors operating at similar and different levels and carrying out roles relative to the task. By focusing on roles as well as structures and spatial relationships, Institutional Pluralism avoids the major problems that are associated with the Type-Function Framework’s tendency to have low accountability and static views of administrative end-states.

Central Concepts Underlying the Framework’s Components

1. Accountability

Accountability is the most important principle underlying the Framework because it promotes the efficient and effective mobilization and management of resources. One reason why administrative systems are so weak, and resource driven aid agency assistance strategies have not succeeded, is precisely because this principle is weak or absent. Administrative systems in transitional and developing countries frequently have inefficient management at headquarters and deconcentrated field-levels precisely because they do not have systems that promote accountability. Nor do they generally have political leaders or senior decision-makers who value accountability. Further, while administrative systems are often able to mobilize resources juridically, they frequently have little legitimacy to promote resource mobilization through the collection of user fees by deconcentrated field offices because of inefficient management. Devolved administrative systems face a different set of constraints. Either the center highly circumscribes local discretion and/or they have little or no resources to act upon the discretion. Accountability manages discretion and discretion is the essence of administrative decentralization.5

2. Objectives, Goals, and Tasks

The Framework recognizing three descending levels of specification: objectives, goals, and tasks. Identifying the purposes of the public sector and carefully considering these levels is the key to determining which public activities should be administratively centralized or decentralized.

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In defining purpose, the Framework begins with the assignment of government objectives. As noted earlier these are:
• stabilization and maintenance of high levels of employment and output;
• achievement of a desired distribution of wealth and income; and
• efficient allocation of resources.

Organizational and public finance theory holds, for example, that while the stabilization and distribution objectives should be centralized the allocation objective can be administratively decentralized. The stabilization objective should also remain centralized because most local-level governmental units lack the stabilization tool of monetary authority. As a result, they are not able to exercise deficit financing policies that compensate for lack of economic demand. The distribution objective should properly remain centralized because the mobility of recipients and the potential tax base are high. There are, however, benefits to administratively decentralizing the allocation objective, specifically to tailor the production and provision of public sector goods and services to the preferences of individuals.

Theory guards against the tendency to oversimplify administrative design and assume that all public sector tasks can be administratively decentralized. The literature of public finance demonstrates that there is no unilinear trend toward administrative decentralization or centralization. Rather, what is emerging is a complex structure of inter-governmental actors that are inter-dependent, not autonomous.

The Framework disaggregates objectives into goals that are related to above objectives. Briefly these are:
• solvency, openness, and competitiveness (stabilization);
• side-payments, political support, economic growth, and equity (distribution); and
• adequate human, fiscal, and political resources (allocation).

Quite properly, most experts believe stabilization goals should be centralized in such national institutions as ministries of finance, central banks, and planning ministries. However, distribution goals are less obvious and subject to conflicting views over whether they can be promoted by non-central governmental institutions or private sector firms and organizations. For example, side-payments, which are defined as resource transfers to a narrow group of supporters who are typically members of the political and administrative elite, are generally defined as bureaucratic rents or corruption. As a result, side-payments are different than the second goal of distribution, which is political support. The goal of political support is broader than side-payments. While it may involve resource transfers to favored individuals, the base for this goal is broader. Further, political support can be garnered through policies that do not provide direct transfers to individuals but can provide direct benefits they could enjoy. An example of this would be improved local services. A third distribution goal is economic growth, whereby the government targets resources to areas where economic multipliers are the highest. Finally, the fourth distribution goal is equity, which is the targeting of resources to areas and individuals to compensate for inequities in factor and skill endowments.

Aside from equity, the goals of the allocation objective are closely related to the goals of the distribution objective. But for these goals to be operationalized it is essential for the public sector unit to have adequate human, financial, and political resources.

Assessing how the objectives relate to each other based on goals generates two central Framework propositions. These focus on strategic changes needed to support the allocation objective and, thus, administrative decentralization initiatives. The allocation objective is best achieved when the goals of stabilization and distribution are supportive. Increasingly, the stabilization objective is not
The problematics are because of the demands of a global economy, which require conformity for competition. Effective, standardized stabilization is supportive of the allocation objective and not problematic in terms of administrative design. So, it should be centralized.

What is problematic is the distributive objective, which in many transitional and developing countries is defined as the goal of side-payments. The Framework makes the assumption that the effective delivery of the allocation objective using administrative decentralization requires the support of the center, at least initially. That is, without support and planning assistance from the center, autonomous local-level development can carry out few tasks or promote development. From these assumptions a conclusion is drawn that is central to the Framework: effective administrative decentralization requires that all three objectives be supportive and that distributive policies and their considerable resources be devoted to the distributive goal of economic development, not side-payments. A strategic change needed to support administrative decentralization initiatives is the redirection of distributive policies from side-payments to the goals of political support, economic growth, and/or equity. Such a change may occur if it is viewed as coincident with a goal of garnering political support.

In sum, the Framework leads to two propositions:

- effective administrative decentralization requires that all three objectives be mutually supportive; and
- distributive policies and their considerable resources must be devoted to the distributive goal of economic development rather than to side-payments.

The Framework requires the objectives and goals be operationalized by the specification of tasks. These are extraordinarily numerous and need not be specified here in detail. However, examples can be given:

- meeting the stabilization’s objectives and goals requires the performance of such tasks as debt, currency, and fiscal management;
- meeting the distribution objective’s goal of economic growth such tasks as building and maintaining feeder roads need to be executed; and
- carrying out allocation objectives and goals requires the performance of such tasks as managing clinics, operating cattle dipping stations, or collecting urban refuse.

The significance of such tasks is that a major source of accountability, as noted earlier, is the degree of specificity characterizing a task.

### Administrative Strategies to Achieve Public Sector Objectives

#### Monopolies of Administrative Objectives: Institutional Monopoly and Distributed Institutional Monopoly

Based on the three objectives described above, there are logically two administrative strategies: centralization and decentralization. A careful analysis of these two strategies reveals there is greater similarity than difference between them. The conventional view of both administratively centralized and decentralized strategies has been one of creating a monopoly that is either held by central institutions or legally distributed to non-central institutions, organizations, and firms. A major weakness of the theory on administrative decentralization has been its overemphasis on the spatial relationships of institutions, organizations, and firms rather than on how specific task-related roles are shared by them, regardless of their spatial relationship. Institutional Monopoly, be it held by a central governmental unit or distributed to non-central or private levels, is an administrative strategy that does not promote accountability.

Administrative decentralization does have a spatial dimension. This occurs when...
public sector tasks are moved geographically away from the administrative center. However, the analytic dimension of decentralization argues for breaking the monopoly of task-related roles held by a specific central or non-central governmental institution. For example, having two or more institutions or organizations share roles related to the financing, regulation, and implementation of primary education should increase administrative accountability. This role sharing may occur in the same geographic location so that there can be administrative decentralization of roles without spatial decentralization of organizational or institutional structures. Extending the example, a devolved municipality with jurisdiction over a country’s capital city might be required under its charter to provide facilities, staffing, and materials for primary school students in its jurisdiction while the ministry of finance is responsible for funding the costs, the ministry of education for setting educational standards and rules, a parent-teacher organization for advising schools and the government on locally-based education issues, and an external NGO for helping the financially pressed municipality to obtain textbooks and audio visual equipment. In this sense, the “de” in decentralization is first and foremost about breaking administrative monopolies over the range of roles required to carry out a specific public sector task. The spatial relationships of the institutions and organizations performing those roles are a secondary concern.

The conventional approach to administrative decentralization in most transitional and developing countries has been to create Distributed Institutional Monopolies. This approach has been largely unsuccessful. The attempt to recreate administrative monopolies is often a crucial error in administrative design and a major reason why interventions centered on administrative decentralization often fail or under-perform. Interventions based on the strategy of Distributed Institutional Monopoly are typically faulted because they have neither the legal basis nor the technical capacity of the center to sustain a monopoly and extract resources. Nor do they have legitimacy to leverage local private resources for public goods and services. A Distributed Institutional Monopoly is at once both a dependent and a pariah institution, which limits its ability to mobilize resources from either the center or the locale. In terms of carrying out tasks related to the three objectives, Distributed Institutional Monopoly is weak or fails on all three. In contrast, when there is an institutional monopoly the center is usually effective at resource mobilization, precisely because of its significant juridical and executive power. In sum, the major reasons given for the failure of Distributed Institutional Monopoly strategies are the lack of local-level technical and managerial capacity, limited resources, and elite coaptation.

An additional explanation for the failure of Distributed Institutional Monopolies is that in effect they are still an Institutional Monopoly and an alternative source of administrative power to the center. This is especially the case if they have a monopoly over local-level revenues coupled with local political influence or control. Administrative autonomy and strength thus pose a potential political threat to the center. Little wonder why the center limits the revenue raising roles of such local-level administrative institutions and routinely starves them of funds from the center. As a monopoly, decentralized administrative units have two major flaws. First, they can threaten the center. Second, they are less capable of responding to local needs and mobilizing local resources.

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Pluralist Administrative Design:
Institutional Pluralism

By focusing on how administrative systems assign and organize roles required to carry out public sector tasks, rather than just on the structural and spatial assignment of such tasks and roles, it is possible to specify a third administrative strategy: Institutional Pluralism. This strategy is central to the Framework’s argument on the need to break the “monopoly of central design.” It does this in two ways. First, it offers an innovative way of thinking about administrative decentralization. This is because while it uses the types of administrative decentralization common to Distributed Institutional Monopoly, it avoids an excessive focus on spatial distribution and emphasizes the institutional and organizational distribution of roles required to carry out tasks. Second, it departs from the conventional view of the public sector as that of controlling resources administered by public institutions monopolizing task-related roles to establish a new view of leveraging public resources with private resources that can be generated by promoting role pluralism among task-related actors.7

It is tempting to label this third administrative strategy “Institutional Partnership.” This is because Institutional Pluralism does not view administrative decentralization as a zero-sum relationship. Rather it envisions a progressive network of central, non-central, and private organizations and institutions that share roles and tasks relative to the production and provision of public goods and services. Further, it implies a plurality of co-operative forms of networks that can provide such goods and services.

Instead of advocating a model of governmental monopoly, be it central or local, over a given public sector task’s roles, Institutional Pluralism argues for using public institutions as brokers that network with an array of central, non-central, and (increasingly) private sector institutions and organizations performing roles required to carry out a given public sector task. By increasing the number and diversity of institutions and organizations involved in brokering, as well as providing services, accountability is increased, risk is reduced, and service delivery is better managed and tailored to local needs. Institutional Pluralism involves creating a market for the management and provision of public goods and services that includes but extends beyond the central and non-central public sectors. In doing so, it breaks monopolies over the delivery of public goods and services and promotes accountability. There is remarkable support for the argument that the goal of government should be to become an entrepreneur that can “structure the marketplace to fulfill a public purpose.” This makes sense provided the government is also an actor in the market.8 While a given government’s role may shift to increased brokering services, it will most likely retain the revenue role and provide some services that require economies of scale and are not suitable for a private firm to supply.

7 Even the World Bank’s 1992 elaboration of combinations of Distributed Institutional Monopolies, which is sensitive to but not explicit about the need to break the monopoly of central design through transferring task-related roles private sector firms and organizations, does not deal with the opportunities offered by Institutional Pluralism. Silverman, Public Sector Decentralization.


9 The concept of “market” must not be too narrowly construed. It appears narrow because is drawn from the economics literature. An expanded view is held here. On debates related to this point see: Paul Smoke, “Local Government Fiscal Reforms in Developing countries: Lessons From Kenya,” World Development, XXI, 6 (1993), pp. 901-23.
For indebted governments with moribund administrative systems, hard pressed to meet rapidly rising demands for local services, Institutional Pluralism may offer hope because it utilizes and promotes greater responsibility on the part of devolved local governments and delegated private sector’s firms, civil organizations, or NGOs. Unlike the other two monopolistic-based administrative strategies, Institutional Pluralism promotes all three principles of administrative design, especially accountability. The Institutional Pluralism strategy may be the only administrative strategy by which transitional and developing countries can bridge the fiscal gap and increase accountability.

In contrast with the other two administrative strategies, it allows designers and implementers of administrative decentralization reforms to break the monopoly of central design and promote a partnership of central governmental, non-central governmental, and private sector institutions and organizations forged to accountably and efficiently carry out public sector tasks. Institutional Pluralism is a strategy that allows public sector institutions, whether at the center or the non-center, to break up monopolies over task-related roles and serve as brokers for an array of private and non-governmental organizations in ways that allow public resources to leverage private sector resources for public objectives.

For several reasons, such as incapacity, insolvency, lack of accountability, and ethnic, religious, or regional-based factionalism, public sector institutions in transitional and developing countries are unable to meet the demand for public goods and services. Ineffective public institutions disaffect citizens, who in turn withhold support and resources from the public sector. To break this cycle of ineffective management and uncertain or dwindling financial support of public sector tasks, some public institutions are introducing innovative, non-monopolistic approaches to leverage foreign and domestic private resources to produce and provide public sector goods and services. Innovative central or non-central public agencies are using incentives and providing seed capital to partner with private and non-governmental firms and organizations to deliver public goods and services. Here, the objective is to urge both central and local public sectors to become entrepreneurs that can restructure the marketplace and civil society to fulfill a public purpose.

The distinctive feature of this third administrative strategy is, of course, pluralism rather than monopoly as the principle of administrative design. A pluralist administrative strategy has a higher probability of promoting efficiency and accountability than does a strategy based on monopoly. This is because it can promote efficiency by using private firms, NGOs, and community associations to carry out roles related to the delivery of specific public goods and services, wherever it makes sense. But it is essential that firms, NGOs, and civil associations are able to carry out their assigned roles. It is more likely that they will be able to play these roles if they have direct contact with individual users and their communities. Accountability is promoted by this strategy through the empowerment of local citizen groups to more directly participate in central and non-central governmental operations. That is, the more the state’s monopoly on task-related roles can be reduced, the higher the likelihood of increased accountability and efficiency in the production and provision of public sector tasks. This is because it is assumed that citizens will consume more goods and services when they are more efficiently delivered, a finding that is empirically supported.

Institutional Pluralism is rooted in a conception of the public sector and grounded on the allocation of task-related roles. As such, it is a strategy that is not analytically generated by the Type-Function Framework. Specifi-
cally, the traditional conception of the public sector was that of control of resources administered by monopolistic central or non-central public institutions. The new conception that is the basis of Institutional Pluralism is “leveraging public sector resources with private sector resources through central or non-central government institutions that broker for an array of private and non-governmental firms and organizations.”

While this strategy of government playing an entrepreneurial role may require less staff and smaller physical facilities than under a strategy based on a monopolistic role, it is a far more complex and challenging strategy than the traditional bureaucratic approach of administering resources wholly controlled by central or non-central bureaucracies. Though the physical scale of public institutions may decrease, the impact of government institutions can dramatically increase because of the multiple resources they can influence through a strategy of leveraged development as distinct from the earlier strategy of controlled development. Economic historians have long argued that the state will play a greater, but different role in late capitalist development. Institutional Pluralism personifies both a greater and a different role for the state as it seeks to broadly influence economic development by brokering rather than controlling resources. In sum, the administrative strategy of Institutional Pluralism indicates that the role of the public sector in countries marked by low economic development should be greater and more sophisticated. The state should manage the process of delivering goods and services but not be as involved in their direct provision.

Based on historical evidence about the role of unitary or federal states in promoting successful growth while maintaining a realistic assessment of their limited fiscal capacity, a new view of the public sector’s role in development is emerging. Under this view, central or non-central governmental institutions should perform a critical but sharply limited set of roles in the carrying out of tasks essential to public sector allocation objectives. This view is based largely on the grounds of financial constraints. Under this administrative strategy, governmental institutions do less and facilitate more, by structuring the market with incentives and targeted but limited allocations of seed capital that induce private firms and non-governmental organizations to become involved in the production and provision of public sector goods and services.

This emerging view of public sector institutions as either delegating all aspects of specific tasks or playing a reduced range of roles in regard to their execution has been especially endorsed by neo-classical economists in such aid agencies as the World Bank and the International Monetary Fund. The thrust of their position is that the objectives of the public sector should be transformed from producing and providing all aspects of collective goods and services to more limited objectives such as: (1) carrying out only the most essential public sector tasks; (2) leveraging private sector firms and organizations to carry out role components of non essential tasks; and (3) protecting the public by monitoring the performance by private sector firms and organizations charged with carrying out all aspects of a particular public sector task or particular roles related to a given task. In poorer developing countries this prescription is increasingly being given teeth through conditions in structural adjustment programs. Interest in this prescription is also increasing in countries where demands for regional autonomy are reaching a level where pluralism, rather than monopoly, is the only answer.

**Guidelines in Administrative Design**

The final component of the Framework is the properties of administrative design. These properties guide those charged with design-
ing administrative systems. The most important properties are: roles and the sequence of roles.

The primary administrative design principle related to administrative decentralization of a particular public sector task is to establish the appropriate level of accountability required. A major objective for doing this is to promote greater effective and efficient execution, recognizing that accountable systems are not always efficient. Accountability manages discretion and discretion is defined as the latitude allowed in the exercise of authority, and administrative decentralization involves delegating such authority.

Absent or limited accountability has been one of the principal constraints hampering the implementation of administrative decentralization reforms and programs over the past few decades. Additional constraints found at both the center and local-level are limited fiscal resources and skilled personnel, and managerial and technical capacity to deliver specific goods and services. Adequately designated and supported accountability would greatly help in assisting to remove such constraints. The proposed administrative strategy of Institutional Pluralism has a greater probability of ensuring adequate levels of accountability than the widely used administrative decentralization strategy based on Distributed Institutional Monopoly.

The specificity of the task affects the degree of accountability. As the specificity of a given task decreases, the need for accountability increases. Significantly, this suggests that more means and actors are required if accountability is to be achieved. Many of the most important tasks performed by public sector institutions in transitional and developing countries are not specific. Examples of generalized tasks include the construction and maintenance of basic infrastructure, the formulation of basic education programs, and the provision of primary health care facilities. These tasks demand high levels of accountability to ensure adequate delivery, and hence major investments in means and actors. The task environment in many transitional and developing countries is characterized by inadequate fiscal resources and limited capacity in terms of means and actors. As such, it is extremely difficult to design a decentralization intervention for government that can achieve the desired accountability. Under such conditions, the Administrative Design Framework suggests that Institutional Pluralism is a better strategy than the more traditional approach of Distributed Institutional Monopoly. This is because it offers the greatest probability of maximizing the means and the actors required to promote the accountability needed for the production and provision of selected public sector tasks.

The four most important resources of promoting accountability in administrative systems are political oversight, laws, competition, and administrative mechanisms. Among the most important administrative mechanisms are: professionalism, incentives, and monitoring systems.

In sum, the level of accountability required is a major factor in determining whether the administrative strategy selected will be based on monopoly, pluralism, or a combination of the two. The level of accountability is determined by: (1) the degree of specificity of the task; and (2) the level of resources, in terms of means, that characterize the task environment. In terms of administrative decentralization, these variables determine whether the design should be based on Distributed Institutional Monopoly or Institutional Pluralism.

Promoting Accountability: Task Environment

As noted earlier, accountability is promoted by the task environment resources in terms of means. The key means for promoting accountability are: political and legal oversight, institutional competition, and administrative mechanisms. Significantly,
these means vary in robustness. The most robust and important sources of accountability are external, particularly political oversight and laws. Effective administrative systems, whether administratively centralized or decentralized, require capable and committed political leadership. Likewise they require enabling legislation and regulatory law that make clear the tasks to be carried out and requirements and rules that implementors must meet and operate under.

Institutional competition is less robust than political and legal oversight but more robust than administrative mechanisms. This is because it is not a management intensive means and it does not require the kinds of training, communication, information, and supervision investments that the administrative mechanism requires.

Administrative mechanisms include monitoring systems, incentives, and professionalism. They are the least robust means of promoting accountability. This is because they are relatively complex and managerial intensive. Meeting such criteria and dealing with such complexity is often difficult for central and non-central government institutions in transitional and developing countries. Incentive systems are also management intensive and require extensive information as well as evaluation criteria. Again, limited administrative and financial resources make it difficult for many transitional and developing country governments to establish and maintain effective incentive systems.

Such governments also have substantial difficulty building professionalism among their public servants, which involves the internalization of standards. Professionalism can be particularly important to implementing administratively decentralized activities in remote areas with poor communication, where it is difficult to place qualified people or supervise field staff. The drawback with this means of accountability is that it requires considerable public investment in building an elite administrative cadre that is committed to reinforcing professionalism. In sum, the principal drawbacks of administrative means of promoting accountability are that they are management intensive.

The principal-agent-client model is useful in explaining the array of actors involved in an administrative strategy. This model can be visualized spatially as the principal being an administrative agency at the center, which delegates, through legislation or contract, to a local-level governmental or private sector institution or organization (the agent) the authority to deliver health care to the citizen beneficiaries (client). However, as the administrative strategy of Institutional Pluralism clearly demonstrates, it should not be assumed that these actors are spatially distributed. It is common for the principal, agent and client to all reside in the same geographic location. For example, a ministry of health (principal) may, through devolution and budgetary allocations, transfer responsibility for providing primary health services to a municipality (agent) in the capital city, with citizens (clients) paying user fees to the municipal health department (agent), which transfers them to the ministry of finance (principal) and provides services according to standards and rules set by the ministry of health (principal).

Principals, agents, and clients provide accountability in two major ways. First, and most obviously, they implement the means outlined above for promoting accountability. For example, principals and clients can make agents accountable through such administrative mechanisms as compliance with service rules, professionalism, or competition. The second way accountability tends to be promoted is through a multiplicity of actors, an approach which increases the redundancy of means. For example, agents providing goods or services can be monitored by both the principal and the clients. Or agents can monitor each other by such simultaneous means as competition and the administrative mecha-
nisms of regulation and beneficiary voting. A municipality operating under a devolved charter can sell off its wholly owned bus system and delegate the provision of bus transport in its jurisdiction to one or more licensed companies, which must comply with public safety regulations and tariffs set by municipal government officials and which compete among themselves for riders through the provision of reliable service.

If the objective of administrative decentralization is to increase accountability, then this can be done by both increasing the number of means and of actors that promote accountability. In this regard, the strategy of Institutional Pluralism is especially attractive because it increases the actors and means involved.

Under the Institutional Monopoly strategy there are only principles and clients. Clients have very limited information with which to hold the principal accountable and few incentives to offer. The principal also has very few incentives to critically evaluate its performance. In short, Institutional Monopoly or centralization offers few sources of accountability. Administrative mechanisms, such as information and incentives, are weak to non-existent and competition is not available. The principal sources of accountability are the specificity of the task and the professionalism of the staff.

The Distributed Institutional Monopoly strategy increases the level of accountability over Institutional Monopolies by introducing another actor: the agent. In effect, agents can be monitored by principals and clients, thereby providing an administrative mechanism for promoting accountability through increased information and incentives. Under this strategy, task specificity becomes especially important because it facilitates the use of administrative mechanisms. However, when the expansion in numbers of the civil service cadre is coupled with the distance from the center, which is very common in regard to deconcentrated field agents and chartered municipalities and towns, it becomes more difficult to rely on professionalism as a means of promoting accountability.

In sum, Institutional Pluralism raises the level of accountability over that of the Distributed Institutional Monopoly because it involves all three actors in monitoring tasks and a range of different means of accountability: administrative, professional, and competitive. As a result, public sector tasks are likely to be carried out more accountability, efficiently, and effectively (assuming adequate resources) under this strategy. What distinguishes Institutional Pluralism from the other two strategies and makes it a better way of promoting the accountability required is that it relies on more robust means, rather than more tenuous administrative mechanisms.

Promoting Accountability: Task Specificity

Evidence on institutional performance in development suggest that the specificity of the task limits discretion and creates effects that generate positive and negative incentives that promote performance. Specific effects induce high performance. Diffuse tasks, in contrast, such as the promotion of rural primary education and provision of agricultural extension will not limit discretion and will have diffuse effects that limit, if not eliminate, incentives. In terms of the Administrative Design Framework, the degree of specificity of the task promotes accountability. The more specific the task, the more specific the roles that implement it, and the easier it is to define determine performance.

For example, the work of: Arturo Israel, Institutional Development: Incentives to Performance (Baltimore: Johns Hopkins University Press, 1987), pp. 52-7.
Level of Accountability and Administrative Strategy

The elaboration of task environment resources and task specificity can facilitate analytical efforts to link the level of accountability required to one of the three administrative strategies. When task specificity is high the level of accountability in the task environment should be high. This level of accountability suggests two possible administrative strategies: (1) a centralization strategy based on Institutional Monopoly; or (2) an administrative decentralization based on Distributed Institutional Monopoly. Under conditions of high accountability, it is inefficient to have a variety of actors competing for the provision of public services.

In most transitional and developing countries high task specificity and resource support are the rare exception rather than the rule. An example of a task with high specificity and accountability would be one where a technician in a ministry of transport is charged with setting weight limits on lorries being licensed by owners paying for the evaluation services provided.

Another situation is where task specificity is high but the number of actors that can help carry it out are limited and the financial resources of these few actors is heavily constrained. In this situation, accountability is likely to be low and a strategy of Distributed Institutional Monopoly based on standard deconcentration or devolution makes sense. An example of this situation is where the collection of specific income and sales taxes in provincial capitals and small towns is low because central ministry of finance personnel lack the information, field agents, and mobility required to prevent tax evasion by local businessmen. The deconcentration of responsibility for such collection to district officers of the ministry of interior or field agents of the ministry of finance is likely to be a more effective strategy. So too, the devolution of tax collection responsibility to administrators employed by chartered urban centers as agents might also raise collection levels.

Most of the difficult administrative decentralization strategy issues are in the case just described. This is because most development tasks are highly generalized and typical task environments lack the resources (actors and means) to promote the accountability required for accountable and efficient administration. For example, it is exceedingly difficult to promote “improved rural health care” in countries marked by weak health ministries, few trained doctors and nurses in the field, inadequate recurrent budget resources for transport and medical supplies, and passive, frequently poor and unempowered rural and urban populations. Under such adverse conditions, government decision-makers and aid agency professionals should consider the administrative strategy of Institutional Pluralism, largely because it provides innovative ways to maximize the actors and means required to generate accountability.

Properties of Design

The Administrative Design Framework emphasizes a focus on roles connected to the performance of public sector tasks and their appropriate sequencing. Actors in assigned roles are essential to carrying out required tasks. Several roles and relationships between them may be involved in performing a particular task. Some of the most generic of such roles are leadership, planning, policy innovation, financial management, resource mobilization, operational management, regulation, and oversight. In the course of an administrative reform, these roles may be located in the central and non-central public sector, the private sector, and even foreign institutions and organizations.

Implementation of each public sector task generated by the three public objectives and their goals requires that a range of roles be performed by actors, be they in government institutions or private sector firms and organizations. General administrative theory
identifies three types of relationships among these actors: principal, agent, and client. When analyzing roles and tasks it is essential to be specific about the relationships among actors.

The Framework gives particular attention to two types of roles:

- macro-level roles carried out by governments designing and implementing an overall strategy of administrative design in general and in regard to administrative decentralization in particular; and

- task-related roles required to effectively carry out a public sector task that is being wholly or partially administratively decentralized through deconcentration, devolution, or delegation.

However, from the perspective of conceptual clarity and terminological specification, both types of roles should have the same labels: leadership, strategy and policy formulation, planning, oversight, financial mobilization and auditing, need identification and planning, operational implementation and management, brokerage, evaluation and revision, and so on.

Institutional and Distributed Institutional Monopolies retain all roles in central or non-central governmental institutions. Under Institutional Pluralism, it is likely that macro design roles should be oriented toward reinforcing the difficult transition from monopoly to pluralism, while public sector task-related roles are likely to be shared among governmental institutions and private sector firms and organizations.

Identifying, assigning, and sequencing design and task-related roles to institutions and organizations are some of the most difficult issues addressed by designers of administrative systems. The Administrative Design Framework provides guidance for resolving these tough design issues. This is done by giving attention to:

- the means for achieving accountability and efficiency;

- analysis of issues related to task specificity and task environment resources; and

- how characteristics of a particular task affect role identification, assignment, and sequencing.

Further the Framework emphasizes the concept of sequences of roles. Over time, roles may be performed by different institutions and organizations. The three role sequences described are: initiation, expansion, and maturity. With the concepts of task, role, and sequence, designers of administrative systems can formulate and map an appropriate administrative strategy. They can also avoid the Type-Function Framework’s tendency to focus on rigid end-states that cannot respond well to the dynamic processes and implementation stages that mark administrative decentralization reforms and programs.

Roles related to an administrative design strategy or a particular public sector task can be assigned to different institutions or organizations over time as experience is gained, expansion required, maturity achieved, and innovation tested. This is particularly the case for allocative tasks. Under Institutional Monopoly strategies, all roles related to a particular task are held by central agencies. As a government administratively decentralizes under the strategy of Distributed Institutional Monopoly, some of these roles are transferred, either through deconcentration or devolution, to local-level institutions. They may also be delegated to private sector firms or organizations. If a strategy of Institutional Pluralism is pursued, a given task’s roles are distributed among governmental institutions and possibly shared with private sector firms and organizations in constantly changing patterns, depending on the stage of experience relative to the task, the patterns of actor and means resources that mark the task environment, and the overall strategy of the government.

A typical example of the gradual shifting of roles would be where the ministry of public works retains financing responsibility for
ensuring that solid waste disposal is carried out in large urban areas until such time that it can devolve responsibility for refuse collection to chartered municipalities, which may contractually delegate the task to private sector firms. In most cases, the center plays a greater role in financing the costs of carrying out a public sector task in the early stages of a decentralization reform compared to the later stages. Eventually, the costs of refuse pick-up and disposal may be administratively decentralized from the ministry of finance to users who pay fees to either a department in the municipality or to the firm itself.

There are three stages in the evaluation of a task-related role: initiation, expansion, and maturity. Over time different roles related to a specific task will pass through these stages at different rates. Roles that should be centralized throughout, such as regulation and oversight, may be expanded and become well established. However, they are unlikely to be administratively decentralized. On the other hand, operational management and resource mobilization roles may well be centralized in the early stage but eventually decentralized as administrative systems are established, tested, and strengthened. In turn, they can be deconcentrated to field agents of the initiating ministry, devolved to local-level governmental units, or delegated to private sector firms and organizations. For example, a ministry of health may initiate a family planning program, test its methodology and contraception technology through its field offices at the local-level, and eventually delegate operational responsibility for carrying out the program at the grassroots level to NGOs. Meanwhile it can continue to fund the contraceptive devices being provided to the public and monitor the performance of the NGOs.

Caveats and Observations About Administrative Design

The authors spend considerable time in their United Nations monograph and forthcoming book considering caveats and other observations that might or should affect the design of reform. Because of the number and length of these considerations, they will only some of these will be summarized here. Central among these are:

- Monopoly is not always bad and should not be rejected by governments simply to promote Institutional Pluralism. Clearly, some tasks must be centralized because to administratively decentralize them would introduce inefficiencies in their delivery. For example, there are a number of technical reasons why the collection of particular types of taxes should be centralized.
- Institutional Pluralism is not always efficient and should not be promoted just because it resonates with many of the current proposed “people-oriented” solutions to inadequate public sector performance. There are conditions where the strategy of Institutional Pluralism is not as desirable as Institutional Monopoly or Distributed Institutional Monopoly. For example, when accountability is high, especially due to task specificity, administrative monopolies can be more efficient and thus socially optimal.
- Administrative design is eclectic and the administration of some public sector tasks may well involve a mix of all three administrative strategies as well as all three types of administrative decentralization. As the first two caveats suggest, there are cases for Institutional Monopoly even in countries committed to administrative decentralization. As the first two caveats suggest, there are cases for Institutional Monopoly even in countries committed to administrative decentralization of important governmental tasks. Designing an overall administrative strategy for a country should first focus on an assessment of tasks, giving particular attention to the specificity required and the level of accountability available. Such analysis will lead to different approaches for different tasks.
- Do not neglect the complexity of existing institutions and cultural norms during the design phase. Most task environments in
transitional and developing countries are characterized by a number of different administratively centralized and decentralized administrative systems. Just as important, the central, non-central, or private sector institutions and organizations carrying out such interventions are deeply attuned to cultural values and norms particular to the country or its regions. Culture often constrains central and non-central governmental institutions and may be the principal obstacle to implementing any given administrative design.

- Currently most transitional and developing countries are highly centralized, following the strategy of Institutional Monopoly in regard to most public sector tasks. Most also have some minimal level of administrative decentralization, through the strategy of Distributed Institutional Monopoly. This is largely characterized by mixed patterns of extensive line ministry deconcentration and limited local-level devolution, most typically to a few chartered municipalities. Delegation is minimal in systems dominated by Institutional Monopoly and Distributed Institutional Monopoly.

- Whatever the political, managerial, and financial constraints, administrative decentralization in the 1990s and beyond requires a move toward more extensive devolution and delegation, through the strategy of Distributed Institutional Monopoly, coupled with increased experimentation with the strategies of Institutional Pluralism. This is because the combined strategy of central control and deconcentrated administrative decentralization have failed or under-performed in most situations. As a result, experimentation with a greater mix of all three strategies of administrative design and the strategy of Institutional Pluralism is called for.

- The strategy of Institutional Pluralism is based on expanding the array of local-level government and private sector institutional and organizational role players to which the center can divest some of its responsibilities for the production and provision of a particular public sector task. But this is not the same as delegation, because it seeks to expand the number of institutions and organizations providing the goods and services. As such, it is a different perspective than that found in aid agency arguments for delegation to private firms and organizations, the neo-classic economic notion of downsizing the state through extensive privatization, or naive “power to the people” strategies. Rather, it is a strategy that starts from the notion of breaking the monopoly of central design and focuses on expanding an array of institutional and organizational role players required to carry out a specific public sector task. The logic of the Institutional Pluralism strategy is not only to increase accountability by promoting multiple actors, but to progressively transfer public tasks to the private sector. In sum, Institutional Pluralism is an evolving strategy of redefining the boundaries of the public and private sectors.

- The transition toward Institutional Pluralism is going to be gradual. Many central ministries will not willingly support downsizing through extensive devolution to highly autonomous local-level units with their own employees or delegation of task-related roles to the private sector. To a large extent this is because national-level public sector employment is so important in transitional and developing countries. It is also important to recognize national-level politicians tend to be control-oriented. Such resistance will continue, even in the face of pressures for public sector reform and arguments that the new orthodoxy is to transfer part or all of some public sector tasks to private sector institutions and organizations in order to achieve greater efficiencies and sustainability.

- Unconventional approaches to administrative change are essential in many transi-
tional and developing countries characterized by moribund structures that stifle initiative. Under some conditions the first step toward modernizing pre-bureaucratic monoliths is to simply by-pass public sector institutions, building alternative but effective networks. For example, in some African countries research on building information systems in line ministries has shown that unconventional networks can be established and nurtured among effective members of staff that by-pass ineffective staff and bureaucratic procedures and promote productivity.

- There are strong arguments for the center to be responsible for the objectives of stabilization and distribution. Nearly all transitional and developing countries, whatever their regime type, do this. But the implementation of allocative objectives can be administratively decentralized if governments favor doing so. Insecure governments such as those led by a dictatorial president or a military junta are unlikely to consider this.

- The focus on roles, actors, means, and task specificity requires that careful attention be given to human, institutional, and financial capacities. This is particularly the case in regard to public sector reforms focused on breaking the monopoly of central design, downsizing the public sector, reengineering government, and/or turning to private sector firms and organizations when possible. Further, decisions about decentralizing tasks to quasi-public institutions, NGOs, and private firms must calculate the administrative, professional, technical, and financial capacities of the transferee to carry out specified tasks, as well as the competence of public sector role players to ensure execution through oversight and support.

- Administrative decentralization’s expansion of the array of public, quasi-public, and private institutions and organizations providing collective goods and services at the lowest possible cost and risk. As a result, it demands that in designing and implementing interventions, attention be given to the fact that expansion creates a number of intra- and inter-organization coordination and linkage problems that must be addressed.

- There are strong arguments for the center to be responsible for the objectives of stabilization and distribution. Nearly all transitional and developing countries, whatever their regime type, do this. But the implementation of allocative objectives can be administratively decentralized if governments favor doing so. Some governments do not consider this. This is particularly likely for insecure governments such as those led by a dictatorial president or a military junta.

- Highly centralized states find it difficult to do more than pursue carefully controlled and centrally dominated deconcentration. For this reason, Distributive Institutional Monopoly is the dominant strategy found in most transitional and developing countries for allocative public sector tasks. Deconcentration aimed at maintaining law, order, and tax collection occurs in all such states, frequently accompanied by line ministry control down to the field-level.

- In the transitional and developing world devolution occurs primarily in regard to urban areas, where chartered municipalities and towns exist. This devolution is often closely controlled. It is likely to be the major form of devolution for some time despite arguments to the contrary.

- Aside from state-owned enterprises delegation by central or non-central governmental units is not common. Promotion of delegation strategies is most likely to work in urban areas lacking the administrative or financial capacity to perform their assigned public sector services.

- Administrative strategies that promote monopolies may not always work for control oriented states. This is most likely to be the case where multi-party democracy is being
promoted and parties have regional bases. It also occurs when states are threatened by regions using ethnicity or religion as the basis for struggling for greater autonomy or secession. Such demands may undermine strategies of Institutional Monopoly, forcing political leaders to consider extensive administrative decentralization reforms. Under such conditions, the leaders of countries so threatened may find the strategy of devolution through Distributed Institutional Monopoly useful for meeting the demands of groups or regions seeking to build political power through increased local control or, in an increasing number of countries, to break free of the unitary state and its monopolies of control.

- It Institutional Pluralism when resource-limited governments look the other way and allow NGOs and community-based associations take over public sector tasks that are not being performed.

**Synthesis and Summary**

For most transitional and developing countries, the administrative challenge is to simultaneously improve the delivery of public goods and services and substantially downsize the public sector, primarily through increased devolution and delegation. Rising to this challenge will be particularly difficult for the many countries with weak centers and limited personnel and financial resources. The task is further compounded for those countries fragmented by ethnic, religious, and nationalist demands for greater local autonomy. Meeting such challenges will require new analytical frameworks that can assist government decision-makers and professionals in designing and implementing innovative administrative reforms and interventions. The question addressed in this paper is whether the Administrative Design Framework can be useful to them.

This concluding section has two main objectives. First it reviews the design of administrative systems defined as task related roles and structures. A matrix is used to demonstrate the three administrative design options based on the two dimensions: role and task. Second, it seeks to demonstrate several key roles that administrative systems perform when making a transition from one strategy of administrative design to another or when carrying out specific public sector tasks. The roles discussed here are identification and planning, policy innovation, strategy, political leadership, financial mobilization, task management, and administration. Additional roles that are not covered here would include operational implementation and management, performance oversight and auditing, and evaluation, and redesign.

**From Framework to Application**

The Administrative Design Framework focuses on designs that emphasize administrative roles required to carry out specific public sector tasks. The focus on tasks and roles is important because they are dynamic, particularly as a country’s strategy of administrative design moves from exclusive monopoly or deconcentrated forms of Distributed Institutional Monopoly toward devolution and expanded administrative pluralism. It is submitted that the new Framework facilitates understanding how roles related to administrative design strategies and specific public sector tasks can be recombined with spatially centralized or decentralized structures to promote accountable, efficient and effective administration. The Framework also sets administrative decentralization within a wider framework of administrative design that recognizes that some public sector tasks and some task related roles probably should, under most conditions, be centralized. Hence, the Framework explicitly allows designers and implementors to consider administrative possibilities for centralization as well as decentralization.
The key to breaking the monopoly of central design lies in the sharing of roles related to the execution of specific public sector tasks, such as the construction and maintenance of infrastructure or the provision of refuse collection and disposal in urban areas. It is the sharing of roles at central and non-central levels that is the hallmark of a transition toward the more devolutionary forms of Distributed Institutional Monopoly and Institutional Pluralism.

Further, the Framework emphasizes the degree of role monopoly or pluralism because of its assertion that, all other things being equal, role pluralism promotes accountable administrative systems, which, the authors assert, manage resources more efficiently and effectively. As such, they are better able to mobilize resources than administrative systems that are highly monopolistic and largely unaccountable.

Again, the most typical administrative design approaches found in transitional and developing countries are Institutional Monopoly and Distributed Institutional Monopoly, where roles are monopolized and structure is either centralized or decentralized. These two administrative designs will predominate for the foreseeable future. While Institutional Pluralism offers a strategy that has a high probability of making the public sector more accountable, efficient, and effective, governments are most likely to confine this strategies to efforts to carry out public sector tasks in large urban areas.

**Design of Administrative Systems**

The Framework presents three objectives of administrative design: accountability of performance, efficiency of management, and effectiveness in mobilizing and using resources. It assumes that accountability is the foremost objective and that efficient management and effective resource mobilization stem from accountability. Further, the Framework assumes that accountability is maximized by having two or more public sector institutions and/or private sector firms and organizations share in the performance of the roles needed to promote administrative design changes or carry out a particular administratively decentralized public sector task. In particular, it argues that pluralist delivery of roles through the strategies of Distributed Institutional Monopoly’s devolutionary form or through Institutional Pluralism promotes accountability and good management and that government decision-makers and professionals should seek ways to promote a transition in their public sector administration from monopoly toward expanded devolution and more extensive pluralism.
One of the major flaws in the conventional Type-Function Framework is its assumption that spatial distribution of authority will increase accountability and make management efficient and effective. But spatial administrative decentralization does not make systems more accountable because task related roles are monopolized and not shared. Thus the Framework stresses the analytic dimension of the concentration of administrative roles. Importantly, this does not mean that it precludes consideration of the structural/spatial dimension. Rather, it extends the spatial to the analytical. This is illustrated in Figure 1, demonstrating the analytic and spatial dimensions of administrative design.

In Figure 1, Quadrant I is the conventional approach of centralization or what is defined here as Institutional Monopoly. Roles are not shared. Instead they are monopolized within one central public sector institution. Quadrant III represents the most conventional approach to administrative decentralization, or what has been defined as Distributed Institutional Monopoly, for the roles are not shared but the responsibility for the roles is spatially distributed. Included within Quadrant III are both the deconcentrated and
devolved types of Distributed Institutional Monopoly. Quadrants II and IV are examples of the third administrative strategy, Institutional Pluralism, where roles related to a specific task are shared by two or more governmental institutions and/or private sector firms or community organizations. Institutional Pluralism can be spatially centralized or decentralized.

The administrative system in most countries is comprised of a mix of these strategies. However, particular strategies dominate. In most transitional and developing countries, the strategies being implemented are largely located in Quadrants I and III. In part, this because there are strong theoretical and political reasons for centralizing stabilization and distribution objectives (Quadrant I). Pluralism does occur in some transitional and developing countries in regard to these objectives when some roles related to stabilization and distribution tasks are delegated to state controlled enterprises and authorities (Quadrant II). However, this strategy is not common. It is far more likely that the third objective, allocation, will be spatially decentralized, either through deconcentration and
devolution (Quadrant III) or delegation (Quadrant IV).

By focusing on the task-related roles administrative systems perform, the Administrative Design Framework demonstrates that administrative systems are not monolithic. A spatially centralized governmental institution can have a monopoly over some roles while sharing other roles with spatially centralized or decentralized governmental institutions. Over time dynamic combinations in role performance are possible.

Figure 1 also illustrates two design guidelines that can be useful to governments seeking to formulate a strategy of administrative decentralization. First, there are a variety of options in designing an administrative system relative to public sector tasks and the roles required for them to be performed. For example, the financing role for local-level road construction could be wholly done by a local governmental institution (Quadrant III), shared between such an institution and the central government (Quadrants I and III), or done by a local governmental institution, an aid agency, international private bank, and the central government (Quadrants IV and I, or III and II, or II and IV).

Further, it is possible to have two or more administrative designs (quadrants) for the delivery of roles related to the execution of a specific public sector task. As many studies have demonstrated, spatial administrative decentralization requires complementary strength among central and non-central governmental institutions. The Framework’s emphasis on the importance of administrative and financial capacity, and the difficulties of field administration that face most poor countries, suggest that complementary strength is difficult to find in transitional and developing countries. The delivery of a task-related role, such as financing, may require not only complementary institutions but also complementary roles. For example, establishing a financing role at the local-level for a particular public sector task may require a prior improvement in the central government’s regulatory role of governing capital markets. In such a situation, the performance of the financing role, which can be delivered by several administrative options, also requires that a complementary role (regulation) be provided prior to and along with the financing role. There are also a variety of administrative design options in providing these complementary roles.

Sequence Options in Administrative Design

The second design guideline underlying the Framework is that options in the sequence of administrative design must be carefully considered. Because the Framework is not static, there are a variety of sequences that can occur in the transition of an administrative system’s strategy for the execution of a specific public sector task and the roles related to such a task. Four different sequences of spatial (structural) and analytical (role) centralization and decentralization can be illustrated through reference to Figure 1. These are:

Sequence 1: Quadrant I to Quadrant III: From centralized role and structure to spatially decentralized structure (deconcentrated or devolved) but centralized role.

Sequence 2: Quadrant I to Quadrant II, From centralized role and structure to decentralized role and centralized structure.

Sequence 3: Quadrant III to Quadrant IV: From centralized role and decentralized structure (deconcentrated or devolved) to delegated role and structure (pluralism).

Sequence 4: Quadrant I to Quadrant IV: From centralized role and structure to delegated role and structure (pluralism).
The most common view of administrative design is Sequence 1, which is to spatially decentralize a formerly centralized task-related role while retaining monopoly or central control. This sequence and its problems are well illustrated in case studies of countries pursuing deconcentration (sometimes dressed in claims of devolution).\(^\text{11}\) Sequence 2 administratively decentralizes the specific task related roles without spatially decentralizing. Examples of this are found where countries have devolved or delegated specific roles related to particular stabilization and distribution tasks to other central institutions. Typically, this occurs when a central bank devolves or delegates some of its task-related roles to specialized banks and financial institutions located in the capital city and that are either controlled or closely regulated by the centralized government. Sequence 3 illustrates the situation when specific roles related to spatially decentralized tasks are administratively delegated to private sector firms or community organizations. This sequence is most commonly found in large, financially distressed urban areas. Sequence 4 administratively decentralizes both the role and the spatial structure of a centralized administrative system. Narrowly controlled examples of this sequence are, however, not hard to find. For example, roles and structures of centrally controlled medical, veterinary, or agricultural research can be contracted out to private sector firms, a strategy aid agencies are pressing a number of financially weak governments to consider. There are several other sequences that are logically possible.

Providing governments with guidelines for designing administrative systems that include designs that administratively decentralize structures and roles involves two tasks. The first is to outline the options for delivering roles. The second is to suggest sequences in administrative design. Again, Figure 1 provides insights into such tasks.

The major roles presented earlier are: policy innovation, leadership, planning, financing, management, and task administration. In the discussion that follows, these roles will be discussed primarily in regard to the administrative strategies set forth in Figure 1 and to the sequencing of such strategy roles outlined above.

**Leadership** is arguably the most central role in a reform related to a administrative decentralization. National-level leadership is essential to carrying out administrative reform. Without strong political commitment, reforms or programs aimed at decentralizing public sector tasks and related roles are unlikely to succeed. In the early stages of an administrative decentralization reform, when the benefits of reform are not widely valued and are viewed by many as threatening, national-level leadership is critical. Leadership also has to lay the groundwork for other, more task-related roles such as strategy, financing and regulation.

Closely related to the role of leadership in an administrative decentralization intervention, is the role of strategy formulation. A strategy is a vision of a preferred outcome coupled with practical steps to achieve that vision. It is typical for the role of strategy formulation to be developed and promoted by the center, for they benefit the center (Quadrant I).

In most administrative decentralization strategies, the role of regulation is often done by the center and not shared or delegated spatially to non-central governmental institutions or analytically through assigning some aspects of the regulation role to local governmental institutions. Thus, this role often remains within Quadrant I. If a government decides to move its administrative design for administrative decentralization toward Institutional Pluralism and engage in brokering roles (Quadrant IV), rules are needed to ensure that the distributed administrative sys-

tems promote linkages with non-public institutions and organizations. For the allocation objective, the role of the spatial center then increasingly becomes one of a regulator that ensures that the playing field is not only level, but that it exists at all. The role of regulation is not efficiently executed when multiple actors are involved, as is the case in Quadrant II, for there needs to be a unity of policy.

The oversight role is frequently shared between spatially centralized and decentralized structures (Quadrants I and III or IV). Oversight’s effectiveness depends on the relative capacity and authority at different levels. It is especially hard to develop technical capacity and credible authority at the non-central governmental or private sector levels. As long as public sector tasks are funded by central revenues through national budgets, oversight will continue to be done from the center.

There are many options in the administrative design of the finance role. It can be shared relatively equally by the center, the local government, and local private investors (a strategy of Quadrant I and IV). Or a country can adopt a pluralist local financing strategy (Quadrant IV) rather than the typical strategy of entirely publicly funded local financing (Quadrants I and III). The majority of country experiences with administrative decentralization show financing either being completely funded through the center or with the center dominating revenue. Hence, redefining the financing role from the conventional design pair of Quadrant I and III to a pluralist approach as suggested by Quadrant IV, illustrates the argument that pluralism will improve the mobilization of capital and make its use more efficient and accountable. A pluralist approach to the finance role promotes such creative solutions as debt financing of infrastructure and concessionary investment. A variety of approaches are available for transitional and developing countries to consider, including BOO (build-own-operate) and BOT (build-own-transfer) schemes.¹²

The planning role is often shared from the inception of an administrative reform. Indeed, pluralist planning process appear to be critical to the success of administrative decentralization reforms. Typically, in the initial stages a central ministry takes the lead in defining the new planning techniques to be used and in training local planners in their application. These local planners can be field officers of national ministries or employees of the urban local governmental units. Successful reforms appear to be designed in both Quadrant I and Quadrant III, with the role of local planners increasing. As central financing is phased out and replaced by local sources, the role of local planning will increase. A key issue in the evolution of institutional pluralism is how the planning role evolves from the sole domain of central or non-central governmental institutions to be increasingly shared by private sector firms and organizations. In this regard, considerable thinking needs to be given to the extent to which the planning role can be delegated to non-public actors.

The brokerage role is a major defining feature of the Institutional Pluralism strategy. The brokerage role is where both central and devolved local-level governmental institutions attempt to harness both the market and civil society organizations by delegating roles related to the provision of collective goods and services to there is no brokerage role because the central Government has never planned on devolving strong powers to local-level governmental units or allowing the transfer of public sector tasks or roles related to such tasks to private sector firms or organizations. However, increasingly such cen-

Central governments look the other way when such firms and organizations take on activities governmental units lack the resources or commitment to carry out. This is to be expected, for meaningful devolution and delegation is the exception under Institutional or Distributed Institutional Monopoly strategies.

In contrast, in urban areas experimenting with delegation brokerage occurs when local-level units begin to work with private investors to fund such tasks as the provision of low-income housing, maintaining and extending water systems, or building and maintaining waste treatment plants. There are several features of the brokerage role. First, it involves considerable complementarities amongst other the other key roles of political leadership, financial mobilization, task management, and administration. Second, a brokerage role need not rest at the local level (Quadrant IV), but can also be exercised at the center (Quadrants I and II).

Basic Analytical Guidelines for Administrative Decentralization

The key roles that administrative systems need to effectively perform to execute public sector tasks have now been reviewed, and the design options and the sequence of designs have been briefly summarized. Here the paper concludes by briefly reviewing a few guidelines generated by comparing the Framework to a range of case studies found in the literature.

- A strong center is a prerequisite to meaningful and effective administrative decentralization. While the allocation objectives may be administratively decentralized, as prescribed in the theory of public finance, an enabling environment provided at the center is needed for their effective delivery.
- A strong center is needed for role decentralization.
- There are considerable obstacles in the way of reforms aimed at promoting Institutional Pluralism. Managing task-related roles either within a hierarchy (Distributed Institutional Monopoly) or between hierarchies or devolved governmental units, markets, and civil society organizations (Institutional Pluralism) involves coordination costs. One cannot assume a priori that Institutional Pluralism has higher coordination costs, but it is possible. Another obstacle that Institutional Pluralism confronts when it attempts to harness the market through delegation is that in emerging economies there may be considerable imperfections. Market solutions may offer a worse solution than providing services through governmental institutions.13 So too, devolved local governmental units and civil society organizations may lack the personnel and financial resources required to carry out task-related roles assigned under a strategy of Institutional Pluralism.

Final Questions about the Framework

Finally a few questions are in order. These are generated by the fact that the Framework presented here has not been extensively tested. However, cases are beginning to appear in experiments by transitional and developing countries that pursue greater involvement of actors in the execution of decentralized public sector tasks.14 Still, more work is required in grounding the Framework, especially in addressing three difficult questions:

- As spatially centralized roles are devolved and delegated (a transition from Quadrant III to IV, what complementary roles need to


be strengthened at the center, either concurrently or as a precondition?

• How are central roles devolved and delegated during the transition from Quadrant I to IV?

• How do governments move from conventional administrative structures, where roles are monopolized, to new structures where roles are shared through devolution and delegation?

This third question is at the very heart of current debates on administrative reform. At issue are the three principles of administrative design: accountability, efficiency, and effectiveness, as well as their effect on resource mobilization. While Institutional Pluralism may not be the dominant design in the future for administrative systems in transitional and developing countries, some governments are anxious to incorporate, if only partially, the features of this design to promote accountable, efficient, and effective administrative systems. Administrative end states are easy to prescribe. The far harder task is to develop workable strategies for introducing change within existing administrative systems that combine different design guidelines yet change outcomes and, eventually, behavior. Designing and managing transitional administrative systems mixed design guidelines is very difficult. The challenge of administrative design in the 1990s and beyond is to develop analytical tools that can assist government decision-makers in transitional and developing countries to initiate and sustain the transition from monopolistic to pluralistic administrative systems.
Annex I: Conceptual Debates and the Type-Function Framework

Since the 1950s, a large body of academic, professional, and conference generated literature has emerged that seeks to address the various forms, types, and strategies of developmental decentralization. Written primarily in English, French, and Spanish, these materials are comprised of theoretical models, analytical principles, comparative studies of selected cases, individual country studies, focused inquiries into particular aspects of the intervention, teaching materials, and government or aid agency design and implementation manuals. Unfortunately, many of those contributing to this literature have shown outright indifference to building agreed-upon, comparative frameworks and concepts. As a result, both written publications and conference discussions on decentralization are marred by conflicting conceptual definitions, careless application of principles, and unsystematic presentations.

Conception and Terminological Confusion

One of the most widely acknowledged experts on decentralization, Diana Conyers, argues:

...the language used in development studies...is plagued by ambiguities and inconsistencies, which lead to confusion, misunderstanding, and conflict in discourse.

She then argues this is a serious problem typified by the failure of development specialists to define and agree upon the meaning and complex dimensions of “decentralization.” In this regard, she argues that it will not be possible to carry out meaningful, comparative, and empirical studies on decentralization, much less formulate effective reform strategies and guidelines for promoting decentralization until there is more widespread agreement among international development professionals, academics, and senior government decision-makers on the definition of the concept.

Overview of the Type-Function Framework

Development studies should not be plagued by this problem. This is because considerable conceptual elaboration occurred during the early 1980s, largely based on the work of G. Shabbir Cheema, John R. Nellis, and Dennis A. Rondinelli. Today there is

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3 G. Shabbir Cheema and Dennis A. Rondinelli, eds., Decentralization and Development: Policy Implementation in Developing Countries (Beverly Hills: Sage Publications, 1983); Dennis A. Rondinelli, John R. Nellis, and G. Shabbir Cheema, Decentralization in Developing Countries: A Review of Recent
growing agreement in the English-based literature on the conceptual definitions that emerged from their efforts. Yet, there are still academics, aid agency professionals, and senior government decision-makers who are either unaware of or indifferent to the progress that has been made in defining decentralization terms. As a result, even the current literature is marked by careless use of terms. So to, debates about decentralization reforms within governments and at development-related conferences and workshops are frequently clouded by terminological confusion, with parties often talking past each other. This is particularly the case at international workshops or among members of international research and design teams.

The Cheema, Nellis, and Rondinelli approach is based on the analytical classification of decentralization by form and type. Briefly, forms of decentralization are classified on the basis of objectives: political, spatial, market, and administrative. Each form is then divided into types. The most elaborated approach to types is found in regard to “administrative decentralization,” namely: deconcentration, devolution, and delegation.4

Briefly, “political” forms of decentralization are typically used by political scientists interested in democratisation and civil societies to identify the transfer of decision-making power to lower-level governmental units or to citizens or their elected representatives. “Spatial” decentralization is a term used by regional planners and geographers involved in formulating policies and programs that aim at reducing excessive urban concentration in a few large cities by promoting regional growth poles that have potential to become centers of manufacturing and agricultural marketing. “Market” forms of decentralization are generally used by economists to analyze and promote action that facilitates the creation of conditions allowing goods and services to be produced and provided by market mechanisms sensitive to the revealed preferences of individuals. This form of decentralization has become more prevalent due to recent trends toward economic liberalization, privatisation, and the demise of command economies. Under it, public goods and services are produced and provided by small and large firms, community groups, cooperatives, private voluntary associations, and Non Governmental Organizations (NGOs). Finally, “administrative” decentralization is the focus of lawyers and public administration professionals seeking to describe or reform hierarchical and functional distribution of powers and functions between central and non-central governmental units.

Much of the literature on decentralization is focused on only one of these four forms of decentralization: administrative. This is acceptable to the authors because this is the focus of the work. Again, briefly, there is growing agreement that this form is characterized by three types. “Deconcentration” is the transfer of authority over specified decision-making, financial, and management functions by administrative means to different levels under the jurisdictional authority of the central government. This is the least extensive type of administrative decentralization and the most common found in transitional and developing countries. “Devolution” occurs when authority is transferred by central governments to local-level governmental units holding corporate status granted under state legislation. Federal states are by definition devolved, though the extent of legally defined and shared powers devolved by the federal government to lower-level

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4 Distinctions between these forms and types of decentralization are well made in: Dennis A. Rondinelli, Decentralizing Urban Development Programs: A Framework for Analyzing Policy (Washington, D.C., USAID, Office of Housing and Urban Programs, 1990), pp. 9-15.
governmental units can be quite limited. Devolution, such as the establishment of chartered municipal authorities is not common in unitary states, largely because many transitional and developing countries are characterized by weak central governments weary of losing political or administrative control to local governmental units. “Delegation” refers to the transfer of government decision-making and administrative authority and/or responsibility for carefully spelled out tasks to institutions and organizations that are either under its indirect control or independent. Most typically, delegation is by the central government to semi-autonomous organizations not wholly controlled by the government but legally accountable to it, such as state owned enterprises and urban or regional development corporations. Increasingly, central and local-level governmental units are delegating tasks, such as refuse collection and road repair, by contract to private firms.

The Cheema, Nellis, and Rondinelli approach, which it is asserted is the most widely accepted analytical framework is generally known as the Type-Function Framework. This Framework is summarized in Figure 2. As illustrated, it has substantial utility for analysis, design, and implementation purposes, largely because it is sensitive to both the types of administrative decentralization governments can consider and the central functions that are essential to the provision of public tasks by central, non-central, or private sector institutions and organizations. Also the Framework can be used to look at the administrative decentralization of specific activities, sectoral activities, or large-scale government-wide activities.

Problems with the Type-Function Framework

This description of the dominant Type-Function Framework is all well and good. However, it is plagued with a number of problems. Only a few of the more important ones will be presented here.

First it is generally agreed that there are four forms of decentralization: political, administrative, spatial, and market. Because there is a close correlation between these forms of decentralization and standard social science fields, decentralization studies are often coded in the terminology of disciplines. For example, economists, planners, and public finance specialists tend to focus on “market” and “spatial” forms of decentralization for which this Framework is only in part designed to serve. Further, some of its basic principles, which have not been elaborated in this paper, are replace of other generated by the sub-fields of those disciplines in ways create conceptual and terminological involution that makes communication among academics, aid agency professionals, and senior decision-makers difficult.

Second, those reading academic publications or discussing issues at conferences generally fail to recognize that those whose first language is French or Spanish often ignore or otherwise revise the conceptual and terminological definitions that mark the dominant English language-based Framework. For example, a number of French specialists use the word “decentralization” only to mean “devolution.” This was the case in with a discussed paper written in English by a French expert for the World Bank.

Rémy Prud’homme, On the Dangers of Decentralization (Washington, D.C.: World Bank, Transportation, Water, and Urban Development Department, Policy Research Working Paper No. 1252, 1994) ignores the English literature and argues that: “Decentralization is an ambiguous concept, its borders not well defined...decentralization is commonly used to refer to what is described above as devolution. This paper follows that usage.”
mulate useful analytical frameworks and guidelines. Or, for example, in Spanish

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<tr>
<th>TASK FUNCTIONS</th>
<th>TYPES OF ADMINISTRATIVE DECENTRALIZATION</th>
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<td></td>
<td>Deconcentration</td>
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<td>Fiscal Policy and Revenue Generation</td>
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Figure 2: Standard Matrix-Based Framework Comparing Types of Decentralization to Major Government Functions

term “municipio” is used in regard to local-level governance in Latin America. In many Latin countries a municipio can be an urban area, a zone within an urban area, a mixed urban-rural area, or an entirely rural area. Yet, linguistic problems often leave English speakers understanding the term as meaning a “municipality” and treating this governmental unit from the perspective of British local government. Finally, there is even confusion in a single language. For example, in English public administrators tend to sue the term “local government” to refer to all three types of the deconcentrated, devolved, or delegated local-level units while financial specialists tend to confine to term only to cover devolved, administratively charted towns and municipalities.

Third, despite the dominance of the Type-Function Framework there exists a wide range of terms to describe lower-level hierarchies of governance. For example, it is possible to find within a single study a wide variety of terms describing these units, such as “regional government,” “district government,” “field administration,” “rural government,” “urban government,” “municipal government,” and “local authority govern-
ment.” In the past, the terms used depended on the preferences and objectives of authors. For example, in their 1974 ground-breaking monograph on the effect of decentralization and local organizations on Asian development, Two American specialists in decentralization used the term “local government,” even though the term was viewed by many other specialists as being confined to classical British local government authorities or chartered municipalities, as worked out by Lord Rippon in the 19th century. Alternatively, in a comparative study of a wide range of transitional and developing countries other specialists used the term “decentralized government.” Both sets of authors were talking about the same kinds of lower-level governmental units.

Fourth, during the 1990s it became increasingly clear that the Type-Function Framework failed to fully address important reform design issues. Several of its shortcomings will be briefly summarized. First, the Framework leads analysts to consider the types of administrative decentralization as end-states and to give inadequate attention to process. This is important because the decentralization of any public sector task involves a number of actors operating in conditions that are dynamic and constantly changing. Second, related to the focus on end-states, the Framework fails to emphasize the fact that devolution and delegation, in particular, must draw upon an array of institutions and organizations that can carry out roles related to the public sector task being decentralized and that such reforms can only be achieved through a long process that involves recombining governmental and non-governmental institutions and organizations in ways that carry out roles efficiently, effectively, and accountably. A third and related point is that the Framework does not help its users recognize that pre-determined outcomes are difficult to reach, that many opportunities and constraints cannot be anticipated ahead of time, and that there is great need for flexibility in implementation and beyond. Forth, and importantly, the Framework has not proved to be particularly sensitive to distinctions or variations in the managerial, technical, and financial capacity of institutions and organizations to which public sector tasks can be deconcentrated, devolved, or delegated. As a result heroic assumptions are often made by some analysts about the personnel and financial capacity of non-central and private sector institutions and organizations. Fifth, the Framework generally fails to stimulate sufficient attention to the fact that a major objective of deconcentration, devolution, and delegation should be to expand the array of central, non-central, and private sector institutions and organizations carrying out roles relative to public sector tasks. This leads to a sixth problem with the Framework: this array or institutions and organizations creates a number of intra- and inter-institutional and organizational coordination and linkage problems that must be addressed as part of any decentralization strategy. Because of the static nature of the Framework, as well as the tendency to view administrative decentralization in spatial terms, institutional and organizational linkages and collaboration is largely neglected as a major issue in administrative decentralization reforms. Seventh, while the Framework recognizes that some functional role responsibilities probably have to remain in central hands, it does not devote much attention to this possibility nor to the advantages of such role responsibilities being shared by a range of institutional and organizational role players.

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8 Rondinelli, Nellis, and Cheema, Decentralization in Developing Countries.
Finally, the adoption and application of the Type-Function Framework has been hampered by the growing tendency of “naive” decentralization specialists to argue that far more important than conceptual and terminology clarity is the need to link concept of decentralization to the forces of local control, popular participation, and democratization. To a large extent such specialists reject the statist view and have little confidence in the capacity of central ministries to effectively and efficiently promote development objectives. Hence, they ignore issues of central-local administrative organization and focus on the increasing the involvement of local communities, NGOs, and local private organizations to perform typically governmental functions at the local level. In effect, these specialists “lets throw out the bureaucrats and get on with the job.”

In sum, despite the analytical advances the Framework generates it suffers from several major problems; namely, disciplinary and linguistic preferences that hamper its comparative utility, failure to stimulate a focus on roles, linkages, coordination, and resources, and insistence on freighting the decentralization with ideological concerns. These and other problems hamper the Framework’s utility to those seeking to stimulate comparative discussion of strategies or to generate guidelines for promoting reforms. One way to address these constraints is to design a new framework, one that is based on concepts and terms that are more neutral across disciplines and language groups, that address the recognized limits of the Framework, and that are not freighted with four decades of experience and careless use of concepts and terms. This is the purpose of the next section.

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Annex II: Issues in Redefining the Public Sector

The authors’ Framework is largely based on principles drawn from the theoretical literature on organizations, public choice, fiscal federalism, and public finance. It is primarily focused on four issues:

- economic growth;
- financial incapacity of the state;
- spatial concentration of development; and
- bureaucratic reform.

The design of the Framework begins a redefinition of the role of the public sector in producing and providing collective goods and services. It rethinks the ways in which the state can ensure the accountable, effective, and efficient execution of public sector tasks through increased devolution or delegation of the full range of task-related roles. The result of efforts to rethink these ways has led the authors to a design a Framework that includes a mix of centralized and decentralized strategies. At the heart of this new approach are three approaches to administrative design: Institutional Monopoly, Distributed Institutional Monopoly, and Institutional Pluralism. Of these three types the most innovative is Institutional Pluralism.

Role of the State in Economic Growth

The 1980s has seen a reassessment of the process of economic development and the role of the state in that process. Tasks once considered to be the exclusive domain of the state are being privatized. This is because the “publicness” of tasks is consistently and creatively being redefined. The broader the range of tasks and the roles required to carry them out, the larger the array of private sector firms and organizations that can perform task-related roles or the tasks themselves.

Recent historical reviews of economic growth in successful transitional and developing countries, such as Asia’s Tigers, suggests that the state’s key functions are to provide infrastructure and promote human capital and financial markets. It is not to promote winners and losers in terms of preferential treatment of firms and organizations.¹ Further this research suggests that for successful growth the state should be viewed as a critical and essential partner in the development process that has to be as efficient as its country’s firms. Public infrastructure is critical to an efficient market and firms will demand efficient operation of this infrastructure.

Spatial Concentration of Development

The geography of centralism is the geography of underdevelopment. Using statistics on growth, it can be argued that by the end of the century the world’s ten largest cities will all be in poor countries and their inhabitants will be inadequately served by municipal authorities with limited administrative and fiscal capacities. The authors

assert that it is unlikely that governments following either Institutional or Distributed Institutional Monopoly will be able to provide basic needs to burgeoning urban populations, much less support a productive infrastructure that can promote economic growth and social welfare. The crisis of centralized growth requires: (1) administratively decentralized development strategies that are more creative than currently can be formulated under the spatial and structural limitations of Distributed Institutional Monopoly strategies; and (2) Institutional Pluralism strategies that allow non-central and private sector institutions and firms to carry out task related roles more accountability, effectively, and efficiently than governmental institutions holding monopolies over public sector tasks.

Financial Limitations of the State

The primary factor driving the redefinition of the public sector is many states’ limited financial capacity to provide public goods and services. This is demonstrated by fiscal stress in the West, the virtual collapse of the public sector in many Newly Independent States and Eastern Europe, and the near-bankruptcy of many countries in Africa, Latin America, the Middle East, and Asia. As a result of these and other financial pressures, de facto administrative decentralization of central tasks to private sector actors is occurring, because the state simply cannot afford to carry out all of its traditional tasks.

Bureaucratic Reform

There is growing global demand for public sector reform. It is generated by debates on how public bureaucracies perform or fail to perform. The debate on bureaucratic reform goes right to heart of administrative design, for it questions whether the current bureaucratic model is appropriate. Among the changes it argues for are deregulating government, reinventing government, and aiming at a minimalist state. The authors’ review of these suggested reforms has led them to conclude that their central tenants are largely relevant to sophisticated, long-established Western bureaucracies. Still, discussion of the utility of such reforms supports the authors’ view that one of the central foundations for such a new Framework of administrative design is the recognition of the need to redefine the public sector.

It must be recognized that there are several important reasons why such redefinition cannot go as far in transitional and developing states as in the West. First, while the state’s role can diminish as more creative decentralization solutions are adopted, such as privatisation of tax collection, the role of the state as the principal provider of goods and services will still continue. To a large extent, this is because public sector employment in many transitional and developing countries is large and politically powerful. Reduction of the state’s role in carrying out public sector tasks is viewed as a threat to civil servants holding jobs at both central and local-levels of government. This is one of the major reasons why World Bank efforts to reduce the size of the public sector have made so little progress over the past decade. In addition, because of

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ideological perspectives, many political leaders and their supporters distrust the private sector and Non-Governmental Organization (NGO) community. In this regard, the statist perspective, so dominant in the years after independence, is still very strong in many transitional and developing countries, notwithstanding the momentous changes that have taken place in formerly state dominated command economies.

The second problem with redefining the public sector relative to the provision of goods and services is that while not as administratively demanding as producing them, it is still an administratively intensive task requiring management, financial, and technical resources that are difficult to build and sustain. One could argue that the role of providing resources is more susceptible to political manipulation compared to the production of goods and services, where the distribution issues are already settled. In such a situation, extensive oversight, if not control from the center, is required.

**Increased Administrative Capacity**

In addition to redefining the public sector, the second force militating toward the consideration of administrative decentralization strategies based on Institutional Pluralism is the dramatic improvement in administrative capacity now made possible by new management techniques and the application of information technology. Because of these improvements, public agencies can now do much more with less.

Reengineering has arguably become the dominant management trend of the 1990s in advanced transitional and developing countries. It is being adopted by both the public and private sector. Only in the past few years has the concept been discussed in transitional and developing countries, and there are few cases describing its use in administrative decentralization.6

There is growing evidence that information technology helps public institutions at both the center and non-center in transitional and developing countries do more with less.7 Recent studies of government and the private sector indicate that information technology can greatly reduce the hierarchy and thus the size of institutions and organizations. Much of what middle-level managers do is to broker information from lower-levels to higher-levels. Information technology allows institutions and organizations to reduce those middle-level layers and improve the ability of remaining managers to better manage information flows. While information technology can reduce hierarchy, it may well not reduce costs. Information technology can, however, help government ministries and agencies avoid future costs for more work to be done with a relatively constant work force.8

Reengineering is in its infancy in many transitional and developing countries because the strategic value of information technology has only recently been recognized.9 However, the trend is clear. It is a trend that will allow

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public sector institutions to do more with less, which facilitates administrative downsizing. This results in the reduction in the number of personnel and the recurrent costs associated with their support. Since salaries, emoluments, and maintenance costs often consume a large share of most transitional and developing government budgets, downsizing is a strategy to contain, if not reduce, costs. The word “contain” is used because it is not always the case that administrative downsizing leads to lower overall government costs. Administrative downsizing is often accompanied by organization reengineering that introduces information technology, which can actually increase a public sector institution’s cost structure.

Administrative downsizing of the state is generally carried out by governments because of structural adjustment agreements with aid agencies. But there are also cases where national political leaders and decision-makers have had the wisdom to seek efficiency gains. Pressures to move in this direction come from fiscal stress, which encourages the deficit-conscious governments to trim their payrolls through civil service reforms. Administrative downsizing can promote productivity and not just retrenchment if the state uses the reform opportunity to introduce measures promoting efficiency and effectiveness.

Caveats About Institutional Pluralism

The growing move to redefine the role of the state from a producer to a provider of public goods and services reinforces the trend toward finding ways to use the administrative strategy of Institutional Pluralism. This is because it further focuses attention on the need to break the monopoly of central design. As the trend toward expanding the use of administrative decentralization continues to gain in strength, governments will increasingly be concerned more with the marketing, negotiation, management and funding of contracts by private firms and nongovernmental organizations than with the direct production of goods and services.

But it is essential to be realistic about the prospect of Institutional Pluralism. It is unlikely that the public sectors of transitional and developing countries will easily reduce their role as a producer and simply become providers of public goods and services. Because of vested interests, established systems, and bureaucratic inertia, for the foreseeable future decentralization initiatives in transitional and developing countries are likely to continue to be based on the strategy of Distributed Institutional Monopoly. Nevertheless, the financial realities of the 1990s and beyond, as well as the pressures of aid agencies for expanded market solutions to government performance problems, suggest that significant administrative downsizing, creative reengineering, deepened devolution, and increased delegation will occur in most transitional and developing countries. Recent management innovations coupled with the growing use of information technology in the public sector should accelerate this trend and allow public sector administrative systems to perform more with less.

It is also important to remember that Institutional Pluralism will be confined to Musgrave’s allocation objectives of the state and will have no relevance to the stabilization objective. Distribution and stabilization objectives will still be performed through institutional monopolies, most likely at the center. Most careful studies of administrative decentralization conclude that a strong center is a precondition for meaningful reforms. Hence, a strategy of Institutional Pluralism will hinge upon the effective delivery of stabilization and distribution policies from centralized institutions.

A transitional or developing country will most likely pursue all three administrative strategies simultaneously. The Musgravian framework suggests that states simultane-
ously pursue the three public purposes with stabilization being centralized, distribution centralized (though administratively decentralized approaches are emerging) and allocation administratively decentralized.

The reinventing government approach, with its emphasis on incentives, strengthens the role of central administration. To “structure the market for public purposes,” as advocated by the reinventing perspective, suggests an even greater role for government institutions at the center since such “structuring” should be done market-wide to avoid imperfections, while disparities from the incentives should be compensated through centrally delivered distribution policies. For example, changing if a reform requires a change in the way urban centers use land may require a revision of the constitution. While local monitoring might be needed to ensure that the change in the law was enforced, the decisive act was done at the center.

The comparative advantage of central institutions in mobilizing finance will continue and local-level governmental units will still remain dependent on them. A common theme in the decentralization literature is the advocacy of autonomy by local-level authorities.¹ Using the example of fiscal decentralization, Kenneth Davey sums up the error of this argument:

The choice is often between (a) a wide measure of functional responsibility combined with a heavy dependence upon central allocations, and (b) a narrow range of duties combined with a high degree of self-sufficiency. The quest for autonomy may really boil down to freedom to do very little.²

Decentralization reforms and programs provide the public objective of allocation. The administrative strategy of Institutional Pluralism involves a partnership with central institutions, especially in the early stages of implementation. Without this partnership, there is little capacity at the local level. The partnership will change over time, which is why a subsequent section examines the roles of institutions and organizations needed to perform a public task in terms of the sequences of implementation.

While the trend toward Institutional Pluralism as a strategy of decentralizing public sector allocation tasks is discernable globally, this does not mean that the public sector in transitional and developing countries is going to wither away. Changing, yes. Downsizing, yes. Withering away, no.

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¹ For example, Kenneth Davey, Financing Regional Government: International Practices and Their Relevance to the Third World (Chichester: John Wiley and Sons, 1983), pp. 164-70.

² Ibid., p. 168.