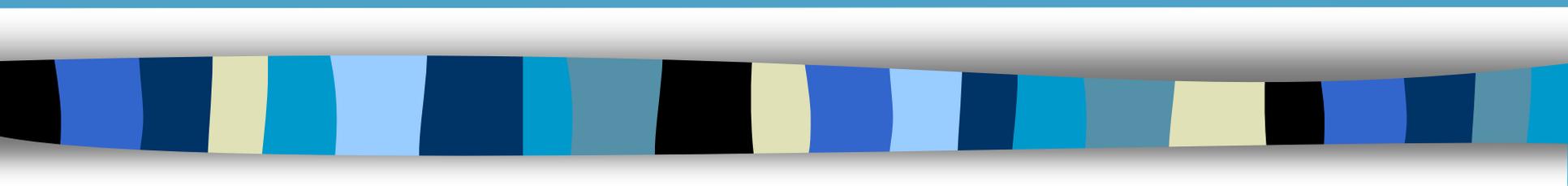


Why Financial Decentralization Fails in Africa?

Evidence from francophone countries



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Purpose of the Presentation

Despite the simplistic perception of the term, decentralization is a complex phenomenon. When I was suggested to make a speech on financial decentralization in developing countries with emphasis to the SDGs, I immediately thought of finding an African case, where I can tell a story of Success.

Unfortunately, I discovered that if these countries are all deeply engaged in a process of decentralization, these processes remain unfinished.

Due to the colonial legacy of their administration system, all francophone countries derive in a uniform manner their decentralization process from the French model.

The purpose of this presentation is to draw some pillars of the French financial decentralization model to illustrate the myths and reality, the shortcomings and causes of financial decentralization failure in francophone African countries. before questioning their challenges to SDGs.

African Financial Decentralization

1. Brief description of French local finance: mechanism, actors, policies
2. The fundamental pillars of decentralized finance
3. Reasons for the failure of African implementations
4. Steps to move forward
5. Seeking a model for SDG challenges

French Financial Decentralization Model: A Top – Down centralized Model

- The debate on Decentralization is an old one in France, its origin dates to before the French Revolution.
- But the current history of decentralization has only been around thirty years since the turn of 1982 when the subject became the heart of the reform of public action in France. from year to year, new Charges and corresponding resources are being transfer to local bodies while actors of these bodies are acquiring real autonomy both administratively and financially.
- However, despite this real autonomy of financial decision of the local Bodies, one can hardly speak as the economic literature on the subject suggests, of fiscal or financial federalism, France remains a unitary and hyper centralized country.
- its decentralization model is exclusively of "top-down" type, which consists of real transfer of charges and resources from the national to the local and not the other way around

French Financial Decentralization Model: mechanism and actors



CENTRAL

*Central Gvt civil servant



exercises some control of the budget

*Local authority



Mayor has a real autonomy on budget management

Expenditures

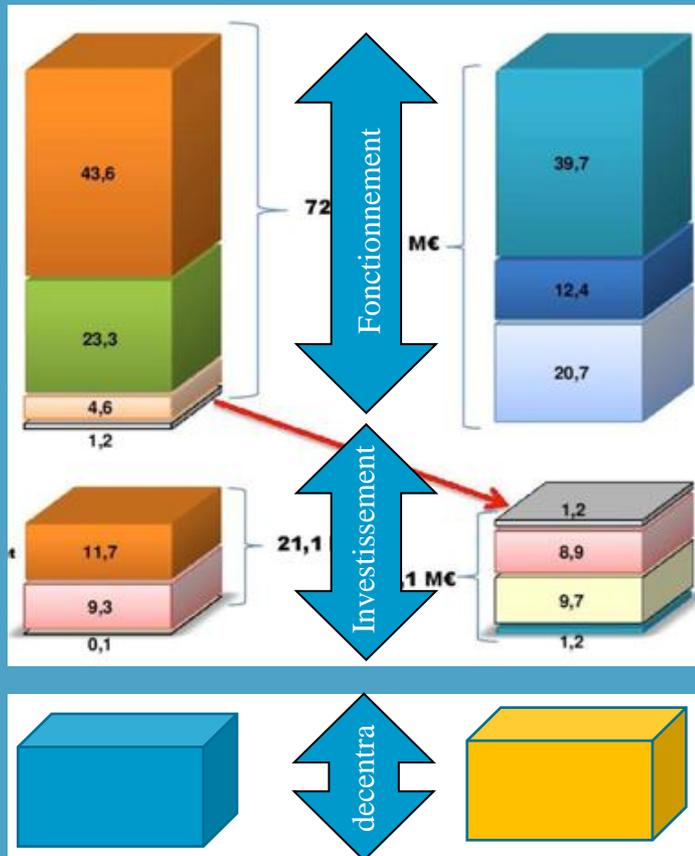
Revenues

Staff

services

Equip
ment

Decentral
Charges



Local taxes

Central Gov Grants (DGF)

Central Gov Grants (DGE)

Central Gov Grants (DGD)

*Central Gvt civil servant



Chambre Régional des compte legal procedures

*Central Gvt civil servant



Public Account Officer he is the man who pays

LOCAL

French Financial Decentralization Model: The pillars

In fact, the French model of decentralization is based on three fundamental pillars

INSTITUTIONAL

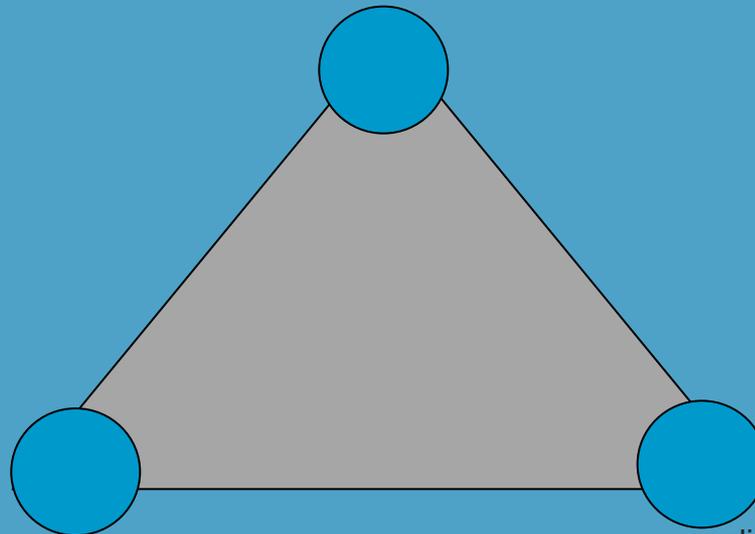
strong and stable institutions
For legislative, legal and regulatory corpus

DEMOCRATIC ACCOUNTABILITY OF LOCAL AUTHORITIES

Based on real mechanisms for coordinating activities of the multiple actors involved in decentralization. fiscal transfer is not an opportunity for poor use of resources nor an excuse for freeing local officials from central control.

POLITICAL

political mechanisms and environments
political reforms cannot be avoided during a decentralization process



African Financial Decentralization

Africa

	FAILING BEFORE STARTED	FAILING WHILE DOING	FAILING WHILE NOT DOING
Political context	Failed state	Democracy: 	Democracy: 
	Civil war	Corruption: 	Corruption: 
Case countries	Africa Central Republic, Democratic Congo	Senegal, Benin ...	Gabon, Congo Brazzaville,
Steps on financial decentralisation	Discourse on decentralization, Some law, some institutions are done But due the lack of administration, nothing is moving on	1. Institutional <ul style="list-style-type: none"> Advanced discourse law and official guidelines are ready decentralization institutions bodies are set up 2. Local <ul style="list-style-type: none"> proliferation of municipalities without territorial or economic viability. 3-Politics <ul style="list-style-type: none"> No political reform Weakness for local to engage in political game willingness to transfer 	1. Institutional <ul style="list-style-type: none"> Advanced discourse law and official guidelines are ready decentralization institution body is up Local <ul style="list-style-type: none"> A shy local development regular state intervention in local staff low democratic accountability 3-Politics <ul style="list-style-type: none"> No political reform Weakness for local to willingness to transfer
RESULT		<ul style="list-style-type: none"> central government grants some of its powers to local while trying to keep a grip on them State allowances are not sufficient 	<ul style="list-style-type: none"> decentralization is not translated into reality status-quo and policy of small steps

African Financial Decentralization

reasons for failure

- The process of decentralization in Africa is very ambitious:
 - laws are enacted,
 - official guidelines are created
 - but The reality is far more complex. (not less than 150 administrative paper in Cameroon)
- Power and resources Transfer is very ambiguous : Central government grants some of its powers to local authorities, while trying to keep a grip on them.
- The proliferation of municipalities without territorial or economic viability
- local authorities are struggling to find resources to finance their investments. State allowances are not sufficient,
- No municipal taxes,
- and partnerships with communities from the North are disorganized and risky.
- the State is trying to reform without questioning the territorial division
- There is a tendency to try and decentralise too quickly

African Financial Decentralization

a few steps to move forward

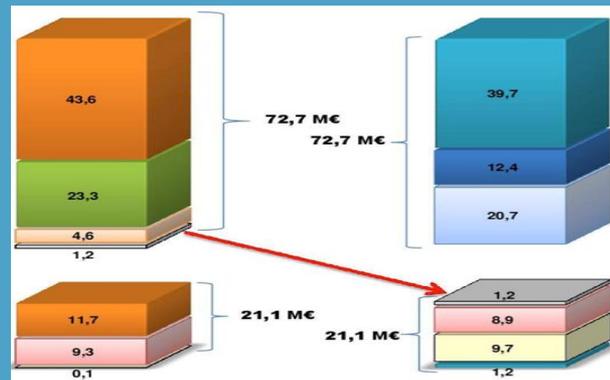
- Find their own model: first challenge is to define a system that makes sense in the context of each particular country; Financial decentralization cannot be mapped out in a uniform plan; an appropriate balance of centralization and decentralization is essential.
 - Lower the ambitions: promote minimum-standards model in order to help create greater local autonomy
 - Focus first on establishing democratic local government
 - Apply multiple accountability measures, in addition to elections, to support democratic local institutions
- Create mechanisms for coordinating activities of the multiple actors involved in decentralisation Political reform to strengthen weak local governments
- Ensure that linkages between the fundamental pillars of decentralisation will be built.
 - Pragmatism to undertake the phases of financial decentralisation in a logical way. not trying to do too much, too quickly.
 - Engage local populations by transferring discretionary powers before transferring management burdens

this is a view of the mind

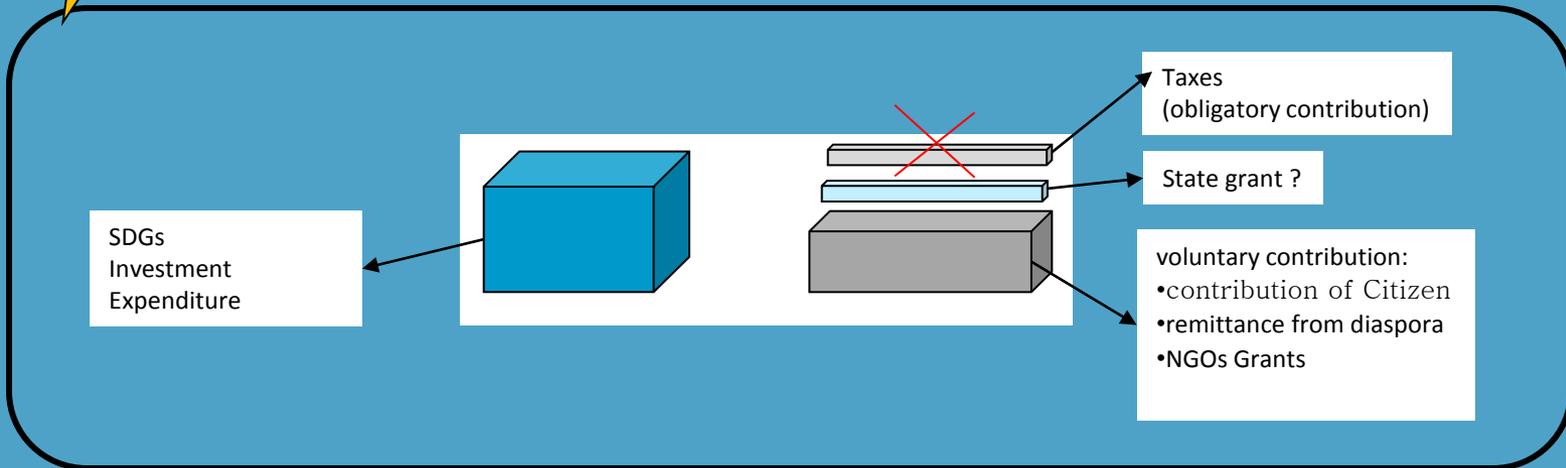
Africa Financial Decentralization And the SDGs Challenge

Simply speaking, If we look at the SDGs from a local financial point of view, it is exactly for the community as a sort of transfer of investments expenditures. And the local authorities will struggle to find resources to finance these SDGs investments. this could look like the following diagram (this is a view of the mind)

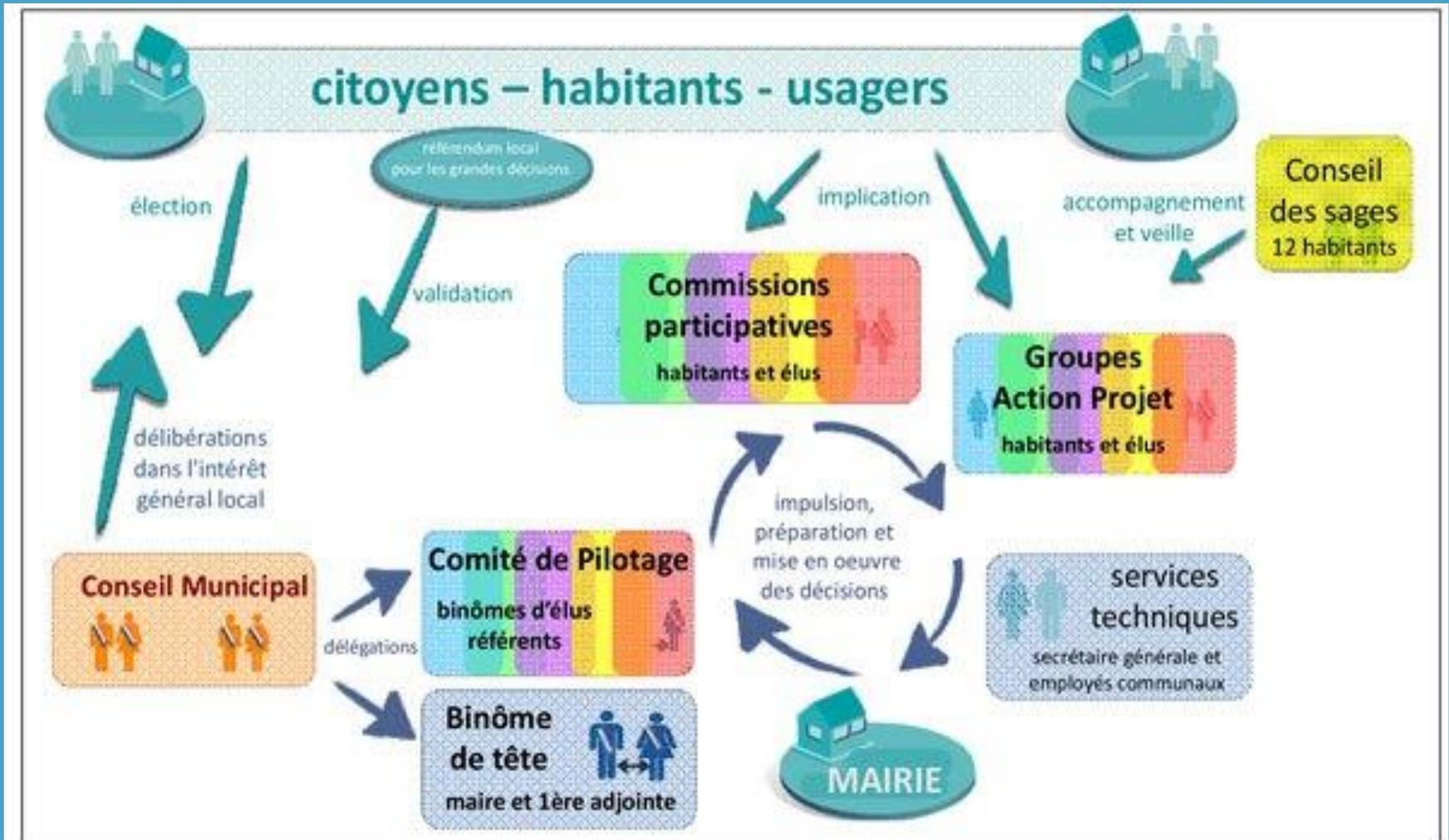
Participation model



Traditional budget



African Financial Decentralization participation model example



Thank you!

