Decentralization
and
Local Government
in the
Caribbean

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LIST OF ABBREVIATIONS

CALGA  Caribbean Association of Local Government Authorities
CEDAW  Convention on Elimination of All Forma of Discrimination Against Women
CEO   Chief Executive Officer
ECLAC  Economic Commission for Latin America and the Caribbean
GALA  Guyana Association of Local Authorities
GECOM  Guyana Elections Commission
GGRE  Guyana General and Regional Elections
HR   Human Resources
HRD/M  Human Resource Development/Management
IMF   International Monetary Fund
JTFLGR Joint Task Force on Local Government Reform
KSAC  Kingston and Saint Andrew Corporation
LDC  Lesser Developed Countries
MLGRD Ministry of Local Government and Regional Development
MP  Member of Parliament
NA  Not Applicable
NDC  Neighbourhood Democratic Council
NDI  National Democratic Institute for International Affairs
NGO  Non Government Organization
PPP\C Peoples Progressive Party\Civic
PR  Proportional Representation
RDC  Regional Democratic Council
SNTV  Single Non Transferable Vote
THA  Tobago House of Assembly
UG  University of Guyana
UNDP  United Nations Development Programme
USAID United States Agency for International Development
UWI  University of the West Indies
VAT  Value Added Tax
WB  World Bank
FOREWORD

Local Government has its philosophic roots in the writings of French Philosopher Jean Jacques Roseau who, impressed by the emerging democratic practices and principles pursued in Sweden at the time, observed that local government is a good training ground for democratic development. Alexis DeTouqueville in his visit to the United States, was highly impressed by the citizens' involvement in the municipal governments in the United States and the critical role they played in sustaining and nourishing the newly formed democracy in that country.

Within recent years there has been a thrust towards democracy by a number of developing countries. According to recent USAID estimates, 84% of the world's developing countries with a population exceeding five million claim to be currently engaged in some form of transfer of authority to local government. Yet in many of these countries, democratic processes capable of meeting constituents' demands at the local level are only beginning to emerge. Although all the Caribbean countries have less than a than five million people, this situation aptly describes the Region.

Local government decentralization in some countries is usually part of a public sector reform initiative which forms part of a wider democratic thrust. In others, it may be directly related to the democratic thrust that the particular country may be undertaking. This often requires changes to current systems and so does not happen overnight. Each country has a different political, institutional and cultural context which must be taken into consideration.

Ideally effective local government decentralization is an initiative by which the central government has clearly demonstrated the political will to transfer more authority and responsibilities to local government bodies to administer the affairs of their communities. This political commitment however is more that just wishful thinking on the part of central government functionaries. It must indicate tangible evidence such as the development of requisite constitution and legal framework that would create an enabling environment for such a system to function.

There must also be the practice of electing representatives openly and freely. This political system must not only be limited to the participation of political parties but to local citizens groups and independents including women, thereby promoting and fostering the development of pluralistic representation. It must not be limited to routine and periodic elections but must also incorporate appropriate participatory mechanisms in which citizens can make meaningful contribution to the decision-making and development processes of their city or town.

Administratively, effective local government decentralization is an initiative in which the roles and responsibilities are clearly defined and understood by central and local government operatives alike. These roles must not merely relate to cleaning drains and collecting and disposing of solid waste but should include non-traditional functions such as building regulation, provision of primary health care, public security and even environmental protection.
For local government decentralization to provide the desired results, local governments must possess the requisite technical, human and financial capabilities to sustain a high quality of public service delivery at a satisfactory level to citizens. This is important because the success of local democracy would be measured by the ability of local government to improve the quality of citizens' lives and the efficient performance of functions, even with limited financial resources. For this, well-trained and qualified staff would be required rather than party loyalists who for the most have no idea what local government is and how it functions and frankly do not care. Related to this is the local financial position. Local government must receive appropriate intergovernmental transfers to support the work in which central government has an interest, but at the same time must be able to generate revenues from local sources to carry out its local responsibilities.

How does the Caribbean measure up? The answer is that the Caribbean has a long way to go; nevertheless it must be acknowledged that some countries are making significant steps in the right direction, for example Jamaica and Guyana. On the other hand, in St. Lucia local government officials are still appointed by central government and Barbados dismantled its local government system several years ago.

ACKNOWLEDGEMENTS

This publication is the result of, among other things, requests made by participants at the conference on Decentralization and Local Government in the Caribbean held in June 2002 in Guyana, who were of the view that the presentations and discussions should be documented and made available to central and local governments throughout the Region. In this regard we are indebted to all the participants of the conference and the presenters alike for making this publication possible. We are also grateful to the other contributors who consented so readily to our request to include their papers in this publication.

This publication would not have been a reality without the support and assistance of Michael Murphy, Country Director of NDI-Guyana whose idea it was in the first place to organize a conference on local government decentralization and whose steadfast and unswerving support and contribution have now made this publication possible. At the same time we are tremendously grateful to USAID-Guyana Mission for making funds available to NDI through its democracy and governance support programme for Guyana. We all agree that without these funds the publication would just be another languishing idea.

The publication benefited from the thorough editorial skills and expertise of Ms. Patricia Persaud who ensured a high quality throughout. Ms. Shelida Walcott, even though pressed with a host of other responsibilities, was able to design and layout the publication in a timely and professional manner.
INTRODUCTION

This publication has its genesis in the Decentralization and Local Government in the Caribbean conference held in June 2002 in Guyana and the need, as suggested by the participants, to disseminate the information presented at the conference to the widest cross-section of the Caribbean. However, the publication is not limited to the presentations made at the conference but includes other local government related materials from which the wider Caribbean community can benefit.

As reference for the Country Report Sessions, the publication presents initially an analysis of the responses of the Country Survey Information questionnaire used at the conference. Included also are two presentations made to the Joint Task Force on Local Government Reform, Guyana. These presentations relate directly to local government, and local government reform in Guyana in particular. The publication structure is as follows:

Chapter 1: Melissa Ifill gives an insightful analysis of the responses to the Country Survey Information questionnaire submitted by seven countries. This analysis assesses the types of services provided by local governments; the sources of local government financing; the extent of gender representation in local government and the techniques and methods used to inform and involve citizens in the decision-making process. The relevant survey forms are included in Appendix II.

Chapter 2: Bishnu Ragoonath discusses the philosophical and theoretical bases for decentralization and local government and explores their development within the Caribbean region. He also reviews the potential for promoting local government decentralization and examines the adaptation and practices in the Caribbean while at the same time analysing current patterns and trends. The chapter concludes with a discussion of the framework for local government decentralization in the twenty-first century.

Chapter 3: Keith Miller discusses the importance and significance of human and financial resources as vital building blocks for a viable local government decentralised system. In the first instance, he examines the critical role of adequate human resources for the functioning of a viable decentralised local government system, and the related issues with regard to human resources development. Next, he advocates a financial framework within which a local government system must operate and through which it must be provided with the requisite financial resources to carry out its mandate. Some of the issues discussed include adequacy of the financial resources, financial management capacity and accountability, transparency and ethics. He concludes that adequate human and financial resources are necessary for local governments to exercise full discretionary control, in respect of which they must be able to determine their requirements, direction, deployment and utilization.

Chapter 4: Keith Miller defines terms, concepts and principles of Local Government and Decentralization, and discusses the relationship between local governance and decentralization and the developmental and governance challenges faced by Caribbean States.
These lay the foundation for his comprehensive discussion on the advantages and benefits of local government decentralization as well as its disadvantages and risks.

**Chapter 5:** Roxanne Myers examines and discusses gender disparities, analyses gender representation in local government in the Caribbean, makes suggestions on how women can transform local government and outlines an agenda for action. Myers concludes that decentralization by Caribbean governments can affect the way local governments are currently constituted thereby providing opportunities for increased women's participation.

**Chapter 6:** Roy Bahl presents Twelve Implementation Rules for Fiscal Decentralization. He draws comparisons of application from various countries and stresses the importance of budgeting and the astute use of taxes for economic viability of the country.

**Chapter 7:** Benjamin Reilly outlines and discusses with the members of the Joint Task Force on Local Government Reform six options for the development of an Electoral System for Local Government in Guyana consistent with the mandate of the Task Force. The Options are so arranged that they progress from the smallest possible change at Option 1 to large-scale reforms at Option 6. The Task Force is expected to use this as a guide to developing an Electoral System for Local Government in Guyana.

**Chapter 8:** Randall Crane discusses with the members of the Joint Task Force on Local Government Reform the issue of local government revenue generation, including intergovernmental transfer mechanisms. Specific areas addressed include types of transfers, allocation criteria and implementation issues. While an intergovernmental transfer mechanism for Guyana has not been developed, Crane has certainly provided a framework for this to take place. Here again the Task Force would be guided by this presentation.

**Chapter 9:** Winston Cramer crystallizes the presentations made in this publication in a and discusses some elements of effective local government decentralization that would contribute to the development of a model of governance in the Caribbean characterized by the principles of participatory democracy, sustained economic growth and poverty alleviation.
CHAPTER 1

Report on Local Government Decentralization in the Caribbean

Melissa Ifill

Introduction

The organizers of the Decentralization and Local Government in the Caribbean conference gathered baseline data with the following objectives: to assess the types of services that were provided by local governments; to determine the sources of local government financing; to assess the extent of gender representation in local government and the techniques and methods used to inform and involve citizens in the decision-making process.

A Country Survey Information questionnaire was designed and sent to the Ministries responsible for local government and to local government associations, where these exist. Seven of the ten participating countries responded, namely, Belize, Dominica, Guyana, Jamaica, St Vincent and the Grenadines, St Lucia and Suriname.

This document is an analysis of these responses and was used as a reference for the Country Report sessions of the conference. It should be noted that not all the countries responded to all the questions, mainly because of the lack of available data in those countries and also the fact that questions, positions and services were not always applicable. Where this occurred the respondents were asked to indicate that the particular item was Not Applicable (NA).

I. SERVICES PROVIDED BY LOCAL GOVERNMENT

The questionnaire in Appendix II contains an illustrative list of services referred to in this section. The 7 countries reviewed indicated that

- 80.3% of all services are provided by central government, with the St. Lucian central government providing the highest - 90.1% and the Jamaican central government the lowest - 64.6%.
- local government authorities manage 29.7% of all services with the Jamaican central government providing the highest of 39% and St. Lucia the lowest with 15.3%.
- there is significant overlapping and/or duplication of services. In Guyana there are 25 instances where both central and local government agencies are providing the same service. In Dominica there are 19 such instances; in Suriname 10; in St. Lucia 7; and in Jamaica 9.
of the services that are currently being managed by central governments, local government bodies either have the capacity or ought to be equipped to provide 13.5% of those services. In the case of Guyana, it was indicated that local government can assume responsibility for 35% of those tasks currently managed by central government (which is the highest of the countries surveyed) while Dominican local authorities indicated that they can manage an additional 2.4% (the lowest of the countries surveyed).

(i) In response to the question which services can be carried out by local government institutions that are currently being performed by central government, five of six respondents agreed that these make up a substantial number. However several responses noted that the human and financial resources necessary to provide these services are not currently available in the several local government institutions.

The following functions that could be provided by local government institutions were noted by more than one respondent: licensing services (i.e. shops, pet animals, vehicles, boats); maintenance works on roads, bridges and abattoirs; library services; fire and rescue services; building control; the provision of temporary facilities for certain vulnerable groups including the homeless.

Other services that could be provided include: public transportation; registration of electors; vaccination and immunization services; road services; and development of By-Laws.

(ii) Four of six respondents, Guyana, St. Lucia, St. Vincent and the Grenadines and Suriname noted that even though their local government authorities have the potential to provide several services, they are however incapable of financing any. In the case of Guyana, the revenues collected from rates and taxes are inadequate to finance those services noted in its response, while the respondent from St. Lucia noted that all local government operations are currently financed entirely by central government. On the other hand, Jamaica and Belize have indicated that their local governments can fund a number of services currently managed by the central government.

(iii) Four of the six respondents, Guyana, St. Lucia, St. Vincent and the Grenadines and Suriname indicated that they do not have the requisite human resources to manage the provision of these services. St. Lucia however suggests that those skills be acquired from central government while Guyana suggests that an ongoing training scheme be developed after recruiting the necessary additional staff. On the other hand, Belize states that its local government body currently has the needed skills to manage the provision of these services, while Jamaica has indicated that the management skills are available but it would be necessary to recruit staff to carry out the daily functions in the operations.
(iv) All six countries reported that there are central government agencies operating in local government jurisdictions. This has resulted in:
- Overlapping
- Ad hoc approaches to coordination and
- Confusion for the general public.

Some countries, including Guyana and St. Lucia, reported that even though there is room for improvement, there are nonetheless continuous efforts to increase the level of cooperation and coordination between the local and central government bodies. Suriname noted that the process of establishing District Managers has started and that one of the functions for the latter would be as a coordinating body between local and central governments.

II. SOURCES OF LOCAL GOVERNMENT FINANCING

Local Revenue Sources

Guyana, Belize and Jamaica note that local government financing is acquired through both local and external revenue sources. Local revenue sources include the following:

i. Taxes
   - Property
   - Sales
   - Alcohol
   - Garbage collection

ii. User and benefit charges
   - Cemetery fees
   - Playground and Parks-
   - Market fees
   - Day Care
   - Parking
   - Abattoir
   - Building plans

iii. Licensing Fees and Penalties
   - Motor vehicle license
   - Parking
   - Business license
   - Penalties for breach of by-laws

St. Vincent and the Grenadines, Suriname and St. Lucia (with the exception of the Castries Village Council) note that local authorities depend entirely on central government for funding and do not engage in revenue collection.

iv. Local revenue sources generate 95%, 70% and 60% of revenues for Guyana, Belize and Jamaica respectively.
• There is no one method that is most often used by all seven countries to involve citizens, for instance, in Jamaica it is Citizen Advisory Committees, in St.Lucia public discussions and in Belize, special committees.

• There is no common time-frame used by all the states for involving citizens in the process. The strategies to involve citizens in the process of local government are used on a continuous basis in the case of Jamaica and St. Lucia, on a monthly basis in Dominica and Belize and on a quarterly basis in Guyana.

Conclusion

Although the majority of services in the various cities are provided by central and not local authorities, Caribbean local government officials are confident that they have the capacity, or ought to be institutionally strengthened so that they would have the capacity, to provide most services in their local communities.

Local authorities have identified two main constraints that prevent these bodies from functioning at an optimal level - inadequate financing and ill-equipped and untrained staff.

The majority of local government institutions in the region report that despite the existence of revenue sources such as user fees, taxes and penalties, their main source of funding is externally generated, that is, acquired from central government through subvention or allocations from central government budgets. The excessive involvement in and control of local government finances is seen as one of the main hindrances to effective local government management.

It is also reported that the staff in all local institutions in the region are ill trained and are therefore unable to adequately carry out the requisite responsibilities. Training for members of staff in all areas is identified as a critical need.

Other prominent issues that local authorities need to address are the role of women in the local authorities and the need for greater citizen participation.

While increasing numbers of women are functioning in local government authorities, they are still primarily located at middle management or lower management positions and do not occupy the upper echelons of these institutions.

It was also noted that citizen participation in local authorities decision-making processes is inadequate and not reflective of genuine democracies. It was revealed that while citizens do not effectively participate in the decision making process, they are however regularly informed of decisions that will affect their communities taken by authorities in a timely manner. There appears to be a need however for more structured citizen participation strategies.
CHAPTER 2

Local Government Decentralization: A Perspective on Caribbean Adaptations and Practices

Bishnu Ragoonath

Introduction

Experiments with local government in the English-speaking Caribbean started shortly after the Europeans “discovered” the new world. However, notwithstanding this significantly long experience with local government decentralization, the reality of Caribbean local government is that the experience has not been even.

The history of the region clearly shows that there have been differing starting points in the implementation of local government decentralization. Moreover, even though there seem to be some commonalities in the way respective countries of the region had approached the process of local government decentralization, it could be categorically stated that no two countries have had exactly the same experience. To this end, it could be further noted that local government decentralization within the Caribbean cannot be described as linear or even evolutionary.

While in the majority of cases the experience may be said to be developmental, there have been concerns within a few countries that local government decentralization has not contributed to the development, but rather served to undermine the process of development. Consequently, while some countries of the region have adopted and adapted models of decentralization in a manner that seeks to advocate the continued need for local government, other countries have seen it fit to constructively dismantle whatever limited local government decentralization systems may have existed.

In this context, therefore, that is, the collective history of local government decentralization, the Caribbean region cannot be said to be linear or evolutionary. Be that as it may, however, the fact remains that several countries of the English-Speaking Caribbean today maintain local government models and systems. Moreover, in the context of globalization, as well as in the push by the developed world for the implementation of “good governance”, other countries of the region are being forced to review their approach to local government decentralization.

This paper thus takes its point of departure, for in accepting the existence within some Caribbean states of a system of local government decentralization, issues arise as to what model of decentralized local government is being applied. But alongside the concern of what is currently applied is another more important concern relating to what can be afforded, in terms of costs (economic and political) as well as practicality.
Therefore, even within the context of globalization and demands for “good governance” the case for local government decentralization has to be made in accordance with the practical realities of the region.

This paper starts by outlining the philosophical and theoretical bases for decentralization and local government. It also reviews the potential for promoting local government decentralization. Given the framework within which local government decentralization is promoted, attention is turned to the Caribbean adaptations and practices. Cognizant of the fact that volumes could be written about each country, this paper gives a cursory overview of local government decentralization in the region.

At the same time however, the paper explores the theoretical and philosophical bases upon which local government decentralization was developed within the region. Emphasis then shifts to the more recent past wherein current patterns of local government decentralization are analyzed, particularly as to the impact on and relating implications of development. Using contemporary Caribbean thought as a base, the paper concludes with a framework for Caribbean local government decentralization in the twenty-first century.

**The Concept of Decentralization**

Decentralization can be defined most simply as the opposite to centralization. While centralization denotes “a high concentration of power... by a few within an organized social group,” decentralization denotes "the process or situation in which powers and responsibilities are transferred from a central authority to other, usually more local, organs.”

From this perspective, decentralization therefore is applicable to any configuration of power and responsibilities merely pointing to shifts from one concentrated centre to another less so. This shifting of power can be done at two levels: an intra-organizational level and an extra-organizational level. At the intra-organizational level, there is decentralization within the same organization, allowing for varying tiers of administration, while, at the extra-organizational level, there is the development of different levels of authority, each being autonomous in itself and therefore not subject to central organizational rules, influences or controls. This can be illustrated in the case of decentralization by different levels of government, in which there is the central government, provincial governments, local government, and even community government.

Figure I (overleaf) illustrates both modes of Decentralization.
**BOX 1: DECENTRALIZED ORGANIZATIONAL TYPOLOGIES**

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<td>1 Top Teir</td>
<td>Central Government</td>
</tr>
<tr>
<td>2 Intermediate Teir</td>
<td>Provincial Government</td>
</tr>
<tr>
<td>3 Lower Teir</td>
<td>Local Government</td>
</tr>
<tr>
<td>4</td>
<td>Community Government</td>
</tr>
</tbody>
</table>

Based on the foregoing, decentralization can be considered to be an umbrella term, engaging various types or levels of administration. But decentralization is an umbrella term for yet another reason, or rather for yet a host of different meanings. The United Nations, in a 1965 report on decentralization, suggested that decentralization, which meant the "transfer of authority on a geographic basis" allowed for two forms of decentralization, namely: deconcentration and devolution. Another theorist was later to refine these two forms into four forms, namely Deconcentration, Delegation, Devolution and Divestment.

**Deconcentration** is taken to mean the transfer of functions within a hierarchy through the shifting of the workload from the centre to field officers and agencies. Hence, responsibilities are shifted to local administrative units that are part of the centre. In other words, this type of decentralization is really intra-organizational decentralization or "bureaucratic decentralization." But while deconcentration does not allow for any transfer of decision-making powers away from the centre, delegation facilitates such transfers.

**Delegation** therefore involves the transfer of administrative tasks; but with such tasks is transferred some degree of responsibility. In such a context, delegation as a mode of decentralization facilitates the decentralized institution to operate with greater freedom than an institution operating under a deconcentrated mode, though, final or ultimate responsibility remains with the centre. Put differently, the centre retains the right to override or overturn any decision or policy taken by the decentralized authority. Delegation therefore is also deemed to be intra-organizational decentralization.
**Devolution**, on the other hand, relates to extra-organizational decentralization. Devolution is taken to mean the transfer of both political and administrative (functional) responsibilities for certain functions from a higher level of government to a lower level of government. Emphasis herein is on political decentralization, for devolution entails the redistribution of the power structure. To be sure, it facilitates the flattening of the pyramid of power, giving rise to new centres of power, new political actors and new sources of patronage. Moreover, "full responsibility for policy determination in regard to specified subjects is transferred to the recipients of authority." Based on such an understanding of devolution, some theorists have suggested that devolution should be the basis for "the transfer of functions or decision-making authority to legally incorporated Local Government, such as states, provinces, districts and municipalities." 

**Divestment** or privatization has been identified as yet another mode of decentralization. This mode however relates to the process of reducing the size of the state, and in this context transferring powers and functions away from government. This mode of decentralization has been used in local government systems around the world, inclusive of the Caribbean, and thus has some relevance to developing a perspective on local government decentralization.

Based on the foregoing understanding of decentralization as an umbrella concept, therefore, it can be further suggested that the concept of decentralization cannot be defined in a straightforward manner. Put differently, in any discussion on decentralization, care must be taken to understand the respective interpretation of the concept. Such a concern is even more critical in any discussion on local government decentralization, for within the context of local government, the application of decentralization can take on any combination or permutation of the four modes identified above. Before illustrating this however, it may be necessary to clarify the meaning of local government.

**Local Government**

In the scholarly literature on the topic of local government, one of the more common as well as comprehensive definitions of local government is simply that Local Government “is self-government involving the administration of public affairs in each locality by a body of representatives of the local county.” From this definitional perspective local government has two basic concerns, one relating to the administration of public affairs particularly in regard to the provision and delivery of local services, and the other relating to the capacity to promote democracy and participation in the public policy process as it relates to the local community.

Beyond the identification of this dual focus of local government, there are several other philosophical and practical considerations within the above stated definition, that allow for a fuller understanding of local government. To be sure, by situating local government in the locality, a geographical boundary for local government is immediately defined. Also, by posing the notion of self-government, there is the understanding that local governments “have discretion in the scope of their service provisions within a statutory framework of national legislation.”
The notion of representatives suggests that there is an electoral base to legitimize the decision-making process, as it relates to the public affairs issues of the locality. To this end, the functions of local government have defined limits. A final concern that can be distilled from the definition is simply that local government must be somewhat autonomous in its affairs, autonomy being dependent upon financial self-sufficiency. Effectively therefore, from the simple definition that local government involves self-government, one can thus distill a somewhat comprehensive account of what really local government is.

Cognizant of all that has been said before, there is one other significant contribution of local government that needs to be emphasized before moving forward, and this relates to the role of local government. One theorist, writing on local government, noted that local government operates “as a co-coordinator of services in the field; as a reconciler of community opinion; as a consumer pressure group; as an agent for responding to rising demands; and finally as a counterweight to incipient syndicalism.”

In advancing this argument, however, it could be suggested that local government is really about development. Put differently, every task undertaken by local government is directed towards improving the quality of life of the citizen, be it economical, social, political, cultural or even psychological. To this end, with the emphasis in local government being developmental, focus is shifted to the mode of implementation, and here this paper returns to the decentralization debate and puts local government into perspective.

**Reviewing the potential of Local Government Decentralization**

When the United Nations working group on "Administrative Aspects of Decentralization for National Development" met in October 1961, they adopted the position that decentralization, through Local Government, fosters social and economic betterment at the local level. From an economic point of view, local government decentralization serves to ease overload, congestion and "administrative traffic jams". At the same time local government can reduce "diseconomies of scale inherent in the over-centralization of decision-making in the national capital" while at the same time increasing the number of public goods and services -and the efficiency at which they are delivered - at lower cost." Yet another point of entry of local government decentralization in the promotion of economic development lies in relation to the actual expenditure of local government, as well as the notion of employment creation and even the facilitating role in promoting economic activity. All in all, local government decentralization can impact positively on the economic betterment and development of the citizenry and the society.

In like manner, local government decentralization can impact positively upon social advancement and emancipation. By providing certain social welfare services and amenities, it helps to reduce ill-health, poverty, and illiteracy. Ill health is also ameliorated through the various public health related activities and tasks that local governments undertake. Further, local government sets up an environment to promote social changes that affect citizens' lives.
In addition to these contributions, social development is further enhanced by local government decentralization through better communication, civil education, associational and "greater efficiency (a better appreciation of local requirement), more citizen contentment, a more likely forum for basic change in political attitudes and structure." To this end, local government decentralization has had the impact of promoting social and economic development.

Be that as it may however, local government decentralization has also been promoted as a vehicle for political development. The potential benefits assigned to local government decentralization are supposedly innumerable. The utopian notion of "grassroots democracy" immediately comes to mind when one focuses on the political potential of local government. In this regard, local government decentralization programmes are normally associated with the notion that citizens play an active role in the decision-making process and the implementation of policy. This takes one back to the ancient Athenian polis, where participation defined citizenship and where decisions were only taken after all citizens had the opportunity to express their views. Such democracy and participation in contemporary political systems are carried out in the attempt to "return power to the people." The notion of returning power to the people supports yet another critical dimension of modern governments, and this relates to facilitating legitimacy of government.

Apart from serving as "bastions of democracy and promoting citizen participation in policy formulation and implementation, while at the same time legitimizing government policies, local government decentralization also provides an environment for political education enhancing political growth and maturity. Local government officials serve as a conduit for the transfer of political communication, and information, and even education. Education in this regard is taken in the widest sense and would include not only the political education in relation to political institutions and their functioning, but also training in the art of responsible leadership. From this perspective therefore, the potential of local government decentralization is tremendous. The questions arising however are, how has the Caribbean region applied local government decentralization, and with what impact? It is these issues to which the paper now turns.

**Early Caribbean Attempts at Local Government Decentralization**

For the larger territories of the English speaking Caribbean, local government decentralization has had a fairly long history. However, that history has not been even, and as a consequence, generalizations about the philosophy as well as the practice are not always possible. More critically, the contemporary practices and even so the projected reforms in relation to local government decentralization in the Caribbean are but far removed from the initial attempts at building a system of local government. Notwithstanding this, however, the history of local government in the Caribbean still remains a good point of departure for understanding the shifting nature of decentralization practices in terms of local government.

Local government in the contemporary English speaking Caribbean was built up in a piecemeal fashion from transplanted European models.
The first attempts at local government in the region came as early as 1596, when the Spanish model of the Cabildo was established in Trinidad. Later in the seventeenth century, the British Elizabethan Vestry system of local government was introduced in Barbados and Jamaica, while the Dutch model of frontages was introduced in Guyana. When the British took possession of Guyana and Trinidad, towards the end of the eighteenth century, they moved to dismantle the existing local government decentralization systems and to replace them with a British-styled municipality model of Town Councils. The Jamaica system of local government was brought into question following the Morant Bay rebellion and was reviewed and subsequently reformed. Important in such changes and reform however is the application of decentralization. Put differently, the introduction of the British system of local government in Trinidad and Guyana as well as the reforms to the Jamaican and Barbadian systems resulted in various shifts in the mode of decentralization.

In the cases of Trinidad and Guyana, prior to these countries becoming British colonies, the local government decentralization models facilitated significant devolution of power. In the case of Trinidad, the Spanish colonial authorities had established the Illustrious Cabildo. The Cabildo had the power to allow the town’s citizens to design and implement their own course of development. In this regard, the Cabildo was based on a model of devolution. But beyond this, however, the Cabildo was also to assist the government in providing various services, inclusive of health and prison services, not only for the town but also for the island as a whole. To this end, the Cabildo also operated with delegated responsibility. A lot of this was to change in 1840, when the Cabildo was replaced by a British-style Town Council.

Under the British decentralization model, the local government authority lost all responsibilities for water, housing, power, health and prisons. It may be instructive to note however that whereas the British system led to a reduction in the services which local government was to offer to the citizenry, the new model nonetheless stipulated the investiture of an elected council. Moreover, local government was extended with two other urban centres establishing local government systems of their own. This was the extent of local government decentralization in Trinidad until the middle of the twentieth century. It was only in 1947 that the entire country was brought under a system of local government, and even at that time the councils were merely advisory. Only in 1952 were executing powers extended to all local government authorities. However, the form of decentralization in this system was far removed from devolution and was one of deconcentration and delegation.

A similar state of affairs occurred in Guyana. When the British came, they immediately recentralized the local government decentralization system, which had allowed frontages to hold the responsibility for sea defense and drainage. But in pushing a claim to recentralize, the British advocated decentralization to such an extent that two municipalities were established between 1782 and 1785. However, the element of elected representatives only came to these councils in 1837. Moreover, it was not until 1892 when, with the passing of the Local Government Ordinance, village councils were recognized as local authorities, and given the power to collect taxes and administer and perform public works. From all respects, the system of decentralization was largely of a devolution mode, though it contained elements of delegation.
The model of local government decentralization in Guyana underwent various reforms thereafter, many of which chipped away at the element of devolution, as a system based on delegation was being created.

Devolution was also the focus of the early local government decentralization systems in Jamaica and Barbados. Indeed the Vestry system was based on devolution of authority and autonomy. Vestries were operationalized with defined constitutions. They raised revenues through the collection of taxes and were responsible for all local services. In the case of Jamaica, parochial councils were elected to manage the affairs of the respective Parishes. Notwithstanding its powers and functions, the system did not work well and this led, in part, in Jamaica to the 1865 Morant Bay rebellion.

Following the rebellion, the colonial authorities in Jamaica reviewed the system of local government, with the result that the element of elections was removed and local governments were relieved of some of their tasks. From this perspective those reforms led to a shifting away from devolution to bring local government in Jamaica in line with systems in Trinidad and Guyana. As for Barbados, although there was no singular major reform to the Vestry system, the system nonetheless suffered continuous erosion, with functions being usurped and operationalized by the island’s government, once it was recognized that the Parish or local government council was not able to provide the required services at satisfactory levels. Consequently, when the local government decentralization model was disbanded in the 1960s, local government was merely a shell, with no real powers, and with very limited functions.

To this end therefore, it could be suggested that devolution was the operational mode in the initial attempts at implementing local government decentralization in the Caribbean. However, subsequent reforms, and restructuring saw the dismantling of this devolution. It is in this regard that we now turn to the more contemporary practices of local government decentralization, and explore the mode of such decentralization.

**Current Caribbean Practices at Decentralization via Local Government**

While the history of local government decentralization has been a fairly long one, the fact remains that not all countries of the Commonwealth Caribbean view local government decentralization as necessary for development. While it may be suggested that local government exists in nine states of the region, (see Table I) the fact is that in three states, namely Antigua, St. Lucia and St. Vincent and the Grenadines, there is currently no elected system of local government existing, and as such what is referred to as local government is really forms of central government operating within local communities. Consequently, it could be suggested that only in six countries, namely, The Bahamas, Belize, Dominica, Guyana, Jamaica and Trinidad and Tobago do the existing forms of local government bear some relation to the theoretical constructs of local government, and this is particularly in relation to elected local government.
While concerns have been raised about the status of local government in Guyana, particularly since elections are now over five years overdue, the fact remains that Councils in 1994 were never dissolved. As a result, the case can be made that elected councils still determine programmes for the operations of the local government authorities in Guyana. Thus the element of elected representatives is continually satisfied. However, there remains a need to revisit and assess the application of the other elements of local government, not only for Guyana but also for all the countries where elected local governments are maintained. It is to this attention is now turned.

### TABLE: LOCAL GOVERNMENT PRESENCE IN THE CARIBBEAN - 2001

<table>
<thead>
<tr>
<th>NO RECOGNIZABLE LOCAL GOVERNMENT</th>
<th>NON ELECTED and/or INFORMAL LOCAL GOVERNMENT</th>
<th>CONSTITUTION/LEGISLATION DEFINED ELECTED LOCAL GOVERNMENT SYSTEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>Antigua</td>
<td>Entire island as single Local Government Authority</td>
</tr>
<tr>
<td>Grenada</td>
<td>St Lucia</td>
<td>Territory divided in to numerous Local Authorities</td>
</tr>
<tr>
<td>St Kitts</td>
<td>St Vincent &amp; the Grenadines</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Barbuda</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nevis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tobago</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Bahamas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Belize</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dominica</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guyana</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jamaica</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trinidad</td>
</tr>
</tbody>
</table>

From the theory of local government, it is accepted that local governments, apart from operating within the defined geographical boundaries of the locality and having legitimacy of decision-making based on an electoral base in the locality, must play a critical role in ensuring the delivery of services developmental to the community. But in attributing this role to the local authority, it must be noted that the local government cannot do everything, and furthermore that it must use discretion in determining the scope of services provided. Moreover, it must have a capacity to raise revenues, particularly in regard to local taxes, to finance the provision of services. It is within such tenets that the current local government systems of the Caribbean are to be assessed. But in assessing the implementation of local government, it is also necessary to interpret the mode of decentralization adopted in the respective cases. To this end, the six countries with elected local government decentralization systems will now be briefly reviewed.
The Bahamas: The system of local government operated in The Bahamas is a two-tier system namely District and Town Areas. Districts are the larger Local Government-defined areas, while the Town Areas, that is, relates primarily to the urban areas in some Districts. Thus, while there are twenty-three Local Government Districts in the Bahamas, fifteen have been divided into Town Areas.

However, some areas of the Bahamas do now fall under the purview of either a Local Government District or a Town Area. Put differently, local government decentralization is not applied to the entire country.

Notwithstanding this however, for areas in which a system of local government decentralization exists, this system is based on democratic traditions and practices. But, in both tiers of local government there are elected representatives, and the functions of the respective local government authorities are clearly outlined. From the perspective of discretion, the local government authorities have the power to oversee the general planning of the locality, inclusive of town planning, traffic schemes, and public transportation, and even to issue licenses for buildings, hotels, etc. Provision is also made for the local government authority to have the right to make recommendations for the use of crown lands as well as for the development and promotion of tourism.

From the perspective of other services, the local authorities are required to provide sanitation and health services, and to maintain public infrastructure. All in all therefore, from the perspectives of functions and discretionary powers, the Bahamas local government system generally fits well into the theoretical framework. But while that may be so in relation to the elements identified above, there is one major area of shortfall and that relates to finance. Local authorities in the Bahamas have no power to raise revenues or collect taxes and/or levies. Central government finances all local government expenditures. In this regard therefore, local government authorities in The Bahamas operate within constraints as may be determined and defined by central government. Therefore, while one may suggest that there has been the devolution of power and authority to local government councils, the lack of financial autonomy by Local Government Districts and Town Areas reduces them to mere instruments of the central government. It may therefore be argued that local government in the Bahamas is operationalized with delegated powers and responsibilities.

Belize: Belize local government decentralization is based on a system of nine Municipalities, representing the major urban centres across Belize. All Councils are elected, but the citizenry directly elect Mayors. The legislation that governs local government sets a statutory date for elections, namely the first Wednesday after the term of the previous Council expires. There can be no doubt that the capacity for democracy and legitimacy of elected council exists within the Belize local government system. However, concerns about democracy arise if the number of citizens exercising their franchise reviewed. For instances, in the 2000 local government elections, in three municipalities less than twelve percent of the electorate voted. (Belmopan-9.9%, Orangewalk- 10.7% and Benque Viejo- 11.7%) In such a scenario, the question can is whether this level of participation facilitates real democracy and legitimizes the elected council's decisions.
If the concerns about elections however are disregarded, it is evident that Belize's local government decentralization fits the theory quite nicely. Councils operate within defined boundaries, with certain limited functions and responsibilities, and the Council has the power to raise revenues and levy rates and taxes. In fact the legislation gives Councils the power to determine what the general interest and welfare or development of the respective municipalities is and therefore to seek loans to pursue such developments. Councils also have full autonomy in the staffing of the corporations. And it may therefore be suggested that there is devolution of power, authority and functions. Notwithstanding this devolution of power, however, the fact remains that local government decentralization is subordinate to the central government, and more importantly, the central government can intervene in local government if it deems such intervention necessary.

**Dominica:** Local government in Dominica was initiated in 1896 with the establishment of the Roseau Town Board. Since then development of local government has resulted in there being thirty-nine local government authorities at present comprising three municipalities, the Carib Reserve and thirty-five Village Councils. Noting that population of Dominica is just under 80,000, some villages with approximately five hundred residents (inclusive of children) have full status as a local government authority, with an elected Council managing the affairs of the Village Council. Similar to Belize, there have been concerns about participation in the electoral process, as indicated by examples from the 1998 elections, when, in the City of Roseau less than twenty percent of the electorate voted. In spite of this however, elections are convened regularly and the system is based on liberal democratic practices.

In examining the scope and functions of local government, there are some concerns as to the level of importance accorded to local government in the society. These concerns arise primarily out of the limited functions which local government exercises. For instance, in relation to the Capital City of Roseau, the city council functions are restricted to drainage and street cleaning (collection of litter), the cutting of grasses on the roadside verges and the maintenance of public conveniences. This being the limit of local government functions, the local authority has no control over markets or recreation facilities etc. The Council therefore has few discretionary powers.

While other local government authorities may have more powers and functions than those outlined for Roseau, the fact remains that although there is very limited local government decentralization in Dominica. Furthermore while local government authorities have the power to raise revenue and collect property taxes, the actual collection amounts to less than fifty percent of the possible collection value, resulting in Councils being normally strapped for funds for implementing their limited functions. To summarize the case of local government decentralization in Dominica, it may be posited that local government in Dominica is directed by citizen participation in the development of their communities.

**Guyana:** Guyana's local government decentralization programme operates on a four-tier system. At the top level there is the Regional Democratic Councils, next are the Municipalities, followed by the Neighborhood Democratic Councils and finally the Amerindian Village Councils.
The nature of this system should indicate that democracy and the elected element of local government decentralization will prevail. But this however is not always the case, for while Regional Democratic Councils have been elected fairly regularly, Municipalities and the Neighborhood Democratic Councils elections have been postponed time and time again. For instance, elections for membership on these Councils were due in 1997, but five years later there is still uncertainty as to when the elections will be held.

Beyond the issue of elections however, it may be noted that local government councils have some discretionary powers in relation to defining policy for their communities. In the municipalities and NDCs, for instance, local authorities can embark upon developmental works, funding for which comes from the direct collection of taxes as well as from grants from the central government. The source of the majority of such funding for the Municipalities and the NDCs is central government, with direct collections accounting for a small percentage of overall expenditures. In the case of the RDCs and the Amerindian Village Councils, all expenditures are offset by central government allocations. It may be further suggested that local governments in Guyana operate largely at the fancy or direction of central government in relation to implementing projects. From this perspective, delegation seems to be the order of the day, as opposed to the mode of devolution.

**Jamaica:** The system of Local Government is made up of thirteen Local Authorities, comprising the Kingston and St. Andrew Corporation (KSAC) and twelve parish Councils. Local Government, despite its rudiments, is not entrenched in the Constitution by local authorities but has been given legal status by virtue of the Kingston and St. Andrew Corporation Law, and the Parish Councils Law. The Councils operate through committees comprising elected members of Council which are delegated to carry out certain responsibilities according to the two Acts previously mentioned. To further the process of participatory democracy in Jamaica, a number of development committees, at the community level and at the parish level, have been established, as well as participatory mechanisms, which involve the state, private sector, community leaders and other members of civil society in the process of local governance. From this perspective therefore, Jamaica has been pursuing local government decentralization from a democratic, people-based standpoint.

In terms of the functions and activities of Jamaica's local government system, in keeping with the generalized functions that normally fall under the purview of local government, Jamaica's local government authorities have similar responsibilities to those of the local government system. In noting the functions, concern then turns to financing, and herein it may be noted that Jamaica's local governments are financed somewhat differently from other local government systems in the region.

Recent reforms have ensured that central government will continue to collect all property taxes, but such funds are returned, in full, to the respective local government authorities. Similarly, two-thirds of all motor vehicle license fees are made payable to the local government authorities. Based on this system, local government authorities can now claim to have more than 50% (and in some cases closer to 70%) of their revenue coming directly from taxes, notwithstanding that the collection point is still central government.
Consequently with this degree of financial self-sufficiency, local government councils can exercise greater discretion in what they do, as it pertains to the locality's development, thereupon suggesting a greater affinity to the concept of devolution, rather than deconcentration or delegation.

**Trinidad and Tobago:** According to law, Trinidad and Tobago operates a two-tier system of local government. In practice however, it could be suggested that there is a four-tier system. In Trinidad all fourteen local government authorities are governed by the same legislation, namely the Municipal Corporations Act. Tobago operates under separate legislation of the Tobago House of Assembly Act. But whereas all local authorities in Trinidad are expected to operate in like manner, there exists a classification that serves to differentiate the operations of local government. Thus the cities of Port of Spain and San Fernando seem to operate with substantial autonomy. These Corporations collect taxes and make policy decisions for their locality, which in many instances are sent to central government for ratification and/or funding. However neither Corporation collects more than 20% of its revenue, and thus central government allocations make up at least 80% of the revenue base of these Corporations.

At the second level are the Boroughs that were in existence prior to 1990, (namely Arima and Point Fortin). These Corporations also collect rates and taxes, but these amount to less than ten percent of their annual budget. Moreover, these Corporations are more closely monitored by the central government ministry and operate with less autonomy.

At the third level are the Borough of Chaguanaus and the nine Regional Corporations, which notwithstanding the elected council, operate within a framework dictated by the Ministry of Local Government. Since these Corporations do not collect rates and taxes, they are dependent upon central government for funding. The Councils have little autonomy, and whereas they may make policy decisions, these are normally subject to review by the central ministry. In this context therefore, notwithstanding that these Corporations operate under the same legislative framework, they possess less autonomy that the other corporations.

At the fourth level is the Tobago House of Assembly, which has significant autonomy and is normally described as an experiment in devolution. The legislation of the Assembly gives the Assembly the power to make and implement policy decisions for some thirty-one items listed in the Fifth Schedule. Moreover, based on a directive from the Dispute Resolution Commission, Tobago is to receive between 4.03-6.9% of the National Annual Budget. Based on this stipulation as well as its policy-making powers, the Tobago House of Assembly can claim to operate with a high degree of devolution.

On the other hand however, in the case of the local government authorities in Trinidad, based on the fact that central government is not obliged to any stipulated level of expenditure for local government, the Corporations operate at the whims and fancies of the central government. Such a scenario is demonstrated in terms of releases to local government authorities, as well as directives.
Most recently some Councillors claimed that their Corporations had received no budgetary releases for the month of June and none are expected in July 2002. Moreover, it is also reported that central government has directed that, as of June 15, 2002, local government authorities entertain no new purchases. In this context, local government operates more in the form of deconcentration with some elements of delegation, but without devolution in the case of Trinidad.

Based on the above contemporary practices, several generalizations can now be made about the practice of local government decentralization in the Caribbean. Firstly, while there have been attempts to operationalize local government in accordance with the theoretical underpinnings, these have not always been very successful. In nearly every instance at least one element has not been operationalized in totality. Put differently, in every instance of local government one is sure to find either that the electoral element is not working properly, or participation is not encouraged, or the lack of financial autonomy ensures that local councils have no discretionary powers, or even the fact that some local government authorities are not empowered to collect taxes. It could therefore be suggested that Jamaica comes closest to a pure form of local government at this time. Secondly, the shortfalls in operationalizing local government impact on the application of decentralization. Thirdly, and by extension, there seems to be the reversion from devolution to delegation and even deconcentration in Caribbean local government practices.

Based on the current scenario, the question which we must address is, how can we modify our systems to facilitate good local government? The final section of this paper addresses this concern.

**DEVELOPING A FRAMEWORK OF CARIBBEAN LOCAL GOVERNMENT DECENTRALIZATION FOR THE 21ST CENTURY**

What should be the format for Caribbean local government decentralization programmes in the future? Moreover, what philosophy should guide the future development of local government decentralization in the Caribbean? In an attempt to answer these questions, it is necessary to revisit the thinking of Caribbean leaders in relation to the concept of local government decentralization and to place such thinking into perspective, as it relates to the global directions in the process. In this regard, two eminent leaders come to the fore. In the first case, the thinking of Sir Clarence Seignoret is very relevant. In his 1991 Presidential Address to the Parliament of the Commonwealth of Dominica, Sir Clarence reiterated what he considered were the most critical functions of local government. He noted:

- Local government is to provide opportunities for residents to contribute meaningfully to the decision making process at the local level;

- It must take social and economic services closer to the people who need them;

- It must create effective communication channels between central government and local communities;

(Continued)
- It must develop local institutions capable of managing the development of their areas;
- It must provide leadership potential at the community level.

Supporting in its own way the thinking of Sir Clarence, was the Minister of Local Government in Jamaica, the Honourable Arnold Bertrand. Local government reform in Jamaica, Minister Bertrand noted:

must integrate improved social service delivery, participatory governance and economic development into one process. Enhanced popular participation and governance at the local level is meaningless without economic power.... Local government Reform must also take into account the imperatives of national development of which the most important is a first rate education and training system rooted in modern technology to provide the labour force required for a modern knowledge-based economy. This together with the deepening of democracy and a more informed citizenry is our only hope for social cohesion and an end to polarization and social strife.

From these opinions, the context in which local government decentralization in the Caribbean is to be implemented is simply reaffirmed. Clearly there is need to refocus on what local government should be about, which is promoting participatory democracy, but at the same time providing services as may be necessary for the promotion of development. Thus from the perspective of philosophy there is no problem whatsoever about local government in the Caribbean. The problem however arises as to how to implement or institute such practices.

In the quest to ensure that local government achieve its objectives, there is need to transform local government from its traditional form to a more public sector managerial system. In such a context it is necessary to move away from the traditional thinking that local government must operate as an institution of self-sufficiency, with some monopolistic control over various functions, with direct management of the provision of services, and with a fixed hierarchical structure. What is needed is to have an enabling authority, with a competitive council operating with devolved management. There is also need to put customers first. In a chart form therefore, demonstrates the new model for local government.

**BOX 2: THE TRADITIONAL MODEL VERSUS THE NEW MODEL OF LOCAL GOVERNMENT DECENTRALIZATION**

<table>
<thead>
<tr>
<th>TRADITIONAL</th>
<th>NEW MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Self- Sufficiency</td>
<td>Enabling authority</td>
</tr>
<tr>
<td>2. Near monopoly</td>
<td>The Competitive Council</td>
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<td>3. Hierarchical and central control</td>
<td>Managed with contract and influence</td>
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<td>4. Direct management of services</td>
<td>Devolved Management</td>
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<tr>
<td>5. Uniformed/Standardized services</td>
<td>Customer orientation- quality/choice</td>
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<td>6. Stable Employment</td>
<td>Flexible employment structures</td>
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But in advocating a shift in perspective of local government, there must also be a shift in terms of the approach towards decentralization, since there is need for devolution to become more central in the operations of local government. Of course, herein devolution would relate to the management practices. Devolved management involves managers at the lowest possible level having: more authority over resources; greater scope for decisions; accountability for achieving targets; and the ability to operate within modern business environment. When this occurs, then local government can really achieve its ends all at one time.

References

5. F. Riggs, Administration in Developing Countries Boston: H. Mifflin, 1964, p. 341
10. See I. Rothenberg, "The Decentralist Bandwagon" (Mimeograph), p. 6.
CHAPTER 3

Building Blocks of a Viable Local Government/ Decentralization System
(Human & Financial Resources Capacity)

Keith L. Miller

Introduction

I have been asked to make a presentation on “Building Blocks of a Viable Local Government Decentralized System”, focusing on two such building blocks, i.e. Human Resources Capacity & Financial Resources Capacity. I start by defining the two terms which make up the captioned topic of my presentation “building blocks” and “a viable local government/decentralized system”. This definition serves two important purposes:

- It ensures clarity as to the meanings ascribed to these terms as they are used in this presentation.

- It gives me the opportunity to look at two opposing concepts of the nature of local government, and to indicate which of these is consistent with the notion of “a viable system of local government”. One school of thought, representing the old paradigm, sees local government as being merely an agent of central government. Another school argues that for local government to be viable, it must exist as a distinct sphere rather than a level of government, and must enjoy real autonomy within its designated areas of responsibility. This represents the new paradigm, in which local government becomes a vehicle for promoting local sustainable development, enhancing the quality/practices of governance, and empowering citizens to have a real say in the management of their own affairs. A fuller exploration of this issue is given below, but suffice it to say that the latter concept is assumed in this presentation.

Definition

The term building blocks in this presentation refers to “the requirements/pre-requisites which are fundamental or essential for the establishment and ongoing operation of a viable local government system. A viable local government/decentralized system is used to mean “a strong system of local governance which incorporates the principle of participatory local self-management, and in which local authorities enjoy real fiscal and legal autonomy”. In this model local government functions as an instrument of the local population, through which local stakeholders become partners in the processes of local governance and development, and are involved in determining local problems and priorities, and formulating strategies/plans for achieving common goals.
The Nature of Local Government and its Relevance in the Caribbean

Before proceeding to the substantive discussion on building blocks, we must examine the nature of local government and the type of local government system which is to be built. As noted above, some hold that local government is an agent of central government, that is, that it is subordinate to and therefore a creature of central government. Accompanying this view is the notion that central government is sovereign, and therefore has absolute right to determine the role and functions of local government, if any, as it sees fit.

Frankly, acceptance of this postulation will render the current exercise, that is, a discussion on the building blocks of a viable local government/decentralized system, a waste of time, as there is an inherent contradiction between the concept of a viable system of local government, and the notion that local government is merely an agent of central government. Viability implies the ability to exist and/or function with a substantial degree of autonomy. If it is merely a creature of central government, and thus subject to its arbitrary whims and fancies, it is difficult to understand how such a system could be considered to be viable.

In speaking about a viable system of local government, there must therefore be a reference to a model of local government that enjoys real autonomy and has independent means of existence, in other words, having independent legal status, and control over and/or guarantee of the resources that are required to enable it to operate effectively and discharge its mandated responsibilities. That therefore is the concept of local government which informs this presentation.

We must also challenge the notion of central government sovereignty. Sovereignty denotes the location of supreme and final power in any society. The claim that supreme power resides in central government is misguided and dangerous. In the modern democratic state, sovereignty clearly and emphatically resides in the people. And the sovereign people, by way of a Constitution, determine what rights, privileges and obligations shall remain with the people themselves, or be ascribed to any group or sector. Through the Constitution, the sovereign people will also determine the institutions which are to manage the affairs of the state. These include central government and its component branches (legislative and executive); the judicial system; and any sub-national levels of government (including local government) which might be deemed appropriate.

The Constitution is the instrument for establishing the institutions of the state and prescribing the power and scope of each, the relationship between each of them, and guidelines as to how any power which is conferred must be exercised. It can therefore establish both local and central government, and prescribe the role, scope and function of each, and the relationship between them. In such a case, local government would not be subordinate to or a creature of central government, even if central government is accorded some oversight functions and the right to establish a national legal and policy framework within which local government would be required to operate. What is crucial for local government autonomy and viability is that the Constitution guarantee its resource base and powers, and lay down the parameters within which central government can exercise any oversight or regulatory functions which it is given in respect of local government.
HUMAN RESOURCES CAPABILITIES

Severe weakness in respect of their Human Resources Management/Development capacity is a major problem affecting Local Governments throughout the Caribbean and therefore constitutes a major impediment to their effective performance and viability. Enhancing the HRD/M capacity of Local Governments must therefore be one of the fundamental building blocks of a viable local government/decentralized system.

The typical discussion on the subject of human resources as it relates to local government usually focuses on issues concerning the paid (permanent) staff. However, I intend to depart from that orthodoxy by highlighting the fact that there are really three distinct streams of human endeavour which are critical to the proper functioning of a viable/effective system of participatory local governance. These are the Political/Policy-making Stream, the Administrative/Technical Stream and the Community/Civil Society Stream. Each of these streams has its own unique/special contributions which it brings to the process of participatory local governance, and each is subject to several factors or situations which influence the extent to which it is able to perform in the manner required. The following is an attempt to identify the contributions which each stream brings to the process:

- **The Political Stream:** These are representatives elected by the local citizenry to act on their behalf, and to exercise all powers and authority conferred on the Local Authority, including the use and disposal of public resources. In some local government systems in the Caribbean, these persons are either wholly or partially nominated by the central government. The special inputs or characteristics expected of this group towards the process of participatory local self-management are as follows:

  - Providing strong and visionary political leadership which forges a common sense of identity, purpose and mutual inter-dependence among all local stakeholders; instilling a sense of local pride and self-reliance which mobilizes them to achieve commonly agreed goals/tasks.
  - Demonstrating strong commitment and unequivocal loyalty to the people whom they are chosen to represent, by recognizing that their first obligation is to the interest/welfare of these citizens.
  - Building social capital by creating a framework for effective partnership between all local groups, sectors and interests; and establishing an environment which engenders trust and mutual respect between the governors and the governed, and among all groups and sectors.
  - Forging policies, plans and programmes for local sustainable development and the management of local affairs. Such policies/plans/programmes should reflect the needs, views and priorities of the local population. Ideally, they ought to be the outcome of a participatory process involving all partners, and therefore should enjoy widespread support and commitment locally.

(continued)
• Directing and monitoring the administrative/technical arm to ensure action in accordance with the policies, plans and programmes which are the products of the participatory process.
• Effectively representing local interests and perspectives at the national and international levels, and on all external occasions at which local interests can be advanced.
• Ensuring that proper standards of transparency, accountability and ethical conduct are established, practised and strictly adhered to in respect of all aspects of the local government system.

• The Administrative/Technical Stream: These are paid, professional staff of local authorities, who undertake all operational activities and tasks required to properly discharge the functions/mandates of local governments, and to provide support for all local governance programmes/projects. This group is the permanent workforce of local government, and is expected to contribute as follows:
  • Provide the administrative/technical knowledge, skills and competencies required to effectively/efficiently undertake the tasks and activities involved in local governance.
  • Provide policy advice to political directorate by supplying information and analysis on current realities, relevant trends, desired objectives, available options and likely consequences of each course of action.
  • Provide technical inputs into and coordinate the preparation of programmes, plans, budgets and project proposals which are designed to realize the policy objectives and developmental targets, as determined by the local authority through a multi-stakeholder, participatory process.
  • Collect data/information, and undertake analysis and research, in order to provide the policy-formulation, decision-making and planning processes with the necessary inputs.
  • Implement timely, efficient and effective decisions/directives taken by local authorities in exercise of their statutory powers, and diligently execute all legally mandated or other duties/obligations which local government is expected or required to perform.
  • Have a very strong development and customer orientation towards the execution of their tasks.
  • Provide administrative/technical support to and coordinate activities of the partnership among local stakeholders, and service inter-agency coordination/collaboration within their jurisdiction.
  • Master and apply modern/appropriate technology and business systems, concepts and processes towards improving the delivery of services, and generally in conducting the affairs of the region.

• The Community/Civil Society Stream: This Stream comprises community leaders/activists, NGOs, civic and private sector leaders and special interest groups, and other local stakeholders who have an interest or a role to play in the development of communities and effective management of local affairs. Their involvement is primarily on a voluntary basis. expected from this stream is the capacity for:
• Forging a sense of unity, common identity and purpose within the community, and creating a sense of empowerment which results in the community taking responsibility for determining its needs and aspirations, and working collectively for their achievement.

• Initiating processes to assess realities, needs, circumstances and priorities of the community, and formulating plans and strategies to achieve community developmental goals.

• Inculcating community spirit among members, which enhances recognition of mutual inter-dependence among community members/groups, and therefore the need to support each other and work cooperatively rather than individually or adversarially.

• Spearheading initiatives to reduce/eliminate divisions within the community, whether these are caused by race, religion, class/economic status or political affiliation.

• Enhancing the community's awareness and appreciation of its heritage, distinct cultural forms and other attributes/assets and practices which can form the basis for its development.

• Propagating values and attitudes which are conducive to the creation of a vibrant, self-reliant, socially cohesive, economically prosperous and caring community.

• Creating and maintaining appropriate local institutional forms and structures through which the needs and aspirations of the community can be articulated, advocated and achieved.

**Issues Related to the Human Resources Capabilities**

Having identified the main streams of human activity which contribute to the functioning of a participatory model of local governance, and also the special contributions expected of each stream, we now need to look at the factors/circumstances which are likely to influence or determine whether any particular local government system will be able to attract the type/quality of HR required for viability and effective operations. In addition, we need to identify the conditions which will constitute a conducive environment to enable these human elements to perform in the manner expected. Obviously each stream has its own set of issues, and the scope of this Presentation does not allow for exhaustive treatment of them. Therefore a few selected examples are presented to illustrate the types of issues which affect the HR capacity.

• **The Political Stream:** Firstly we stress the strategic importance of this group in giving leadership and general direction to the reform/transformation of local government, in order to make it capable of meeting the demands/expectations of the new paradigm. Several factors impact on the likelihood or capacity of performance of this stream.

  • In many local government systems in the Caribbean, the local political leadership is exclusively or substantially nominated by central government. A nominated political/policy-making leadership makes it virtually impossible for local government to function as instruments of local self-management, since the primary allegiance of such persons will be to those who nominate them.
FINANCIAL RESOURCES CAPABILITIES

The Financial Framework within which a local government system operates, and through which it is provided with the financial resources required to discharge its various mandates, is undoubtedly the most critical factor for determining its viability. It is therefore safe to say that financial resources capacity is a key building block of a viable local government/decentralized system. The financial framework also strongly influences many other aspects of the operations of a local government system, and determines the extent to which such a system is able to enjoy or realize many of the advantages/benefits of decentralization.

The financial resources capacity of a local government/decentralized system does not refer only to the quantum of such resources which is available to the local authorities within the system, but includes several other factors. Among these are the degree of control which local authorities enjoy in determining and securing financial requirements, and the autonomy/discretion they have in utilizing those resources in a manner which reflects local needs, circumstances and/or priorities. Still other factors relate to the strength of financial management, in terms of its ability to maximize returns from the revenue potential of the sources available to it, and to optimum the output obtained in using these financial resources. Mechanisms which ensure accountability, transparency and ethics in the conduct of local affairs are also critical factors in establishing an effective financial resources capacity in local government. The following represent an attempt to examine the various components of financial resources capacity in a typical local authority.

1. Adequacy of Financial Resources: This is undoubtedly the number one issue for local governments in the Caribbean, as it is in most countries and regions of the world. Lack of adequate resources to satisfactorily discharge the mandates entrusted to them is echoed by almost every local government system around the world. Adequate financial resources will only be fully assured when financing arrangements provide local authorities with specified sources of revenue, or mechanisms for raising revenue for each function that local authorities are mandated to perform. Given the reality of scarcity, (resources available cannot satisfy most of the expectations of citizens), it might be better to state this issue in terms of whether the arrangements provide the means of reconciling expectation to the resources available.

2. Independent Control of Revenue Sources: Independent control by local government of the sources of revenue allocated to them is a key determinant of the system's viability. Lack of direct control over this aspect of its existence is an immediate indicator that a local government system is dependent on external powers for its effectiveness and its ability to ensure that it can successfully discharge its mandate. This is true even where there is a seemingly immediate adequacy of financial resources, as ensuring sustainability will be beyond the capacity of the local government system. The typical local government system in the Caribbean lacks control of their financial situation, as most are funded directly by central government, and even where they are accorded specific sources of revenue, they do not enjoy independent control of these sources.
3. **Proportion of Total National Revenues Controlled by Local Government.** This is a key indicator of the relative importance/influence of local government in the management of public affairs, including the delivery of local services and promotion of local/national development. Clearly, a local government system which has control over a very small proportion of national resources and functions could hardly be said to be either viable or vibrant. Available data suggest a strong correlation between level of development and quality of life in a country, and the proportion of national revenue that is expended through local government. For example, in the most developed countries, such as Europe and North America local governments spend between 35 to 70% of total public expenditure, and the countries at the high end are those with the highest quality of life. In Caribbean countries with such a system, local governments spend less than 2% of public expenditure, and hence play a marginal role in managing public affairs.

4. **Control/influence over some portion of Public Capital Investment.** As local governments begin to be seen as having a major role in wealth creation and in bringing about local sustainable development, their ability to control or influence public capital investment becomes increasingly important. Discussion of the financing of local government is often confined to the recurrent revenue/expenditure side of the budget with very little attention to the issue of local capacity or its role in public capital investment. The consequences of limiting the financial capacity of local government to meet recurrent expenditure needs include the following:

- Local Governments will remain dependent on central government for capital expenditure needs, and therefore will remain at risk of experiencing deterioration in many services and facilities/amenities, since the means of rehabilitation and upgrading will lie outside their control.
- If Local Governments are expected to spearhead Local Sustainable Development, as mandated by the Rio Treaty and dictated by current trends, then failure to have any meaningful say in or control over the public capital investment resources will severely compromise the likelihood of any real success.

5. **Financial Management Capacity.** This pre-requisite is critical to the issue of financial resources capacity of the local government system, as the likelihood of achieving and sustaining financial viability without it is remote or non-existent. Creating this capacity in local government in the Caribbean is a major challenge, as the long tradition of excessive financial dependency on central government means the authorities have had little experience in such matters, and even more importantly, have inculcated a culture of dependence which renders them unable to take on the challenges of funding for themselves.
6. Accountability, Transparency and Ethics. These are critical pre-requisites for the establishment of the financial framework for a viable local government/decentralization system, as they are essential for the conferring of financial autonomy on local governments. They are also essential for winning civil society participation in local governance, securing their support for enhancing the role of local government in the management of local affairs, and having control over a greater proportion of public resources.

The bottom line is that meaningful fiscal decentralization is a fundamental prerequisite for a viable local government/decentralized system.

Conclusion

A strong/viable system of local governance is essential for facilitating meaningful citizen participation in the management of their own affairs; promoting local sustainable development; and mobilizing the enormous untapped reservoir of energy, talent, innovativeness, creativity and local problem-solving capacity which now lie dormant in a largely marginalized population. However, to realize such benefits local governments must enjoy a substantial degree of autonomy, and for this, they will have to be endowed with adequate capacity in the areas of human and financial resources, and conferred with full discretion regarding how those resources are deployed and utilized.

Regarding adequate human and financial resources capacity of local authorities, these authorities must be able to exercise full discretionary control, in respect of which they must be able to determine their requirements and the direction, deployment and utilization thereof must be considered as essential building blocks for the establishment and ongoing functioning of a viable local government, decentralized system.
CHAPTER 4

Advantages & Disadvantages of Local Government Decentralization

Keith L. Miller

Introduction

The dawn of the 21st century finds the small, vulnerable states which comprise the Caribbean Region engaged in a desperate and uphill struggle to overcome the twin monsters of underdevelopment and inherited vestiges of colonialism. As if these were not formidable enough, globalization and associated phenomena threaten to make this struggle even more difficult. Success or failure in this struggle could mean the difference between the emergence of a proud and distinct Caribbean civilization, whose member states enjoy a respected place among the world’s nations, and can provide their citizens with prosperity and all the benefits which modern society has to offer; or on the other hand a disparate group of countries characterized by increasing social instability, a breakdown in the governability of the state, and severe economic hardship.

The existing model of governance/public administration, itself a legacy of the colonial past, has proven to be incapable of meeting the governance and development needs/challenges of post-colonial Caribbean society, or exorcizing the vestiges of colonialism. A new paradigm of governance is therefore imperative and urgent. This new paradigm must place sustainable development and the tenets of good governance as cornerstones for the construction of a strong, viable and prosperous Caribbean Community, blossoming into a distinct civilization.

The new paradigm must facilitate full participation of all citizens, especially traditionally marginalized groups such as women and youth, in the processes of nation-building and governance. Such a participatory framework, along with adequate scope for local self-management, will release the abundant energy, innovative spirit, leadership talents, vibrancy and innate problem-solving capacity which reside in Caribbean people, but which are currently stifled by the existing over-centralized, authoritarian style of governance. In fact, this style has the effect of making these qualities manifest themselves in the form of anti-social/deviant attitudes/behaviors which undermine the social order, and which hinder rather than contribute toward local/nation development.

Meaningful decentralization of state power, manifested in the form of strong systems of local governance, is now recognized as a key prerequisite for facilitating sustainable development and promoting good governance. It is therefore critical that policy-makers, scholars, practitioners and related stakeholder groups in the region seek to advance their understanding/appreciation of issues relating to local government and decentralization, and forge a regional consensus on how these concepts and principles might be best applied in the Caribbean.
This Conference is therefore most timely, as it provides a great opportunity to embark on such a process, out of which we hope will emerge agreement on a new paradigm of governance for the Caribbean, based on real devolution of power from central governments to newly energized participatory local governance structures.

The Caribbean is not alone in recognizing that the new paradigm of participatory local governance is critical to improving the quality of governance, and realizing the objectives of sustainable development. Strong local government and decentralization are essential to this paradigm. Most countries around the world are therefore presently engaged in some initiative towards decentralizing the state and enhancing local government.

**Definitions, Concepts & Principles of Local Government & Decentralization**

This section attempts to provide definitions of the main terms and concepts used in this discussion relating to advantages and disadvantages of local government/decentralization, and their different forms. By this means it ensures clarity as to the meanings ascribed to these terms/concepts in this Paper. Special attention is given to explaining the difference between “local government” and “local governance”. In the following section, the relationship between decentralization and local government is discussed, and the significance of this relationship to the issues being discussed is highlighted.

**Local government** can be defined as “a sub-national level of government which has jurisdiction over a limited range of state functions, within a defined geographical area which is part of a larger territory”. Some may prefer however, to define it as “decentralized administration, democratically controlled by local communities”. **Local Government** refers to the institutions, or structures, which exercise authority or carry out governmental functions at the local level. **Local governance** on the other hand, refers to the processes through which public choice is determined, policies formulated and decisions made and executed at the local level, and to the roles and relationships between the various stakeholders which make up the society. It can be defined as “the exercise of political, economic and administrative authority to manage local affairs”.

**Decentralization** refers to the transfer of state/national responsibilities or functions from central government to sub-national levels of government, or from central agencies/offices to regional bodies or branch offices, or to non-governmental organizations or private concerns. It can be described as “the redefinition of structures, procedures and practices of governance to be closer to the citizenry”. Decentralization can take several forms, the chief of which are deconcentration, delegation and devolution. **Deconcentration**, sometimes called administrative or bureaucratic decentralization, is the term used when decentralization takes the form of a transfer of functions from the centre to regional or branch offices, since real decision-making is retained at the centre. **Delegation** is the term used for transfer of function to a non-governmental or private sector entity (privatisation), or even to a government agency, over which government exercises limited control for example the recently established Executive Agencies in Jamaica.
Devolution occurs where the transfer of any function or responsibility involves both administrative and political/decision-making authority. This is usually to a sub-national level of government, which can then be said to enjoy autonomy in respect of the devolved subjects/functions, provided that nothing else inhibits the exercise of such autonomy (for example excessive financial dependency or lack of local administrative/technical capacity).

**Relationship between Local Governance and Decentralization**

Local Government and Decentralization are very closely interrelated concepts, but they are not synonymous, and they do not always bear the same relationship to each other. In other words, while local government can be said to always represent some form of decentralization, decentralization does not always have to take the form of some type of local government. Additionally, different models of local government may represent different forms of decentralization.

Local Government may be portrayed as representing the highest form of decentralization, that is, the devolution model, but this is not always so. Where local governments operate essentially as agents of central government rather than as instruments of local self-expression, this in reality constitutes deconcentration rather than devolution. This distinction is very relevant in the Caribbean, as most local governments in the region operate as agents of central government, in that they have limited scope for locally influenced decision-making, and are very strongly controlled from the centre in respect of financing, staffing and exercise of their legal powers.

Many seemingly strong advocates of local government in the region subscribe to the old paradigm or school of thought which holds that the relationship between central and local government is essentially that of principal and agent. This view sees local government as subordinate to, and indeed as being a creature of central government, and therefore subject to its whims and fancies. The notion that local government ought not to be a subordinate level but rather a distinct sphere of government, with its own clearly defined range of functions over which its exercises full autonomy (subject only to clearly defined procedures for invoking national interest), is not widely accepted. However, this view represents the modern concept of local government, and is reflected in the fact that many countries around the world have now opted to entrench that institution in their constitutions, and have established that local governments are not creatures of central government, but rather have independent existence and enjoy strong safeguards against arbitrary action by central authorities.

The significance of this is that local governments which are essentially agents of central government will not confer most of the benefits/advantages of decentralization, as they would not facilitate local self-management or provide scope for independent action, out of which comes the ability to take decisions which reflect local conditions, choices or priorities. Neither does it empower localities to take initiatives for their own development. Thus the flexibility which decentralization offers to different regions to act in accordance with local circumstances or preferences will not be realized.
Furthermore, this type of local government is unlikely to attract meaningful civil society participation, as local civil society interests will find it difficult to influence decisions about matters which affect them, since decisions about such matters reflect central directives. In turn the central decision-making process is unlikely to be able to accommodate the large array of local interest groups from different regions of the country, or to find solutions which reflect the special circumstance of each region.

**Developmental and Governance Challenges faced by Caribbean States**

Full appreciation of the advantages which decentralization and local government have to offer in the Caribbean context, and the discernment of potential disadvantages, require a proper understanding of the current realities of Caribbean society, and the developmental and governance trends and challenges which at present confront these states. Such an understanding will help to place in context the potential contributions which decentralization/local government can bring to addressing these trends and meeting the following challenges:

1. The current state of underdevelopment, with its attendant legacy of poverty and inability of the state to provide basic social services, amenities, and a quality of life which citizens regard as acceptable, makes the achievement of accelerated, balanced and sustainable development an urgent priority for Caribbean states.

2. Several global trends and phenomena pose severe threats and challenges to Caribbean society for example:
   - Globalization, which threatens the traditional social/economic foundations of Caribbean society;
   - Deep cultural penetration of Caribbean society which erodes its cultural roots and values,
   - The technological/information revolution, which creates dizzying rates of changes and a more assertive and knowledgeable citizenry;

   These represent both threats and opportunities. Only societies possessing strong governmental capacity and fully empowered and mobilized citizens, and which display the characteristics of social cohesiveness, flexibility, resilience, and dynamism, will be able to successfully withstand these threats and grasp the opportunities.

3. British colonialism has bequeathed to its former colonies the Whitehall/Westminster model of governance/public administration, in which authoritarianism, excessive concentration of power at the centre, and a lack of a development orientation are prominent characteristics. This model has proven to be inimical to the task environment of post colonial Caribbean society. Transformation is urgently needed to make it relevant and responsive to the development imperatives and rapidly changing circumstances of the region.
4. Concerns about corruption, lack of accountability and transparency, and questionable ethics in government have created demands for much higher standards of conduct in the management of public affairs, and for the establishment of more effective mechanisms by which the public can be assured about the conduct and probity of public officials. New approaches which make government more open and much closer to people are required in order to reduce alienation and build the confidence/trust of the public in their government.

5. More knowledgeable, informed and assertive citizens are no longer content with the limited opportunities for participation in governance afforded by the existing paradigm of representative democracy, that is, voting once every 3 or 5 years in local/national elections. They now demand a more meaningful say in decisions that affect their lives, and this can best be achieved through a participatory model of governance.

6. Most Caribbean societies are characterized by high levels of social stratification or divisions, whether based on class, race or political allegiance. This results in a lack of social cohesion and low levels of social capital, making it difficult to mobilize the full potential of the society behind national goals and objectives.

7. Growing alienation of large sections of the population from the political system indicates the need to devise new approaches to governance that can rekindle the zeal of citizens towards national purposes/causes.

8. Limited resources with which to address competing claims for social services, national security, debt servicing, and developmental needs, pose difficult political choices with attendant risks of massive social instability, unless new governance mechanisms can be devised which facilitate reconciliation between citizens expectations and available resources, and among various elements of the society.

9. Marginalization of a vast majority of citizens, and in particular of groups such as women and youth, from the social, economic and political mainstream, means that the potential contribution of these persons towards national development, or towards solving their own problems, is lost. This invariably results in the marginalized channeling their innovativeness, informal leadership qualities and other skills/talents into anti-social behavior and attitudes.

**Advantages/Benefits of Local Government/Decentralization**

Decentralization, which is best manifested in strong, autonomous and vibrant systems of local government, offers numerous benefits or advantages as a model of governance/public administration which is able to address the many challenges and trends which at present confront Caribbean states, and which are enumerated above. The advantages/benefits of decentralization listed below assume that decentralization takes the form of a strong, autonomous and participatory model of local governance, which enjoys extensive and real powers for local self-management, and for spearheading the local sustainable development process.
1. Decentralization, including substantial fiscal decentralization, provides a framework which facilitates and stimulates local sustainable development throughout all regions of the country, because of the following:

- Fiscal decentralization will reverse current practice which extracts resources from the periphery and concentrates these at the centre. Thus more resources will be retained at the local level, and will help to enhance/stimulate local economies and be available to support local development initiatives.

- More functions will now be performed at the local level, thereby creating opportunities for locals with technical, managerial and leadership skills to remain in the region, thus reducing the rural/urban brain-drain, and enhancing local capacity to manage local affairs and spearhead local development.

- Devolution enables each region to take initiatives for their own development, as they see fit. In doing so, they will know of the opportunities, indigenous resources and comparative advantages on which development can be based. Development is therefore driven locally, rather than by external agents who are pre-occupied with many other priorities, and know little about local potential for development.

- Planning for local sustainable development is effected through a participatory process in which the partners forge a collective vision for local development, agree on common goals, and on strategies/plans for achieving the goals and realizing the vision. Devolution is essential to this approach, and development plans produced through such a process will enjoy full support/commitment of the local community, and therefore are very likely to be realized, unlike the usual fate of centrally produced plans.

2. Devolution represents the most effective means of curbing excessive concentration of power at the centre, which is a distinctive feature of the existing governance model, and which is inimical to several basic tenets of good governance, e.g. openness, transparency, fairness and probity. Specific benefits include:

- Devolution creates many sub-centres from which power is exercised. It reduces the amount of resources/aspects of national life that are directly controlled/influenced by central authorities, and hence reduces the extent to which central government is able to exercise dominance over all aspects of public affairs.

- Devolution leads to each region/locality being able to articulate its own interests/perspectives, which might differ from those of the centre or other regions/localities, thus creating a plurality of interests/perspectives. The centre will no longer monopolize public policy formulation, and new power centres will serve to promote/protect regional interests. Political representatives will now have to show greater loyalty to the interests/views of their local constituents, rather than to the central party machinery.
• Conferring power to local jurisdictions to manage local affairs will make it more difficult for any single group, be it government or private interests, to dominate the national scene; and will increase chances that persons/groups of differing persuasions will occupy positions of power somewhere in the system.

3. Decentralization facilitates greater popular participation in governance, as illustrated by the following:

• It brings government closer to the people, and thus enables citizens to be better informed and to better understand the conduct of public business. This facilitates the forging of a strong relationship between the governors and the governed and identification of the people with their government, which helps to reduce alienation from the political process. It also serves to reduce disruptive/anti-social behaviour by citizens in seeking to get their concerns addressed, or taken into consideration.

• Placing responsibility for managing local affairs and for local sustainable development at the local level rather than central government will afford citizens greater access to, and ability to influence, the policy/ decision-making process. Civil society will now consider local government to be worthwhile partners, as they will be easily accessible, and will have the resources and authority to respond to representations.

• It provides a conducive environment for creation of a civic culture of cooperation, tolerance and trust among the various groups/elements which comprise the local society.

• Communities will find it easier to pursue their development objectives, and obtain support from local government, by their participation as a full partner in the local governance process.

• It facilitates/stimulates the growth/empowerment of civil society institutions and networks, as citizens perceive the benefits of working in collaboration with local government, to advance their interests. They will therefore organize themselves into appropriate organizational forms, to pursue that objective.

4. Decentralization increases efficiency in determining service provision. In a decentralized, participatory system, citizens can influence decisions about service provision through mechanisms which enable them to indicate the type, level, quality and mix of services they desire, and the cost they are willing to pay for such services. This constitutes a type of market mechanism for determining service provision in a manner which responds to the wishes of citizens, and is sensitive to their willingness/ability to pay. Not only will this optimize citizen satisfaction, but it will be also an excellent mechanism for reconciling citizens expectations to the resources available and/or the price which they are prepared to pay for services.
• In such models, LSD Planning is a local responsibility carried out in a participatory manner, with civil society playing a prominent role. Civil society will therefore be fully informed on the issues, trends, options, and prospects relating to or affecting the region/locality, and thus can use that knowledge to assess the state of local affairs, and performance of the authorities.

• The model allows for appointment of representatives of civil society to carry out over-sight functions on behalf of citizens, that is, to examine transactions, inquire into use of public resources and the exercise of authority by public officials, and to report their findings to fellow citizens.

Risks/Disadvantages of Decentralization

Notwithstanding the many, and substantial, advantages and benefits of decentralization, this model of governance does not come without some potential disadvantages or risks. It is therefore very important to present clear understanding of these disadvantages or risks, so that appropriate safeguards or preventive measures can be taken or put in place. Among the disadvantages or risks are the following:

1. Inter-regional inequalities may increase, and thus widen intra-national poverty gaps and foster politically destabilising forces. Since different regions are differently endowed in terms of natural resources, level of economic activities, land values, etc, some local jurisdictions will generate more revenue than others and afford their citizens more or better quality services than is provided in poorer jurisdictions. The need for equitable distribution of available resources, to avoid such disparities is frequently advanced as justification for centralization. However that argument fails to recognize the significant incentive created, and development benefits derived, when regions are allowed to take initiatives towards their own development, and can therefore benefit from any gains made. At the same time, the potentially destabilizing effect of too wide disparities between regions cannot be overlooked. The challenge to decentralization programmes is therefore to devise arrangements which allow each region to undertake such initiatives as they see fit, and to benefit from these, while putting in place mechanisms to safeguard against extreme disparities between regions.

2. Decentralization can bring higher risks of resource/power capture by local elites or special interest groups. Without adequate safeguards, there is a risk that powerful or well placed local elites may be able to capture the resources/powers allocated to or conferred on local authorities, and use these resources/powers for their own benefit /interest. It is therefore essential that in formulating the decentralization arrangements, provisions are included to prevent the process being high-jacked by any single group or small elite.

3. A frequently advanced argument in support of centralization is economies of scale. The burden of this argument is that central delivery of most services is usually more efficient, particularly in relatively small states, because of likely savings arising from reduced overheads, bulk purchasing, and other areas of cost savings.
To the extent that this is valid, it would represent a disadvantage of decentralization.

However, such claims of increased efficiency and cost savings are usually proven to be more imaginary than real, as factors such as elongated chains of command/supervision, remoteness from the scene of action, and inability to apply solutions which best fit the local situation, all lead to higher costs which offset any savings realized. Furthermore the value of local involvement is lost, and that also carries a price.

On balance, it seems that decentralization is more likely inclined towards greater efficiency and increased cost-effectiveness. However, there are situations in which some degree of centralization will also lead to greater efficiency. The ideal approach may be to identify those aspects of any activity which could benefit from centralization, for example bulk purchasing, high level expertise, research and development, and separate them from those that are more efficiently managed at the local level, for example choice, implementation and service delivery.

4. Misuse of authority due to inadequate supervision/weak accountability mechanisms constitutes a real risk of devolution. This can happen if central government supervision/accountability function is removed as a result of the new autonomous status of local governments, but no alternative mechanisms for accountability have been put in place. It is therefore imperative that particular attention be paid to the issues of oversight/accountability in conferring greater autonomy on local governments. This could include legislation to ensure transparency and openness in the conduct of local affairs, and new mechanisms for accountability, such as the empowerment of civil society entities to undertake watchdog functions. It should be noted however, that where devolution is within the framework of participatory local governance, the risk of weak accountability is minimized, because invariably the civil society partners will insist on and provide such mechanisms.

5. Inadequate implementation arrangements can lead to disparity between the revenue available and the mandated responsibilities/functions of local government, which could render them ineffective and/or bring them in disrepute/discredit. There are many examples of hastily conceived schemes for decentralization/local government reform, which are not well thought out, and which have failed or brought discredit to the concepts because of deficiencies in planning or implementation arrangements. Careful planning and implementation arrangements are therefore a key requirement of decentralization. Given the complex nature of most local/local government reform initiatives, a pilot approach is often prudent.

6. Devolution creates the potential for conflict between local and national interests. With each region having the means of identifying and articulating its particular interests, differences between local and national interests are sure to emerge. Such conflicts are not necessarily harmful, as they can serve to ensure that in arriving at any policy or course of action, the interests and concerns of all regions are taken into consideration and suitably addressed. However, if not properly managed, they could become extremely destabilizing.
Therefore an important aspect of any decentralization arrangement must be an appropriate framework for resolving such conflicts.

7. Decentralization represents a more complex form of governance. Creation of several levels of government brings complexities as to role and functions, relationships, and revenue and power sharing. The most controversial issue is usually related to finance and mandates. Definition of roles and functions, and relationships between the different levels of government or operations, is critical to a successful exercise.

Centralization and Decentralization

Decentralization is often portrayed as leading inevitably to a massive reduction, or even elimination of the centre. The inference is that the adoption of a decentralized model must inevitably result in diminution of the centre in terms of size, scope and importance. Nothing is further from the truth or from reality.

While it is axiomatic that any real devolution must entail a significant transfer of power from the centre to the sub-national level, this does not necessarily mean a reduction in the scope or importance of the centre.

In fact, for any process of decentralization to succeed, there must be a strong centre. What is required is a redefinition of roles and relationships between the centre and sub-national entities. In fact, if decentralization is to be successful and not lead to chaos and other dysfunctional developments, it is essential that certain central functions be significantly enhanced. These include the development of a comprehensive national policy framework which, while allowing adequate scope for local governments to adopt strategies reflecting local conditions and preferences, will also ensure broad coherence and direction in respect to national development. Other central functions which also need to be strengthened include coordination, monitoring and evaluation, setting national standards and specifications, and research.

Conclusion

Caribbean states face several challenges as they seek to achieve sustained/sustainable development and good governance, out of which they hope will flow economic prosperity, social and political stability/cohesiveness, and preservation/enhancement of the cultural identity of Caribbean people. These challenges include overcoming colonial vestiges, and coping with phenomena such as globalization and the information/technology revolution.

The existing model of governance/public administration needs substantial overhaul to be capable of coping with these challenges. Decentralization, in the form of participatory local governance, offers many advantages which fit the profile of the new model of governance required for the Caribbean. Nonetheless, there are potential disadvantages associated with that style of governance which must be safeguarded against.
While advocating for participatory/participatory local governance as the model of choice for the region, consideration must be given to the feasibility of model in the smaller states. It must be accepted that some Caribbean states will find an orthodox, full fledged local government system to be non-viable. Neither is it essential in order to embrace the principles of decentralized, participatory governance. The critical factor is that the principles of decentralization, local self-management and citizen participation be woven into the fabric of governance, in a manner compatible with the particular circumstances of each territory. For there to be a system of governance which reflects the ideals promoted in this Paper, the minimum requirements are as follows:

1. There must be a clear division of state functions/responsibilities into those to be administered at the national as against the local level; such division to be determined by applying the principle of subsidiarity.

2. Autonomous local government should exist to manage affairs designated as local. These bodies can take the form of full-fledged professional Authorities such as Parish, Municipal or Regional Councils, or of voluntary District, Village or Town Councils.

3. The political leadership of Local Authorities, whether these are professional or voluntary, should be fully elected by the people on whose behalf they exercise authority, otherwise there will be no local control.

4. Local Authorities must have full control over all resources required for proper discharge of their mandate.

5. The system of participatory local governance should be properly clothed in an appropriate legal framework and incorporated into the constitutional arrangements of the state, to safeguard against arbitrary actions.
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CHAPTER 5

Local Government Decentralization and Gender

Roxanne Myers

Introduction

In many Caribbean countries there are continued articulations about the need for local government reforms to be context specific. These have been associated with a particular menu of components such as improving service delivery, devolution of power and resources, and citizen consultation, with a view to greater accountability and transparency and improved revenue garnering mechanisms. However, a major cross-cutting issue that merits on-going attention is the fact that women’s participation in Caribbean local authorities remains low and limited.

Caribbean women play important social, economic and reproductive roles by maintaining stability in the household and community, and contributing actively to economic, social and cultural development of the society. However, women from all strata of society are under-represented in the realms of political authority and socio-economic decision-making. Hence their important talents are confined to the home and community, and their possible valuable contributions are lost to the local authority and consequently to national level government. Women can best represent gender concerns more effectively, because of their experiences and interests, and indeed can add impetus to current articulation for local government decentralization. This is not to say that I support the view that these qualities are inherently or exclusively ‘female’ or ‘male’. However, it is clear that women and men respond differently to challenges and are impacted differently by public policies.

My interest in making gender sensitivity a part of the on-going debate on national policymaking and discussion particularly in Guyana stems not only from the fact that I am a woman, but more importantly, because it is my firm belief that this era of globalization calls increasingly and inevitably for the skills of women, men, girls and boys to build strong and viable communities.

There is no doubt in my mind that the traditions and institutions of government which treat women differently from men must be refashioned in order to address the extant inequities and inequalities which marginalize women. Women’s equal political participation can play a pivotal role in the general process of the advancement of women.

This means that national governments, local government officials, the private sector, non-governmental organizations and the general public must have increased gender awareness. Improving female political participation is not possible without changes in men’s attitudes as well as in women’s.
Efforts to incorporate a gender perspective into thinking about local government require more than a focus on women. They must incorporate awareness programmes for men. The greatest challenge to increased female participation is the mere rhetoric of gender balance by the privileged male. The clarion calls for increased political participation by women and attempts to reorder our exclusion in society persist amid an aura of controversy on affirmative action measures.

This paper has a modest objective: it seeks to create gender consciousness among local government practitioners (both men and women). Discussions of gender sensitivity provide a forum in which men's involvement in maintaining gender inequalities and women's disposition to political participation can be investigated. Above all, an inquiry into the special qualities that women can bring to the political landscape offers an opportunity to rethink a strategy for men's acceptance of women as partners rather than as rivals for social and political space.

Examining gender relations in Local Government is not simply an intellectual exercise. It has widespread implications for effective local government reform and social and economic programme outcomes. For indeed if local government is not engendered it is endangered. This paper addresses four questions, which arise when women's political participation is considered in the context of the Caribbean local authorities. They are:

- To what extent are women included in political participation in local authorities?
- To what extent do the political structures allow women's full political participation?
- To what extent is community development aided by women's political participation in local government?
- How can gender programmes engage men as partners with women to ensure gender equality goals?

Across the region, states are grappling with challenges to democratic governance, development issues and sustainable communities. Men and women must work together for the greater good; there is no better place to pursue this effort than at the grassroots level that is the local authority. Throughout this conversation I use the terms local government and local authority interchangeably.

**AN OVERVIEW OF GENDER DISPARITIES**

In this section, I propose to examine and discuss the extent to which women are included in political participation in local authorities and the extent to which the political structures allow for women's political participation.

An understanding of the concept "gender" is useful for examining the disparities which exist between women and men. Gender should not be conflated with women, as is often the case. 'Gender' to the extent that the term can be identified refers to the socially constructed roles and responsibilities of men and women. The concept also includes the expectation held about the characteristics, aptitudes and likely behaviours of both men and women (femininity and masculinity). These roles and expectation differ across time communities, societies, nations and ethnic groups.
Another definition of 'gender' offered by Caribbean scholar, Eudine Barritteau, is instructive. It expands the idea of prescribed roles to include "the access to and allocation of status, power and other related resources within society" (2001:26). The lives of men and women, the work they do, the incomes they receive and the leisure activities they pursue all point to differential treatment.

Such norms and traditions and the ideas that underpin them are also manifested in laws, public institutions, and economic and social institutions such as the family, the job market and indeed political participation vis-à-vis local government.

Barritteau further points out that the recognition that power and domination are at the roots of inequality is essential to overcoming gender biases (2001: 27). Local Government, Decentralization and Gender seek to explore the power relations between women and men, women and the local authority and women and their relationship with central government institutions. A cursory view of the literature suggests that programmes on gender equity, gender equality, and gender neutrality and yet others for gender consciousness attempt to correct the evils of gender inequality and inequities. The semantics of these terms becomes irrelevant since the desired outcomes are similar. The process of transformation of power relations has moderate success, alongside enormous male resistance.

In the region there is the growing concern regarding the increasing numbers of women who outnumber men in basic education and the growing number of males who are underachievers. This concern prevails in education from the primary to the tertiary levels. Yet women's educational advantage has not translated into greater political participation or socio-economic decision-making advantage in the corridors of power. A number of factors have been advanced for the under-representation of Caribbean women in politics and by extension local authorities. These include:

- The acceptance of a subordinated role for women and the view that men are the centre of the public and private domains. Women are generally relegated to the home to the total exclusion of public life;

- The view that politics is corrupt, and polluted and divided by class and ethnic interests; running for local office in this context is about a fight not a race, and a number of women are not willing to stoop so low;

- Commitment to home and family viewed as being inconsistent with the time-consuming task of the politician; campaigns are notoriously demanding and often ugly. Women who are usually the primary caregivers either for their children or their parents cannot or would not make the sacrifice it would take to run for public office;

- The absence of or distance from day-care facilities near the councils, municipalities or parliaments which can relieve women of child-caring during times they are engaged in managing the affairs of the community;
• Feelings of inadequacy and inability to cope effectively with public speaking;

• Apparent lack of encouragement and assistance from men, and lack of support from other women;

• Fear of public intrusion into personal and family life during campaigns and even while in public office;

• Lack of stipends for councillors as a disincentive to women; work here not seen as compensatory;

• Lack of funds for local authorities as another disincentive, not only in providing finance for electoral campaigns but also for undertaking significant community projects and administrating their constituencies.

Besides the numerous challenges of daily life and responsibilities of women, I take note of the political structures and more correctly the political party structures that have not enhanced the full and equal participation of women within the party hierarchy and by extension local government. The case of Guyana (Box 1) indicates a high degree of exclusion of women in local authorities.

**BOX 1: WOMEN REPRESENTATION IN GUYANA**

A close examination of the current status of women in local government will reveal that it is at best minimal. Of the current 1,125 councillors in 65 NDCs, only two chairs, eight deputy chairs and 132 councillors are women. In the ten RDCs, there are no female chairs and only one female deputy chair. Similarly, in the six municipalities there are no women mayors and only one woman deputy mayor.

The political party system in the Caribbean, even with its long tradition of women's work from the grassroots level up, has been an impediment to women's political leadership. This is best reflected in the statistics on female Mayors, Deputies and Principals in the region (Box 2). Political parties must be encouraged to embrace gender-conscious policies on their agendas and implement these within their ranks.
Among the countries represented here today, it is my understanding that Jamaica is exemplary in the political advancement of women. The General Secretary of the ruling party is a woman; women also serve as Speaker of the House, leader of Government Business and Majority Whip (Harnadeh-Banerjee, 2000:11-12). Many local politicians argue that women do not want to take the responsibilities of public office. If this were so why do women continue to fight alongside men in the quest for political office?

Recent experience points to the contrary. In Guyana's 2001 GGREG, one-third nomination of women candidates translated into one-eighth representation within the parliament. The Voter's list for all political parties contesting that election correctly constituted the 30 percent quota for women. The central party executives did the actual selection of members of Parliament; the ruling PPP/C party failed to select one-third women parliamentarians. Women were disenchanted and expressed sentiments that they were placed to the sidelines after working so hard during the campaigns.
The fact that the last local government elections held twelve years ago were based on the political party or community group contest is the main reason for the gender imbalance in local authorities. Here again political leaders were allowed to select the office holders. I posit that for as long as the party lists system persists, in Guyana, and electors are not allowed to select representatives, this is a disincentive to men politicians yielding space to women in local government and consequently national politics.

**WOMEN REPRESENTATIVES IN LOCAL GOVERNMENT**

In this section, I intend to discuss the extent to which community development has aided women's political participation in local government.

The presence of local authorities in Guyana and else where in the Caribbean is by no means an attempt at decentralization. Governments operate within a centralized framework with a purely token role for municipalities and village councils. The efforts of Local Government Reform in Guyana should be undertaken through a process of political, fiscal and administrative decentralization. Indeed the physical proximity of sub-national government processes can make it easier for disenfranchised groups and especially women to participate in local government decision-making. The current lack of citizen participation does not augur well for effective and efficient service delivery.

Without being too simplistic it must be noted also that representation of women has not automatically led to a gendered analysis of issues confronting local government. Nor will it necessarily raise the profile of women's needs and interest in policy agenda. Unfortunately, some women who are elected through affiliation with men in power often act as proxies for men's views at local and regional councils or, put differently, some women tend to defer to our male colleagues and reinforce male control over women.

Be that as it may, there is much support for the view that women want and need to be able to participate in the decisions that affect them, their families, communities and countries. It is believed that as a critical mass of women enters the structures of government we can defend feminist values and raise women's voices to change these structures to reflect more closely the concerns of women. Now this is different from the usual handful of women who are selected or elected and who can be easily isolated and forced to compromise. Even when critical mass is attained, critical alliances must be sought and cemented. Alliance building requires building networks with the private sector and civil society to improve local communities. These relevant skills have been honed by women through establishing small and medium enterprises, especially in the retail and service trade.

Cognizance should be taken of the fact that boosting women's participation needs to go beyond raw numbers to encompass the complex relationship between power, poverty and participation. While numbers are imperative, women can also bring their skills and experience of administration honed in civic groups, or those honed in the homes to government at the state level.
These women can sensitise the general public and policymakers to the important issues of inadequate provision of health facilities and water provision, of alcohol and illicit substance abuse, of domestic violence, of inequality and gender injustice in the local communities.

Increased participation and representation by women highlights the intersection of gender interests, social class and race. The quest for equity would be a farce without the wider representation of all excluded groups; especially those currently denied access to power and the presentation of all points of view in the process of decision-making.

Predominantly plural societies like Guyana, Trinidad & Tobago, and Surinam in the quest for gender equality must of necessity challenge the series of exclusion by race, class, ethnicity, and age.

The expansion of women's representation in decentralized government structures notionally offers advantages of proximity, namely, the redress of grievance and most important of all, the ability to mobilize support at a local level where it is most meaningful. Thus women's involvement helps to radicalise local government. If the critique of macro-economic policies is about equity, then what better response can there be but to put political power in the hands of those most inequitably treated, namely women? In this sense, mechanisms for greater female participation may be conceived as a macro political adjustment whose effects are felt at the micro-level.

Legislative reform has been introduced by eleven Caribbean states that ratified the Convention on Elimination of all Forms of Discrimination Against Women CEDAW (ECLAC,1999). In the spirit of the convention several Caribbean countries establish women's bureau's, women's desks, women's departments and other mechanisms to promote women's issues and their representation on the domestic agenda. International organizations such as the United Nations and the Commonwealth Secretariat and the Commonwealth secretariat set as their target a 30/33.3 percent representation of women in cabinet ministries and legislatures as well as in local authorities by 2003 and parity by 2005 - generally surmised as “50/50 by 2005: Get the Balance Right”. A number of country reports highlight the positive influence on women's political participation at the national level. Yet, the above statistics reveal that legislation and policies are insufficient to remove biases and prejudices in distribution. Indeed, women's political participation lags far behind that of men. Barriteau was apt to point out that while states deserve commendable credit for legislative initiatives, very little had been done “to examine the gender implication of the economic crises and its implications” (2001:71). International development assistance, namely the World Bank and the UNDP, has recognized the failings of the poverty reduction strategy to meet the needs of women at the grassroots level, and these agencies are now considering the need to engage states in gender-sensitive budgeting. The effectiveness of this approach will depend on the political will of predominantly male Caribbean governments.

The view held is that the absence of women's voices in shaping the most fundamental political instrument the national budget has ensured their marginalization. There appears to be a nexus between the low number of women parliamentarians and the high incidence of poverty.
It has also been recognized that the men elected to the executive and legislative branches of government, who hold the key to decision-making for development planning, priorities and expenditure, are largely unaware of and insensitive to household needs and the ways in which these relate to the socio-economic development of the community, local, regional, and national governments.

Reported successes of gender-sensitive budgeting in Pakistan, South Asia and several parts of Africa can be instructive to Caribbean local authorities. Government budgets must be analyzed from a gender perspective and must allocate more resources for women's needs. Women managing households and their children are primary recipients of poor quality education, health care, water and citizen protection. Governments continue to implement developmental projects that hardly address the challenges of communities and often create new problems which must either be resolved or endured.

**WOMEN CHANGING LOCAL GOVERNMENT**

Affirmative action in the political realm is a temporary measure towards the longer term goals of gender justice. The general minimum target of 30 to 33 1/3 percent is barely a critical mass. Reformed local government legislation should include clauses that reserve seats on local councils for women. This provision must move beyond the voter's list to meaningful representation in the village councils, community councils, municipalities and parliaments. The needs of the society require more women wearing gender lenses in decision-making positions. But though numbers are necessary they are not a sufficient condition for women's full, equal and informed participation in political, social and economic decision-making.

The effectiveness of women in local government will come not only from numbers but also through the acquisition of requisite skills and knowledge for example literacy skills and the interpretation of legislation and municipal by-laws. While a great deal of work has been done in Guyana by the Guyana Women Lawyers' Association, other nongovernmental organizations and more so the NDI, to improve the expertise of women in public office training should encompass men as well.

Women's empowerment challenges the traditional notions of male authority and supremacy and therefore will be opposed by some men. There is growing sentiment among men that women have been given enough and that men must mobilize before they become marginalized. Training for men could enable them to come to terms with the increasing numbers of women in politics and more particularly in local government. Such training should enable our male counterparts to change their perceptions of what they consider women's limited capacity for public office and our intention to marginalize men.

My own involvement in the preparation of women for participation in the upcoming Local Government Elections, through NDI's "Empowering Women for Local Government" programme provides a great deal of optimism that progress is certain amid the challenges.
Participants point to the many constraints that family, cultural and national level politics pose to their decision to run for local office. Not a little of this results from the patriarchal structure of the homes and by extension the communities.

The efforts of indigenous women need special attention as the patterns of decision-making in indigenous communities reflect a far more dominant male ethos than other local communities in Guyana. A number of outstanding women from six Regions of Guyana having been empowered through systematic training, are determined to contribute to the development of Guyana, through political participation at Village councils, Neighbourhood Democratic Councils and Municipalities. Their enthusiasm is against the backdrop of previously accepted male domination in religious or other social practices. The training of these women was conducted by various skilled facilitators using a modular approach in the following areas: leadership skills, local government, media training, negotiation and accountability.

**TRANSFORMING WOMEN FOR LOCAL GOVERNMENT**

A change in women's perceptions of themselves is crucial towards asserting control over resources, officials and communities in which they work. Support for women in local Government could include:

- Ensuring that there is greater female involvement in the financial affairs of the community and that their energies are not just concentrated in institutions dealing with social and administrative issues;

- Strengthening the gender consciousness of women representatives through leadership training;

- Ensuring the devolution of projects and monitoring powers from central government to the elected bodies, so that the latter can develop their own policies reflecting the needs of the communities rather than those of the central executive;

- Facilitating dialogue or meetings across districts and regions, offering women representatives fora to discuss issues such as the environment, agriculture, health and finances at the end of their term in office;

- Conducting campaigns and training programmes to prepare women both as electors and elected; taking advantage of the advances in technology particularly for regional and global networking and alliance building;

- Planning longer-term strategies for engaging young women in community development with the view to providing sustained human capacity for elected local government.
AN AGENDA FOR ACTION

In this section I intend to examine the question - how can gender programmes engage men as partners with women to ensure gender equality goals?

Liberated men should lobby for greater female participation in men's fora. There is much debate within the men's movement in the Caribbean, as men examine themselves in the light of women activism and marginal empowerment. Many international donor agencies have paid particular interest in the notion that men have been deliberately marginalized by an undue focus on women's needs and interests.

Barritteau views this as yet the persistent dominance of men in the social, political and economic spheres of power (Box 3). To my mind the discourse becomes interesting and useful if women continue to demand that men become partners in development rather than competitors for political and social space. The question to be answered is, how can this partnership be pursued given the machismo of Caribbean men? Gender awareness training targeting men can dispel the misconceptions and the associated suspicions regarding women's political participation.

**BOX 3: DO MEN WANT WOMEN IN LOCAL GOVERNMENT - A CASE OF GUYANA**

During a training workshop in a rural community I escorted a group of thirty-five women for a briefing with the Chairman at a local authority. This visit to the boardroom of the Regional Democratic Council was a first for ninety percent of this group of women who have resided in the region for at least 25 years. The Assistant Regional Executive Officer greeted the group with acrimony since he conjured that the presence of so many women was to register discontent with service delivery. The Deputy Regional Executive Officer filling in for the Regional Chairman enthusiastically addressed these women, disregarding their interests in the functioning of the council as potential officials, and instead directed answers to queries as though they were clients. The absence of the Chairman registered disenchantment among the group. One woman opined, “We were not important enough for him to leave his office.”

Other areas of collaboration can propel the transformation of local authorities. Elected women need specific support, which goes beyond technical training. They need support to build solidarity amongst women, through strengthening links between women's organizations and elected bodies. They need information about innovative organizations, which enhance women's lives such as health providers, credit institutions and so on. Many women's NGOs are already providing these kinds of support to women representatives (Jain, 1994a).
Devaki Jain, examining the modest success of the “Panchayat Raj” of India, noted a major gap in this woman-to-woman support, which needs attention by the worldwide women’s movement and local feminist groups. She argues that there is the need to build feminist consciousness, and strengthen women’s sense of common identity, by articulating the elements of a feminist consciousness and presenting it as the special quality of women’s leadership (Jain, 1995b, 1995c). This woman-to-woman support gap can also be bridged in the Caribbean by identifying the special qualities of women in leadership. Such qualities include: avoiding conflict, seeking justice, responding to issues of basic needs for the family and community, learning through doing, consulting, sharing, caring, integrity and honesty. The question remains as to whether it is possible to assist women both to recognize these qualities as being valuable and unique, and to identify with qualities integral to good governance.

Multi-lateral and bi-lateral development assistance also needs to be rethought. UN agencies, for example, are often obstacles to efforts to shift power structures from the civil service to the citizens. The procedures of donor bureaucracies require the continued presence of central government and central machineries for negotiation and accountability. Devolution of personnel and resources would foster development by making available local personnel and community resources. Local authorities in a devolved system can attract and maintain qualified women from the community to the local bureaucracy and ultimately to the central bureaucracy.

CONCLUSION

In concluding, decentralisation by Caribbean governments would improve gender policies at the national level, which would trickle down through to the local authorities, thus impacting on the way local governments are constituted. Equal participation in local government is particularly important for women with few or negligible resources and limited access to decision-making circles. Their organization for the purposes of policy formulation and implementation at the national level provides useful fora for debate and discussion of the nature of public policies and the responsibilities of public institutions. Similar mobilization at the level of local government can raise the women’s profiles as distinct targets of policies and services, with needs and experiences that differ from men.

A primary concern among the corollary of needs is an imperative adjustment in the gender discourse, emphasizing the sharing of responsibilities rather than the displacement of power positions. This can be initiated by introducing and developing shared training for men and women politicians, encouraging sharing not only of experiences between the sexes but among both novices and experienced practitioners with respect to successes and failures of strategies for managing local authorities. The public in pursuance of good government should ensure that women who obtain positions of power and responsibility in local government are provided with the tools necessary to enhance political impact and are committed to the principles of gender equality as well as those of improving the status of women. A necessary condition for selection to local office is the acquisition of requisite skills and ability; in other words the underpinning should be based on merit rather than nepotism and patronage.
Otherwise, implementation will not be locally directed, and services may be delivered as directed by the centre. Other necessary conditions for fiscal decentralization are a significant set of expenditure responsibilities and a significant amount of taxing powers, budget making autonomy, transparency and a hard budget constraint. The latter forces local government to live within their means, and local officials to be accountable for hard choices that they must make.

**BOX: CONDITIONS FOR A SYSTEM OF FISCAL DISCENTRALIZATION**

**Necessary Conditions**
- Elected Local Council
- Locally Appointed Chief Officers
- Significant Local Government
- Discretion to Raise Revenue
- Significant Local Government Expenditure Responsibilities
- Budget Autonomy
- A Hard Budget Constraint
- Transparency

**Desirable Conditions**
- Freedom from Excessive Central Expenditure Mandates
- Unconditional Transfers from Higher Level Governments
- Borrowing Powers

All fiscally decentralized systems will not look the same and some would give more autonomy to local government than others.

Not everyone follows the advice that design should be comprehensive. Some countries (and international agencies) think of a fiscal program no more than a revenue sharing system, or an upgrading of the property tax administration. Some ignore the fiscal issues completely and think of decentralization only in terms of the local election system, and planners very often focus exclusively on getting inputs from local population groups included in the project selection discussion. The "one dimension" approach may not produce successful decentralization because other elements crucial to capturing the benefits may not have changed in a supportive way, or may even work to yield offsetting results. There are many examples of problems with piecemeal reform from which we might draw:

- Russia has reformed its intergovernmental fiscal system to replace ad hoc grants with a formula-based transfer, but has not removed its extensive system of expenditure mandates. Clearly there were gains in transparency, but these were not accompanied by increased local discretion as to the expenditures of these monies.

*(continued)*
- South Africa has assigned significant non-property taxing powers to sub-national governments, including a payroll and turnover tax, and has granted local governments some borrowing powers. However, the government still has not put in place a hard budget constraint for local governments to force efficient use of these instruments.

- China's 1994 fiscal reform dramatically changed the national revenue sharing system, gave local governments more control over the administration of locally assigned taxes, and changed the balance of revenue availability between the two levels of government. However, no commensurate changes in expenditure assignment were made.

Rule 2: Finance Must Follow Function

The second rule is to get the correct order of reform. First should come the assignment of functional (or expenditure) responsibility to local governments, and then the assignment of revenues should be determined. This is an important rule, for two reasons. The first is that the government must establish expenditure needs at each level of government before tackling the question of revenue assignment. The second is that the economically efficient assignment of revenues requires knowledge of expenditure assignment. For example, services that may be priced (public utilities, buses) should be largely financed by user charges; general services with a local area benefit zone (roads, parks) should be financed with local taxes; and goods characterized by significant externalities should be financed from region-wide taxes and intergovernmental transfers. Governments must settle on the assignment of expenditure responsibilities to local governments, at least the assignment that will hold for the near term future, before it can choose an efficient mix of taxing.

Unfortunately for good policy, most countries begin the business of intergovernmental reform on the revenue side: Some would see this as a not-too serious policy mistake. One justification for this "back-end" approach is that the expenditure needs of, local governments are so great that feasible intergovernmental revenue reform programmes do not typically make a big dent into the service level and infrastructure backlog. In such a case, it matters little where one begins. The other, and probably more important reason is that revenue reform is a more manageable issue, and more likely to yield visible, short-term results. The assignment of expenditure responsibility is a much more politically charged issue. Giving local government's significant control over the expenditure budget reduces the control that can be exerted by the line ministries and shifts the balance of power away from the centre. Moreover, once decentralized to local governments, expenditures are not so easily controlled or "called back". Revenue assignment, as practised in most LDCs, is a less permanent proposition: local tax rates can be limited or subject to approval, intergovernmental transfers to local governments might not be delivered as promised, and all borrowing might be subject to central government approval.
Rule 3: There Must be a Strong Central Ability to Monitor and Evaluate Decentralization

Lesser developed countries (LDCs) are for the most part characterized by very centralized systems of government and are likely to remain centralized for quite some time. A "controlled" and gradual process of fiscal decentralization will require central government leadership on matters such as the imposition of a uniform system of financial accounts, audit rules, disclosure requirements for borrowing, determining when to relax spending mandates, how to adjust grant distribution formulae, and how to impose proper limits on borrowing. There is also the need for technical assistance to local governments, in several areas. Especially the smaller local governments require assistance in areas such as accounting, treasury, tax administration, data processing and project evaluation.

A problem arises because most developing and transition countries do not have a strong ability to monitor the development of local government finances. The two ingredients necessary are (a) a fiscal analysis unit, probably located in the Ministry of Finance, with staff adequate to continuously monitor local government finances, and (b) an extensive data system that will allow quantitative monitoring and evaluation.

With respect to the former, many of the talented analysts have been hived off to other "more important issues" with the result that many countries do not have such a fiscal analysis unit. There also are problems with the availability of a comprehensive data system to support the work of the fiscal analysis unit. It is not common in developing countries to have an up to date information system that describes the finances of sub-national governments in detail. Rarer yet is a forecasting or fiscal analysis model that is used to track the performance of local government finances.

Rule 4: Fiscal Decentralization Must Begin With the Larger Local Government Units

Many countries believe that there must be a uniform intergovernmental fiscal system under which all sub-national governments must operate. However, this may not be a necessary condition for effective decentralization. In fact, a better route may be to begin fiscal decentralization with the larger local government units and to let the smaller ones "grow into it".

Sub-national governments have very different capabilities to deliver and finance services, and certainly different capabilities to borrow. It may be necessary to set up a system where these differences are explicitly recognized, i.e., where different local governments are given different financing powers and expenditure responsibilities. Places in the lower tier could rely more heavily on grants; at the same time those that are more developed could rely more heavily on local taxation, and could borrow to finance capital outlays. Countries that choose this route, must have a clear set of rules about when a local government graduates from one status to another. It is not at all uncommon to see such gradations, e.g., the Kenyan cities, large cities in American states, and many national capital districts are given special fiscal powers.
Rule 5: Fiscal decentralization Must Provide Local Government with Significant Taxing Powers

Voters will hold their elected officials more accountable if local public services are financed to a significant extent from locally imposed taxes, as opposed to the case where financing is primarily by central government transfers.

The tax must be visible to local voters, large enough to impose a noticeable burden, which must not be easily exported to residents outside the jurisdiction. Minor taxes and nuisance taxes will not do the trick. What bases can regional and local governments tax?

The VAT is probably a bad choice for sub-national governments in most LDCs and transition countries. The taxation of international trade is one major obstacle, another is administrative concerns. Corporate income taxes are flawed as sub-national government taxes as well, even though they are often used for sub-national finance.

The individual income tax is a good choice for sub-national governments. It is not easily exported, and it can be easily administered. To achieve the advantages of decentralization, the local government need not set the base of the tax. It would be sufficient for the local government to choose an add-on to the central government tax rate. Certainly a local income tax meets the test of a good local tax in that its burden falls largely on local residents.

Excises can be an appropriate revenue source for sub-national governments, but not for goods where there is some sort of natural monopoly. In this case, the tax burden would be exported and there would be an incentive for local governments to overspend. Retail sales taxes are not possible in many developing countries because of the administrative difficulty of tax collection from small vendors. Some countries do not use retail sales taxes at the local level, but target these on "big ticket" luxury items. Other countries face up to the problem of administrative inability to get at the retail sector by taxing gross sales by businesses (e.g., The Philippines and South Africa).

Motor vehicles are potentially an excellent revenue choice for local governments. Motor fuels, restricted licences, unrestricted licences, tolls, and parking taxes all meet the test of being not easily exported and being administratively feasible. The motor fuel tax offers the greatest potential for revenue, but is likely to be an unpopular choice with central governments who typically depend heavily on this tax.

The use of a local government motor fuel tax, where the local government has some ability to set the tax rate, has some appeal on efficiency grounds. If the use of this tax is restricted to urban areas it may impose a higher tax price on urban motorists, and therefore they would be charged the higher marginal cost associated with the congestion and pollution they generate, and the road services they use.
The property tax is a most appropriate source of local government revenue, which is used by local governments in most countries in the world. It is suitable for local-level governments because local government services tend to benefit property owners and occupants, hence it is a kind of benefit tax; the burden of the tax is not easily exported (except for part of the non-residential share); it is a tax on wealth and is highly visible in the local area; and local assessors have a comparative advantage in identifying local property wealth. Potentially, the property tax can be a major revenue producer, but it rarely produces significant revenue.

There are other problems with the property tax as applied in developing countries - it is administratively difficult and expensive, and it is politically unpopular. For the latter reason, the effective tax rates tend to be kept low, and the property tax yields relatively little revenue in most countries.

User charges should be urged on local governments. Many local government services (for instance, local public transportation) can be priced and are amenable to full cost recovery or privatization.

Borrowing should be used by the larger sub-national governments in developing countries, and they should be given an incentive to make more use of this source. The advantages are clear. Capital assets are long-lived and should be financed by bonds whose maturity approximately matches the asset life. Pay-as-you-go financing provides a bias in favor of consumption expenditure. Pushing larger local governments to make more use of bonding may free up grant monies for use in subsidizing the budgets of poorer local governments. However, it is necessary for the central government to put a proper regulatory framework in place.

Rule 6: Central Governments Must Keep the Fiscal Decentralization Rules that they Make

Central governments design fiscal decentralization programmes. In most countries, this strategy involves the centre actually giving up power, and in some cases constitutional changes are made to guarantee the transfer of power. While fiscal decentralization will surely mean a step away from a paternalistic approach to intergovernmental fiscal relations, it is the central government that will make the rules by which the new system will operate. Very often, these rules take the form of implementing regulations, rather than laws or constitutional imperatives.

But the central government does not always keep the rules that it makes. There are many examples of this:

- The imposition of unfunded expenditure mandates on local governments;
- The under funding of transfer programs;
- The reassignment of expenditures without commensurate reassignment of revenues, and
- The abolition of local taxes.
Local governments recognize this and in many countries believe fervently in a "flypaper effect of revenue sharing, i.e. the money will stick where it hits. Rules or no, the belief is that the center will not hand the money over when times are hard, nor will they always honor the, pledge to grant local autonomy.

If decentralization is to have a chance, the central government must keep the rules it makes. This rule for successful fiscal decentralization should be carefully heeded when the central government is designing its program. If the centre intends to make local government finance a low priority -- the first cut when times are hard -- then it should not develop a "law" that guarantees a particular revenue flow. And if local government expenditure autonomy depends on a central judgement as to whether the "right" choice is made, then it is better not to promise the autonomy in the first place. Transparency in the rules is not enough. There must also be adherence to the rules.

Rule 7: Local Government Administrative Systems must be kept simple

Local government administrative systems often cannot handle complicated intergovernmental fiscal arrangements. The same may be said of the central government systems necessary to monitor and evaluate intergovernmental fiscal arrangements. Simple fiscal decentralization structures will require the local governments to allocate fewer resources to administration, and will lower the monitoring and evaluation cost facing the central government. Complication is often introduced by well meaning policy analysts, without regard for the capability of the administrative system to handle these refinements. The following is a list of complications often found in intergovernmental systems, that are better avoided:

1. Complicated grant allocation formulae that cannot be supported adequately by existing data. Sometimes data are not necessary to support the formula, and "imputations" or other estimation methods are required. In many cases the data may be available for one period, but cannot be updated, and again some sort of imputation is required. This raises major problems of administrative cost, lack of transparency and an erosion of confidence in the system.

2. Local taxes that are structured to accomplish other goals than revenue raising. For example, property taxes are sometimes structured to control building height, local sales taxes may carry an extensive list of exemptions to promote economic development, etc. The complications do not come in the levy of the tax but with fine tuning the rate and base to achieve effects other than revenue raising. This imposes an administrative cost, and it diverts the efforts of the tax administration away from its main purpose, the collection of revenues.

3. Conditional, grants that require a monitoring of the use of the funds. Conditional grants require local governments to report on the use of funds, and perhaps to set up special accounts. Or, they may be induced to create schemes to avoid actual compliance with the central mandate, e.g., reclassifying expenditures, changing accounting procedures.
Decentralization is a grass roots movement, which means that voters and elected politicians, including the President, will be the natural champions. But, if decentralization conflicts with macroeconomic stabilization policy, the President's support will be less firm. Hyperinflation or recession offers far more of a threat to re-election chances than does the absence of a good decentralization programme.

Parliament will embrace programmes that voters embrace, and therefore is a potential champion of decentralization. However, members of Congress are most interested in how programmes benefit their own constituency, hence will be less enthusiastic than policy analysts about the need for transparency. The local governments will favour decentralization, but the rich and poor will have very different views about the best version of decentralization. The more well-off local areas will favour increased fiscal discretion and a laissez faire approach to fiscal decentralization while the poor will opt for a redistributive system based on a guaranteed revenue flow.

Finally, some of the external donors and advisors will champion fiscal decentralization. The World Bank sees decentralization as part of a development strategy that will lead to a more satisfactory and balanced growth, and promote decentralization as a country strategy. USAID is also an advocate of decentralization, but is heavily influenced by the democracy aspects. The IMF take a more cautious and qualified view because of their concern with any policy that might promote fiscal instability. But the external advisors play an important catalytic role. When they bring funding as the carrot, they often catch the attention of government officials and stimulate the government to begin to look harder at the decentralization issue. But unless the government itself is enthusiastic, the harder look will not lead to meaningful policy reform and in fact will be quickly forgotten when the money is exhausted. Thus the implementation stage is never reached.

There are three major detractors of fiscal decentralization policy the Ministry of Finance, the Ministry of Economy or Economic Planning and line ministries. The Ministry of Finance, the keeper of the tools to address instability, will not want to give up control over these tools. If this Ministry is on record as favouring decentralization, it will tend to be a very controlled form. One might look for the following features in such a programme:

- Limited freedom for local governments to set tax rates for any major taxes;
- Strictly controlled borrowing powers;
- Budget approval by higher level government, or stringent expenditure mandates;
- An ad hoc system of intergovernmental transfers, that would give the central governments some flexibility to withhold full distributions in hard times; and
- Centrally controlled wage and salary rates for local government employees.

Typically, the Ministry of Finance will be more in favour of an ad hoc than a transparent regime. The Ministry of Economy could be a significant opponent. This Ministry will be interested in a system that allows central rather than local direction of investment. If investment decisions are decentralized to any significant extent, the result will be will compromise national planning on the distribution of capital expenditures by function and by location.
The line ministries often will oppose decentralization on grounds that seem more paternalistic.

Their view is that the local governments do not have the technical capacity to deliver services or to plan resource allocations, hence there must be strong central direction. Line ministries, if they are persuaded on fiscal decentralization will be more comfortable with conditional grants and mandated expenditure requirements.

Conclusion

Fiscal decentralization has been held back. The advantages of centralization and the political power of the centralists have been too strong. But the world has changed, and the case for decentralization is becoming more irresistible. It may be slowed by an unstable world economy, as most new policies will be, but its time may have come. Governments around the world are increasingly elected, and increasingly on a platform of citizen participation in governance; economic development has eroded some of the arguments in favour of fiscal centralization; and the service delivery capabilities of local governments have improved dramatically. Moreover, much of the world has come to see that granting some form of local autonomy is better than separatism as a policy direction. The enemy now is poorly conceived decentralization policies. Design must match objectives, and implementation must face up to the many dimensions of decentralization. This paper is an attempt to stimulate that discussion.
CHAPTER 7

Background Paper on Local Revenue Garnering in Guyana: Issues in the Design of Central-Local Transfers

Randall Crane

Introduction

Local authorities in Guyana are a critical component of national development strategies. They are close to the people and, given the geographic and economic diversity of circumstances in Guyana, are often better able to prioritize local service and infrastructure needs and demands than the central ministries. However, they are also less able to raise revenues.

It is widely accepted that the preferred mechanism for addressing this common gap between local responsibilities and resources is a system of central-local transfers. The centre might simply rebate some part of the taxes collected by higher level authorities to the local authority in which they were generated (i.e. tax or revenue sharing) and/or target central development and operating funds for specific or general purposes for local use (i.e. grants). There is no standardized revenue-sharing arrangement in Guyana. Grants are distributed on a flat basis that does not account for differences in need and ability. Further, the basis for these grants is not fixed in law but rather is determined by annual considerations, mainly subjective, and thus perhaps more subject to political pressure.

The result appears to be a shortage of resources for public purposes at the local level. While part of the difficulty is the inadequacy of own revenue sources there is also evidence of low revenue effort as well as inefficient spending practices by many councils. The accountability, responsiveness, and capacity of local governance are thus significant issues.

As a result, suspicion remains within the Government of Guyana regarding the ability and willingness of local authorities to carry out substantial service responsibilities. Another complication is that the pattern of local responsibilities varies somewhat across councils, largely for historical reasons.

This paper will argue that a simple yet appropriately designed system of transfers can, at least as a first cut, address all three sets of issues: inadequate local authority revenues, the absence of clear-cut criteria for central-local transfers, and poor local authority performance. The main purpose of such a system is to redistribute a share of central revenues to local authorities to fund local spending obligations; however, matching requirements and other administrative or financial conditions can be placed on these funds as necessary to prompt improvements in local authority performance.

1 Local Governments include Regional Democratic Councils (10), Municipal Councils (6) and Neighbourhood Democratic Councils (65)
The downside to such conditions is their data requirements and that they may prove too restrictive, particularly as local authorities develop their capacity to govern, and therefore some care is advised in their design and application. A typical approach is to relax these conditions over time as performance improves.

The talk proceeds as follows: The general characteristics of transfer programmes are first described as a range of options. Any such programme essentially represents three sets of compromise: one between central control and local autonomy, another between the desirable and undesirable impacts of central conditions on the use and level of transfers, and a third implied by the diversity of local authorities. In addition the administrative and political costs of transfer programmes vary with their complexity and size, apart from the quantity of funds involved. The design of a given transfer system depends then on an evaluation of each of these tradeoffs.

1. **TYPES OF TRANSFERS**

Two distinct forms of transfers having much in common are grants from the central government and revenue-sharing. The latter in their simplest form are some share of the tax revenues collected by the centre that are rebated to the area from whence they came. An example would be a share of national sales or income taxes that is rebated directly to the general operating budget of the local authority in which it was generated. Grants, on the other hand, are central payments to local authorities from central sources, and these will be described first, followed by Revenue Sharing.

**GRANTS**

Grants come in many forms. Table 1, page 84 summarizes the alternatives below. They are either unconditional or conditional.

**UNCONDITIONAL GRANTS**

Unconditional grants have few strings attached regarding their use. An example would be an annual grant of $3 million per local authority for any legitimate local authority purpose. The disbursement of funds from the centre could either follow a fixed schedule, for example quarterly, or as a reimbursement of submitted local authority expenses. The latter disbursement procedure involves more oversight to minimize local authority expenses, but it adds delays, much greater administrative cost, and increased potential for bureaucratic and political interference.

**CONDITIONAL GRANTS: MATCHING REQUIREMENTS, ADMINISTRATIVE CONDITIONS, EARMARKING, ETC.**

Conditional grants might have any number of restrictions attached. A transfer could have “matching” requirements. In this case the size of the transfer depends on local authority expenditures generally or for some specific purpose. The transfer is thus a direct subsidy of local authority operations, with its size depending on local authority spending, rather than a lump sum grant.
As such, matching grants can have significant simulative impacts on both local spending and local revenue generation. If, for example, authority spending on road maintenance was matched dollar for dollar by the central government, the local authority would most likely spend more overall on that function than on others. The stimulative impact of the grant is expected to vary with the matching rate, which itself can vary with the goals and resources of the program. For example, local road construction in many countries often involves less than a 10% contribution from local governments, particularly for roads that have important regional benefits. Roads with less extralocal importance normally earn a much lower matching rate. Note that if the matching rate or total transfer amount is low, the stimulative effect of the transfer may be slight. This is more likely if the local authority contribution is less than would have been spent in the absence of the transfer.

Matching grants may also be “open” or “closed-end” depending on whether the maximum grant size for a given local authority has been specified. The maximum size of a closed-ended transfer could then depend on either a flat or a more elaborate allocation scheme, just as any other transfer amount might be determined. A 50% matching rate for local authority road maintenance expenditures may apply only up to a total spending level of $2 million per NDC, $5,000 per mile of local road, and/or some other stated maximum amount. An open-ended programme would have no limit to the size of the transfer.

Closed-ended grants are the most common. Note that matching grants have stimulative impacts only as long as local expenditures are matched, i.e., only up to the point where the grant ceiling kicks in. Note also that the higher the matching rate, and thus the greater the stimulative effect at the margin, the larger the total grant pool to be allocated.

The final category of conditions mentioned here is administrative. Local authorities may be required to satisfy some basic accounting or other administrative criteria before transfer funds are made available. Up-to-date accounts may be required, spending for a particular purpose must increase by the amount of an earmarked grant (or some fraction thereof), projects may have to approved by another authority or level of review, documentation regarding the timely and proper disposition of transfers in earlier years may be necessary, permissible staffing levels may be specified, and so on. The intent of such condition is usually to respond to a particularly widespread administrative problem, such as high staffing levels or lack of current accounts, and/or to simply avoid problems by mandating basic minimum standards in the use of transfer funds and related spending.

A conditional grant might also be either “specific” or a “block” grant. The former is restricted by purpose. A road maintenance transfer with matching requirements is a specific (or “earmarked”) grant; a general purpose transfer that requires certain accounting procedures be in place, or other obligations satisfied, prior to disbursement, is not. Conditional grants tend to be specific grants, but not exclusively so.
REVENUE-SHARING

It is often the case that central authorities can more easily and efficiently collect tax revenues for many tax bases than can local authorities. Income and consumption (e.g. VAT) taxes are two good examples (and the property tax and local business license fees are counter-examples). This does not mean that such revenues must be spent by the centre, however. If the collecting authority is seen as just that, it is possible to simply rebate all or part of the tax revenue collected to its originating jurisdiction. Thus, the income tax revenue generated in the New Amsterdam municipality could be collected by the Treasury, which would then write the New Amsterdam municipal council a cheque for some fixed share of those revenues. This provides New Amsterdam with an incentive to generate income tax revenue while providing an elastic and somewhat predictable revenue source for which it has no administrative burden to collect.

A common practice is to raise the national tax rate by 1/2% or even 1% for the sole purpose of dedicating that revenue to local authorities. Another approach is to transfer responsibility for a service previously under central authority to local authority, such as teachers' salaries or local road maintenance perhaps, along with some share of the central tax collections originating in that council.

Later in this talk I will examine the potential of a Fuel Tax as a new transfer program.

Note this is a revenue-sharing scheme if some share of revenues is allocated across local authorities on the basis of where they were originally collected. However, this is a grant program if the allocation depends on some measure of local need or resources, such as miles of roadway, rather than simply where the funds were initially generated. Thus tax-sharing schemes generally do not redistribute resources among local authorities so much as assisting in the revenue collection process. They differ from grants in that they lack the equalization impacts grants often have, whether by design or accident.

Otherwise, revenue-sharing programs are like grants in that they can have conditions that restrict their use. The above discussion thus applies here also. They may have matching requirements, may be confined to particular purposes or reserved for local authorities having met minimum performance standards. Shared road maintenance levies could be dedicated to road maintenance exclusively, for example, remember that any conditions have associate data, monitoring, and enforcement requirements.

Revenue-sharing often has certain administrative and political advantages over other transfers. The allocation scheme is typically uniform across local authorities (e.g. 1% of a given tax base throughout the country), the local contribution to that tax base is readily understood at all levels (though it may be difficult to accurately measure), and the cost of collecting these extra revenues is nearly zero. Drawbacks include that fact that revenues accrue mainly, if proportionately, to higher income areas and that the shared revenues may, over time, substitute for local revenue sources such as the property tax. Performance conditions attached to shared revenues can be employed to offset this behavior, but they also add to the associated administrative burden and monitoring costs.
Note that share revenues earmarked for a particular purpose, such as road maintenance levies, can also displace other local revenues in some circumstances. This is a potential problem where local funds are currently generated and used for that specific purpose. New revenues for the same purpose, whether from tax-sharing or a conditional grant, might be used to replace the local funds previously used for that purpose. As mentioned above, a further condition can be placed on these funds that spending for that reason must increase by some fraction of the amount of earmarked funds. This may increase the reporting requirements however.

3. **ALLOCATION ISSUES**

The rules governing the allocation of transfers across local authorities and by type and purpose can present issues either simple or complex. One issue concerns the total amount of funds to be allocated (the size of the grant “pool”) and another the procedure for distributing these funds across local authorities.

**TOTAL FUND SIZE**

The pool size is normally determined on an ad hoc basis but it is both desirable and increasingly common to link the size of the pool, and/or its change from year to year, to the size of the central budget, the growth rate of the economy, and/or the growth rate of central revenues. For example, a shift of 1% of central government revenues to an NDC grant system could increase local authority spending by a substantial average amount. If this was a short term goal, the pool size would have to be explicitly linked to total government collections. Another example would be targeting 20% of a fuel tax to local authority use for road maintenance on a fixed annual basis.

**ALLOCATION RULES**

It is critical that any allocation scheme be simple, transparent, and de-politicized to the extent that it is feasible and reasonable. This is best established by way of a rigid and meaningful objective formula. The local authority allocation schedule can also be ad hoc but that is no basis for increasing the predictability of revenues. There is no single best rigid scheme, however, particularly where data on meaningful indicators cannot be reliably updated. The simplest formulas are based on easily understood and measurable factors, needs, resources, and efforts such as population, area, urbanization, income, and institutional features.

For example, there might be one flat grant for each NDC. Or the grant might be distributed on an equal per capita basis. Some combination of these factors is also common, where the intent is to recognize that such basic features of the jurisdiction proxy for differences in need and possibly capacity to spend effectively. The range of such options is vast but some illustrative examples will be provided below. The key issues are whether the allocation formula is sensible, given national development goals, and the extent to which observable features of each local authority correspond to meaningful indicators of need, capacity and effectiveness.
The objective should be to provide a rational and effective level of local funding for local services, but this can be carried out incrementally where the target level is unclear, or phased in gradually where the local capacity to absorb significant revenue increases is in doubt. Again, the inclusion of effective performance standards, such as matching incentives, in the grant rules might require that total funding be large enough to make a difference in local authority behavior. An exception is where conditions indicate minimum standards rather than incentives at the margin. However, it should also be noted that satisfying many minimum performance standards, such as having one's accounts in good order, may well in turn require some central funding to achieve or encourage. This is likely best addressed by a separate, one-time training and funding programmes.

If, for example, the goal is to raise the share of local recurrent expenditures to 10% of all government recurrent expenditures, perhaps as a first cut that attempts to reflect the cost of local service responsibilities, on average, the combination of conditional and unconditional grants and of shared-taxes would then equal the difference between that level and their current share.

Of course, such averages mask considerable variation among local authorities that should be taken into account. (An example of how this diversity is affected by alternative allocation strategies is given below.) At a minimum, the different responsibilities and traditional roles of different categories of local councils must be recognized.

More to the point, specific transfers intended for specific purposes (e.g. road maintenance) should be allocated according to some easily specified and measured standard of need rather than on an equal per capita or other uniform allocation rule.

**AN EXAMPLE: GENERAL PURPOSE AND EQUALIZATION GRANT**

There is a strong need in Guyana, as in most diverse countries, for a basic grant to those local authorities with particularly weak revenue bases. Because these local authorities are most likely in the worst financial shape regarding expenditure effort and their accounts, it would be difficult to enforce, at least initially, a performance incentive programme in conjunction with a transfer from the central government.

A relatively small base grant could address this problem. The issue is how to identify the truly needy councils without politicizing the process and without relying on ad hoc indicators. This is difficult. A grant that is higher than the lower per capita revenues from own sources would discourage local revenue collections. A minimum grant to all local authorities would not differentiate among local authorities, while a grant to only so-called poor councils invites political intervention.

Another problem, discussed earlier, is the general lack of access by local authorities to robust revenue sources now available only to the central government. Transferring funds from a fuel tax, for example, would address that issue for road maintenance, but not for other spending priorities that may be more difficult to earmark from appropriate sources.
These can be usefully combined in a conditional grant program that explicitly rewards revenue effort and financial management and at the same time explicitly recognizing differences in revenue capacity. A flat per capital grant, subject to a floor, would address the needs of the poorest councils.

Higher grant levels would be allocated to local authorities with greater expenditure responsibility, higher capacity for revenue generation, and greater success in doing so. Purely as a hypothetical illustration, an index could be calculated by the Ministry of Local Government for each local authority as:

\[
\text{Grant index} = \text{population} + \text{share of local taxes actually collected} + \text{index of financial management}
\]

Local authorities would be categorized as low, medium, or high by these criteria and accordingly receive less, the average amount, or more from the central grant pool. This essentially gives population, revenue effort, and financial management equal weight in the allocation equation; however, alternative weighting schemes are possible.

Again, all these data are not currently available. A grant with minimal criteria, based on population, would be the best alternative in the short run. A total pool size of 1% of central government revenues would be a reasonable initial level. It would facilitate the transition to the new system to begin with only a share of the funding levels, perhaps 25% the first year. It is important that the schedule be fixed, however, to provide for budget certainty by local authorities and the central government alike.

THE TRANSFER MIX: REVENUE SHARING VERSUS GRANTS

A third issue, after pool size and pool allocation, is how the transfer pool ought to be split among shared taxes and various grant programs. In practice this mainly depends on which central funds are most accessible (e.g. rapidly growing revenue sources and funds with surpluses), which revenues are most sensibly linked to local sources (e.g. water tariff revenues and road maintenance levies), which are historically devoted to local projects (e.g. water and sewer projects and road construction and maintenance), and which local spending areas have the highest central priority. If the main concern is that local authorities lack the fiscal means to carry out traditional responsibilities, the clearest options are shared taxes and unconditional grants (or grants with minimal performance conditions).

Should they become feasible in Guyana, shared revenues have the likely disadvantage that they are larger for local authorities with stronger economies, a characteristic that may conflict with a central desire to disproportionately assist poorer areas. This makes shared taxes unattractive as the only source of transfer funds in a highly diverse nation like Guyana, except where they are dedicated to an appropriate purpose. Road maintenance levies are collected from areas where the most petroleum is sold and thus perhaps where the most truck and car travel takes place, suggesting that their collection is linked to road maintenance need, at least in part.
Similar logic suggests that unconditional grants are mainly useful for equalization purposes, as either a minimum floor of central funds or at a level that varies inversely with the poverty and/or development gap in each area. Finally, the share of transfers for specific grant purposes should correspond to the relative importance of promoting local expenditures in particular sectors. This in turn depends on the role of local infrastructure in national development goals or with respect to high priority problem areas.

4. IMPLEMENTATION ISSUES

Once a programme of transfers has been identified, several issues regarding the pace and extent of implementation must be addressed. Indeed, these should be considered when the broad transfer framework is being designed. The main issue is how to put the desired program in place in an effective and efficient manner without interfering somehow with the boarder program objectives. Another concerns the institutional details of implementation and practice.

With a substantial change in intergovernmental fiscal structure, as would be the case with any system of transfers in Guyana, there are strong arguments for proceeding cautiously along two fronts: the amount of funds to be transferred, and the scale and scope of legislative and budget reform. The preferred strategy would be to identify the broad framework of the desired system and then propose a schedule that gradually implements that framework.

The implementation scheme would identify:

- the individual components, and their priority, of the larger proposed transfer scheme (e.g. I order of importance, a goal of 20% of the total transfer pool for shared road maintenance levies, 10% from some floor level of unconditional funds per local authority, 10% more allocated on a per capita basis, 10% on an equalization basis, 40% for target levels of funding for specific sectora purposes, and 10% for other shared-taxes),

- the sequence for putting each transfer program into place (e.g. shared road maintenance levies the first year, followed by block and sectoral grants the next year),

- the agencies responsible for disbursing each transfer together with the procedure to be followed for calculating the transfer amount for each local authority and for monitoring and enforcing any Associated performance standards or other condition,

- the extent to which central ministry oversight, technical assistance, or actual performance is suggested or required over time (e.g. all or certain local authorities shall subcontract the appropriate ministries to perform road construction and maintenance for all or certain categories of roads in those cases where the local authority lacks the technical ability to do so efficiently),

- the planned sequencing of which local authorities will participate over time (e.g. all, on municipal councils, or only those satisfying specified performance standards, such as accounts approved by the Controller-General) and the schedule for ratcheting funding levels up to target levels over time, perhaps to assist local authorities in absorbing increased funding (e.g. 25% the first year and 50% the next).
The great advantage to a phase-in of a substantial reform of this nature, particularly where there are concerns that local authorities lack the technical and political capacity to use the funds as effectively as intended, is that it minimizes the risk of failure. The advantage of restricting the program to a small number of local authorities initially is that it avoids straining the enforcement and monitoring capabilities of the Ministry of Local Government or other participating ministries while fine tuning the parameters of the programme.

The idea is to follow a path of reform as quickly as local authorities are able to make productive use of it, but not faster. The drawback is that the momentum of reform may fade with time, and unforeseen circumstances might prevent the full reform package from being enacted. However, if the full set of reforms are put in place too quickly, with insufficient attention to the learning curve and the associated capacity constraints of both local authorities and participating ministries, they may well be rejected for poor performance. The baby could be thrown out with the bath water!

One strategy would be to start with a trial program, such as sharing fuel taxes with a select group of local authorities, followed by a more complete transfer program. Either could be implemented as gradually as local and national circumstances dictate, though there are also institutional and political advantages for establishing, at the start, rigid allocation criteria and a fixed timetable for full implementation.

The issue regarding which ministries and departments would be responsible for the payment and allocation decisions, as well as the enforcement of associated conditions, is open for review. Having said that, it would be advisable to work initially within established routines and responsibilities, although there may be cause for reexamining these relationships once a transfer program is up and running.

The experiences of other nations in similar circumstances are illustrative of how well and how poorly such programs might work. An example of the former is Sri Lanka, which suffered from wide-scale problems of local government service inefficiency, limited revenue efficiency, and inadequate local accounts. The central government initiated a program whereby 25% of an existing central transfer to local authorities was reserved for allocation based on the following performance indicators: each local authority was graded annually on a 1 to 10 scale by ten different performance criteria: such as, percent of billed rates collected, criteria: condition of local roads, and condition of local authority accounts. Those with a total score of 70 points received the normal grant amount, those rating a higher score received proportionately more, and those with lower scores were granted proportionately less. In addition the local authorities with the highest scores were slated for visits by a Minister. The new incentive-based grant program, which involved only 25% of the total local authority grant pool, was considered to have a substantial positive impact on local authority spending, accounting, revenue, and general performance practices.
CHAPTER 8

Options for Electoral System Reform for Local Government in Guyana

Benjamin Reilly

Introduction

In March 2002 I was contracted by the National Democratic Institute which is working to support the Joint Task Force on Local Government Reform to propose rules and regulations for local government elections in Guyana. This consultancy specifically has as its objectives changes to the electoral law which would enable political parties, independent groups and individuals to contest local government elections, and the norms of and the establishment of accountability, by which it is able to make proposals regarding the nature of the electoral system, consistent with the terms of reference developed by the task force (which is attached).

In this note I have set out six options for electoral system reform progressing from the smallest possible change that would meet all the above objectives, at Option One, down to large-scale reform of the electoral system at Option Six.

The starting point for all of these options is electoral systems that (a) are congruent with Guyana’s existing structure of local democratic organs; (b) have a successful record of use in other countries; (c) are in line with the terms of reference noted above and (d) meet all Constitutional requirements.

With regard to this final criterion, Article 78B of the Constitution of Guyana states: “The electoral system in respect of local democratic organs below the regional democratic councils shall provide for the involvement and representation of individuals and voluntary groups in addition to political parties and accountability to the electors.”

The following options represent various electoral systems which will, to varying extents, meet these goals.

OPTION 1: MINIMAL CHANGE

This option involving the smallest amount of change to the current system is to make no changes to the current proportional representation electoral system, but to include a new provision specifying that independent groups as well as parties and individuals may contest the elections and that they will be treated as political parties for the purposes of the Act.
This would mean that any independent group would be treated in exactly the same manner as a political party. It would be listed on the ballot paper as an independent group of candidates under their chosen name. If a group of independents gained enough votes to win seats, these would be allocated them in the same way that seats are allocated to parties now.

Individuals contesting the elections would also be treated as political parties for the purpose of the Act. This would mean that they would register a list of candidates with the Electoral Commission prior to the election, as is the case with parties. If an individual candidate gained enough votes to win one seat, then he or she would take up that seat. In the case of an individual candidate winning two or more seats, the registered officer of the candidate list (presumably the independent candidate) could determine who would take the next seat.

Alternatively, if it was so desired, an additional new provision could also be adopted, requiring parties to follow the order of candidates named on their submitted list when allocating seats. This would be a small step towards greater accountability, as it would undermine the current ability of party bosses to completely control the allocation of seats.

**Advantages:** This is a simple means of allowing independent groups and individuals to contest elections, and involves minimal change to the current system. It gives greater accountability by allowing independent groups and individuals to run as candidates, rather than forcing them to stand under a party label.

**Disadvantages:** Although this option is a step in the direction of greater accountability, the system remains heavily weighted towards political parties. Voters cannot specify their preference for individual candidates of their chosen parties. Although it facilitates the election of independent groups and individuals, candidates will still find it difficult to get elected because of the high quota needed for election.

**OPTION 2: OPEN LIST PROPORTIONAL REPRESENTATION**

The second option would be to move to a form of open list proportional representation. In this system, candidate names appear to the ballot paper under the name of the party or group for which they are standing. The names of independent candidates are also presented to the voters on the ballot paper. Open list PR electoral systems are a common electoral system in many European countries. Voters can vote in one of three ways: for the party only, or for a candidate on the party list, or for both.

Seats are allocated as follows: first, seats are distributed to parties in proportion to their vote share, as is the case with the present system. However, unlike the present system, the order of election of candidates can be based on the number of personal votes received by each candidate on the winning party list. The candidate who gains the largest number of personal votes is elected first, the candidate with the second largest number of personal votes is elected second, and so on. This system is used in Finland.
An alternative approach is to allow votes to vote EITHER for the party only (as per the present system) or for an individual on the party list. This form of electoral system is used in Denmark. Votes for the party only would be treated as votes for the entire candidate list, but the allocation of seats would follow the order of candidates as they are presented on the party list. The exception to this would be in the case of a candidate on the party list who gains more than a quota of personal votes. In this case, he or she would be elected first on the list. This would allow not only the party bosses to maintain some control over which candidates were elected, but also very popular individual candidates who were placed lower on the list to still win a seat, if their vote share was high enough.

Finally, independent groups and individuals would be able to contest the elections as either groups or independents, with the names of the candidate(s) displayed on the ballot paper. As in the first example, they would be treated as parties for the purposes of the elections. In the case of an individual candidate who gained more than a quota of votes, and was entitled to more than one seat, he or she would be able to nominate an additional candidate to join his or her list and be elected.

**Advantage:** The advantage of this system is that it maintains proportionality in the allocation of seats to parties according to their vote share, but introduces additional accountability by enabling voters to specify which particular candidates they favours. For example, a candidate hailing from a particular area might attract a large degree of support from that area, and would thus have a relationship of accountability to the voters from the area that voted for him.

**Disadvantage:** The system necessarily becomes more complex by introducing candidate lists on the ballot paper. Although it facilitates the election of independent groups and individuals, it will still be difficult for these candidates to get elected because of the high quota needed for election under the PR system in many regions.

**OPTION 3: THE SINGLE NON-TRANSFERABLE VOTE**

The third reform option would be to make the system even move accountable by turning it into a completely candidate-based election. One way of doing this is to introduce the ‘single non-transferable vote’ (SNTV), as used by a number of Asian countries such as Taiwan and until 1994, Japan. This is a semi-proportional electoral system, in which the overall results are usually fairly proportional, but in which the voting mechanism is not strictly a form of proportional representation.

Under the SNTV system, all the candidates standing for election are listed on the ballot paper, either in random order, or under their party heading, as is the case with an open list PR system. Similarly, voters vote by placing a cross next to the name of the one candidate they prefer. In this way, the system for voters is no different from Option Two.

However, the method of counting votes is different. Under SNTV, the vote shares for every candidate are tallied, and the candidates with the highest vote totals are declared elected. The highest-polling candidate is elected first; the second highest polling candidate is elected second, and so on.
For example, in a district with ten seats to be elected, the ten highest-polling candidates across all parties are declared elected.

This system is thus an entirely candidate-based voting system. Although party names and logos can be included on the ballot, by essentially asking voters to choose between candidates, not between parties, it moves the focus of accountability much more towards individuals MPs.

Under SNTV, independent groups and individuals can contest the election either as individuals or as part of a group or party. The system makes no distinction between those standing with party support and those standing as independents.

A variation on this system is the so-called “block vote”, which operates in the same way as SNTV, except that instead of having on only one vote, voters are able to have as many votes as there are candidates to be elected. However, this system often results in extremely unbalanced election results and thus is not widely favoured.

**Advantages:** As well as being more accountable than a closed-list system, SNTV usually results in reasonably proportional overall results. It is also very simple for voters and the public at large to understand, and is easy for the electoral office to count.

**Disadvantages:** The disadvantages of this system are that it represents a major change away from the current PR system towards a system based entirely on candidates. This may be seen as a radical step, as it could result in a very large ballot paper with hundreds of candidate names on it. Also, SNTV forces parties to make strategic calculations about how many candidates to put forward for election to many and their votes can be spread too thinly across all candidates, too few and they may 'waste' additional votes on candidates who have already won their seats.

**OPTION 4: AWARD SYSTEM**

The next step in the direction of major change would involve building on Option Three's move to a candidate-based system, but taking this one step further so that instead of being elected from a list, each candidate would represent a geographically defined district or ward within each local government area. This would essentially change the electoral system to a first-past-the-post contest, one of the most widely-used electoral systems in the world.

Under this system, each municipality would be broken down into a series of small local districts or wards. These could be based around existing local government boundaries, around the polling place areas already used by the Guyana Electoral Commission for conducting national elections, or around some other unit. The key, however, is that each elected Member or Councilor would represent a defined geographic area.
This would be a major change away from the current system, and it would no longer be able to result in proportional electoral outcomes. Similarly, the role of parties in the contest would be greatly curtailed. All candidates would essentially be standing as individuals. Although party-backed candidates could stand and party names and symbols could accompany the candidate's names on the ballot paper, this system would be very much more focused on individuals than is the case today.

If a ward system was adopted, it would require a proper demarcation of all electoral districts with a different ballot paper needed for every single ward. Finally, it would in effect mean that candidates can stand only in one ward. Candidates would therefore need to carefully consider which ward they should contest in order to maximize their prospects of success.

**Advantages:** This is the most accountable electoral model in terms of electors having a direct link with their local representative. In effect, each ward will have a local member who will be responsible directly to the voters from that ward alone. Therefore, it can be expected to heighten the link between members and voters. The system is also easy to understand and clear for voters to follow.

**Disadvantages:** The system is not proportional, and could result in very unbalanced outcomes. It represents a major change away from the current PR system towards a system based entirely on candidates, which may be seen as a radical step. But although easy to understand, it is more difficult for the Electoral Commission to run as it will require serious work by the Electoral Commission in terms of demarcating boundaries, and issuing separate ballot papers for every ward.

**OPTION 5: A MIXED-MEMBER SYSTEM**

Another option may be to create a "mixed-member" electoral system, in which some of the members are elected by proportional representation, and others chosen from wards or other forms of small, single-member districts. Such "mixed" electoral systems have become increasingly common in recent years in many countries around the world.

Their popularity is based upon the fact that they combine two seemingly divergent principles of representation: the proportionality principle, whereby seats in parliament are allocated in proportion to votes cast, and the representational principle, whereby voters have a local member who represents "their" interests and who can be held accountable to them at election time.

There are various types of mixed-member systems, but the best known is probably the two-ballot system used in Germany and New Zealand. Under this system, voters have two votes on election-day: one for a political party, and one for a candidate: the party vote towards a national allocation of party seats, and the candidate vote towards electing a local candidate. However, if after the completion of the vote tally there is a disproportionality between seats and votes (due, for example, to a party winning a good vote share but few local seats,) the national seats are allocated in such a way as to ensure that the overall vote total is proportional.
**Advantage:** The advantage of mixed systems is that they combine proportionality with local representation, making them an attractive way of getting “the best of both worlds”.

**Disadvantages:** Introducing a mixed-member system can be a complex undertaking. Electoral districts need to be demarcated, as for Option Four. But a proportional representation formula for translating votes into seats also needs to be in place. And, in a “compensatory” mixed system as described above, there need to be clear rules about how top-up seat allocations are made.

**OPTION 6: A “NO PARTY” SYSTEM**

A final option, which could be combined with any of the electoral system options described above, is to specifically restrict the role of parties in putting forward candidates for local government elections. In many countries, local elections are the preserve of non-party independents and civic groups, rather than a contest between the major national political parties. In some cases this is because the major parties are banned or restricted from running in local elections; in others, the parties themselves make a voluntary decision not to focus their efforts at the local level.

While banning parties from contesting elections altogether is difficult (particularly given that the Constitutional provision relating to local elections quoted on page 1 of this document specifically refers to parties), it is possible to place some restrictions on their activities at the local level. For example, in mixed-member systems, it is possible to specify that parties can contest only the PR seats, leaving the local district contests to independent candidates. Alternatively, the laws can provide that only some proportion of seats is open to party representatives.

**Advantage:** By restricting the range of situations that can be contested by parties, the field is opened up to independent candidates and groups of individuals.

**Disadvantages:** Stopping parties form standing candidates is a restriction of political freedom. In any case, parties can still sponsor “independent” candidates, as many countries who have attempted to hold non-party elections have discovered.

**Conclusion**

These six options represent several distinct approaches to maximizing the goals for local government elections set out in the Constitution. However, they are far from the only options and there are a range of other electoral systems such as the approval vote, various forms of preferential voting, and other systems that may meet the Constitution’s requirements. I would be happy to elaborate on any of these if required. However, I believe the options outlined above represent a good starting point for consideration of reform of Guyana’s local government electoral system.
CHAPTER 9

Local Government Decentralization in the Caribbean: The Way Forward

Winston Cramer

Generally, local government refers to self-government and involves administration of public affairs of a specifically defined locale by duly elected representatives of that locale. Its primary role is developmental, local administration being its secondary role. Developmental refers to economic, social, political, cultural and psychological aspects. From this developmental perspective, local government is first and foremost people oriented, that is, development must be measured by the extent to which people of the community have benefited or stand to benefit directly or indirectly from a particular initiative. Another aspect of its developmental role is that local government must embrace the principles and practices of democracy as evidenced by the conduct of free and fair elections to elect representatives, by allowing for citizen participation in the decision-making process and for their empowerment as well, by practising transparency, accountability, inclusiveness and equality in all its undertakings. The ultimate goal is to develop a system of governance and an adequate provision of public services for, by and with the community.

Decentralization in its most elementary sense refers to the transfer of authority, functions and responsibilities from central government commonly referred to as the centre to relevant sub-national governments referred to as local government. It is an effective way for enabling people to participate in governance (Cheema, 1996). It can be political, in which representatives are elected directly with the local government having governmental character. It could be financial in which there is a predictable, transparent and equitable arrangement for allocating funds from the centre to the local government to be done consistent with their responsibilities. It can also be administrative in which local government officers are delegated responsibilities that were formerly carried out by officers at centre. There is an inter-relationship between these forms of decentralization which was aptly described by Shabbir Cheema, Director, Management Development and Governance Division, UNDP as follows:

Political decentralization without financial or administrative capacity, or financial decentralization without administrative and political authority, leads to frustration.

After more than four hundred years of the introduction of local government, in its various forms in the Caribbean by the then colonial authorities, these countries continue to function, for the most part, under a strict centralized structure.
Melissa Ifill is a lecturer in the Faculty of Arts at the University of Guyana. She worked as a Rapporteur for the for a colloquium on Diplomacy after 2000: Small States and Negotiating Space in the New International Environment sponsored by the Institute of International Relations, University of the West Indies, St. Augustine and for the Mock UN Summit sponsored by the Ministry of Sports and Youth Affairs, Trinidad. Ifill also researched and scripted presentations for the Talking About Education and Broadcasts to Schools radio programmes in Guyana, worked as a Researcher/Reporter for the Caribbean and Latin America Financial Times, Guyana and as a Researcher with the National Archives and the Institute of Development Studies, University of Guyana. She holds a BA (Hons) in History with a minor in Political Science from the University of Guyana, a Graduate Diploma (Hons) in International Relations from UG and a MPhil in International Relations from the University of the West Indies, St. Augustine, Trinidad and is a Commonwealth Scholar currently reading for her PhD at the University of Sussex.

Keith L. Miller has been a consultant with the Ministry of Local Government and Community Development for more than 10 years where he has conceptualized designed and prepared several local government projects as part of the local government reform programme in Jamaica. These include the Parish Infrastructure Development Project aimed at upgrading key parish/community infrastructure and building the institutional capacity of local government to manage and maintain them, the Preparatory Assistance Project aimed at strengthening the institutional capacity of local government authorities to carry out additional responsibilities as a result of the reform programme and the Supporting Local Government Reform Project aimed at promoting greater citizens participation in the local governance process. He also worked in several managerial capacities in local government and the private sector in Jamaica including as Town Clerk (Chief Executive Officer) of the Kingston and St Andrew Corporation and provided consultancy services to USAID, UNDP, CIDA, OAS, IDB and World Bank projects. Miller holds a BSc (Hons) and an MSc in Economics from University of the West Indies, Mona Campus.

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Benjamin Reilly is a senior lecturer in the Asia-Pacific School of Economic and Government, The Australian National University teaching Research Methods, Conflict and Development and Governance, Institutions and Development. He has research expertise and interests in Democracy and Democratization, Elections and Electoral Systems, Ethnic Conflict and Conflict Management and Governance and Development in Asia-Pacific, especially South-East Asia, Papua New Guinea and the South Pacific. Reilly has written widely on these subjects in book publications, academic journals and for newspapers such as the Washington Post, Wall Street Journal and the International Herald Tribune and has consulted widely with UNDP, USAID, NDI and IDEA. He holds a BA (Hons) in Political Science from the University of New South Wales and a PhD from the Australian National University.
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(i) Which of the aforementioned services carried out by central government can be carried out by local government in your country?

(ii) Which of these services can local government finance?

(iii) Does local government have the human resources capability to carry out these services?

(iv) Are there central government agencies operating in local government jurisdictions in your country? If yes, is there a coordinated approach between the local and central government sectors? Briefly explain.
II. SOURCES OF LOCAL GOVERNMENT FINANCING

Generally, finance for local government can be had from two major sources
1) Local Revenue Sources
2) External Revenue Sources

Local revenues comprised the following. Please place a tick (v) next to the revenue source for local government in your country.

(i) Taxes
   Property
   Sales
   Alcohol
   Garbage collection
   Gasoline
   Environment
   Other (s), please state

(ii) User and benefit charges
   1. Market fees
   2. Cemetery fees
   3. Playground and Parks
   4. Libraries
   5. Day Care
   6. Parking
   7. Malls
   8. Abattoir
   9. Building plans
   10. Other (s), please state

(iii) Licensing Fees and Penalties
   1. Motor vehicle license
   2. Parking
   3. Business license
   4. Penalties for breach of by-laws
   5. Port License
   6. Scales and Weights
   7. Other(s), please state

(iv) What percentage of revenues is gathered from local revenue sources? 

(v) Which local revenue source generates most for local government? 

(vi) What percentage of revenues does this source generates? 

(vii) How can local revenue sources in your country improve?
External revenue sources are usually of two types: inter-governmental transfers and borrowing. Intergovernmental transfer (subventions) or allocations from the central government budget are significant importance to most local government finance. These external revenue sources have several forms.

Please place a tick (v) next to the form of intergovernmental transfer that takes in your country.

- **Votes** - these are appropriations for a specific purpose within the national budget and are controlled by central government. Payments are made directly by central government to the employers, suppliers, contractors etc.
- **Grants** - grants or subsidies are also appropriations from central budget but these are transferred to a self-accounting recipient.
- **Revenue Sharing** - revenues collected by central government are shared with local governments, sometimes in a discretionary manner or via pre-determined formula.
- **Loans** - these are given to local government to carry out specific works within the locale of the local government body. Loans must be repaid.
- **Equity** - central government invests in equity capital in local governments.

Local government in different countries can borrow from a variety of sources including commercial banks, private investors and international and foreign agencies. Usually, borrowing is often limited revenue source in countries where capital markets are poorly developed and where the central government has to be concerned about the nationwide allocation of public and private savings.

- What percentage of revenue is obtained from inter-governmental transfers?
- Which form of intergovernmental transfer contributes the most to local government revenues?
- What percentage does this form contribute?
- Is inter-governmental transfers done at the discretion of central government?
- Would local government benefit from a pre-determined formula for intergovernmental transfers?

**III GENDER REPRESENTATION IN LOCAL GOVERNMENT**

- What gender is the Minister of Local Government? M  F
- What percentage of women are senior officials in the Ministry of Local Government? 
- What percentage of women are mayors?
- What percentage of women are deputy mayors?
- What percentage of women are CEOs/Administrators in town councils/municipalities?
- What percentage of women are chairs of local govt bodies other than town councils / municipalities?
• What percentage of women are deputy chairs of local govt bodies other than town councils/municipalities?
• What percentage of women are CEOs/Administrators of local govt bodies other than councils/municipalities?

IV. CITIZEN PARTICIPATION

The participation of citizens in the decision-making and governing process is essential to any democracy. Of all the levels of government, local government presents the best opportunities for citizens participation primarily because it is the closest level of government to the people and hence more accessible. Additionally, the decisions of local governments tend to have more direct impact on people's lives.

How does local government in your country inform citizens? Please place a tick (v) next to the appropriate item:

• Press releases
• Annual reports
• Special reports
• Media appearance
• Newsletters
• Briefing bulletins
• Public meetings/hearings
• Other(s), please state

Which is the method most often used to inform citizens?

How often is this method used?

How does local government in your country involve citizens?

• Citizen suggestion boxes
• Task Force, Special Committees and Commissions
• Citizen Advisory Committee
• Neighbourhood teams
• Questionnaire surveys
• Open days
• Other(s), please state

Which is the method most often used to involve citizens?

How often is this method used?
RESOLUTION

We, elected officials, local government practitioners and citizens as delegates to the Caribbean Conference on Decentralisation and Local Government held from June 25 June 28, 2002 in Georgetown, Guyana and sponsored by the National Democratic Institute for International Affairs (NDI), Caribbean Association of Local Government Authorities (CALGA), Guyana Association of Local Authorities (GALA), University of Guyana (UG), University of the West Indies (UWI) with funding from the United States Agency for International Development (USAID):

HAVING heard enlightening presentations, informative country reports, and actively participated in discussions on local government issues in the Commonwealth including the Caribbean.

CONVINCED that local government decentralization is a foundation and necessary pillar for the practices of good governance, participatory democracy, gender equity and sustainable development which can undoubtedly confer tremendous social, economic and other benefits to each Caribbean country and the Region as a whole.

CONVINCED that this situation does not obtain in all the Caribbean countries and if allowed to continue will endanger the current democratic thrust in the Region.

COMMITTED to supporting all and every initiative at reforming local democracy to reflect to reflect characteristics consistent with participatory democracy and good governance.

RECOGNISING that all Commonwealth Countries including the Caribbean have been developing a strong democratic tradition and are either reforming or actively considering reforming and in some cases developing their local government systems.

The conference recognises that:

I. Participatory democracy is one of the basic tenets for the functioning of local government.

II. Local government officials are the genuine representatives of the citizens provided that their assumption to office is consistent with democratic practices.

III. More autonomy should be given to local government to conduct its affairs in the best interest of community and national development.

IV. Gender inclusiveness should be an integral part of local government development to the extent that gender equity is achieved and consistent with United National ideals.

V. Accountability and Transparency are important components of local democracy.
Be it RESOLVED:

1. That the CARICOM Heads of Government assembling in Georgetown, Guyana for the 23rd summit of the Caribbean Community during July 3-5, 2002 be strongly urged to endorse the above to be used to inform and guide the development of local government policy in the Region.

2. That a meeting with the interested local government professional, academics, practitioners and stakeholder groups including CARICAD, CALGA, UWI and UG within the Region be convened at the earliest opportunity to discuss the above.

3. That in pursuit of all of the above,
   i. a CARICOM Steering Committee for Local Government be established.
   ii. a caucus of Caribbean Minister responsible for Local Government be convened.
   iii. the Caribbean Community involve international and other organizations as may be necessary.