

## **Decentralisation, Governance and Accountability: Theory and Evidence**

Michael Mbate<sup>a</sup>

### **Abstract**

This article provides an overview of the theoretical debate on the relationship between decentralisation and governance. It begins by examining the rationale behind decentralisation and the various mechanisms through which it is postulated to enhance governance outcomes, public accountability and the provision of public goods and services. Using a case study of two local counties in Kenya, the analysis reveals that the positive effects of decentralisation are contingent on several preconditions such as inclusive and participatory systems that enable citizens to express their opinions and influence decision-making processes, a high degree of social capital which fosters mutual trust and solves collective action problems, strong local bureaucratic capacity in terms of physical, human and financial resources, and the degree of political competition at the local level. These findings cast doubt on recent studies that portray decentralisation as a spontaneous means of achieving better governance outcomes in developing countries.

**Keywords:** Decentralisation, governance, accountability, Kenya

### **1. Introduction**

Following the demise of top-down hierarchical and centralised systems as the ideal governance model, developing countries are experiencing a paradigm shift towards decentralised systems meant to transfer central government powers to local jurisdictions. This reform has gained prominence in the last two decades, as centralised governments are perceived to be abusive, corrupt and portraying few incentives to be accountable to citizens. By bringing the government 'closer to the people', decentralisation is anticipated to establish democratic governance that enhances allocative efficiency (by matching

---

<sup>a</sup>*PhD Student, London School of Economics and Political Science*

the provision of public goods and services with citizens' preferences), promotes productive efficiency (by fostering public accountability and reducing bureaucratic red tape) and induces public accountability by shifting political power downwards (Smith & Revell, 2016; Smoke & White, 2005). As a result, at least more than half of African countries have decentralised their political, fiscal and administrative functions from the central to the local level, with high and increasing hopes of responding efficiently to the demands of the local electorate (World Bank, 2011; Yilmaz, 2009).

Yet, despite this policy reform, contrasting outcomes of decentralisation are being witnessed between and within countries, with marked divergence in anticipated outcomes related to governance and the provision of public services. Several studies underscore the positive impact of decentralisation (Faguet, 2012; Albornoz-Crespo & Cabrales, 2013) while others show its detrimental effect (Treisman, 2006) and even some show no effect at all (Khaleghian, 2003) or mixed evidence (Smith & Revell, 2016). In general, evidence from different country experiences shows that the economic and political effects of decentralisation are context- and time-specific, and vary according to local power structures that shape the incentives that elected officials face.

The objective of this article is twofold. First, it provides a nuanced and analytical overview of the theoretical literature on decentralisation. Second, it presents a case study of the recent decentralisation initiative in Kenya, with the intention of disentangling the various conditions/factors that catalyse decentralisation as a channel of fostering good governance and public accountability. This article argues that contrary to popular belief, decentralisation does not spontaneously translate into improved governance and downward accountability – or its associated gains – because the underlying theoretical causal mechanisms underscoring this link do not always apply in the real world. And even when they do, its effectiveness may be conditional on the dynamic interaction between political forces at both the central and local levels. The case studies show that the extent to which decentralisation deepens governance and accountability hinges on several factors, such as the level of citizen participation in making decisions at the jurisdictional level, the strength of political competition at the local level and organisational structures which build trust and coalitions across cross-cutting cleavages. As discussed, these factors enable citizens to hold their leaders accountable by altering the nature of incentives they face once elected into public office, an aspect that corresponds to the classical theoretical proposition of 'exit and voice' advanced by Hirschman (1970).

This article proceeds as follows. The next section discusses the theoretical

arguments in favour of decentralisation as well as the mechanisms through which it is hypothesised to lead to a more responsive and accountable government. Section 3 then presents the counter-arguments to decentralisation, drawing from existing empirical literature. In reconciling the two conflicting schools of thought, section 4 presents a set of factors that drive the differences between governance outcomes across local jurisdictions in Kenya. Section 5 concludes.

## **2. Theoretical Rationale for Decentralisation**

The theoretical mechanisms through which decentralisation promotes good governance are well established in the political economy literature. A key proposition posits that decentralisation deepens the levels and nature of *political competition* (Qian & Weingast, 1997). Three potential channels have been proposed. First, decentralisation is associated with increased *political entrepreneurship*, where more avenues and opportunities are created for individuals to join the political arena and compete for electoral positions. This in turn creates a pool of competitive candidates seeking elective positions and thus increases the incentives for candidates to align their policies with the preference of voters in order to get elected (Faguet, 2014). According to the median voter theorem, candidates whose policy ambitions reflect the needs of the median voter – usually the poor in developing countries – are more likely to be elected, an aspect that reinforces policy alignment with the needs and preferences of the local electorate (Myerson, 2006). Second, an increase in political competition promotes *transparency and accountability*, as candidates who lose elections join the local opposition parties, and thus act as ‘watchdogs’, constantly mounting pressure on elected incumbents to deliver public goods and services in accordance with established rules and procedures (Selee, 2011). Finally, political competition leads to the *formation of multiple political parties*, providing citizens with the option of switching their political affiliation from existing and well-established parties to new ones that reflect their preferences (Faguet, 2014).

A second mechanism advocated in the literature relates to the effect of decentralisation on bolstering the levels of *public accountability*. Support for this mechanism is grounded in the influential works of Wallis and Oates (1988), which argue that decentralisation promotes downward accountability by placing the fate of local officials in the hands of the local electorate. As a consequence, decentralisation re-orientates the flow of power, where local officials are no longer accountable to the central government but rather the local citizens they represent in their jurisdictions. This enhances

accountability as local citizens are able to monitor the quantity and quality of services provided, and are thus capable of disciplining politicians by rewarding or sanctioning them in competitive elections. Given this possibility of 'exit', local officials then have the incentives to provide public services in order to reduce the probability of non-re-election (De Figueriredo & Weingest, 1997). Relatedly, given that career prospects as well as upward mobility of public officials directly hinge on the electorate, local officials become responsive to the demands of local citizens in order to signal superior performance and increase their chances of getting re-elected or progressing towards more powerful political positions at the central level. This is in contrast with top-down hierarchical governance structures where local politicians are accountable to the central government, a situation which can worsen accountability when the priorities at the centre are not aligned with those of the locals. Therefore, 'the effect of decentralisation is to dramatically tighten the loop of accountability between those who produce public goods and services and those who consume them' (Faguet, 2014, p.3).

Besides its effects on political competition and downward accountability, several authors argue that decentralisation increases *responsiveness to local needs*, by better targeting the provision of public goods and services, owing to an increase in information flows and frequent interactions between the locals and public officials. This proposition, as advocated by Smith and Revell (2016), hinges on the assumption that establishing sub-national units reduces the problem of information asymmetry that characterises centralised and hierarchical governance structures. In centralised systems, the multiplicity of vertical tiers of governance acts as barriers to information flow, partly due to coordination failures and differences in incentives across bureaucrats (Treisman *et al.*, 2009). On the contrary, in decentralised systems, public officials are well suited to make correct inferences on the prevailing needs of the electorate owing to increased proximity and lower costs of obtaining and verifying information. This in turn leads to the provision of tailored public goods and services which are aligned with the heterogeneous demands and expectations of multiple segments of the local population (Leeson, 2013). In addition, given the spatial proximity at the sub-national level, bureaucrats are well positioned to work in conjunction with community-based organisations (CBOs) and civil society organisations (CSOs) to identify prevailing problems and respond to these challenges through innovative and effective solutions. This argument is partly in line with Hirschman's (1970) concept of 'voice', where decentralisation enhances the capacity of local citizens to express their needs and preferences

to public officials using different solidarity movements and forums.

A fourth mechanism through which decentralisation leads to improved governance pertains to the *reduction of political and ethnic instability*. This school of thought argues that in countries which are polarised across different cleavages such as ethnicity or religion, decentralising power to sub-national units can lessen the risk of violence and political tensions which emanate when parts of the population are economically, socially or politically excluded (Scherrer, 2008). Through decentralisation, minority groups are bestowed with the power and authority to control local resources and make decisions on local matters. Miodownik and Cartrite (2010) argue that this is mostly relevant in countries which are endowed with natural resources clustered in geographical regions in which different ethnic groups cohabit. In addition, by decentralising power and guarantying political representation to women, local elites and disadvantaged minorities, the risk of revolutions and conflicts against the central government is mitigated. According to a theoretical model by Diamond *et al.* (1995), decentralisation can address the risk of public riots and dissatisfaction by ensuring that public goods and services as well as political power are distributed to encompass different ethnicities and minority groups. Finally, for societies which are clustered along cleavages such as ethnicity, Miodownik and Cartrite (2010) empirically show that decentralisation readjusts the structure of the relationship between different agents from such a class-based identity to an organisational structure inherent in the decentralised system.

A final mechanism that has received substantial emphasis, at least at the theoretical front, relates to the role of decentralisation in promoting good governance through *inter-jurisdictional and yardstick competition* (Tiebout, 1965; Oates & Schwab, 1988). Proponents of the inter-jurisdiction argument postulate that, given that factors of production such as capital and labour are mobile, sub-national units will compete against each other in attracting entrepreneurial ventures and business firms. As a result, there are greater incentives for public officials to design and implement regulatory policies which boost the investment atmosphere. According to Bardhan (2002), inter-jurisdictional competition lessens the discretionary and monopoly power of public officials, as jurisdictions that are marked with high levels of corruption and low provision of public goods and services are more likely to witness an outflow of these mobile factors to neighbouring or other jurisdictions where local governments are more responsive and less predatory. This form of accountability corresponds to Hirschman's (1970) concept of exit mechanism where local citizens have the option to switch to other local units when dissatisfied with the performance of

their public officials. In a theoretical model developed by Chu and Yang (2012), the authors show that in countries with weak electoral systems, inter-jurisdictional competition can lead to sound governance through the implementation of optimum tax policies as well as reducing bureaucratic procedures which deter the creation of new business ventures and thus boost the mobilisation of local tax revenues. Regarding the yardstick competition argument, it is argued that citizens have the potential to compare policy outcomes in different local units and thus have a benchmark to evaluate their elected officials (Besley *et al.*, 2003).

### **3. Decentralisation and its Negative Effect on Governance and Public Accountability**

On the contrary, a competing school of thought argues that decentralisation can worsen governance outcomes, and lead to a deterioration in public accountability as well as poor provision of basic public goods and services. Several theoretical propositions have been advanced in support of this argument, although empirical evidence remains inconclusive. For instance, opponents of decentralisation normally point to the classical problem of *soft budget constraints* which leads to mounting fiscal pressures, debt default and increased risk of macroeconomic instability (Rodden, 2006). According to this view, sub-national units 'have strong incentives to overspend and reap the benefits, while nationalising the cost of their behaviour through central bailouts' (Faguet, 2014, p.8). According to Prud'homme (1995), local officials are aware that in the event of financial distress, part of the liability will be borne by the central government. This arises from the fact that most projects implemented at the local level are managed or financed in conjunction with the central government, and owing to information asymmetry, voters are unable to differentiate whether in case of failure the blame should rest on the local or the central government. Therefore, local politicians are more likely to overspend budgetary resources or engage in corruption in expectation of bailouts from the central government, an aspect which can lead to fiscal deficits. Even in cases where the central government could decide to instil financial discipline by not bailing out local units, it is argued that this commitment cannot be credibly upheld, as the central government knows that part of the blame will rest on it and thus it will be sanctioned by voters in competitive elections. Therefore, decentralisation creates *perverse incentives* for local leaders to engage in wasteful spending of financial resources in anticipation of bailouts from the central government.

A second argument against decentralisation relates to the risk of *capture*

*by local elites and powerful special interest groups.* According to this notion, local elites such as tribal leaders, political brokers, landlords or even religious figures are capable of influencing local economic and political decisions, as well as capturing the power bestowed on local institutions. Such diversions of local resources can then be used to promote self-interest motives which run counter to aggregate societal welfare, resulting in corruption and rent-seeking (Miller, 2002). For instance, empirical evidence by Jones (2013) in the Philippines shows that local elites influence procurement allocations and engage in over-pricing in jurisdictions where they financed election campaigns for the incumbent public officials. As discussed by Besley *et al.* (2003), local elites may also be against the establishment of a strong sub-national government as it would act as a threat to their influence in their respective jurisdictions. In fact, unlike in centralised systems where the influence of local elites is minimal owing to numerous small elite groups competing against each other and counteracting one another's influence, a decentralised governance structure can have the opposite effect, reinforcing elite cohesion and local capture. Miller (2002) argues that this effect occurs for two main reasons. First, at the local level, it is easier to organise and establish collusion between powerful groups and individuals residing in small geographical areas, and second, the probability of detection and sanction is low as Civic Organisations may not be present across all local units in a particular country. Therefore, decentralisation is deemed to result in redistributive capture and is considered as a means of devolving corruption from the central level to local units.

Besides its effect on soft budget constraints and local elite capture, it has also been argued that decentralisation sparks *conflicts and tension across different tiers of government*, some of which may hinder the effectiveness of the state to govern its citizens (Tendler, 1997). This phenomenon arises as decentralisation involves a 'territorial distribution of power' and thus reconfigures political, fiscal and administrative arrangements between different agents, most of whom have conflicting or contrasting objectives and preferences. According to Wilson (2006), inter-governmental conflict can arise owing to bureaucratic resistance to accept change, ambiguity about the functions and responsibilities of different public officials operating at the various levels of government, and disagreement on which level of government receives credit or blame for policy outcomes – especially when development projects are co-financed by both the central and local governments. In fact, empirical evidence by Redoano *et al.* (2015) shows that in Italy, local jurisdictions whose leaders are aligned with the ruling party at the national level receive higher amounts of discretionary grants

compared to those local units under the control of officials from the opposition. As a result, the national government blocks development by limiting financial resources to jurisdictions which do not support their bills at the parliamentary level. In the case of Argentina, evidence by Ardanaz *et al.* (2014) shows a similar occurrence where local units which vote in favour of government bills at the central level receive more revenues. Therefore, this evidence is in line with the argument that decentralisation may generate conflicts within the government, instead of forging complementarity amongst different governance tiers.

A fourth proposition, normally advanced in economics literature, posits that decentralisation leads to a *reduction in the quality of public policies as well as a decrease in economies of scale*. Proponents of this view normally point to the fact that the level of technical and administrative expertise at the local level is low and this can manifest itself in poorly designed public policies (World Bank, 2011). Compared to the central government, local units do not have the absorptive capacity to budget the significant resources at their disposal and implement sustainable and pro-poor projects, as a result of limited human capital (Yilmaz *et al.*, 2003). In addition, this strand of literature contends that in the provision of public services in countries with multiple sub-national units, inefficiency is bound to arise owing to an increase in overhead costs and the purchase of production inputs in smaller quantities. In an empirical study in Nigeria, Daniel (2014) shows that the provision of public goods such as infrastructure is cost-effective if undertaken by the central government owing to its ability to pool more resources and purchase raw materials in bulk as this reduces the unit cost of production due to an increase in economies of scale.

A final argument against decentralisation relates to its potential to *widen inter-regional inequalities*. Given the differences in initial conditions such as resource endowment, geographical location, income levels and human development indicators (health, education and literacy levels), some sub-national units are in a stronger position to generate more local taxes and thus provide higher quality services vis-à-vis those local units where tax revenues are low. As a consequence, this may create uneven development across jurisdictions. Empirical evidence from Barako and Shibia (2015) shows that in Kenya, local counties located in urban areas perform relatively well compared to those in the rural areas in terms of mobilising property taxes. The authors argue that this is due to the fact that urban areas are characterised by formal property rights, well-identified market prices which can be used for property valuation as well as high administrative capacity in terms of enforcing tax payment.

#### **4. Case Study: The Kenyan Decentralisation Reform—A Tale of Two Counties**

Examining the effects of decentralisation is to a large extent an empirical and context-specific exercise. In 2013, the Kenyan government operationalised a radical decentralisation initiative, establishing 47 local counties across the country. The decentralisation move encompassed three different forms: *de-concentration*, where central agencies previously located in the capital city of Nairobi were relocated to the different counties to facilitate administrative functions; *delegation*, where certain services were transferred to specialised semi-autonomous local units; and, perhaps the most instrumental one, *devolution*, where the central government transferred fiscal and political functions/responsibilities to independent sub-national units which enjoy autonomy under state law. As stated in the constitution, decentralisation aims:

(a) to promote democratic and accountable exercise of power; (b) to foster national unity by recognising diversity; (c) to give powers of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them; (d) to recognise the right of communities to manage their own affairs and to further their development; (e) to protect and promote the interests and rights of minorities and marginalised communities; (f) to promote social and economic development and the provision of proximate, easily accessible services; (g) to ensure equitable sharing of national and local resources; (h) to facilitate the decentralisation of State organs, their functions and services, from the capital; and (i) to enhance checks and balances and the separation of powers. (Government of Kenya, 2010, p. 107-108)

Over the last two years, variations in outcomes related to the above objectives have been witnessed across the counties, with some counties performing well while others have deteriorated. A case in point is the performance by two neighbouring counties, Machakos and Kitui, located in the Eastern Province, which is marked by a notable discrepancy. Both counties are estimated to have had similar initial conditions before the reform (a population of about 1 million people, approximately 60 per cent of the locals lived below the national poverty line and social-economic indicators such as education, health and infrastructure were comparable (KNBS, 2015)). However, recent studies and policy documents show that Machakos county has considerably outperformed Kitui, with the local government being considered more responsive to local needs, as illustrated by the shift in public expenditure towards pro-poor services and rankings

across different surveys on citizens' perceptions (SID, 2014). This section draws on secondary literature to identify the conditions under which decentralisation has led to positive outcomes in Machakos, as a means of developing hypotheses which can be tested empirically in future research. It also draws on studies conducted in other regions to underscore the importance of these conditions.

#### **4.1 Decentralisation Fosters Responsiveness to Local Needs When Decision-Making Processes are Participatory and Inclusive**

One of the key institutional features characterising the Machakos county government has been the establishment of initiatives and forums which enhance citizens' participation in local decision-making processes. Such forums include public invitations to attend and follow the proceedings of county-level meetings where individuals express their opinions and influence budget allocations and development programmes to be launched. In addition, the county has established a disclosure system where financial documents detailing revenues and expenditure as well as local taxes are accessible to the public for audit (Wamae, 2014). The local government frequently interacts with key stakeholders and interest groups, such as civil society, traditional leaders, business groups, religious bodies and professional associations, in order to elicit information on the prevailing needs, as well as report and get feedback on the status of ongoing projects in the jurisdiction. A report by SPA (2015) shows that fiscal expenditure in the county has been re-oriented to address health, education, security and infrastructure development, services which citizens have prioritised in county-level meetings. For instance, the establishment of the Machakos Park, a sports stadium, was as a result of pressure from youth groups demanding opportunities to establish entrepreneurial ventures. In addition, the local county has heeded calls by the local citizens and launched an initiative called '*maendeleo chapchap*' (translated as 'sustainable development') where more than 100 ambulances were purchased in 2014, an elementary school bursary scheme for poor households was established and feeder roads to enhance market access for citizens living in rural areas were constructed (Government of Machakos, 2015).

These inclusive and participatory mechanisms are, however, lacking in Kitui county. According to the *Monitor* (2016), evidence of citizens' participation in county meetings is minimal and non-influential. Independent surveys show that most citizens deem existing projects as unnecessary and only benefiting the rich. There is also evidence that student loan schemes

are allocated along patronage lines. Although the county has established a website where financial plans can be obtained, only a small segment of the population has access to the internet, and given the low literacy rates, citizens are unable to interpret the often complex and technical reports. This contrasts with Machakos where county-level information is broadcast on local-language radio stations that have a large audience and thus information is disseminated in a more user-friendly manner.

Therefore, the argument that decentralisation enhances the incentives of local public officials to tailor the provision of public services to the preferences of the local citizens partly hinges on the extent to which local citizens can participate in and influence local decisions and budgetary allocations. This evidence is consistent with a randomised field experiment by Sheely (2015), who shows that in Kenya, participation of the community in local government reduces discrepancies in the misallocation of projects at the county level.

#### **4.2 Decentralisation is Effective When Local Jurisdictions Have Strong Bureaucratic Capacity**

Establishing a skilled workforce within Machakos county has been a top priority for the local government, and appointments to bureaucratic positions have been solely on merit. For instance, all the 10 departmental heads in the local jurisdiction hold at least a master's degree, in addition to substantial working experience in the public sector (Government of Machakos, 2015). As discussed by Wamae (2014), capacity constraints have not been detrimental to the effective delivery of public services, project design, oversight and implementation. Staff competency, especially in financial management, has been high, as reflected in independent audit reports by the State's Office of the Auditor General. On the contrary, Kitui county has been characterised by a bloated and unskilled workforce. The shortage of a skilled workforce is partly attributed to political interference in the appointment process of local staff, as most of them were either nominated by the ruling political party or absorbed from the previous centralised government. As a result, the weak bureaucratic capacity has translated into poor financial management. In fact, according to a report by the Auditor General published by the *Standard* (2014), massive corruption scandals have continued to affect the operations of the county. Despite its huge revenue base, the county is yet to embark on training programmes for its workforce, in contrast to Machakos county, where local officials have forged partnerships with international donors, such as the World Bank, that deliver training programmes to its officials. This finding shows that the extent to which decentralisation translates into

sound governance and better management of fiscal resources is contingent on the bureaucratic capacity and skills level of local officials.

### **4.3 Decentralisation is Effective When There is a High Degree of Social Trust and Civic Organisation**

Consistent with the theoretical proposition by North *et al.* (2009), Machakos county has promoted an open-access order system, recognising that individuals engage in political processes through collective groups established across overlapping cleavages. In order to mitigate the negative effects of power struggles, several groups exhibiting different social-economic and political interests, such as the Machakos Farmers Association, local media, the youth and civil society such as *Bidii*, are supported and incorporated into decision-making processes. The existence of these social organisations, which normally sprout organically, has led to the strengthening of citizens' voice in governance issues. In addition, such organisations help address the collective action problem. For instance, local citizens in Machakos have formed several traditional public oversight committees which monitor spending related to mega projects such as infrastructure and dam construction (Rose & Omolo, 2013). In addition, business groups have lobbied for increased security and urban planning while the local media has played a significant role in criticising local officials. In addition, the local opposition party has been strong, consisting of four leaders who lost to the incumbent but who play a key role in ensuring that the incumbent performs. Such examples of social groups have also been found to be efficient in reducing corruption and wasteful spending in local jurisdictions in Bolivia (Fontana & Grugel, 2016). On the contrary, social organisations in Kitui are lacking, inhibiting citizens from aggregating their preferences and having a 'common and powerful voice' when interacting with public officials.

This evidence is in line with a classical study by Putnam (1993) which shows that variations in institutional performance between local jurisdictions can be partly explained by differences in the levels of social capital. Putnam shows that the level of accountability and public service provision is high in local units with a vast number of community-based institutions and civic organisations as these form the basis for trust and cooperation between local officials and the electorate. This empirical evidence is also consistent with cross-country evidence by Lessmann and Markwardt (2009) who show that the positive effects of decentralisation on governance and especially the mitigation of corruption depend on the strength of civic organisation such as a free and independent media which criticizes local officials.

## **5. Conclusion**

In the wake of major governance turmoil associated with top-down governance systems, African countries are experiencing waves of decentralisation aimed at re-designing the political, economic and social contract between governments and citizens. While the theory on decentralisation has been centred on the positive effects it has on governance and accountability, this essay has challenged this widely held conception. It has highlighted that decentralisation can also have unintended consequences and reinforce pre-existing regional inequalities, lead to local elite capture, fuel inter-governmental conflicts and reduce the quality of public policy. Reconciling the conflicting theoretical propositions, the Kenyan case study illustrates that the relationship between decentralisation and its associated benefits is complex and presupposes the existence of several social-economic and political conditions. The evidence points out that it is the presence or absence of these conditions (degree of participation of citizens and social organisations in decision-making processes, level of political competition and bureaucratic capacity) which determine whether local officials have the incentives to be accountable downwards and respond to the needs and preferences of the local electorate.

## **References**

- Ardanaz, M., Leiras, M., & Mariano, T. (2014). The politics of federalism in Argentina: Implications for governance and accountability. *World Development*, 53, 26-45.
- Albornoz-Crespo, F., & Cabrales, A. 2013. Decentralization, political competition and corruption. *Journal of Development Economics*, 105, 103-111.
- Barako, D.G. & Shibia, A.G. (2015). Fiscal decentralization and determinants of property tax performance in Kenya: Cross-county analysis. *Research Journal of Finance and Accounting*, 6, 205-214.
- Bardhan, P. (2002). Decentralization of governance and development. *Journal of Economic Perspectives*, 16(4), 185-205.
- Besley, T., Faguet, J-P., & Tommasi., M. (2003). A Synoptic Guide to Decentralization. The Authors. (Unpublished)
- Chu, A., & Yang, C. (2012). Fiscal centralization versus decentralization: Growth and welfare effects of spillovers, Leviathan taxation, and capital mobility. *Journal of Urban Economics*, 71, 177–188.
- Daniel, M. (2014). Local and community driven development approach in the provision of Basic facilities in Jos, Nigeria. *Cities*, 39, 99–108.

- De Figueiredo, R. & Weingast, B. (1997). Self-enforcing federalism: Solving the two fundamental dilemmas. *Journal of Law, Economics, Organization*, 21 (1), 103–135.
- Diamond, L., Linz, J., & Lipset, S. (1995). *Politics in Developing Countries: Comparing Experiences with Democracy*. Lynne Rienner, Boulder, CO.
- Faguet, J-P (2014). Decentralization and governance. *World Development*, 53, 2–13.
- Faguet, J.P. (2012). *Decentralization and Popular Democracy: Governance from Below in Bolivia*. University of Michigan Press, Ann Arbor.
- Fontana, L., & Grugel, J. (2016). The politics of indigenous participation through “free prior informed consent”: Reflections from the Bolivian case. *World Development*, 77, 249–261.
- Government of Kenya (2010). *The Constitution*. The Government of Kenya.
- Government of Machakos (2015). Available at <http://www.machakosgovernment.com/> Retrieved on 30.12.2015.
- Hirshman, O. (1970). *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Harvard University Press, Cambridge.
- Jochem, T., Murtazashvili, I., & Murtazashvili, J. (2016). Establishing local government in fragile states: Experimental evidence from Afghanistan. *World Development*, 77, 293–310.
- Jones, D. (2013). Procurement reform in the Philippines: The impact of elite capture and informal bureaucracy. *International Journal of Public Sector Management*, 26 (5), 375 – 400.
- Khaleghian, P. (2003). Decentralization and public services: The case of immunization. *World Bank Policy Research Working Paper 2989*, World Bank.
- Lessmann, C. & Markwardt, G. (2009). Aid, growth, and devolution. *CESifo Working Paper 2805*.
- Leeson, P. (2013). *Anarchy Unbound*. Cambridge University Press, New York.
- Miller, K. (2002). Decentralization, Local Governance and Community Participation: A Caribbean Perspective. Unpublished, Kingston, Jamaica.
- Miodownik, D., & Cartrite B. (2010). Does political decentralization exacerbate or ameliorate ethno-political mobilization? A test of contesting propositions. *Political Research Quarterly*, 63 (4), 731-746.
- Monitor (2016). Public participation a challenge in Makeni County. Available at <http://www.monitor.co.ke/2015/03/13/public-participation-a->

- challenge-in-makueni-county/
- Myerson, R. (2006). Federalism and incentives for success in democracy. *Quarterly Journal of Political Science*, 1 (1), 3–23.
- North, D., Weingast, B., & Wallis, J. (2009). *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. Cambridge University Press, New York.
- Oates, W & Schwab, R. (1988). Economic competition among jurisdictions: Efficiency-enhancing or distortion-inducing? *Journal of Public Economics*, 35, 333-354.
- Prud'homme, R. (1995). On the dangers of decentralization. *The World Bank Research Observer*, 10 (2), 201-220.
- Putnam, R. (1993). *Making Democracy Work: Civic Tradition in Modern Italy*. Princeton University Press, Princeton.
- Qian, Y., & Weingast, B. (1997). Federalism as a commitment to preserving market incentives. *The Journal of Economic Perspectives*, 11 (4), 83-92.
- Redoano, M., Bracco, E. Lockwood, B., & Porcelli, F. (2015). Intergovernmental grants as signals and the alignment effect: Theory and evidence. *Journal of Public Economics*, 123, 78-91.
- Rodden, J. (2006). *Hamilton's Paradox: The Promise and Peril of Fiscal Federalism*. Cambridge University Press, Cambridge, UK.
- Rose, J. & Omolo, A. (2013). *Six Case Studies of Local Participation in Kenya*. World Bank, Nairobi.
- Scherrer, C. (2008). Prevention of violent conflict by structural accommodation. *Encyclopedia of Violence, Peace, and Conflict (Second Edition)*, 1725–1781.
- Selee, A. (2011). *Decentralization, Democratization, and Informal Power in Mexico*. Penn State University Press.
- Sheely, R. (2015). Mobilization, participatory planning institutions, and elite capture: Evidence from a field experiment in rural Kenya. *World Development*, 67, 251-266.
- SID (Society for International Development) (2014). *The Status of Governance in Kenya. A Baseline Survey Report*. SID, Nairobi.
- Smith, H., & Revell, K. (2016). Micro-incentives and municipal behaviour: Political decentralization and fiscal federalism in Argentina and Mexico. *World Development*, 77, 231–248.
- Smoke, P. & White, R. (2005). East Africa decentralizes. In: World Bank (2005), *East Asia Decentralizes: Making Local Government Work*. World Bank, Washington, D.C.
- Standard (2014). Auditor General exposes graft in Makueni. Available at

- <http://www.standardmedia.co.ke/article/2000106914/auditor-general-exposes-graft-in-makueni>
- Tendler, J. (1997). *Good Governance in the Tropics*. Johns Hopkins University Press, Maryland.
- Tiebout, C. (1965). A pure theory of local expenditure. *Journal of Political Economy*, 64, 416-424.
- Treisman, D., Fan, C., & Lin, C. (2009). Political decentralization and corruption: Evidence from around the world. *Journal of Public Economics*, 14–34.
- Treisman, D. (2006). Fiscal decentralization, governance, and economic performance: A reconsideration. *Economics and Politics*, 18 (2), 219-235.
- Wallis, J., & Oates, W. (1988). Decentralization in the public sector: An empirical study of state and local government. In: Rosen, H. (Ed.), *Fiscal Federalism Quantitative Studies*, University of Chicago Press, Chicago, pp. 5–32.
- Wamae, J. (2014). Role of procurement function in enhancing performance in devolved government: A case of Machakos County. *International Journal of Social Sciences and Entrepreneurship*, 1 (11), 168-190.
- Wilson, R. (2006). Decentralization and Intergovernmental Relations in Social Policy: A Comparative Perspective of Brazil, Mexico and the US. Unpublished.
- World Bank (2011). *Citizens and Service Delivery: Assessing the Use of Social Accountability Approaches in the Human Development Sectors*. World Bank, Washington, DC.
- Yilmaz, S. (2009). Local Government Discretion and Accountability: Application of a Local Governance Framework. World Bank, Washington, D.C.
- Yilmaz, S., Hegedus, J., & Bell, M. (2003). Implementing fiscal decentralization data needs and availability. In: Yilmaz, S., Hegedus, J., & Bell, M. (2003) (Eds.), *Subnational Data Requirements for Fiscal Decentralization: Case Studies from Central and Eastern Europe*. World Bank.