The Impact of Decentralization on Development: A Study on the Provincial Council System in Sri Lanka

Summary

This thesis is a comprehensive study on the development impact of decentralization reform introduced in Sri Lanka in 1987. The study was carried out in the form of a case study of the Provincial Council (PC) system in Sri Lanka, exploring how the decentralized governance can affect development, and what changes have occurred in the structural, functional, and performance spheres of governance as a result of PC reform.

Decentralization is a growing worldwide trend over the last three decades, and is considered to be a multi-dimensional approach to developmental governance. A renewed interest in decentralized governance has emerged due to drawbacks of state-centered governance in both developed and developing nations. The factors that have led to the introduction of decentralized governance differ from one country to another. From the perspective of advanced countries, decentralization has served as a control mechanism of the growth of the public sector, and a strategy for the improvement of public service provision. With regard to developing and transitional countries, decentralization has been recognized as a mechanism to release and disperse state-centered planning that had been a hindrance to development. Like many other developing countries that adopted this new development strategy, Sri Lanka also embarked on a course of decentralization reform, by establishing Provincial Councils as a second tier of government structure in order to deal with the adverse consequences of state-centered governance. This reform had multiple objectives, including the resolution of ethnic conflict as well as balanced regional development aspects.

Notwithstanding the theoretical literature on this topic, which, overall, shows positive effects of decentralization on development, the results of many studies do not support the argument of a positive relationship between decentralization and development in developing countries. These empirical studies, conducted in different socio-economic contexts, have resulted in inconsistent and contradictory findings. This has been largely attributed to factors, such as a deficiency of empirical data and
analysis and methodological drawbacks in the form of insufficient sources and analytical frameworks, resulting in a lack of comprehensiveness. This circumstance is prominent in developing countries; for a better evaluation of the impact of their decentralization reforms, more empirical research is necessary. Sri Lankan experience related to devolution reforms is a good point of departure, as it, too, would benefit from similar research and analysis. Therefore, this study aims to fill the gap created by the dearth of comprehensive empirical evidence in evaluating the impact of decentralization reform in developing countries in general, and in Sri Lanka in particular.

The principle methodology of this study consists of the exploration of three proxy functions representing the provision of development services. Stratified sampling methods were selected, representing the principle administrative structures, i.e., Districts Secretariats, Divisional Secretariats, and Village Administrative Divisions in two PCs, (Western and North Western), with three proxy functions (peoples’ participation, education, and road development). The data is comprised of both primary and secondary sources. The primary data were collected from questionnaire surveys and open-ended interviews, whereas the secondary data were obtained from central and provincial ministries and other relevant international and local, published and unpublished sources. The data analysis was conducted using qualitative and quantitative methods.

The study reveals that with the introduction of the PC reform, a second-tier governance system at the sub-national level was established through structural change to the existing state-centered system. However, the findings of the study substantiate the claim that the PC system does not contribute significantly to the improvement of local education, road development, and democratic development of the provinces. Moreover, the study finds that PC reform has also generated some positive and negative impacts on local development in the respective provinces. The prospects it offers to initiate innovative development programs and enhance people’s participation in the democratic political process are found to be positive impacts of PC reform. The negative impacts of PC reform are growing disparity, ineffectiveness, and increase in political lineage, as well as escalation of election-related violence. Factors that have led to ineffective service-provision are identified as lack of resources, coordinating issues, legal constraints, incompetence of PC administration and central government domination. Lack of political commitment on
the part of politicians after PC reform, at both national and local levels, can also be discerned as a negative impact. Other factors can also be identified within the defective design of the reform itself, which can be highlighted as a crucial issue. This study provides credible insight into the existing problems, and a point of departure for initiating new policy reforms, which are urgently needed to address the negative impacts.

Within its concluding remarks, the study proposes an urgent short-term policy implication amending the PC election system, in order to minimize escalation of election-related violence and holding of political power by a few powerful families. In the long run, to enhance a people-oriented decision making process, the introduction of a decentralized administrative system ensuring a check and balance between the central government and the Provincial Councils is needed in Sri Lanka. In the same way, a check and balance mechanism should also be ensured, between the administration and those political bodies. Such reform should focus on equal, effective, and efficient service provision in all provinces, and should cater specifically to the Sri Lankan context with a view to accelerating the development of the country.
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