



**USAID**  
FROM THE AMERICAN PEOPLE

## **Improving Local Governance and Decentralization: Environmental and Social Considerations of Sectoral Reform**

USAID promotes decentralization to encourage greater local participation in government decision-making and to enable local governments to be more responsive to the needs of their citizens. Local environmental policy-making is a perfect context for building local governance capacity because environmental issues affect the daily lives and livelihoods of everyone. When there is broad participation on formulating local environmental policies and programs, those policies and programs will be well-informed and responsive to local needs and priorities, and as a result they are likely to be successful and sustainable. While environmental issues are a good place to start, an effective program of empowering local residents and stakeholder organizations increases public involvement in decision-making on a wide variety of issues. This in turn motivates responsiveness in local elected officials, further strengthens local capacity for sound decentralized governance, and lays a base for sustainable local economic growth.

### **How Environmental Policy and Practice Affects Local Governance and Decentralization**

- *Environmental policy formulation and administration expands local government capacity.* Leadership of local authorities in developing, implementing, and evaluating environmental policies usually requires local government to stretch its capacity. This improves local government ability to respond to citizen needs in other areas.
- *Environmental policies promote local stakeholder ownership and accountability.* Local involvement in environmental policy formation and management processes encourages popular support and participation. By representing and incorporating community goals and interests, the local public assumes greater ownership of policies and programs. Heightened interest in environmental policies raises the visibility of local government officials and thus their accountability, contributing to improved local governance.
- *Incentive-oriented environmental policies induce sustainable behavior.* Incentive-driven environmental policies are sustainable in the long run, and at lower cost, than penalty-driven policies. Incentives that attract support for policies aimed at cost-recovery will stimulate investment. Incentives and visible benefits such as cleaner air and improved health encourage local firms, households, and governments to continue or adopt environmentally sound development practices.
- *Local environmental policy successes translate into national impact.* Demonstrated success of local pilot environmental programs establishes the foundation for regional and national policy changes that can lead to further decentralization. Intra-governmental horizontal and vertical learning, adaptation, and cooperation help to align policy priorities among government agencies and personnel at national, regional, and local levels.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

U.S Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

EPIQ II  
[epiq2.com](http://epiq2.com)

- *Sound local environmental policies create opportunities for more local investment and jobs.* Improved production efficiency and reduced costs and risks resulting from sound environmental management can increase local production and encourage economic expansion. Conformance to international environmental standards by local enterprises opens new markets for their goods. Economic development coupled with improved quality of life, associated directly with sound environmental policies, strengthens local government and helps establish the locale as an attractive one for further private investment.