

## Local Government Autonomy and its challenges: In the Ethiopian Experience

### *I. Introduction*

Decentralization can be defined as a collection of policies that transfer responsibilities, resources, and/or powers from the central government to subnational governments to bring governments closer to people by allowing for more effective resource distribution and increased accountability.<sup>2</sup>

Besides that, democratic decentralization in developing countries like Africa has been an essential pillar of development discourses and practices in the last three decades. The idea of good governance was formally developed in global political discussions in the late 1980s.

The Good Governance program has encouraged a recent reversal of theory and practice from centralized to decentralized government buildings to sustain the modernization process long-term and to achieve growth in developing countries like Ethiopia.<sup>3</sup> Thus, good governance is a continuous process where conflicting or diverse interests can be accommodated and cooperative initiatives can be enforced. Consequently, it involves both formal institutions and governments with the power to enforce compliance and informal arrangements that institutions and individuals have agreed to or believe are in their long-term interests.<sup>4</sup> Besides that, it requires responsive and accountable leadership that carries out the will of the people, an independent judiciary, the rule of law, and freedom of expression at the local government level.

Decentralization and Good Governance are not new concepts; in reality, many developing countries have used these principles as policy instruments for decades. Hence, decentralization aims to provide democratic representation to various ethnic groups in Ethiopia, where social diversity is striking, to help the state meet the needs and demands of a diverse community.<sup>5</sup>

Therefore, decentralization can stand for a reform that establishes or increases the political power of subnational units via the devolution of power and resources to locally elected subnational officials. This differs from administrative deconcentration, in which the central government delegated functions to local agents while retaining decision-making authority (delegation). The managerial responsibility lays with organizations outside the regular bureaucratic structure; and privatization, in which state assets and service delivery responsibility are transferred to the private sector.<sup>6</sup>

As cited,<sup>7</sup> decentralization in Ethiopia aims to create unity, peaceful coexistence among different ethnic groups, and allow local self-rule. In Ethiopia, the decentralization

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<sup>2</sup> Eguino, Huáscar, and Axel Radics. "Next Steps for Decentralization and Subnational Governments in Latin America and the Caribbean." (2018).

<sup>3</sup> Craig, D.A., & Doug Porter: *Development beyond Neoliberalism? Governance, Poverty Reduction and Political Economy* (1<sup>st</sup> ed.). (Routledge 2006) <https://doi.org/10.4324/9780203625033>.

<sup>4</sup> Hyden, Goran. "The governance challenge in Africa." *In African Perspectives on Governance*, edited by G. Hyden, D. Olowy and H. W O. Okoth-Ogendo. Trenton, New Jersey African World Press, (2000).

<sup>5</sup> Faguet, Jean-Paul, Ashley M. Fox, and Caroline Poeschl. "Does decentralization strengthen or weaken the state? Authority and social learning in a supple state." (2014).

<sup>6</sup> Ibid.

<sup>7</sup> Jebessa, Kena Deme. "Decentralization of power and local good governance in Ethiopian federal system: A look at two decades experiment." *Urban and regional planning* 1, no. 3 (2016): 45-58.

process formed two phases: the district-level decentralization between 1991-2001, and another reform after 2001.

According to the removal of the military junta/Derg government by the Ethiopian People's Revolutionary Democratic Front (EPRDF),<sup>8</sup> the government began the first phase of decentralization in 1991. New member states were established during this period: Amhara, Oromiya, Tigray, South Nations Nationalities and Peoples, Somali, Benishangul Gumuz, Harari, Gambela and Sidama became a new region in 2020. Addis Ababa city administration and Dire-Dawa city administrations are considered the equivalent of the regions.<sup>9</sup> The Constitution of Ethiopia emphasizes that the lowest levels of government bear sufficient power to enable citizens to participate in their administration. As a result, lower administrative levels such as zones, special *Woredas*, *Woredas* and *Kebeles* have been formed by the Regional States. The administration of each region, therefore, gives the administrative units at Woreda and Kebele level particular emphasis, especially after the introduction of the District Level Decentralization Program (DLDP) in 2001. Consequently, the woreda government and the urban administration are mainly responsible for resource allocation, decision-making, resources administration, and basic services delivery. Kebeles and municipalities are placed under the administration of woreda, and city administrations hold accountable to the Council of Woreda and council of city/town administration.

On the other hand, some analysts argue that *woreda* decentralization has political implications, as the EPRDF's highly centralized partisan system has spread to the district level as a consequence of it. Though local governments in Ethiopia do not have autonomy over their affairs, the federal government, through its party structure and federal police, might intervene with different administration issues.<sup>10</sup>

In some instances, however, the crucial issues are not the formal presence of a decentralized power system. The degree of an effective policy for decentralization and local government autonomy creates a mechanism for democratization and ensures good governance for the people.

However, the underlying idea behind the existence of local governments, was primarily to establish a government that is very close to the people. At the grass-root stage, this is to fast-track progress. Furthermore, local governments were created to serve as channels by which government decisions are communicated and implemented to bring government functions closer to the people.

Hence, it has been more than two decades since a new local government administration structure was introduced in Ethiopia. However, with various mandates, the federal, state and local governments are allocated. These mandates ought, in theory, to be reflected in planning, decision-making on various issues and the budgeting process, and the distribution of national resources at various levels.

Even though, Article 50(4) of the Ethiopian Constitution<sup>11</sup> requires sufficient powers to the lower levels of government. The transfer of "adequate powers" or the provision of a "full measure of self-government" can hardly be taken functionally if not accompanied by the simultaneous transfer of any fiscal, political, legal, administrative, planning and decision-making power. Though, in practice, control of the budgets and other autonomy lies with federal and regional levels. Therefore, this paper's emphasis is on analyzing the challenges of

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<sup>8</sup> Fenta, M. Tilahun. "Local government in Ethiopia: Practices and challenges." *Journal of Management Science and practice* 2, no. 4 (2014): 71-79.

<sup>9</sup> Constitution, F. D. R. E. "the Constitution of the Federal Democratic Republic of Ethiopia." *Addis Ababa* 1 (1995).

<sup>10</sup> Habtu, Alem. "Ethnic federalism in Ethiopia: Background, present conditions and future prospects." (2003).

<sup>11</sup> Constitution, F. D. R. E. "the Constitution of the Federal Democratic Republic of Ethiopia." *Addis Ababa* 1 (1995).

Ethiopia's local government autonomy-related issues in detail. Finally, the paper is mainly documentary and descriptive because of its nature, and the data collected through secondary sources by using document analysis methods, such as journals, books, the internet, the Ethiopian Constitution and different legal documents were adopted to examine this study.

## *II. The Conceptualization of Local government Autonomy*

The concept of local autonomy is frequently used in both academics and discussions on Local Government. However, it is rarely defined conceptually in a careful way worth empirical research. In the literature, among the various alternatives<sup>12</sup> some define the term local autonomy as a system of local government in which local units have an essential role to play and have discretion in determining what to do without undue constraint from higher levels of government and have the means or capacity to do so. The United States Advisory Commission on Intergovernmental Relations (ACIR) defines local autonomy as consisting of degrees of discretionary authority that can determine their form of movement and internal organization; capable of choosing functions to perform; having the power of raising revenue, borrowing, and spending; and power of determining the number, types, and conditions of their employees.<sup>13</sup> Additionally, it allows local councils the power to make decisions and limits their reliance on regional legislation. Therefore, the relaxed federal government and regional government intervention are the primary measures of local government autonomy, namely: less regular oversight, less inspection, fewer central directives and dictations of goals, performance management free of central control, and the capacity to adapt services to the perceived needs of local communities. Also, according to the study<sup>14</sup> local government autonomy contain three dimensions, which are further subdivided into sub-dimensions:

- *Local Government Importance*: A local government system in which local government is free to do what it wishes but has no possibility of doing anything important does not conform to our concept of local autonomy. In this dimension, we define the importance of local governments relative to both the state economy and higher government levels. We seek to answer the questions: Is local government important in that its actions affect the state economy? Does the local government in the intergovernmental framework play a significant role?

- *Local Government Discretion*: By local government discretion, we mean the ability of local government to engage in activities as it sees fit, free from constraints imposed by the state government. There are three distinct sub-dimensions: Structural and functional responsibility and legal Scope (state legal impositions on local government structure and functions); Fiscal discretion limits (state-imposed constraints on the ability of local government to raise revenues, to spend, and/or to incur debt); and Unconstrained revenue (the amount of local revenue that local government can spend as it wishes rather than for a purpose set by other levels of government).

- *Local Government Capacity*: Local government may have either or both importance and discretion, but neither of these may be relevant if the local government system does not have the means to accomplish its objectives. Local government capacity conceptually

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<sup>12</sup> Wolman, Hal, Robert McManmon, Michael Bell, and David Brunori. "Comparing local government autonomy across states." *George Washington Institute for Public Policy, Washington, Working Paper 35* (2008).

<sup>13</sup> Thobias, R. M., and G. M. Eleuter. "Administrative legal framework of central-local government relationship in mainland Tanzania: Is it tailored to enhance administrative devolution and local autonomy." *International Review of Management and Business Research* 4, no. 3 (2015): 931-944.

<sup>14</sup> Wolman, Hal, Robert McManmon, Michael Bell, and David Brunori. "Comparing local government autonomy across states." *George Washington Institute for Public Policy, Washington, Working Paper 35* (2008).

includes a broad range of attributes, including resource sufficiency and stability, professional skills, management competence, quality of service delivery, etc. However, we can operationalize only one aspect of the resource sufficiency concern – the diversity of revenue sources, a measure of the stability of local government finance in the face of the decline of one source of revenue: Stability and diversity of revenue sources.”<sup>15</sup>

Local government autonomy is therefore conceived here as the degree of being self-governing by the local government unit granted by the national or federal Constitution itself. It is a relative freestanding of local government to carry out functions or exercise powers following constitutional provisions rather than as granted by the laws of the second-tier level government within which a local government exists. Following from the above, the concept of local government autonomy means (1) assigned powers of local government granted by the federal constitution itself rather than the laws of state, provincial, or the second-tier level governments (2) fiscal federalism that recognizes the local governments in constitutionally stipulated tax bases and fund sources, and, capacity to enjoy the above two without interference from higher-level government as cited by.<sup>16</sup>

### *III. General Overview on Local Government in Ethiopia Post 1991*

After two decades of disastrous civil war, the Derg’s tyrannical rule ended on May 28, 1991, when nationalist opposition forces led by the EPRDF have been taken control of Addis Ababa, Ethiopia’s capital. Shortly after occupying Addis Ababa, by front held the “Peaceful and Democratic Transitional Conference of Ethiopia in July 1991” with other nationalist movements.<sup>17</sup> The Conference adopted a Transitional/provisional Period Charter (TPC); this adopted charter acted as the country’s constitution until the 1995 Constitution was ratified. To that end, the transitional period charter at Article two has acknowledged the right of self-determination for each ethnic group in the country. And the first phase of the decentralization process in the country started with the Transitional Period Charter.<sup>18</sup> The new Constitution (hereinafter the 1995 Constitution) was promulgated in 1995, completing this step of the decentralization process and bringing an ethnic linguistic-centered federal structure to Ethiopia. Although the 1995 Constitution laid the foundation for local decentralization, the second decentralization process, i.e., the local level decentralization, began after 2001.

There are two types of sub-regional governments that have been created under the Constitution of the Federal democratic republic of Ethiopia 1995<sup>19</sup> article 39(3) authorizes explicitly the establishment of sub-national territorial units of self-governance to accommodate intra-regional minority groups. Besides, the constitution Article 50(4) directs regional governments on creating and adequately empowering local governments. As a result, this Article of the federal Constitution proposed a common form of government established side by side to increase popular participation at the grass root levels. Ethiopia’s federal system is known as ethnic federalism since the territories are mostly ethnically and linguistically

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<sup>15</sup> Wolman, Hal, Robert McManmon, Michael Bell, and David Brunori. "Comparing local government autonomy across states." *George Washington Institute for Public Policy, Washington, Working Paper 35* (2008).

<sup>16</sup> Anazodo, O. Rosemary, Justine Chinyeaka Igbokwe-Ibeto, and Barry Barisua Nkomah. "Local government financial autonomy: A comparative analysis of Nigeria and Brazil." *Arabian Journal of Business and Management Review (OMAN Chapter)* 5, no. 10 (2016): 38.

<sup>17</sup> Abraham, Kinfe. *Ethiopia: from Bullets to the Ballot Box: The Bumpy Road to Democracy and the Political Economy of Transition*. The Red Sea Press, 1994.

<sup>18</sup> Ayele, Zemelak. "Local government in Ethiopia: still an apparatus of control?" *Law, Democracy & Development* 15 (2011).

<sup>19</sup> Constitution, F. D. R. E. "the Constitution of the Federal Democratic Republic of Ethiopia." *Addis Ababa* 1 (1995).

divided. As a result, Afar region, Amhara region, Benishangul-Gumuz region, Gambella region, Harari region, Oromia region, Southern Nations, Nationalities and Peoples Region, Somalia region, and Tigray region are the regional states in object and structures are different each other according to Articles 46-49 of the Constitution of the Federal Democratic Republic of Ethiopia (1995). However, the main aim of this article is limited to the local government autonomy challenges in the Ethiopian context.

Nevertheless, the second phase of decentralization began after the federal government adopted a poverty reduction and development policy in 2001. Therefore, decentralization in the second phase was adopted as a vital tool for ensuring that the Sustainable Development and Poverty Reduction Program is implemented and achieved effectively at the *woreda* level.<sup>20</sup> It was, thus, decided that *woredas* (rural districts) and city administrations would be authorized to exercise a certain measure of financial, political, administrative, and other powers. With a declared intention of implementing this policy, the regional states amended their constitutions one after another starting from 2001. All regions and two city administrations also enacted statutes to rearrange their urban local governance system according to the adopted policy.

Nonetheless, as argued above, a general overview of the constitutional and other legal systems governing sub-national units shows that it inadequately institutionalized function as a self-governing entity, especially in financial, legal, political, and administrative matters.<sup>21</sup> Therefore, because of a lack of adequate resources/finance sources, local governments are unable to respond to the local people's priorities, and due to this reason, they are also relying on the contributions from the community/people.

#### *IV. Structure / Division of Government in Ethiopia*

The federal Constitution officially creates two tiers of government, but there are three major levels of government in Ethiopia in practice: federal government, regional government and local government. While there are some differences in sub-regional systems between regional governments, elect district-level governments to constitute the primary levels of local governments. Each regional government could establish its structure. Regional governments are divided mainly into deconcentrated territorial administrative zones. *Woreda* administrations are semi-autonomous local government authorities with their legal status as corporate entities and their legislative leadership (council) and budget accounts. Members of the *woreda* council are directly elected to represent each *kebele* in the district. The terminology used to classify local governments varies: some people use the expression *woreda* to apply specifically to rural districts, while others consider district-level urban units to be *woredas* as well.<sup>22</sup>

According to the FDRE Constitution, Ethiopia comprises ten regional states and the Addis Ababa and the Dire Dawa City administrations. Therefore, these national regional states are the Amhara region, Oromia region, Tigray region, Southern Nation Nationalities of Peoples region, Somalia region, Gambela region, Benshengul Gumuz region, Afar region and Harare region. The tenth region Sidama was established as a region later in 2020. Regional constitutions delegate jurisdictions to sub-national units. However, a general survey of local government in the country would reveal that a multilayered local government is established

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<sup>20</sup> Addis Ababa Ethiopia: Sustainable Development and Poverty Reduction Program (MOFED, 2002)

<sup>21</sup> Ayele, Zemelak. "Local government in Ethiopia: still an apparatus of control?" *Law, Democracy & Development* 15 (2011).

<sup>22</sup> World Bank. Ethiopia – Urban Local Government Development Project. Independent Evaluation Group. Project Performance Assessment Report 132824. Washington, D.C.: World Bank Group (2018).

across the country. The regional governments are divided into zones. The zonal administration’s powers, roles, and functions vary from region to region based on the ethnic diversity area.<sup>23</sup>

Particularly in Amhara and South Nation Nationalities Peoples Regional (SNNPR) zonal administration play the intermediary role, while in the other regions, zonal administration plays an over sighting role because, in these two regions, there are diversified ethnic groups. To accommodate these groups in those two regions, the zone administration plays an intermediary role between the regional government, *woreda* administration and city administrations.

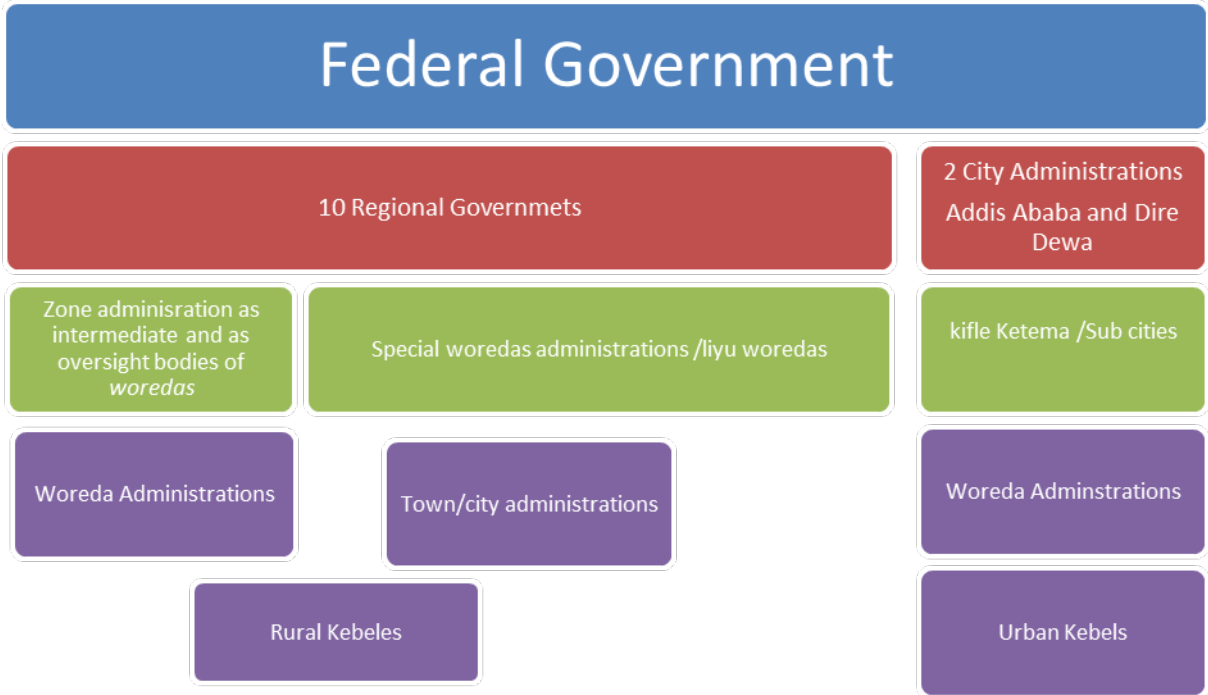


Figure 1: Structure or division of government in Ethiopia. Source: Author compilation.

*V. Challenges of Local Government Autonomy in Ethiopia*

Some of the challenges related to local government autonomy in Ethiopia are analyzed in details accordingly:

The first is an unclear separation of powers, between the central government and the local governments, particularly between the regional government and the woreda government. The separation of powers is criticized as unclear and vague. For instance, the 1995 constitution does not provide specific local government functional competencies clearly, except by specifying in a vague statement that regional states shall pass adequate authority to the local government.<sup>24</sup> Furthermore, *Liyu woredas* /special districts and *woreda* administrations have the power to plan and enforce different financial and social service issues, as stipulated in all regional constitutions. Nonetheless, the *woredas*’ authority over essential public services and other economic development issues are not expressly specified in the constitutions of the regions. Except for Tigray, none of the regional states adopted standard legislation specifying sub-regional unit capabilities. They carry out these

<sup>23</sup> Constitution, F. D. R. E. “the Constitution of the Federal Democratic Republic of Ethiopia.” *Addis Ababa* 1 (1995).  
<sup>24</sup> FDRE Constitution of 1995.

responsibilities but under decisions made by regional administrations, which are not always founded on the consistent manner of rules and regulations<sup>25</sup> The second challenge is an old hierarchical arrangement. In this case, woreda (districts) administrations or municipalities are considered subordinate bodies of regions instead of self-governing recognized by the federal Constitution is preserved for regions and statutes dealing with local government. Since Article 50(4) 1995<sup>26</sup> of the Ethiopian Constitution states that governments will be formed at central and other administrative levels, i.e. woredas, city administrations, and kebele administrations, the necessarily adequate powers be granted to the lowest units of government by regional governments. As a result, as specified in all regional constitutions and other decrees, the *woreda and* city/town administrations are subordinate bodies of regions. Besides their responsibility to the woreda councils, the regional state constitutions and other laws make the chief administrators of the *woredas* administration accountable to the regional government.

The regional government's ability to hold woreda chief administrators and mayors accountable has paved the way for the regional government to impede and replace local decisions made by elected representatives of the people. As a result, *woreda* chief administrators and mayors often pursue their party bosses' instructions rather than the people's preferences.

Though lack of accountability is regularly cited as a challenge in ensuring decentralization programs are implemented.<sup>27</sup> This process always takes place in two different ways: 1) the local government is given powers but not a system of accountability either through local elections or monitoring, 2) accountability is established but the powers of the lower-level government authority to meet the needs of its citizens are limited.

Third local administrative autonomy-related challenges: The laws grant discretionary powers to local government units in administrative autonomy-related functions such as executing regulatory decisions and governing the procurement system, but de facto discretion does not exist due to the lack of capacity and unnecessary upper-tier interventions. Since all hiring and firing must go through zone administration or regional government, local governments seem to lack the autonomy to administer their personnel and other resources in a self-governing manner.<sup>28</sup>

The fourth is fiscal autonomy challenge: (Revenue and Expenditure) local governments may lack distinguished tax revenue sources. In Ethiopia, woredas have the power to set specific tax rates and raise local taxes. These local government administrations can levy land-use taxes, agricultural income taxes, sales taxes, and user fees. This is also substantiated via the study conducted<sup>29</sup> in four regions (Oromia, Amhara, SNNRP, and Tigray regions). The finding of the study shows that the local government has the power to collect taxes from agriculture and rural land use fees in these regions. Although the regional government sets the tax rate for local governments, then the local governments are expected to pass a proportion of the local tax collected to the region or zonal administration. The woreda or city administrations at the local government level have the right to use any source

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<sup>25</sup> Ayele, Zemelak. "Local government in Ethiopia: still an apparatus of control?" *Law, Democracy & Development* 15 (2011).

<sup>26</sup> Constitution, F. D. R. E. "the Constitution of the Federal Democratic Republic of Ethiopia." *Addis Ababa* 1 (1995).

<sup>27</sup> Ribot, Jesse Craig. *Choice, recognition, and the democracy effects of decentralization*. ICLD Swedish International Centre for Local Democracy, 2011.

<sup>28</sup> Yilmaz, Serdar, and Varsha Venugopal. *Local government discretion and accountability in Ethiopia*. No. paper0838. International Center for Public Policy, Andrew Young School of Policy Studies, Georgia State University, 20

<sup>29</sup> Ayele, Zemelak. "Local government in Ethiopia: still an apparatus of control?" *Law, Democracy & Development* 15 (2011).

of revenue that the federal and regional governments do not administer within the limited geographical area.

In the same way, the research paper<sup>30</sup> revealed that sufficient taxing autonomy has not been transferred to local governments in Ethiopia. Thus, this significantly contributed to the financial challenges that local governments currently face in balancing and executing their goals. Especially in this regard, rural woredas cannot deliver effective services for the community due to the income-generating source shortage.

Additionally, sub-national units, are theoretically free to spend block-grants as they see fit. However, there have been two points to know in this case. To begin with, local governments do not have a statutory right to regional block grants: the distribution of regional block grants is based solely on a policy change by the ruling party, which decides to give Woredas and city administrations some autonomy. Second, financial decisions taken by local governments are often influenced by regional guidelines. The guidelines of the regions stipulate even the minimum capital spending.<sup>31</sup> In reality, the most essential source for special *woredas* and city (town) administrations are intergovernmental block grants, which are unconditional regional grants. These are the most important source of income for *woredas*, nationality zones, special *woredas*, and city administrations. Thus, block grants constitute more than 70 per cent of the average annual budget of *woredas*. This shows that the local government does not have enough revenue sources to provide adequate services to the people. In some regional states, city administrations/town administrations, although they collect enough revenue to discharge their expenditure responsibilities, receive grants to finance their so-called state functions.<sup>32</sup> However, City administrations do not receive any grants from the federal government to fund their municipal operations, particularly two city administrations Addis Ababa and Dire Dewa city administration.

To sum up, the lack of local government financial self-reliance means that their fiscal autonomy is heavily dependent on the scheme of intergovernmental fiscal transfers. As a result, the revenue division is potentially the most revealing and critical component of fiscal decentralization in Ethiopia in this regard.

Finally, bureaucracy challenge: due to a lack of bureaucratic commitment, developing countries, especially Africa, face decentralization challenges. Therefore, the same is true in the Ethiopian situation central administrations are reluctant to relinquish power because they have a paternalistic, centralist attitude.

In general, decentralization reforms have failed to create a more participatory atmosphere at the local government level in many contexts. For improved service delivery and better democratic governance, decentralization can be an important method. Nevertheless, even when labelled democratic, decentralization reforms have rarely contributed to autonomous democratic local governments.

## *VI. Conclusion*

Ethiopia's constitutional division of powers is limited to regional states and the national government, as it is in many other federal countries (FDRE Constitution 1995: arts. 51 and 52). The regional states, and precisely the regional state councils, oversee deciding the powers of local governments. The Constitution does not specify the extent and type of powers

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<sup>30</sup> Ayele, Zemelak Ayitenew, and Yonatan Tesfaye Fessha. "The constitutional status of local government in federal systems: The Case of Ethiopia." *Africa Today* 58, no. 4 (2012): 89-109.

<sup>31</sup> Ibid.

<sup>32</sup> Fenta, M. Tilahun. "Local government in Ethiopia: Practices and challenges." *Journal of Management Science and practice* 2, no. 4 (2014): 71-79.



that local governments have. And it does not set out the essential powers to be assigned to local governments.

The country has been undergoing a re-decentralization process since 1991, intending to embed democracy at the national level and, since 2001 at the grassroots level, while also enhancing development and democracy practice. Due to Ethiopia's one-party system of dominant structure, the decentralization policy has not yet produced political pluralism and good governance. It has also failed to establish a self-governing local government that is responsive to residents' needs and accountable to them. Instead, the decentralization process has been used to reinforce the power of the Ethiopian People's Revolutionary Democratic Front (EPRDF), a one-party system.

Local governments have the power to levy revenue from a limited source, including utility fees from a variety of sources designated for them. However, unless the tax is transferred to the state/regional governments' treasury, they cannot use the earned income from various sources. Therefore, this shows that the local governments are not autonomous to manage their financial resources as stipulated in the constitutions and other laws. Therefore, a lack of revenue-raising power is detrimental to financial autonomy and the accountability of local governments. Furthermore, the local government is authorized to manage its personnel, but the power is currently overridden by the regional government and zone administration in some regions.

For local governments to be vibrant and to comply with expectations, different laws (like the federal constitution and proclamations amendment) should be adopted to cede the local government as an appendage to the federal or regional government and set the environment for increasing the responsibilities of local government by fostering local fiscal autonomy in the context of a sound and equitable allocation of local sources of revenue.

Additionally, the self-interest doctrine of government is supported by the public choice literature, which claims that different parties involved in policy development and execution are supposed to use opportunities and resources to further their self-interest. Therefore, this viewpoint has significant consequences for how local government structures are designed. Local governments must have full local control in taxation and spending and be open to competition both within and outside government to represent the needs of the people. Local governments would be ineffective and unresponsive to public preferences if these conditions will not available.