

Chapter 21

Collaborative Governance and the Implementation of Fiscal Responsibility Frameworks

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ABSTRACT

Local governments, like their central government counterparts, must demonstrate increased fiscal responsibility. Although the Jamaican finance ministry has overall responsibility for direction and control of fiscal management at all levels of government, successful implementation cannot be achieved solely by the finance ministry's efforts, but requires the inputs of other actors, including central government, local authorities, the private sector, and civil society groups. This chapter examines the strategic use of collaborations among local authorities and other stakeholders in the implementation of fiscal management policies, in particular revenue-raising efforts in Jamaica, a small island state. The study examines relationships/partnerships (collaborative governance) focusing on the actors, structure, and processes in the implementation of fiscal policy reforms in local authorities. It finds that deliberate efforts must be made to manage complexity arising from overlapping networks with unclear boundaries and fluidity in participation and leadership.

INTRODUCTION

Local governments, like their central government counterparts, must engage in efforts to improve fiscal responsibility, which includes the reduction of budget deficits, management of debt, better management of resources, and increased responsibility for raising its own revenue, among others (Ahmad, 2010; Corbacho & Ter-Minassian, 2013; Inman, 2005). Increased attention to fiscal responsibility comes not only from the neoliberal push for decentralization but also from recognizing that fiscal laxity at the subnational level can derail overall national efforts to improve fiscal management, in particular the management of debt (Corbacho & Ter-Minassian, 2013). It is argued that successful implementation of fiscal responsibility frameworks (FRF) will increase the potential for sustained economic growth at both

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national and local levels. While the link between fiscal policy and growth is neither direct nor explicit, it is anticipated that greater macroeconomic stability and better allocation of resources can help improve the infrastructural and institutional environment, which in turn can facilitate investments, productivity, and employment (Hemming, 2013; IMF, 2015). Allen and Grigoli (2012) have suggested that the typical approach to fiscal management in middle-income countries is that of a high level of centralization and control by the finance ministries. In Jamaica, a middle-income country, the Ministry of Finance (MOF) has primary responsibility for direction and control of public financial management and its reforms at all levels of government. Given the cross-cutting nature of fiscal policies, reforms must of necessity involve a whole-of-government approach (Schoburgh & Gatchair, 2013). Although the use of partnerships is loosely recognized and used by the MOF in selected situations, insufficient attention is paid to the deliberate engagement of other ministries and agencies, including local authorities, in the design and implementation of fiscal policy reforms.

However, Johanson (2009) has suggested that governments can enhance the success of policy implementation through deliberately adopting strategies such as governance or partnerships with stakeholders, which result in greater leveraging of resources and greater responsiveness to the governments' environment. Klijn Ysa, Sierra, Berman, Edelenbos, and Chan (2015, p.738) have provided a useful definition of governance networks as "more or less stable patterns of social relations between mutual dependent actors, which form around policy program and/or cluster of resources and which are reformed, maintained, and changed." Nevertheless, in addition to forging relationships with different groups, other conceptualizations of governance, such as activities of government as it seeks to meet the preferences or demands of society, and the effective execution of government activity, are also relevant to policy implementation such as services delivery, problem-solving, and resource acquisition, among others (Bertelli, 2012; Kenis & Provan, 2009).

Fiscal management is an important activity of government in which successful implementation cannot be achieved solely by the efforts of finance ministries, as intimated from the implementation of other public policies (Bertelli, 2012; Kenis & Provan, 2009). This suggests that the ministries should place greater emphasis on the strategic use of partnerships or networked approaches, which include other ministers, agencies, and local authorities, as well as multinational, private sector, and civil society groups (Currie, Grubnic, & Hodges, 2011; Ferlie, Fitzgerald, McGivern, Dopson, & Bennett, 2010; Kenis & Provan, 2009). If finance ministries adopt a strategic governance approach rather than a top-down approach, the potential for successful implementation of the FRF will increase, and likewise the potential for improved performance at the organizational, local, and national levels (Boyne & Walker, 2010; Lecy, Mergel, & Schmitz, 2014; McGuire, 2006; O'Toole, 2015).

Although collaborative networks have been extensively studied, much work remains to be done to increase coherence in theoretical underpinnings and enhance understanding of the practical implications of its links to performance (McGuire, 2006; Lecy et al., 2014; O'Toole, 2015). The potential of collaborative or governance networks to deliver on the expectation of successful policy implementation and service delivery will be maximized if the emergence and management of the networks in different contexts is better understood. Effective implementation, despite intense scholarly efforts in the field of public management, remains an area of considerable weakness, as many public organizations continue to be characterized as underperformers along multiple dimensions (Andrews, Boyne, Law, & Walker, 2011; Poister, 2010; Vangen, Hayes, & Cornforth, 2015; Walker & Andrews, 2015).

In order to better understand collaborations or partnership, and so manage them effectively, this study explored the extent to which local authorities in a small developing state engage in the strategic use of

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