Helpdesk Research Report: Decentralisation and Assistance to Sub-national Governments in Fragile Environments
Date: 26.11.08

Query: Please identify literature on decentralisation and assistance to sub-national governments in fragile environments. Should policies of decentralisation be pursued in fragile environments and if so what form should they take? What type of assistance should be provided to sub-national governments in fragile environments?

Enquirer: AusAID

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1. Overview

There is considerable disagreement about whether and how decentralisation should be pursued in fragile or post-conflict environments. Many argue that strengthening sub-national governance in fragile situations is vital, particularly for delivering basic services where the state is weak or absent, for addressing ethnic/regional inequalities, and for conflict management. The importance of center-periphery relations in terms of statebuilding, particularly in restoring state legitimacy, is also noted. Recent research has found links between the potential for state fragility and the governance of cities (see Beall, 2008). Yet many are skeptical as to whether there is any evidence that decentralisation can produce pro-poor outcomes in fragile settings. A 2004 World Bank report found that the potential for poverty reduction through decentralisation was lowest in the most fragile countries (see Jutting, 2004). One study notes that comprehensive decentralisation reform has rarely been pursued in fragile settings; and argues that deconcentration should, in fact, be a starting point (Brinkerhoff 2008).

There is significant concern that decentralisation in certain contexts can be potentially damaging; case studies highlight the risk that decentralisation can be subverted by politics (particularly patrimonialism and elite capture), therefore reinforcing non-democratic and non-participatory political systems, and increasing the potential of a return to conflict or fragility. Much of the literature discusses how the particular context of a given 'fragile state' (note that there is wide variation among them) makes decentralisation inherently difficult. Strong state centralisation and control of local level state institutions often results in lack of political will for decentralisation. Some argue that in situations where non-state actors fill the gaps left by absence of government, comprehensive decentralisation risks reproducing state fragility. Conversely, some experts argue that it is precisely because of these difficult contextual factors that supporting sub-national governance is so vitally important in situations of fragility,

i.e. as a means of reforming undemocratic political processes. Overall, there is growing recognition that without adequate understanding of local and national political context and political economy - particularly traditional authority and informal political systems - decentralisation reforms can be undermined.

<u>The relationship between decentralisation and conflict or state fragility</u>
A key focus in the literature is the relationship between decentralisation and conflict/fragility or stability. This body of evidence is contradictory - suggesting that local government can both mitigate and exacerbate conflict. One study found that decentralisation initiatives which support increased local government expenditure; employment; and elected leaders have been less likely to succumb to ethnic conflict. Conversely, countries with higher levels of local government taxes or designated structures of regional autonomy have been more susceptible to ethnic conflict (see Siegle and O'Mahony 2007 below). Another study argues that decentralisation dampens all forms of ethnic violence for spatially concentrated groups with a local majority, but fuels protest and even rebellion for groups lacking one (see Tranchant 2007 below). Many cases have found that decentralisation creates incentives for local elites to compete for power and resources by mobilising group identities.

<u>Conclusions drawn in the literature</u>
Experts seem to agree that no single or uniform set of recommendations for supporting local governance is possible since the type of reform likely to be most effective is highly context-dependent. As a result of this perhaps, there appear to be few 'how to' type materials available on effectively supporting decentralisation or sub-national governance in fragile states. None of the literature attempts to make recommendations that can be applied across all contexts; indeed, there is considerable resistance to applying conclusions drawn from one case to another. Nevertheless, some suggestions include:

- It should be recognised that decentralisation is a political process about access to power. Donors should conduct ongoing political economy analysis. Past economic, social, cultural and political circumstances must be taken into consideration. 'One-size-fits-all' policy prescriptions do not work.

- Comprehensive political, fiscal and administrative decentralisation reforms are rarely the way forward. Shifting centralised systems toward decentralisation is a long-term process, requiring both political will and administrative/technical capacity. Donors should not rush into comprehensive reforms.

- Interventions need to take account of informal and traditional institutions as well as the formal, otherwise reform efforts could be undermined. Incorporation of non-state authorities should be combined with transformations of those practices, alliances and views that undermine democratic local governance in the long term.

- Short time horizons are inappropriate for donor interventions in fragile or post-conflict states. They increase the risks of relying on inappropriate existing power structures to gain quick results.

- Donors must consider local ownership and build the legitimacy of their interventions to ensure their effectiveness and sustainability. False decentralisation, determined by short-term political needs or external assessments of the state, increase the likelihood the social contract will fail.

- Effective decentralisation strategies tend to begin with deconcentration, and then evolve towards devolution. Donors should begin with deconcentration in the short term whilst creating the building blocks for an institutional architecture which will enable devolution in the long term (see Brinkerhoff, 2008 below).

- One expert commented that external assistance may be directed to strengthen only those local governments that are not captured by warlords or elites. Such assistance should be focused on ensuring minimum standards of access to public services (basic education, health, shelter, social protection) by poor and disadvantaged groups.

- Capacity and incentives for decentralisation among national-level actors may be weak, at best, particularly in fragile states, but strategies that rely upon external resources and capacity are unsustainable in the longer term.

- Lack of attention to issues of political equity and centre-periphery relations and the nature of the political settlement can result in local systems and structures being more prone to capture.

2. Decentralisation and local governance in fragile states

Engberg-Pedersen, L., 2008, 'Local Governance in Fragile States', DIIS Policy Brief, Danish Institute of International Studies, Copenhagen
http://www.diis.dk/graphics/Publications/Briefs2008/PB2008_10_Local_governance.pdf

This policy brief argues that early support to local governance in fragile states is vital for enabling socio-economic development in the countryside, but comprehensive political, fiscal and administrative decentralisation reforms are rarely the way forward. In situations where non-state actors fill the gaps left by absence of government, comprehensive decentralisation risks reproducing state fragility. Ignoring informal non-state authorities can considerably undermine efforts to reform local governance in fragile states. Overall, donors should not be overly ambitious and should adopt a properly sequenced and integrated approach.

State fragility seldom entails vacuums in local governance: "Different forms of more or less well-organised and locally legitimate informal non-state authorities often fill the gap of absent, ineffective or illegitimate formal government institutions. Donor support to local governance should include a political strategy that explicitly confronts this reality as an integral aspect of building formal local governments." (p.2)

The brief cautions against rushing into comprehensive decentralised government reform in contexts where capable state institutions are not in place and human and material resources are weak. The following *integrative approach* is recommended: "a) strengthen and reform central state institutions and policies on local government; b) draw on and reform formal state and informal non-state institutions in local governance matters; and c) combine tangible development results through local service deliveries with the capacity-building of local-government service-providers and support to civil-society organisations and citizens' empowerment" (p.2).

Four situations of local governance in fragile states are described:

a) Strong state centralisation and control of local level state institutions.
b) Extensive formal democratic decentralisation and a long history of active civil society organisations, but *de facto* state-centralised control that undermines democracy and equitable service provision.
c) Decentralisation by default where non-state actors fill the gap of absent state and formal local government institutions in terms of service delivery and security.
d) State officials and local government institutions are present in local arenas, but detached from central state regulation and linked to informal, non-state power-

holders (e.g. warlords, commanders, customary authorities, religious leaders), and partly financed by illicit economies (e.g. Afghanistan).

"In situations A and B, comprehensive decentralisation reforms are unrealistic because of a lack of central government will to actually devolve power. In situation B decentralisation is at risk of being appropriated by the central regime to enhance its control, rather than further the autonomy of local governments and the political spaces for citizens' participation. In situations C and D comprehensive decentralisation risks reproducing state fragility, which has been partly caused by the informal decentralisation of governance in the first place. It can thus strengthen centrifugal forces and fragmentation, as well as bolster those local informal authorities who are undermining state legitimacy" (p.2). "Incorporation of non-state authorities should be combined with transformations of those practices, alliances and views that undermine democratic local governance in the long term" (p.4).

Jackson, P., and Scott, Z., 2007, 'Local Government in Post-Conflict Environments', Paper prepared for the UNDP Workshop on Local Government in Post-Conflict Situations, Oslo Governance Centre, Oslo 28-29 November 2007
http://www.undp.org/oslocentre/docs08/oslo1107/Annex_4_%20PaperGovernment_in_Post_Conflict.pdf

This paper discusses the key themes in the literature on local government in post-conflict environments, including institutional structure and design, centre-local relations, elite capture and patronage politics, and considerations for international assistance, including the sequencing of interventions/reforms. It notes that recent work on decentralisation in post conflict and fragile environments tends to draw conflicting conclusions: on the one hand authors argue for the pro-poor potential of decentralisation as a means of increasing voice and representation. But others argue there is scant evidence that the intended benefits of decentralisation have materialised. Many experts are concerned that decentralisation is used as a tool for elites to extend their personal control or the control of government over the regions. The overall picture is mixed: decentralisation may bring benefits but it can also bring great problems and should not be seen as an easy solution or a way of bypassing strengthening the central government.

Local governance (LG) is important in post-conflict (PC) environments for several reasons: the inability of the states to integrate regions and minorities into polities is a key cause of instability; central governments are keen to extend their reach, and; LGs can be vehicles for demilitarising politics in divided societies. Others emphasise the importance of local structures for delivering goods and services, particularly to vulnerable groups, where central governing structures are weak or remain contested.

There is increasing recognition that decentralisation is a political process: "LG reform is all about the location of power and so is a highly political, controversial and potentially conflict-exacerbating exercise." (p.25) Any disruption to power politics in sensitive conflict environments risks resistance to decentralisation and can mobilise others into violent conflict. In this way some authors directly link decentralisation policies to the ignition (or re-ignition) of conflict.

Several factors complicate the design of decentralisation reforms in post-conflict environments:

- "Territorial fragmentation means that each region in a state can be very different and separate regions can provide power bases for different political parties;
- Decentralisation can be favored by new parties who view it as a way of undermining the previous regime;

- In the immediate PC context there are extremely high stakes as decisions in the first few years after conflict tend to have a disproportionately large impact on later development;
- Conflict can result in extreme scarcity of experienced human resources due to increased 'brain drain';
- Conflict often results in very low levels of financial resources; and
- Power sharing deals favored in peace settlements often distribute ministries across warring political parties which reduces the likelihood of effective interministry collaborative working." (citation from Woodward, see p.24)

A recurring theme in the literature is the importance of understanding the political context of LG in PC contexts, and the paper recommends conducting political economy analysis prior to interventions. On a related note, several authors note that *donor-driven* decentralisation further complicates the political context. The paper concludes with the following policy recommendations;

- Local government can be a stabilising or exacerbating factor in post-conflict contexts. The donor community must engage with local government, rather than focus exclusively on central government.
- Ultimately the strength of the central is dependent on the strength of the local, and vice versa.
- 'One-size-fits-all' policy prescriptions do not work: interventions need to be tailored to local social, political and economic context, taking note of informal and traditional institutions as well as the formal.
- 'Post-conflict' does not mean that there's a 'clean slate'. Even when there's a dramatic regime change (for example in Iraq) past economic, social, cultural and political circumstances must be taken into consideration.
- LG reform in PC contexts is not just a technical exercise. Conflict centres on access to power.
- Donors should not rush to introduce democratic reforms in PC contexts.
- Short time horizons are inappropriate for donor interventions in PC states. They increase the risks of relying on inappropriate existing power structures to gain quick results.
- Donors must consider local ownership and build the legitimacy of their interventions to ensure their effectiveness and sustainability. (p. 25)

Brinkerhoff, D., 2008, 'Good Enough Governance in Fragile States: the Role of Center-Periphery Relations and Local Government', Paper presented at the 4th International Specialised Conference on "International Aid and Public Administration", International Institute of Administrative Sciences, Ankara, Turkey, June 23-27, 2008
[Not available online]

This paper argues that in fragile and post-conflict states, decentralised local government is one of the features of good enough governance. Focusing on the case of Iraq, the paper discusses the dilemmas and outcomes of the national/sub-national question, including appropriate forms of decentralisation, starting points and sequencing. It argues that "center-periphery relations affect conflict resolution and the societal pacts that are central to achieving stability in post-conflict contexts, something that decentralisation studies, which tend to focus on administrative issues, underplay. A focus on administrative decentralisation also misses the role that local level governments may play in helping to build or rebuild political legitimacy in the system." (p.3)

Fragile states and sub-national entities such as local governments contain significant amounts of variation, but problems of central government in fragile states can include: weakly

rooted national government; poor distribution of services and resources; and weak national integration. Arguments in favour of focusing on local government are:

- Local governments can increase speed of service delivery to citizens: "In countries without an extensive existing infrastructure base, small scale projects to bring new services at the community level can be both rapid and can be carried out with local labour, both enhancing legitimacy as well." (p.10)

- Local governments can address ethnic and/or regional inequities: "Particularly in states that contain regional enclaves rich in oil or mineral resources, both central redistribution of revenues and some degree of autonomy are key to stability… to the extent that decentralisation provides local governments with sufficient resources, authority, and power (not simply multiplying under-resourced sub-national units), ethnic and/or regional inequities and imbalances can be addressed." (p.10)

- Local governments build democratic and conflict management capacities: Where decentralisation devolves decision-making authority, and is accompanied by resources to implement decisions (combined revenue-raising capacity with intergovernmental transfers), it can create "the conditions for local governments to become institutional arenas where citizens learn democratic skills and how to exercise their rights." (p.12)

- Local governments can mitigate conflict by avoiding "winner-take-all" situations: Decentralisation creates multiple arenas of contestation for power and influence and allows opposition leaders to remain in government at the local level, from where they can challenge the central government. This can contribute to political stability.

- Local governments allow for "natural experiments": National reconstruction efforts can combine, refine, and propagate what works best at the local level.

- Local governments can provide a reservoir of legitimacy for post-conflict stabilisation: Political elites returning from exile with political ambitions in some cases lack both connections and legitimacy, whereas at the local level there is greater likelihood of identifying and working with newly emergent leaders (and/or resurrected long-time traditional leaders – tribal, religious, etc.) who have strong links to their local area. (p.13)

The paper goes on to discuss whether these intended benefits have been seen so far in Iraq, finding that "the Iraq experience makes a suggestive case for the positive contributions of decentralisation and local government to reconstituting governance…In this turbulent and uncertain environment, the ability of local-level officials to work within their jurisdictions to overcome some sources of factionalism, and to collaborate across provinces in ways that the central government has conspicuously failed to do" (p.21).

Shifting centralised systems toward decentralisation is a long-term process, requiring both political will and administrative/technical capacity. A key emerging lesson is that: "effective decentralisation strategies tend to begin with deconcentration, and then evolve toward devolution. The pattern of more substantial devolution of resources and authority to local units is found more in states that have gone through a decade or longer process of arriving at a more devolved form" (p.21). "The lesson for rebuilding governance in fragile and post-conflict settings is to begin with deconcentration in the short term while creating the building blocks for an institutional architecture which will enable devolution in the long term." (p.22)

The paper concludes with the following lessons (see pp. 21-26):

On decentralisation choices:
- In the immediate post-conflict period of reconstruction, citizens are most concerned with the security and effectiveness functions of governance. It is in these areas that administrative deconcentration can have the most direct impacts.

- In situations where conflict seems likely to impede elections or render their outcome questionable, the development planning process in Iraq and possibly Afghanistan suggests that there are ways to include some means for citizens to hold local leaders accountable.

On capacity building:
- Successful decentralisation depends on capacity at both the local and central levels. At the local level, basic administrative and technical skills are needed, as well as capacity to engage citizens in needs assessment, priority setting, planning, and programme implementation.

- When decentralisation transfers spending and revenue-raising authority, lack of administrative capacity can lead to financial mismanagement, waste of resources, and corruption. This can result in localising corruption that previously existed at the national level.

On politics:
- While there may be strong technical arguments in favour of decentralisation, without attention to the politics of decentralisation, reforms may fail to yield the expected increases in efficiency, effectiveness, and equity. Without signs of success, support for decentralisation may wane, leading to reversals.

- Central-local relations play an important role in influencing whether decentralisation achieves service delivery and democratic outcomes, particularly the configuration of power relationships between central and regional/local elites.

On operational challenges:
- Capacity and incentives for decentralisation among national-level actors may be weak, at best, particularly in fragile states, but bypass strategies that rely upon external resources and capacity are unsustainable in the longer term.

Beall, J., 2008, 'Cities in Fragile States', Crisis States Research Centre, London School of Economics, London
http://www.crisisstates.com/download/publicity/CitiesBrochure.pdf

This report presents initial findings from ongoing research into the role of cities in state transformation and the relationship between cities and development. The research suggests that decentralisation policies can be damaging in fragile states, particularly in countries experiencing ethnic or regional conflicts where decentralisation can be used to favor or buy off particular districts (p.2). The promotion of effective and resilient city-level local government means going beyond the uncritical promotion of decentralisation, thinking about intra-governmental coordination, and identifying the appropriate level of government for addressing particular issues.

"Moreover, decentralisation policies are not always designed with the city scale in mind. We have identified the metropolitan tier of governance as important, especially in fragile states, where it has greater capacity and regenerative power than smaller district municipalities and because it impacts not only on urban centres but city regions or urban hinterlands. Political engagement at the metropolitan scale is better able to hold national and sub-national bodies

to account when compared to smaller municipalities, helped by the greater proximity of large city actors to a wide range of supra-local power brokers" (p.2).

OECD, 2008, 'Concepts and Dilemmas of State Building in Fragile Situations', OECD-DAC, Paris
http://www.oecd.org/dataoecd/59/51/41100930.pdf

This paper briefly sets out the implications of decentralisation programming for state building in fragile environments (see: 'Decentralisation and centre-periphery relations' p.38). It argues that most decentralisation has failed to adequately consider issues of centre-periphery relations and the complexity of centre-periphery political settlement, particularly in post-conflict countries. "Lack of attention to issues of political equity can result in local systems and structures being more prone to capture. Rapid decentralisation can entrench vested, exclusionary and discriminatory interests, and further fragment, rather than unite. The general lack of concern over capacity – both of process and of delivery – that accompanies decentralisation programming is also alarming." (p.37)

The paper acknowledges that in general, participatory processes help to legitimate the state. But false decentralisation – when the shape of reforms and resource allocation decisions are determined by short-term political needs, or external assessments of the state, increase the likelihood the social contract will fail. The paper also argues that decentralisation without capacity so that the government does not have capacity to deliver on promises, may pose greater risks than rewards (p.39).

OECD-DAC, 2008, 'Service Delivery in Fragile Situations: Key Concepts, Findings and Lessons', OECD, Paris
http://www.oecd.org/dataoecd/17/54/40886707.pdf

This report argues that decentralisation is an option in contexts of low capacity or low willingness at the central government level (typical of stabilising and declining contexts, respectively), especially given the importance of linking up with resilient local communities and local service delivery arrangements. "The fiscal federalism literature shows the governance and efficiency benefits of devolving service delivery responsibilities to lower levels of government, especially in the absence of significant country-level spillovers. This is particularly true in fragile states, where the effective scope of central initiatives are highly constrained and local provision assumes more importance." (See: 'Decentralising: when, how much, to whom', p. 35)

"In most low-income countries, regions and localities have very limited ability to act on the basis of their own fiscal receipts. Revenues are often collected by or turned over to the centre, with residual local receipts amounting to very little. Only major commercial centres have any real fiscal independence. As with any devolution, there is also the distinct possibility that key elites will be favored or the resources stolen or diverted – indeed, capture by local elites appears to be at least as great a risk as capture by narrow interests at the centre." (p.35)

The paper recommends that in the near term, local and community-based approaches may be the only feasible options for participatory development in very difficult environments. Over the longer term, multi-layered strategies should be used to create a mixture of state and non-state provision of services.

Jutting, J., Kauffmann, C., McDonnell, I., Osterrieder, H., and Pinaud, N., 2004, Decentralisation and Poverty in Developing Countries: Exploring the Impact, OECD

Working Paper No. 236, Organisation for Economic Co-operation and Development, Paris
http://www.oecd.org/dataoecd/40/19/33648213.pdf

This literature review of 19 country case studies of decentralisation sought to determine the conditions most likely to result in pro-poor outcomes. It found that: "interestingly, the poverty impact of decentralisation would appear to depend less on the physical country setting, for example a country's size or quality of infrastructure, than on the capacity and willingness of policy makers to ensure a pro-poor devolution process." (p.7) In some of the poorest countries, characterised by weak institutions and political conflicts, decentralisation could actually make matters worse: "in an environment where the central state is not fulfilling its basic functions, decentralisation could be counterproductive and, therefore, should not be a donor priority." (p.7)

The cases of "somewhat negative" or "negative" outcomes of decentralisation were predominately in countries emerging from civil wars or ethnic conflicts or affected by political instability. All of the "negative" outcome cases were low income and HIPC countries.

Further, pro-poor decentralisation programmes in some countries (e.g. Malawi, Sri Lanka) have been compromised by the existence of traditional power structures and the presence of local patron-client relationships that have been perpetuated after the implementation of reform. "In these cases, the imbalance between new and traditional power structures has led to increased elite capture and corruption. In badly performing countries, decentralisation is often seen as part of a patrimonial agenda aimed at preserving the monopoly of power and ensuring control over resources."

In countries that do not have the capacity to ensure a pro-poor decentralisation process, pro-poor effects can be achieved if the weakness of the state is tackled by:
- "supporting deconcentration as a first step towards decentralisation;
- supporting community participation and capacity building of local stakeholders; and
- promoting further research on best practices of how decentralisation can be designed in a pro-poor manner." (p.23)

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3. Decentralisation and conflict

Whilst some authors argue that decentralisation can help to mitigate and prevent conflict, others argue it can exacerbate it. Below are some recent studies on the relationship between decentralisation and conflict.

Siegle, J., and O'Mahony, P., 2007, 'Assessing the Merits of Decentralisation as a Conflict Mitigation Strategy', Development Alternatives Inc.
http://www.dai.com/pdf/Decentralisation_as_a_Conflict_Mitigation_Strategy.pdf

This paper reviews the theory and empirics of the intersection between decentralisation and internal conflict. It assesses the aggregate relationship between various facets of decentralisation and ethnic and civil conflict since 1995 using cross-national analysis focused on low-income countries. Finally, it presents case studies from Colombia, Ghana, the Philippines, and Uganda to illustrate the complex internal dynamics that influence the decentralisation and conflict stabilisation relationship. This study finds that decentralisation has highly differentiated effects on ethnic conflict. Decentralisation initiatives that support increased levels of local government expenditures, employment, and elected leaders have been less likely to succumb to ethnic conflict. Conversely, countries with higher levels of local government taxes or designated structures of regional autonomy have been more susceptible to ethnic conflict. Contexts with previous ethnic conflict, weak central government control over

the security sector, and disproportionate access to natural resource revenues are particularly vulnerable [adapted from author's abstract].

Tranchant, J-P., 2007, 'Decentralisation and Ethnic Conflict: The Role of Empowerment', Munich Personal RePEc Archive, Munich
http://mpra.ub.uni-muenchen.de/3713/1/MPRA_paper_3713.pdf

This paper argues that assessing the efficiency of decentralisation as a means to mitigate ethnic conflict is of primary importance. An overview of the debate on the relationship between decentralisation and conflict is provided on pages 2-3. Decentralisation should empower small minorities at the national level, while representing a critical mass of the population in the regions they live in. Decentralisation dampens all forms of ethnic violence for groups spatially concentrated enough and/or for groups with a local majority. In contrast, it fuels protest and even rebellion for groups lacking one. The paper concludes that donors should exercise caution when recommending decentralisation as a peace-building mechanism. In particular, decentralisation that supports peacebuilding and empowerment requires "'functional'" autonomy alongside the territorial one in order to protect the interests of widely dispersed groups, as well as efficient checks and balances at the regional level.

Diprose, R., and Ukoha, U., 2008, 'Decentralisation and Conflict Management in Indonesia and Nigeria,' Working Paper no. 49, Center for Research on Inequality, Human Security and Inequality, Oxford
http://www.crise.ox.ac.uk/pubs/workingpaper49.pdf

This paper examines how the history of grievances, demands, and identity has played out in the context of decentralisation in Nigeria and Indonesia. This includes the devolution of political, administrative and fiscal responsibilities and resources to local authorities and the creation of new districts and local government areas. Evidence from the case studies demonstrates that although decentralisation can be a useful conflict-mitigating mechanism by accommodating diversity and managing historical grievances with centralised government, decentralisation can in some instances generate new tensions in communal, ethnic and religious relations. The decentralisation process interacts with conflict dynamics by stimulating demographic changes and creating incentives for local elites to compete for power and resources by mobilising group identities. The paper finds that a key predictor of whether or not decentralisation can mitigate conflict is its impact on horizontal inequalities (inequalities between groups). However, decentralisation can also assist with conflict mitigation by providing self-autonomy and an institutional framework for managing tensions at the local level, as long as the process is implemented as promised to local peoples. An awareness of some of these dynamics is important for managing diversity and structural change through decentralisation [adapted from author's abstract].

Murshed, M. and Tadjoeddin., Z., 2008. 'Is Fiscal Decentralisation Conflict Abating? Routine Violence and District Level Government in Java, Indonesia', MICROCON Research Working Paper 7, Brighton: MICROCON.
http://www.microconflict.eu/publications/RWP7_MM_ZT.pdf

This research examined the relationship between routine (everyday) violence and fiscal decentralisation in 98 districts of Java. It finds that fiscal decentralisation is negatively correlated with routine violence. The increased size of local government can alleviate pent-up frustrations with a centralised state, as local government expenditure is seen to satisfy the needs of communities that people identify with more closely. Whilst greater local government spending can lead to conflict abatement, unfortunately this capacity is greater in richer

districts. At the same time fiscal decentralisation in Indonesia has led to the widening of inequalities in fiscal capabilities of the various local regions in the country.

Sánchez, F., and Chacón, M., 2005, 'Conflict, State and Decentralisation: From Social Progress to an Armed Dispute for Local Control, 1974-2002', Crisis States Research Programme, London School of Economics, London
http://www.crisisstates.com/download/wp/wp70.pdf

This paper aimed to explore the variables associated with the armed activities of irregular groups in Colombia in the mid-1970s, and to determine the possible causes of their expansion until 2002. It finds that decentralisation has turned the armed conflict in Colombia into a dispute for local power. This is manifested in the use of violence to gain control of public goods and services, to influence political and electoral results of interest to the irregular groups, and to consolidate local level territorial control. "As political power and budgetary resources became more local, the irregular groups had more of an incentive to exercise greater local control, especially due to the State's weakness in the monopoly of force and the administration of justice. Thus, as the groups increased their local control – by intimidating, plundering and forming strategic alliances with local and regional leaders – they had access to a greater proportion of power" (p.3).

Suzuki, R., 2005, 'The Intersection of Decentralisation and Conflict in Natural Resource Management: Cases from Southeast Asia', International Development Research Centre, Ottawa
http://www.idrc.ca/uploads/user-S/1117113736117Suzuki.pdf

This paper explores the relationship between decentralisation and conflict in Cambodia and the Philippines. It emphasises the drawbacks of haste, and argues that the need to 'take time' are essential components of developing genuine democratic and effective local governance. With conflict deeply embedded in processes of decentralisation, a better approach is to seek to predict and constructively manage tensions. By imposing realistic expectations on what decentralisation can deliver and carefully assessing and undertaking reforms in complex contexts, conflict conceivably can be mitigated and the frustrated backlash to inadequate decentralisation reforms can be minimised.

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4. Case studies

Manor, J., 2007, 'Introduction: Synthesising Case Study Findings' in Aid that Works: Successful Development in Fragile States, World Bank
Some parts of this book are available via Google Books:
http://books.google.co.uk/books?hl=en&lr=&id=t7YOnczTu3kC&oi=fnd&pg=PR11&dq=decentralisation+fragile+states&ots=hHYVy8lvez&sig=vAgR-7_PCngDROpynTSldZDGWTY#PPA13,M1

This book reports on an IDS study of 8 successful development projects in five fragile states for the World Bank. The study found that decentralisation (which was part of several of the successful projects) and other bottom-up participatory strategies that reinforced decentralisation tended strongly to work well in fragile settings. See p.13 'linking constructive potential to democratic decentralisation'.

Whilst governments are usually reluctant to devolve powers and resources to local institutions, in practice they make major gains in doing so in terms of popularity and legtimacy, amongst other things. Even in cases where there was reluctance to empower and fund decentralised councils, significant gains were made in terms of peace, service delivery,

improved state-society relations and poverty reduction (Cambodia is cited as an example). In countries where formal lower-level elected councils are absent or weak, an alternative approach is to use local development funds as created by UNCDF. These can inspire confidence in decentralised approaches and make the establishment of formal elected councils possible. Overall, in spite of its limitations, democratic decentralisation has enough virtues to warrant strong support from governments that are fragile, but gains within local areas must be extended both horizontally (to other localities) and vertically (to higher-level institutions).

Blunt, P. and Turner, M., 2005, 'Decentralisation, Democracy and Development in a Post-conflict Society: Commune Councils in Cambodia', Public Administration and Development, vol. 25, no 1., pp. 75-87
http://www3.interscience.wiley.com/journal/109884065/abstract
GSDRC document summary: http://www.gsdrc.org/go/display/document/legacyid/1411

This article demonstrates that decentralisation in Cambodia has faltered due to a lack of fit with Cambodia's socio-cultural and institutional context, where hierarchy and centralisation are prevailing principles. Also, the reality that major government institutions in Cambodia were still recovering from the aftermath of decades of war and civil disturbance inhibited progress towards decentralisation. Hence, there has been little devolution of decision-making power to the local commune councils and the Cambodian government has managed to ensure donor endorsement and continued financial and technical assistance for its own political agenda. Moreover: "an unconducive general environment for decentralisation complements a lack of real political enthusiasm for the idea, and a government agenda that is more consistent with pragmatic short-term political gains (such as the consolidation of political party interests) than it is with the bolder, largely ideologically-driven interests of donors in the post-conflict establishment of strong forms of popular participation and political pluralism" (p.1). The centre continues to determine policy and expenditure, and current legislation concerning the structure, roles and functions at lower levels is not well developed.

See also:

Spyckerelle, L., and Morrison, J., 2007, Improving Service Delivery through Decentralisation Reforms in Cambodia, IDS Bulletin, Volume 38, Number 1, January 2007, pp. 60-69
http://www.ingentaconnect.com/content/ids/idsb/2007/00000038/00000001/art00008?token=003712016e6e5865462440446f572041217a6b3c5f2e5e4e6b63404

This article discusses how well Cambodian communes are positioned to effectively engage in poverty reduction activities through improved service delivery at the local level, and assesses the record of the initial implementation of the decentralisation reforms. The design of decentralisation in Cambodia contains some innovative features. However the low levels of funding in the first five years of implementation, the lack of some key implementing regulations and the absence of clearly defined responsibilities for minimum service delivery by the communes or higher administrative levels has somewhat stalled the reforms. The main achievement to date therefore appears to have been in the political domain. The long-awaited sector deconcentration reforms are expected to give a new vigour to decentralisation, but many key issues related to deconcentration are still under discussion [adapted from the author's abstract].

Hetland, O., 2008, 'Decentralisation and Territorial Reorganisation in Mali: Power and the Institutionalisation of Local Politics', Norwegian Journal of Geography, Volume 62, Issue 1, March 2008 , pp. 23-35
http://www.informaworld.com/smpp/content~content=a790809484?words=decentralisation&hash=3240411922

This paper argues that discourses on decentralisation have a tendency to essentialise and romanticise local communities and downplay questions of exploitation, inequality and dominance. Based on a case study of decentralisation in Mali, the article directs attention to the introduction of communal institutions in local political contexts. "Even though the participatory territorial reorganisation carried through in the mid-1990s sought to establish districts that were suitable for local democratic governance, the new communes were created on the basis of existing local social and political relations" (p.1).

The paper concludes that the long-term institutionalisation of local governance systems is a function of local struggles over both authority and political processes within the state. Although decentralisation reforms have made it easier for ordinary people to influence local decision-making, participation is canalised through clientelistic relations.

Several recommendations are made:

- "It is important to consider the way in which a decentralisation reform is elaborated and implemented. The territorial reorganisation in Mali, which took place prior to the implementation of the decentralised government system itself, led to intense political competition around the composition of the new communes based on local power relations and identities.

- There are signs that communes have become an arena for local struggles over authority that are based on non-democratic principles such as clientelism and there are tendencies towards increased local elite control over local institutions and the fragmentation of local political relations.

- Third, it is important to consider the role of national political processes. The degree of devolution from central state authorities and the transfer of economic resources are important factors in this regard. Changes in the prerogatives of the state administration as an instance of control vis-a-vis the communes may lead to a more important role of the state as a local actor and, in the long term, recentralisation." (p.12)

Lister, S., and Wilder., A, 2005, 'Strengthening Subnational Administration in Afghanistan: Technical Reform or State building?', Public Administration and Development, Volume 25, Issue 1, pp. 39-48.
http://www3.interscience.wiley.com/journal/109884059/abstract?CRETRY=1&SRETRY=0
GSDRC document summary: http://www.gsdrc.org/go/display/document/legacyid/1423

This research finds that the functioning of sub-national administration in Afghanistan both shapes and is shaped by complex political dynamics and is part of broader political processes. The weak de jure state is undermined in a number of ways by the de facto powers of regional warlords and local commanders. The paper therefore recommends that interventions to strengthen sub national administration should not only focus on mechanisms and structures designed to increase the collection of revenues and facilitate the more efficient delivery of services, but should also be seen as part of an overarching political strategy of state-building. Specific recommendations are:

- Technocratic interventions that fail to consider the political context, including pay and pension reform and improving local infrastructure, could actually result in strengthening de facto powers rather than the de jure state.

- The wresting of control from regional and local commanders through disarmament, security reform and reform of the political economy will weaken their ability to influence the structures of sub-national administration and allow central structures to regain power.

- Such measures will also provide revenues to contribute towards improving links between provinces and the centre and enable local government to carry out activities geared towards increasing influence and bolstering legitimacy.

- Such an overarching political strategy to rebuild and strengthen the de jure state requires a long-term financial and military commitment from the donor community.

The following 3 studies discuss more specifically the relationship between decentralisation, neopatrimonialism and informal political systems:

Cammack, D., Golooba-Mutebi, F., Kanyongolo, F., and O'Neil, T., 2007, 'Neopatrimonial Politics, Decentralisation and Local Government: Uganda and Malawi', Work Package 2, Report for the Advisory Board of Irish Aid, Overseas Development Institute, London
http://www.odi.org.uk/PPPG/politics_and_governance/publications/GAPWP2.pdf

This paper finds that democratisation is accentuating neopatrimonial logic and its outcomes in Uganda and Malawi, and concludes that ongoing political economy analysis is an indispensable tool for donors in designing decentralisation: "Donors will only be more effective at engaging with hybrid countries when they understand how political actors will respond to different types of reforms, and design their interventions accordingly. This requires up-to-date local knowledge about individual interests and networks and informal rules, as well as understanding of historical path dependency." (p.8)

The authors observe that the results of decentralisation have generally been disappointing. Using field research in Malawi and Uganda in late 2006, and ask whether this can be explained by the influence of national and local politics on the implementation of decentralised structures and processes. It finds that the political logic in Uganda and Malawi is greatly influencing policy-making and reform in both countries. In Malawi, in the absence of local councillors and legally mandated district assemblies, organic forms of hybrid governance structures are emerging at district level and there has been a *de facto* recentralisation and a decline in democratic oversight and accountability. In Uganda, local governments now do not have sufficient funds to fulfill their political functions and deliver goods and services – a situation compounded by the creation of new districts.

The study concludes that: "Political strategies that favor short-term political gain, populist policy, patronage and the recentralisation of power – over coherent policy-making and long-term development planning – are the result…Exactly how competition for power plays out – and how this influences reform processes and their outcomes – depends on the precise configuration of actors and interests and the structural and institutional features within which they operate." (p.8)

Jackson, P., 2005, 'Chiefs, Money and Politicians: Rebuilding Local Government in Post-War Sierra Leone', Public Administration and Development, vol. 25, no 1., pp. 49-58
http://www3.interscience.wiley.com/journal/109884064/abstract?CRETRY=1&SRETRY=0
GSDRC document summary: http://www.gsdrc.org/go/display/document/legacyid/1252

This paper discusses the implications of the complex interaction between traditional chiefs, modern local government and the illegal diamond trade for the financial structure of local government under decentralisation in Sierra Leone. It argues that the reconstitution of the politico-economic networks surrounding diamond extraction outside of local government may lead to the alienation of the same groups that led the rebellion over the last few years.

Specific recommendations are:

- Understanding the context of decentralisation in terms of local political sensitivities, traditional authority and social structure is critical.
- Misunderstanding the context can affect the relationship between traditional authorities and district councils, particularly when the law does not clearly establish mechanisms for dealing with potential conflicts.
- Restoring traditional authority does not necessarily lead to establishing legitimacy or good governance.
- Going back to a pre-war structure may appear attractive, but may simply reproduce the same conditions that led to war in the first place.
- In order for progress to be made, the chiefdom system in Sierra Leone needs to reform.

See also:

Jackson, P. 2007. Reshuffling an Old Deck of Cards? The Politics of Local Government Reform in Sierra Leone. African Affairs 106(422): 95-111.
http://afraf.oxfordjournals.org/cgi/content/abstract/106/422/95

This article examines the relationship between chiefdom authority and decentralisation in post-war Sierra Leone. The chieftaincy has been in crisis for some time and is widely thought to be responsible for contributing to rebel Revolutionary United Front (RUF) recruitment. However, chiefs remain an important influence in Sierra Leone, and there is little demand for an end to the chieftaincy system. Rather than an abolition of chieftaincy, governance at local level requires constructive relationships between chiefdoms and local governments and not simply a reshuffling of agrarian class relationships or old ways of doing politics. This in turn requires a reform of the chieftaincy system and the resolution of local political tensions arising from decentralisation. [author abstract]

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Websites visited

Australian Development Gateway, Australian National University, Afghanistan Research and Evaluation Unit, Centre for Democratic Institutions, Global Development Network (GD Net), Southeast Asia Research Centre, South Asia Network of Economic Research Institutes, Oceana Development Network, Crisis States Research Centre, Institute for Development Policy Management (IDPM), Overseas Development Institute (ODI), Eldis, UNDP Democratic Governance Group, UNDP Fiji Multi-Country Office, Google, Google Scholar, Informaworld, IngentaConnect, GSDRC, OECD-DAC, World Bank, ScienceDirect, USAID, AusAID, DFID.

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