Helpdesk Research Report: Decentralisation and Statebuilding
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Query: To what extent has building or restoring sub-national administrative and fiscal structures been successful (or otherwise) at strengthening the state-citizen relationship and contributing to state legitimacy? To what extent do the nature of the political settlement and/or the political economy of the country affect these outcomes? Any examples of donor engagement/impact in this area would be welcome.

Enquirer: Politics and the State Team, Policy and Research Division, DFID

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1. Overview

Decentralisation and the building or restoring of sub-national government institutions can significantly alter centre-periphery relations. Much of the literature cites the potential for these processes and structures to contribute to improving state-citizen relations and advancing state legitimacy:

- **Output-oriented legitimacy:** This refers to legitimacy that is fostered through government outputs in terms of service provision (Oosterom 2009). There is some evidence that the ‘social contract’ may be easier to achieve in sub-national governments as a result of closer links and access between citizens and local authorities (Eldon and Gunby 2009). Local processes can be faster and more effective in addressing citizens’ day-to-day needs and priorities and in delivering public services. Small-scale projects can be carried out rapidly with local labour (Brinkerhoff and Johnson, 2009).

- **Input-oriented legitimacy:** This refers to legitimacy that is fostered by shared ideas and values held by society of what government should look like and consent to live by the rules set by governing institutions. In order to fulfil this type of legitimacy, citizens must be able to exercise their voice through inclusive participatory processes and state institutions must be responsive (Oosterom 2009). Much of the literature points to the greater ability of citizens to become involved in democratic processes at the local level and to hold local government accountable. This involvement in the public domain can build up a sense of citizenship. In addition, participatory planning processes at the local level can be effective in managing differences (Brinkerhoff and Johnson, 2009).

- **Extending state presence:** Sub-national government can also address the inability of states to integrate regions and minorities into polities, which can be a source of tension and instability (Jackson and Scott 2007).
**Political conflict mitigation**: The creation of multiple arenas of contestation for power through local government can avoid potential conflicts from ‘winner-takes-all’ situations and lay the groundwork for a new social pact (Brinkerhoff and Johnson 2009).

The contribution that decentralisation and sub-national government can make to statebuilding is influenced to a great extent by the nature of the political settlement and the political economy of the country. Much of the literature on case studies from around the world stress that decentralisation frameworks and the development of new local institutions cannot in themselves counter entrenched political economies. Political settlements and historical political contexts that are especially problematic are:

- **Neo-patrimonialism**: Informal ‘rules of the game’ and personal and patronage-based power has persisted in many countries. Political survival is achieved by accessing state resources to serve personalized patronage networks instead of promoting the public good. (Cammack et al. 2007) Decentralisation processes in these contexts are seen as political tools by the central state to strengthen control over local territories. Local government institutions may be deprived of sufficient resources such that they remain reliant on central government for funds. This dependence allows for continued patronage and power. In addition, this political climate transcends into local institutions and increases the likelihood that corruption and patronage will also occur at the local level. As a result of unreliable governance, citizens often themselves turn to personal networks for service delivery.

- **Fragmented political power**: Fragmented power can also result in the manipulation of decentralisation processes: ‘In Afghanistan, fragmented political power at the centre meant that deconcentration programmes have been used to promote the interests of one faction over the others’; while in Rwanda, a cohesive central authority has increased the legitimacy of the state through processes of administrative deconcentration’. (OECD 2010).

- **Traditional and non-state actors**: Where local capacity is weak and where non-state authorities are dominant in the provision of security and basic services (e.g. local chiefs and traditional power structures in DRC or Afghanistan), decentralisation could hinder state integration, political inclusion and stability (OECD 2010).

- **Exclusionary settlements**: Political settlements may exclude social forces that have a real and direct interest in better services. Under such circumstances, the interests of political elites persist and there is inadequate demand for change (Eldon and Gumby 2007).

The literature draws attention to various aspects that need to be addressed in order for decentralisation and sub-national government to contribute to state-citizen relations and state legitimacy. They include:

- **Reform and capacity building at both the local level and the central level**: In order for decentralisation reforms to succeed, the national state also has to be reformed, with genuine commitment to transform vertical and horizontal power relations (Muhumza, 2008). A strong and functioning centre is necessary in order to help shape administrative, political and fiscal decentralisation processes in a coherent manner (Faust, von der Goltz, and Schloms, 2007), and to provide oversight. At the local level, basic administrative and technical skills and the capacity to engage citizens in needs assessment, priority setting, planning, and programme implementation are required. In the absence of such capacities, services may not meet community needs and resources can be mismanaged or become subject to corruption (Brinkerhoff and Johnson, 2009).

- **Attention to political context**: Decentralisation processes must take into account each country’s history, cultural values and political realities – and adopt a model of reform that takes these factors into consideration (Muhumza, 2008). Successful decentralisation requires attention to incentives and power dynamics (Brinkerhoff and Johnson, 2009). Continued blurring of boundaries between public and private and personalized patronage can result in public distrust in government and lack of faith in public services.
Long term engagement: The evolution of positive state-society relations is generally a lengthy process. The benefits sought from local governance should be seen as normative targets to aim for instead of immediate objectives to be fulfilled (Brinkerhoff and Johnson, 2009). Donors also need to distinguish between immediate and longer-term objectives, as these may not always be compatible. If longer-term institutional development is the objective, it is beneficial to support new institutions even if they prove ineffective in the short term. Over time, with growing citizen pressure and increased use of formal channels, these institutions may embed new practices, beliefs and accountabilities that will have development dividends in the long term. (Cammack et al. 2007)

2. Key Literature

General

Oosterom, M., 2009, ‘Fragility at the Local Level: Challenges to Building Local State – Citizen Relations in Fragile Settings’, Working paper prepared for ‘Local Governance in Fragile Settings: Strengthening Local Governments, Civic Action or Both?’ workshop, 24 November, the Hague

This paper explores the interface between citizens and the local state, an under-explored area which it considers integral to the consolidation of viable local democracies and the promotion of state legitimacy. It notes that decentralisation has been pursued based on two key assumptions: (i.) it brings government closer to the people and allows greater involvement in decision-making; and (ii.) it leads to more efficient public service delivery. Key weaknesses and risks in implementation, however, have included:

- poor technical capacity;
- the persistence of ‘politics’ and the use of decentralisation solely as a tool for the central state to strengthen its control over local territories;
- ‘elite capture’ of participatory spaces;
- mismanagement of resources and exclusive decision-making that exacerbates group tensions; and
- lack of empowerment and the formulation of responsive policies in response to increased citizen participation.

These risks, in particular insufficient capacity and political dynamics, are often of greater prominence in fragile settings: ‘the boundaries between the state and the citizenry are likely to be blurred and various organised non-state actors may exist, which are competing for authority. This complexity of actors and power relations will in turn affect the mechanisms for state–citizen interaction’ (p. 8). As such, some argue that participatory processes at the local level should be deferred in fragile contexts. The author stresses instead that the local level should receive early attention as it is ‘important for day to day experiences of the state, which shapes people’s perceptions of the state and the political community at large (Van der Haar et al. 2009). It is also at the local level where people are involved in the public domain and thus build up a sense of citizenship. Thus, if both democratic institutions and democratic politics are considered to be crucial to a functioning inclusive democracy and if civic engagement is considered to contribute to the legitimacy of often new and fragile institutions, then it is necessary to carefully assess the potential of participatory local governance in adverse contexts’ (p. 8).

The paper considers legitimacy and accountability to be core aspects of state-citizen relations. It outlines two types of legitimacy: output-oriented legitimacy, in which legitimacy is fostered through government outputs in terms of service provision; and input-oriented legitimacy, in which
legitimacy is fostered by shared ideas and values held by society of what government should look like and consent to live by the rules set by governing institutions. Important to the latter is the ability of citizens to exercise voice and for state institutions to be responsive. The author stresses that donors must work on both output-oriented and input-oriented legitimacy.

In terms of accountability, the author states that effective mechanisms for accountability will vary according to the local context and causes of state fragility. In cases where the state is absent or weak, interventions can only focus on the demand side, aiming to strengthen capacities for citizen voice and engagement that can be used once state institutions resume functions. If local state institutions are present, support should be given to channels for local state-citizen interaction. Under repressive regimes, attention should be paid to creating safe spaces for voice and the possibility of linking voices to the state; whereas in less authoritarian settings, it may be possible to seek to build coalitions and cooperative relations with receptive government officials. Aid agencies need to analyse in which form local state institutions are present and look for opportunities to involve both local state officials and citizens. This requires careful thinking about how to set up and facilitate channels through which citizen, officials and civil society can interact’ (p. 14).


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 and that it is important to understand the political context: “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.

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).

Africa


http://codesria.org/Links/Publications/ad4_08/AD_33_4_2008_4_Muhumuza.pdf

This paper looks at donor-driven decentralisation reform efforts in Uganda. It stresses that such reforms need to be viewed in a historical context. The pursuit of decentralisation in Africa was largely in response to the predatory and neo-patrimonial governance of the centralised state. Decentralisation became a key part of neo-liberal economic and political reforms aimed at bringing about a lean, democratic, efficient and effective state that could promote development. This market view implies that the key objectives of decentralisation could be achieved without necessarily pursuing wider and deeper democratic changes. In addition, African rulers often agreed to such reforms for reasons of political survival rather than a genuine desire to promote local government. In order for decentralisation to be genuine, power relations need to be transformed.

Uganda has been commended for having successfully implemented decentralisation that emphasises bottom-up and gender sensitive participation, for example through the establishment of legal quotas. However, the paper argues that although local government reforms have increased participation in terms of geographical reach and numbers, there have been minimal substantive changes. The opportunities generated by quotas have largely benefited elite women who have pursued individual interests rather than those of grassroots women. There has growing citizen apathy in local government due to lack of government responsiveness and improved service delivery despite participation in council activities and payment of taxes. Corruption has also been prevalent in local government institutions, further undermining the service delivery. In addition, local authorities do not have sufficient resources to cover the costs of the local government structure, let alone to carry out its duties. Revenues that were earmarked to local government are unreliable and generate meager resources (e.g. fines, licenses, market dues); whereas the central government retained all lucrative sources of revenue (e.g. VAT, withholding tax, excise duties). Thus, although local government appears to be autonomous with powers to strong decision-making powers, in the absence of fiscal autonomy, these powers cannot be properly exercised. It has remained reliant on the central government for funds. The paper argues that this has been a calculated strategy on the part of the central government such that it could maintain power and use decentralisation as a tool of patronage and political control.

The paper concludes that in order for decentralisation reforms to succeed, the national state also has to be reformed. There needs to be a genuine commitment to transform vertical and horizontal power relations. Decentralisation processes must take into account each country’s
history, cultural values and political realities – and adopt a model of reform that takes these factors into consideration.


This paper seeks to explore why decentralisation processes in Uganda and Malawi have failed to contribute to improvements in public service delivery, political accountability and participatory democracy and decision-making. It finds that national politics have had a significant impact on decentralised structures and processes. In both Uganda and Malawi, as in other sub-Saharan African states, ‘institutional hybridity’ has been a common feature, in which ‘patrimonial norms and practices (e.g. personalism, use of public resources for private means and clientelist relations) continue to exist alongside, and often subvert, formal legal-rational state institutions (both political and bureaucratic). The neopatrimonial logic that arises from this institutional hybridity has greatly influenced the course and outcome of decentralisation in both countries. In particular, local government structures, and the reform of these, have been used by both national and local political actors to gain advantage in their competition for access to state power and resources’ (p. 49). In such contexts, political survival is achieved by accessing state resources to serve personalized patronage networks instead of promoting the public good.

In Malawi, political parties are weak and are seen primarily as a vehicle for accessing resources rather than furthering ideological or programmatic objectives. The postponement of local elections has had serious implications for the functioning of local government. The absence of local councilors and legally mandated district assemblies contributed to recentralisation and a decline in democratic oversight and accountability. In Uganda, the abolition of the graduated tax, collected by local authorities, and the proliferation of local districts have threatened the viability of local governments. Insufficient funds to deliver services and to pay wages of staff have also contributed to the recentralisation of decision-making power and weak local oversight and accountability.

The paper highlights the following lessons and recommendations (see pp. 53-54):

- New institutions, including democratic ones, cannot be simply or quickly introduced. Existing institutions are deeply entrenched and benefit particular groups in society. Where the state is not reliable, even non-elite groups are often committed to particularistic access to resources through patronage networks.
- Hybrid state politics are directly linked to stages of economic development such that, without modern class formations that create cross-cutting interest-based political logic, little change is possible. Thus in the absence of deep social upheaval or revolutionary change that undermines entrenched social norms and powerful interests, incremental change is the best that can be hoped for.
- Donors also need to distinguish between immediate and longer-term objectives, as these may not always be compatible. For example, decentralisation can undermine development planning, the allocation of resources and service delivery, either because of its distortion by local interests or because of lack of capacity. In such cases, recentralisation may be a more effective way of achieving development results and alleviating poverty. However, if longer-term institutional development is the objective, it is beneficial to support new institutions even if they prove ineffective in the short term. Over time, with growing citizen pressure and increased use of formal channels, these institutions may embed new practices, beliefs and accountabilities that will have development dividends in the long term.
This paper argues that state-making and peacebuilding in South Africa has been facilitated by inclusive coalitions and the commitment of influential political leaders, able to forge broad coalitions, to development. This required the break-down of old political settlements established under the apartheid regime and the negotiation of a new, inclusive political settlement that comprised (see p. 1):

- The creation of an administrative machinery that could contain customary authority institutions within a broader polity;
- Political structures that could channel the ambitions and grievances of traditional leaders;
- A system of local government that could draw on the experience and access of chieftaincies to bring development to hard-to-reach areas (p. 1).

The incorporation of indigenous institutions remains contested in South Africa as some believe that such institutions and customary authority run counter to aspects of liberal democracy. Nonetheless, there have been areas of success, particularly in Greater Durban, where inclusive elite coalitions have promoted development outcomes. The reasons for success there include:

- The presence of influential political leaders with links to both local chieftaincies and the African National Congress (ANC) who were able to forge inclusive coalitions that included traditional leaders, elected councillors, businessmen, social activists and the church. These leaders were committed to development and were able in some cases to break down political boundaries and antagonisms in the interest of promotion inclusive development strategies.
- The government recognition that indigenous institutions can be resistant to change and thus the need to carefully consider the interests of traditional leaders.
- The fear by all parties, in particular ordinary citizens, of a return to violence, which opened up the space for local dialogue and cooperation.
- The presence of a strong metropolitan government that was politically unified within a political coalition allowed for successful coalition-building.

Drawing on the experience of Mozambique, this paper seeks to explore whether decentralisation processes can transform neo-patrimonial states into more democratic and development states. Mozambique has largely been a neo-patrimonial one-party state, reliant on strategic rents. The civil war in Mozambique demonstrated to the ruling party that state resources were insufficient to control the vast national territory and its people. A radical decentralisation programme emerged within the context of the Rome General Peace Accords of 1992 that put an end to the civil war in Mozambique. Legislation provided for the establishment of municipalities and provincial and district governments. The paper finds while the central state remains the strongest actor in the country, decentralisation processes have been successful in introducing participatory planning and electoral democracy in municipalities; and in generating demand for better resource endowment, service delivery and transparency.

The paper concludes by highlighting various arguments that have been made in support of statebuilding through local governance decentralisation. They include (see. pp. 25-26):
The need of the African neopatrimonial state, as in the case of Mozambique, to project/broadcast its authority and functions into vast, thinly populated territories, even if only for the reason of controlling territory, resources and people.

The self interest of the central state of ensuring its survival by engaging sub-national levels in fostering and broadening loyal relationships, or co-opting or usurping local elites via different types of and approaches to decentralisation.

Statebuilding in Africa is about striking a balance, at the different levels of the state, between “effectiveness and accountability” around common interest. This balance arises from struggles or bargains between the holders of state power and resources on the one hand, and organised social groups, civil society and rural actors on the other. Such processes are not restricted to the capital or urbanized areas, but take place, in specific forms and intensities, across the vast territories in which state authority and possible conflict resolution mechanisms are distant or absent. The result may be internal strife and political violence, instability and failure of the political economy and the state. [...] Thus, some degree of sharing of power, resources and economic benefit lies in the self-interest of central state’.

Processes of decentralisation and local governance, are observable in almost all African countries. The reality is thus that ‘decentralisation is viewed, by local population, national governments and donors alike as part of building a more viable, balanced etc. state which can deliver goods and services and contribute to wealth creation’.

Collective bargains may have a greater chance of success and be cheaper to maintain in smaller (territorial and / or administrative) units. As such, statebuilding through decentralisation represents a viable option.


This paper is one of a series published by the World Resources Institute, exploring the democracy effects of decentralisation reforms and projects. It focuses on natural resource management in Benin and donor-funded projects that transferred executive mandate to a wide range of local institutions, including private bodies, customary authorities and NGOs. It describes such decentralisation processes as generally having produced more institutional confusion than a real transfer of executive or decision-making power to local elected bodies. Moreover, it asserts that: ‘In the African political context where new legitimacies do not erase previous ones, fledging local governments are receiving few public powers and face competition for legitimacy’ (p. 1). The legitimacy granted to a given institution cannot be disconnected from the agents who enforce the ‘rules of the game’. The paper stresses that local governments are key players that are well placed to articulate local dynamics and public debates into national state policy processes. However, in order to achieve this, they need greater capacity and awareness of being political agents that are part of a national statebuilding process. This is constrained, however, by the attitude of the central state and its bureaucracy, which as in the case of forest management in Benin, has denied local government any significant access to public goods, including state budgets and human resources.

Asia and the Middle East


Drawing on lessons from Afghanistan, this paper seeks to address the gap in research and analysis on the relationship between local government and state-building. In Afghanistan, the uneasy coexistence of centralised state institutions and fragmented and decentralised traditional
society broke down after years of conflict and civil war. Power became highly decentralised, with ‘commanders’ and ‘warlords’ dominating large areas. International statebuilding interventions have focused on promoting a strong central government and a framework of bureaucratic rules. Insufficient attention has been paid to challenging the persistence of informal rules. Power continues to be exercised in a personal and patronage-based manner in a way undermines stability and the human security of citizens. This has resulted in popular alienation and contributed to the revitalised insurgency. In addition, there has been limited understanding of the role that the central state plays in mediating power-relations and influencing the rules of the game at the subnational level.

The paper argues that inadequate focus on these processes and subnational administrative structures and the way they function has undermined statebuilding efforts have contributed to the failure of reform programmes. For example, attempts to reform public administration in the provinces have been constrained by a lack of strong, consistent and active political backing from the centre for the reform programme and the continued influence of informal rules and patronage networks. The establishment of provincial development committees has also been a failure as it is seen not as a bureaucratic exercise, but rather as a highly political activity that involves the control of resources and activities. This resulted in inter-ministerial rivalries and touched on unresolved questions on the manifestation of power through provincial structures.

In summary, the paper finds that: ‘Both international and Afghan actors have failed to act on the need to change informal rules based on patronage in order to create a state in which power is exercised in a progressively depersonalised and formalised way. This complex process, involving understanding and interacting with political dynamics, requires skills that few agencies prioritise and takes time, which is viewed as a luxury in the rush to show visible results. So simple ‘technocratic’ solutions are put forward for complex political issues, and there is a constant emphasis on ‘capacity-building’ (p. 1002). There is now growing recognition of the need to reform local government such that it is under the control of central government and functions according to bureaucratic rules. The Afghanistan Compact of 2006 marks the first explicit acknowledgement of the importance of subnational governance for achieving development and political goals and the need to commit to addressing the issue. However, the long delay in coming to this recognition has given local powerholders the time and space to adapt the old ‘rules of the game’ to the new circumstances, making the challenge of reform even more daunting.


This article examines the role that local governance plays in creating an effective state and in building constructive state-society relations. It finds that local governance has the potential to address some of the key challenges faced by central government in fragile states, in particular:

- Weakly rooted national government that is unable to integrate regions and minorities into larger politics
- Poor and inequitable distribution of services and resources
- Weak national integration and the ability of sub-national entities to operate autonomously, hindering a sense of national identity

These challenges make it difficult for central government to fulfill the three necessary core governance functions: security, effective and efficient delivery of basic public goods and services, and managing political participation and accountability. In contrast, experience shows that local government in fragile states can achieve the following positive outcomes. Reference is made to examples from Iraq:
Increase speed of service delivery: Focusing on the local can address citizens’ day-to-day needs and priorities. Small-scale projects can be carried out rapidly with local labour, both of which can enhance legitimacy. In Iraq, the central leadership vacuum from the de-Ba’athification process has been filled in part by local service delivery programmes carried out by deconcentrated central ministry staff. In 2006, Iraq took steps toward creating a sub-national policy framework for service delivery.

Address ethnic/regional inequities: In states with regional enclaves rich in oil or mineral resources, central redistribution of revenues and some degree of autonomy have been important for stability.

Build democratic and conflict management capacities and mitigate political conflict: The creation of multiple arenas of contestation for power through local government can avoid potential conflicts from ‘winner-takes-all’ situations and lay the groundwork for a new social pact. In Iraq, the development of local councils has contributed to democratic governance at the sub-national level. Provincial councils in most provinces have also been able to bridge factional differences. In addition, participatory planning processes at the local have also been able to effectively manage differences.

Experiment to find creative solutions: Focusing on decentralised initiatives allows for experimentation, quick learning and reform of policies and activities. In Iraq, Experiments with division of power between centre and region and centre and province during 2003-05 have been instructive in developing a national governance structure, which formalized decentralisation.

Enhance legitimacy: Governance restoration at the local level allows for the emergence of new leaders who have strong links in the community and greater legitimacy among local populations. Iraq’s constitutional government suffered from weak legitimacy in part due to the reliance on the return of elites from exile to fill government positions. In contrast, most provincial council members have remained in Iraq and have a greater degree of acceptance and legitimacy for having survived the same fate in the country.

The paper outlines some key lessons for rebuilding governance in fragile states. These include:

- Decentralisation choices: Experience indicates that both deconcentration and devolution are often required. In the case of Iraq, for example, rapid delivery of services through deconcentrated administration of sectoral agencies enhanced legitimacy. However, legitimacy also requires representative, responsive and accountable governance mechanisms, which requires a measure of devolution. This was promoted early on in Iraq with provincial governments working across factional divides.

- Capacity-building: Central and local capacity are necessary for successful decentralisation. At the central level, skills related to policy analysis, regulation and oversight, and policy implementation are required. At the local level, basic administrative and technical skills and the capacity to engage citizens in needs assessment, priority setting, planning, and programme implementation are required. At both levels public officials and their non-state partners need to be able to bridge ethnic and religious differences in the order to prevent conflict and contribute to a broader national identity. In the absence of such capacities, services may not meet community needs and resources can be mismanaged or become subject to corruption.

- Politics: Successful decentralisation also requires attention to incentives and power dynamics. Local government capacity alone cannot ensure that local discretion will result in decisions that are responsive or democratic. In the absence of checks and balances, decentralisation may reinforce patron-client relationships.

- Lengthy processes: It is important to note that the evolution of positive state-society relations is generally a lengthy process. In addition, it requires the ability of citizens and civil society organisations to exercise voice; the ability of higher levels of government to exercise oversight of lower levels; and the existence of rules and procedures that govern the behavior of public employees and officials. These requirements are often not readily fulfilled in fragile and post-conflict societies. As such, the benefits sought from local
governance should be seen as normative targets to aim for instead of immediate objectives to be fulfilled.

http://www.initiativeforpeacebuilding.eu/pdf/Pakistan_State_Society_Analysis.pdf

This report examines state-society relations in Pakistan historically and in the current context. The historical interaction between formal and informal factors has contributed to the fragile situation in the country. Informal ‘rules of the game’ have often taken precedence over the formal. In spite of formal laws and procedures in place, the exercise of personal power and a vertical, personalised patron-client approach to politics and service delivery have shaped governance and hindered transparency. In addition, despite the perceived strength of the political executive, due to few checks and balances, its capacity to formulate and implement policy and to deliver services, is weak: ‘This limited capacity to operate effectively and to build the necessary legitimacy to justify its dominant position in Pakistan’s society, represents one of the biggest risks in terms of the country’s long-term stability’ (p. 25).

Institutional frameworks have been established, aimed at creating a more accountable and effective local governance system that can be responsive to local needs and improve on service delivery. There have been difficulties, however. The weak financial position of provincial governments and their dependence on federal grants and transfers has undermined their ability to perform their core functions. In addition, there have been politically-based transfers and non-merit based recruitment of staff. The blurring of boundaries between public and private has been prevalent at all levels in Pakistan and has deep social roots. Public attitudes toward political processes and service delivery indicate deep distrust and low expectations. Citizens have little faith in public services and are more likely to access services through personal networks.

http://www.naga.gov.ph/cityhall/DR_ANGELES.pdf

This paper looks at decentralisation processes in the Philippines and focuses on the specific success story of Naga City. In the post-Marcos period in the Philippines, decentralised forms of governance that had long been advocated by provincial leaders and civil society groups became a reality with the Local Government Code. Decentralisation was a state-led response to civil society demands to open up political spaces for state-society engagement. The democratic transition facilitated decentralisation by increasing collaboration of government with NGOs and promoting citizen participation. Decentralisation of government powers was seen to address several needs not well addressed by the old centralised framework, such as: empowering of civil society organisations and their partnership with government in decision-making and programme implementation; ensuring local governments have accurate information about the needs and priorities of constituencies; and promoting government accountability, transparency and efficient and equitable use of resources.

Several factors are considered to have contributed to the innovative restructuring of state-civil society relations in Naga City. They include (see p. 298):

- the Local Government Code;
- an enterprising and reformist activist local government led by a visionary Mayor (Robredo), who moved away from reliance on kinship-based patronage politics and focused instead on establishing a leadership record;
the ‘sustained human resource development of city officials and staff that proved indispensable in continuous improvement of service delivery, programme development and community mobilisation’; and

the active participation of civil society groups.

In order to forge a new social contract with its citizens, the Robredo government using a variety of tools, including: e-governance facilities, new incentive structures, participatory planning and governance processes, and the publication of the Citizens Charter, which provides detailed information on accountability and transparency in service delivery. This Charter was considered to be an enforceable contract between city government and its constituents, that could be adapted based on citizens’ feedback, government response, and widespread social learning.

In drawing lessons from Naga City that can apply to other contexts, the paper concludes: “In Naga City, decentralisation has clearly resulted in substantive participation for poor and socially marginalised groups in political decision-making, without alienating and threatening the middle-class, business, and economic elites. It has also aided in the local organisational capacity of community-based groups, NGOs and other civil society organisations, reinforcing the ability of people to trust one another, mobilize resources, resolve conflicts, and work together in solving their common problems and achieving agreed-upon goals. Capacity building on the part of both government and community organisations, is a necessary ingredient and outcome of participatory planning and governance, that enables people to rediscover their strengths and limitations, empowering them to take control of their lives and develop their fullest potential. When civil society organizations are supported by government and used as conduits in communicating directly to citizens for their own political education and concerted action, civil society groups in turn, could move beyond mere advocacy politics and participate effectively in the arenas of policy-making and programme implementation’ (p. 317).


This paper argues that establishing decentralisation processes in peace agreements will not in itself result in equitable and sustainable peace. It is also important to pay attention to the quality of local government institutions and their ability and willingness to manage the distribution of economic and political resources. Looking at the case of Aceh, it finds that the Helsinki Memorandum of Understanding (MoU) and the Law on Governing Aceh (LoGA) provide the basis for dealing with many of the grievances of the people of Aceh, in particular perceived centre-periphery inequality in resource allocation. The MoU and LoGA give much autonomy to local government to manage Aceh’s natural and other resources. The result has been a tremendous increase in resources within Aceh that could be used to fulfil development aims. However, such provisions have not been sufficient to foster a sustainable peace. Local government institutions in Aceh are weak and do not currently have the capacity to effectively manage and spend such resources. In particular, they are lacking in: ‘local planning and implementation capacity; ability to make policy-decisions and execute them in transparent and accountable non-corrupt ways; and mechanisms to ensure that local political competition is conducted in a democratic and non-violent manner. These three local factors will largely determine the ability of the local government to address local grievances and the extent to which local elite incentives for mobilizing grievances are minimized. Achieving sustainable peace in Aceh thus depends on progress in building strong and legitimate local state institutions’ (p. 23). In the absence of strong institutions, corruption has been widespread and government expenditure has been captured by politically connected elites. In addition expenditure has concentrated in urban centers to the neglect of the rural poor.

The paper provides some principles for engagement by international actors (see pp. 24-25).
Support the delivering of services, rather than deliver them: ‘In the long run, and given the current lack of state legitimacy, it is vital that support goes to helping build the capacity of local government agencies, rather than outside actors directly delivering such outcomes and services themselves’.

- Adopt a long-term timeframe for engagement: Some technical lessons on building government institutions can be imported from elsewhere, but, in most aspects, many of the institutional “solutions” to problems cannot be prescribed and must be ‘forged incrementally through legitimate, inclusive and accountable processes of contested deliberation’.

- Recognise the importance of local knowledge: In order for outside actors to properly understand and engage in a long-term process of institutional change, it is important that staff and the institutions themselves build their local knowledge of Aceh. Concretely, this can include having local and non-local staff working alongside, learning the language, engaging in sociological research and analytical work, and encouraging relationships between Acehnese and non-Acehnese.

- Recognise the limited agency of international actors and engage accordingly: Attempts to use funds to press for changes in governance norms and practices may be stifled by the incentives of those in government to carry-on with the status quo. It is important to identify clear strategic entry-points where outside actors can promote change – e.g by working directly with local government or by supporting the ‘enabling environment’.

- Engage a range of actors at different levels: This can include working directly with various line agencies at the provincial and district levels, as well as with service points at the sub-district or village level.

**Latin America**


This paper stresses that in order for decentralisation to be successful, it requires multi-level strategies that encompass different levels of government: the local, the provincial and the national. In particular, a strong and functioning centre is necessary in order to help shape administrative, political and fiscal decentralisation processes in a coherent manner. However, this precondition is absent in many countries in Latin America and elsewhere. Instead the state is fragmented, which makes it difficult to develop a coherent, multi-level strategy as political actors involved follow their own special interests. This has often resulted in unclear distribution of administrative competences among different levels of government, which makes it difficult to allocate fiscal competences and resources. In addition, such confusion reduces the accountability of political leaders at national and subnational levels and contributes to traditional clientelism. Further, dependence by subnational entities on fiscal transfers due to insufficient independent revenues has produced incentives for central governments to use transfer systems for political purposes.

Such developments were prevalent in the case of Ecuador, where a highly fragmented and polarised congress and populist coalition government have impeded coherent policy-making. The 1998 constitution, drafted in a period of national political crisis, represented a significant step towards administrative decentralisation, which had lagged behind political and fiscal decentralisation. However, the constitutional assembly failed to establish a uniform distribution of policy responsibilities; and specific provisions within the constitution contributed to a chaotic structure of administrative decentralisation. Fiscal decentralisation, while aiming to decrease discretionary allocations of resources, still allows for many transfers, some of which were created
for political purposes. This structure and framework have hindered accountability and have not provided incentives to act in the collective interests of constituencies. It has failed to challenge traditional forms of local clientelism and patronage. As such, although there is evidence that some municipalities have been using their increased space to engage in serious local reform efforts, the general pattern is a failure of improved local governance.

It is thus important for donors to acknowledge and seek to address weaknesses at the central level when engaging in decentralisation reforms. The paper highlights the work of GTZ and their multi-level approach that has successfully promoted decentralisation. Decentralisation interventions focused not only on the local level but also on promoting reform on regional and/or central levels. In addition, interventions that were aimed at strengthening the central level sought to make linkages to regional and local levels. For example, while supporting the drafting of legislation aimed at fiscal responsibility at the subnational level in Ecuador, GTZ also contributed to the establishment of a national monitoring system at the Ministry of Finance such that it could provide oversight and evaluate fiscal information of municipalities and provinces; and sought to build the capacities of local government to engage in fiscal transparency.

See also:
Faust, J. et al, 2008, ‘Political Fragmentation, Decentralisation and Development Cooperation: Ecuador in the Latin American Context’, Deutsches Institut für Entwicklungspolitik (German Development Institute), Bonn

von Haldenwang, C., 2008, ‘Taxation, Social Cohesion and Fiscal Decentralisation in Latin America’, Deutsches Institut für Entwicklungspolitik (German Development Institute), Bonn

This paper explores the linkages between taxation, fiscal decentralisation, the delivery of public services, social cohesion and legitimacy. It argues that a broad and progressive tax base and a fiscal decentralisation regime can contribute to social inclusion and equity, which in turn can enhance perceptions of legitimacy. In contrast, in Latin America, the polarization of wealth and income is matched by a tax system in which the upper strata systematically avoid their fair share to the provision of public goods. In addition, fiscal decentralisation has not provided local or intermediate governments with strong incentives to become more responsive to local interests.

The paper also emphasises that in order for fiscal decentralisation to translate into improved public services, local government must be given sufficient sources of revenue to match expenditure needs. Residential property taxes and user fees, while easy to implement, are generally insufficient for service delivery. As such, additional taxes (e.g. on vehicles or on the consumption of specific goods) need to be assigned. Still, transfer payments from central government will often be required to compensate for differences between groups or territorial units. However, the paper cautions that local dependency on central government transfers could stimulate rent-seeking and moral hazard on both sides.
3. Further resources


This report examines the ways in which donors working in fragile contexts can “do no harm” or positively contribute to processes of statebuilding. It has a brief section on decentralisation and centre-periphery relations (see pp. 42-44). It notes that although decentralisation processes can significantly alter centre-periphery relations, it is uncertain when they contribute to or impede statebuilding. It is important for donors to seek to understand local politics and dynamics.

The nature of the political settlement at the centre can affect the impact of decentralisation programmes: ‘In Afghanistan, fragmented political power at the centre meant that deconcentration programmes have been used to promote the interests of one faction over the others’; while in Rwanda, a cohesive central authority has increased the legitimacy of the state through processes of administrative deconcentration’.

The report also highlights the importance of reinforcing central administration alongside decentralisation processes such that the centre can provide support to the periphery and assist with the establishment of local capacity. In addition, where local capacity is weak and where non-state authorities are dominant in the provision of security and basic services (e.g. local chiefs and traditional power structures in DRC or Afghanistan), decentralisation could hinder state integration, political inclusion and stability.

http://www.hlspinstitute.org/files/project/267597/StatesInDevelopment_State_Building_and_Service_Delivery.pdf

This report discusses the role of service delivery in statebuilding. It has a small section that discusses the role of decentralised service delivery (see pp. 22-24). It notes that much literature point to the contribution that decentralisation can make to statebuilding, in particular by: strengthening participation, accountability and legitimacy at lower levels of government; and improving the local state-society contract. There is some evidence that the ‘social contract’ may be easier to achieve in sub-national governments as a result of closer links and access between citizens and councilors (e.g. in Zimbabwe, Cambodia and Nigeria). Nonetheless, the paper finds that in actuality, decentralisation has not been proven to impact (positively or negatively) on service delivery. It stresses that potential changes in service delivery cannot be expected based solely on the level at which services are provided. Other factors are critical, in particular: the purpose and form of decentralisation; the way in which it is implemented and managed; fiscal and administrative capacity; political will at both local and central levels; and the ability and willingness of citizens to engage in local governance. The case studies profiled in this study indicate that the social contract is weak and state and society linkages often to not extend beyond patronage networks. In addition, political settlements often exclude social forces that have a real and direct interest in better services. As such, the interests of political elites persist and there is inadequate demand for change. There are some cases, however, for example Mozambique, where elites may consider that their best interest is to respond to the population as a whole. In such contexts, donor support can be effective.

Corruption can impede the legitimacy and effectiveness of the state, undermining state-society relations and public trust in state institutions. This report looks at six cases of violent conflict resolved through negotiation that included good governance provisions: Burundi, El Salvador, Guatemala, Liberia, Papua New Guinea, and Sierra Leone. In each of these cases, issues of corruption and integrity played a big role during talks and in the outcomes of negotiations. The report includes descriptions of donor-supported decentralisation activities that it considers to have been beneficial in promoting accountability, strengthening local governance, enhancing citizen participation and local democratic processes.

4. Other GSDRC Resources


Of the limited recent literature that considers the political economy of sub-national (state and provincial) government, the case of Afghanistan is prominent. International support to sub-national governance in Afghanistan has been relatively well documented, with much of the literature emphasising that reform efforts have often neglected to account for the political economy of centre-province relationships, and in particular failed to understand the duality of governance – that is, how patronage operates through formal bureaucratic rules.


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. Yet many are skeptical as to whether there is any evidence that decentralisation can produce pro-poor outcomes in fragile settings.


The ‘community’ has often been resilient in conflict-affected and fragile contexts, providing survival and coping mechanisms for violence, insecurity and fragility. Growing attention has thus been paid to the adoption of community-based approaches to help address the extensive needs in these contexts. This paper from the GSDRC explores the principal aims of community-based approaches and key challenges and considerations in designing and implementing such approaches, particularly in environments of conflict and fragility. Community-based approaches (CBA) seek to give communities direct control over investment decisions, project planning, execution and monitoring, through a process that emphasises inclusive participation and management. The basic premise is that local communities are better placed to identify their shared needs and the actions necessary to meet them. Taking charge of these processes
facilitates a sense of community ownership, which can contribute to the sustainability of interventions.

5. Additional information

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Websites visited

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