



USAID
FROM THE AMERICAN PEOPLE

Regional Variations in Local Governance

Final Report

Contract Number: DFD -I-00-05-00125-00
Order No. 2

October 16, 2006

This publication was produced for review by the United States Agency for International Development.
It was prepared by PADCO.

FINAL REPORT

October 16, 2006

Regional Variations in Local Governance

Louis A. Picard, Team Leader

Contributors:

Jerry Silverman

Susan Vogelsang, Editor

Bonnie Walter

Morey Kogul

Prepared by

PADCO

1025 Thomas Jefferson Street, NW

Suite 170

Washington, DC 20007-5204

Phone: 202.337.2326

Fax: 202.944.2351

Email: padco@padco.aecom.com

DISCLAIMER

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

Table of Contents

SECTION ONE: Overview	3
1.A. The Implications of Regional Variation for Local Government.....	3
1.B. The Organization of this Paper	4
1.C. Terms Used in the Paper	5
1.C.1. Terms: Regions Defined	5
1.C.2. Terms: Internal and External Influences Defined	6
SECTION TWO: Regional Variations in Traditions of Local Governance	10
2.A. Sub-Saharan Africa: The Local State	10
2.A.1. Historical External Influences: The Colonial Legacy and Prefectoral Control	10
2.A.2. Internal Influences: Contemporary Forms of Local Governance and Local Control and Culture	11
2.A.3. Contemporary External Influences and the Limits of Local Government Reform.....	13
2.A.4. Mass-based Political Movements in Africa	14
2.B. Latin America and the Caribbean: The Municipal Model	15
2.B.1. Historical External Influences: The Iberian Legacy of Centralization	15
2.B.2. Internal Influences: Authoritarian Patterns and Local Control	16
2.B.3. Contemporary External Influences: The Role of Donors and Decentralization Reforms	21
2.B.4. Mass-based Political Movements: Organized Interests and Local Government.....	22
2.C. Europe and Eurasia	23
2.C.1. Historical External Influences: Land Based Imperialism, the Soviet Interlude and Local Control	23
2.C.2. Internal Influences: Decentralization, Regional Organizations, and Culture.....	24
2.C.3. Contemporary External Influences: Foreign assistance—the influence of donors	27
2.C.4. Mass-based Political Movements: Local Rebellions	28
2.D. Asia and the Near East.....	29
2.D.1. External Influences: Multiple Legacies of Imperial Control	29
2.D.2. Internal Influences: Culture, Local Governance, and Decentralization.....	30
2.D.3. Contemporary External Influences: Foreign Aid and Local Governance Forms	36
2.D.4. Mass-based Political Organizations: Social Service Delivery—Civil Society, Religion, and Ethnicity.....	39
SECTION THREE: Conclusions	41
3.A. Regional Variations in Local Governance Traditions: Regions as Analytical Units for Subnational Governance.....	41
3.B. Conclusions—Internal and External Influences on Regional Variations in Governance Traditions.....	44
3.B.1. Historical external influences.....	44
3.B.2. Internal Cultural and Political Influences	45
3.B.3. Contemporary External Influences—Foreign Donor Influence.....	45
3.B.4. Mass-based Political Movements—Parallel Governance	47

SECTION ONE: Overview

1.A. The Implications of Regional Variation for Local Government

This paper addresses regional variations in local governance traditions. The paper describes perceived regional variations in local governance tradition that USAID policy documents, but does not describe. Influences noted at the regional level that affect local governance, include: 1) historical external influences (colonial experience/historic imperialism), 2) internal influences including culture and political institutions including decentralization policy; 3) contemporary external influences, the influence of foreign assistance on decentralization; and 4) the role of mass-based political organizations and NGOs.^{1,2} As authors of a recent regional study conclude, “The success of decentralization, like many other important initiatives...cannot be viewed outside the historical and political context in which it is implemented.”³ Another author tells us that local governance or decentralized “units or activities cannot be studied in isolation from their environmental context...”⁴ In examining regional variations, this paper has identified examples of broadly differentiating characteristics among significant political cultures as they relate to local governance.⁵ Political cultures are discussed as primarily secular of either a rationalist or ideological kind or, alternatively, rooted in global or regionally significant religions or other philosophical value systems. Since culture and context matter, are regions a helpful unit of analysis for local governance programs?

Case studies of decentralization within a single region document widely varying results. [Tulchin and Selee, 2004] Regions are culturally heterogeneous. Cultural diversity within a state may stimulate decentralization policies and later challenge decentralization implementation. Culture matters at the local (subnational) level in assessing local government accountability and transparency and the degree and pace of decentralization success. Culture and external influences both matter when formulating and implementing decentralization policies directed toward the institutionalization of democratic local governance.⁶

Decentralization has been called the missing element between poverty reduction and anti-poverty efforts and democratic governance in LDCs.⁷ Proponents assert that subnational governments are more accountable to citizens since they are more accessible to them. They also see decentralization leading to improved citizen participation in local issues. Finally, some proponents of decentralization justify the structural changes required on efficiency grounds, asserting that local control of resources improves service delivery. [Tulchin and Selee, 2004] Detractors cite the problem of decentralization offering power and resources that enshrine powerful local elites. Supporters appear to have prevailed, as according to estimates, 63 out of the 75 countries with a population over 5 million have undergone a major process of decentralization since 1980. [Rebecca Abers: 2000, *Inventing Local Democracy* in Tulchin and Selee, 2004]

Methodologically, while conclusions about regional differences are best based on empirical analysis, this paper is intended as a desk study using secondary sources. The scope of work examines regional variations within the four meta-regions into which USAID organizationally divides itself: 1) Asia and the Middle East; 2) Latin America and the Caribbean; 3) sub-Saharan Africa; and 4) Europe and Eurasia. The paper includes distinctions regarding USAID decentralization/local governance strengthening efforts in fragile states that have significant mass-based political movements, parallel governance, or “shadow” governments. Mass-based political movements outside of formal government structures are the governance structures

citizens seek when they “exit” formal government. The concept is explained in subsection 1.C below.

The larger goal of this paper is to contribute to the academic literature on regional differences in the realization of decentralization and local governance worldwide and to determine to what extent regional characteristics describe generalized social and political patterns of subnational governance.⁸ According to Oluwu and Wunsch, over time, “collective learning will tend to converge on personally rational strategies, given local conditions.”⁹ This paper concludes that contemporary subnational forms of governance are the product of all four influences discussed. These influences have shaped local governance forms in each region but regional variations alone are not predictive of local governance forms. Regional variations based on geography overlook important cultural and historical influences that are global, like the centralizing influence of military regimes, regardless of region. Regional variations based on geography do not do justice to similarities of context, such as state-to-state similarities among states that retain British administration systems, such as Ghana and Malaysia, or issues of centralization and the role of Islam that may link Pakistan and Egypt.

1.B. The Organization of this Paper

The paper has three sections: an Overview, Regional Variations, and Conclusions. Section One, the Overview, explains the purpose of the paper and its organization, defines the regions of study and presents the terms used. The second section of the paper discusses differences in local governance and decentralization structures and practices in the four regions of the world, as classified by USAID. Subnational forms of governance are discussed for each region with examples from dominant countries or those with compelling decentralization experience. (All countries could not be discussed.)

Section Two, Regional Variations in Local Governance Traditions, also discusses the four regions of sub-Saharan Africa, Latin America and the Caribbean, Europe and Eurasia, and Asia and the Near East by looking at four characteristics that influence subnational governance in each region: 1) historical external influences, 2) internal influences (culture and politics), 3) contemporary external donor influences, and, finally, 4) the role of mass-based political organizations, shadow or parallel governance in fragile states as such groups affect subnational governance.

Section Three, Conclusions, discusses the centralizing and decentralizing impact of the factors that affect regional variations on local governance including the significance of both historical and contemporary external influences, the role of culture on local governance forms, the role of external foreign assistance, and the role played by society-based parallel governance institutions (including social movements, militarized organizations, and intermediation structures).¹⁰ This section answers the question, “Do Regions Matter?” for analyzing local governance forms. It also provides conclusions about external and internal influences in each region.

1.C. Terms Used in the Paper

1.C.1. Terms: Regions Defined

Each of the four regions defined by the U.S. Agency for International Development is determined by geographic proximity. Yet, each region is culturally and politically heterogeneous. Also, within each region, many states were created within arbitrary borders established by colonial powers. Borders grouped several (often hostile) nations within the same country or established boundaries that split ethnic groups and cultures. The forging of new national identities has been an explicit objective for policymakers inside and outside of many countries ever since.

The four regions surveyed are:

1. **Sub-Saharan Africa:** In sub-Saharan Africa, we begin with a discussion of local control under colonial rule and the way in which geographical control became the basis of local level control. The colonial influences include Anglophone, Francophone, and Lusophone structures and processes. Traditional indigenous values in Western, Central, Eastern, and Southern Africa have a significant impact on patterns of local governance. External influences have continued to influence post-colonial local governance and local level control mechanisms. The failure of local level governance mechanisms often has left both traditional organizations and mass-based political organizations in a commanding position to influence decisions.
2. **Latin America and the Caribbean:** In Central and South America, Iberian historical values, and their impact on patterns of patronage and local control, predominate. Centralized government institutions have worked to counter the influence of strong local elites. One tradition in Latin America is the Iberian tradition of “municipalism.” In the Caribbean, the British model, and to a lesser extent the Dutch and French models, predominate. Since the end of the World War II a number of donors have tried to introduce decentralization reforms and support for civil society. Though the Iberian tradition provides a unity of analysis not available in other regions, the Caribbean includes non-Iberian British models.
3. **Europe and Eurasia:** Decentralization policies have been successfully implemented in parts of Eastern Europe and the Balkans. Some practitioners believe that decentralization echoes nationalist tendencies and political divisions sought by the population for ethnic and cultural reasons. Focus will be on former socialist/communist states in Eastern Europe and the impact of historical and cultural influences on the types of decentralization that are evolving there. In Eastern Europe and Eurasia, we stress the importance of both historical patterns of land-based imperial control and the Soviet period between 1917 and 1989 (or 1945-1989 in much of central Europe). A number of donor programs continue to target local government strengthening. The legacy of the Soviet period and ethnic and religious conflicts have limited the role played by civil society in Eastern Europe.
4. **Asia and the Near East:** This area includes East, Southeast, South Asia, the Middle East, and North Africa. Primary concerns are the impact of postwar foreign assistance on the nature of political authority as well as the impact of religion and kingship, ethnic identity,

and colonial structures on local governance. The British, French, and Dutch colonial model in South and Southeast Asia and the impact of the Ottoman Empire in the Near East have been important in the evolution of patterns of local government. Asia and the Near East represents a vast area for analysis and the paper notes both multiple legacies of imperial control and varied patterns of local governance tradition and practice. Multiple legacies include not only the post-world war occupation and reconstruction, but also the end of the cold war, contemporary foreign aid, and, more recently, the influence of the Arab-Israeli conflict, terrorism, and mass-based political movements on debates about local democratic governance.

Section 3 of the paper recommends that, in future, a better unit of analysis and programming may be to use at least two regions to define Asia and the Near East, namely Near East and Asia. The State Department divides this same region into three: Near East, Asia and the Pacific, and South and Central Asia.

1.C.2. Terms: Internal and External Influences Defined

1.C.2.1. External influences: Historical Colonial/Imperial Traditions and Contemporary Foreign Aid

Two types of external influences are discussed in the paper. The first are historical influences of empires and colonial regimes. Examples include the Ottoman Empire and its prefectoral type of control over the Near East region and the Spanish colonial empire and its impact on centralized governance in Latin America.

Secondly, foreign aid and technical assistance are among the factors that positively and negatively influenced regional variation in local governance traditions. Foreign assistance has exerted centralizing influence during the period of the 1960s and 1970s when development theorists supported a strong central state directing and organizing investment and economic growth. More recently, states have been targeted by donors and their development partners as they try to apply principles of participatory local governance.

Currently, the Asian Development Bank (ADB) and the World Bank refer to “public sector management” and decentralized “service delivery”¹¹ both instrumental approaches to decentralization. It is within such instrumental contexts that decentralization—especially administrative and fiscal decentralization—is most often considered.¹² Political decentralization and the enfranchisement of new groups in developing countries is a more sensitive and less likely area of direct, overt donor involvement.

1.C.2.2. Internal Influences: Local Government, Local Governance, Decentralization, and Culture

Local governance is the way power is exercised at the local level by state or subnational actors for the allocation and management of a country’s public resources. That definition, in turn, encompasses two related processes: 1) the manner in which conflicts or disagreements about the allocation of public resources are resolved (conflict resolution and policymaking); and 2) the process through which public resources are actually allocated and managed at the local level for achieving priority societal objectives (planning and implementation). Local governments are

organizational constructs authorized by the central government including devolved constitutional arrangements and deconcentrated and delegated elements of the state at the subnational level.¹³

Under internal influences, the regional discussions below also identify broad local government purposes; distinguish between federal and unitary systems as legally defined; and classify countries according to whether they are constitutionally federal or unitary. Elections are discussed as elements of political decentralization. These are elements of a generalized framework for understanding local governance political processes.

Classifications of decentralization are well known. Decentralization is a structural element of almost every government worldwide.¹⁴ The term decentralization covers a wide range of alternative structural arrangements. Distinctions can be between three broad types of decentralization: 1) political decentralization (legal authority including devolution and bottom-up principal agency functions), including self-determination through elections and legal authority; 2) fiscal decentralization (including the extent of local level own source revenue, the authority to incur debt, and shares of total public sector revenue and expenditure); and 3) administrative decentralization (including deconcentration, delegation, and top-down principal agency). Some include privatization as a decentralization technique.¹⁵

Top down deconcentrated administration refers to the transfer of responsibility for providing goods and services to lower levels of the administration, functional or territorial in nature. Administrative decentralization (deconcentration or subsidiarity) allows local service delivery. There are three types of deconcentration. These are: 1) integrated prefectoralism where a centrally appointed geographical administrator supervises the police, the security apparatus at the local level, local government and sectoral ministries (this was the case in British India and in Soviet Russia); 2) unintegrated prefectoralism where there is dual responsibility in that the prefect supervises police, security and local government (or some of the above) while central government ministries directly supervise their field offices (this was the case in much of post-colonial Africa); and 3) functional deconcentration where there is no geographical administrator, where ministries supervise both sectoral responsibility and where a Ministry of Local Government is responsible for the function of regional and local government.

The term “fiscal decentralization,” the transfer of responsibility for the collection and allocation of resources to lower level institutions, is similar to the term fiscal federalism; a term also used in the literature on public sector finance. The former term is employed here because it is conceptually important to distinguish between two different, although related, concepts: 1) the legal definition of federal as normally employed by political scientists—especially in the United States and other countries with constitutionally “federal” government structures and 2) structural mechanisms for financing local governments i.e., fiscal decentralization. Issues of fiscal decentralization efficiencies have required particular attention because much of the statistical data available for the comparative analysis of decentralization focuses on local revenue and expenditure patterns and because it provides much of the theoretical foundation for market approaches to democracy and the public sector. Reference is also made to fiscal deconcentration (some also refer to delegation or commercialization and privatization as forms of fiscal decentralization).

Political decentralization and democratic governance require devolution of authority to popularly elected political leaders, deconcentration of fiscal and personnel structures to local institutions, delegation of responsibility for services to local authorities and a viable local level political process.¹⁶

Decentralization arrangements within specific countries may combine different elements of generalized, social, regional, cultural, and historical Influences in unique and messy ways. The broad conceptual categories summarized here must be disaggregated further by sector, subsector, and specific functions to be operationally useful. Most system-wide institutional arrangements combine various forms of decentralization with other highly centralized government functions. (Decentralization sometimes creates contradictory instruments of authority that both promote local autonomy and centralized control over revenue collection and service delivery.)

Within “hybrid” systems, some functions are decentralized and related functions retained at the central government. One common form of hybrid system results when governments assign responsibility for financing and supervising investment projects to local governments, while retaining responsibility for planning investments, technical staff employment and career advancement in central sector ministries. That, in turn, requires the recognition that different societies—and different groups and individuals within societies—will value different objectives and procedural norms differently.

Decentralization and local governance are affected by culture. Policies strengthening decentralized governance are examined by the historical and cultural characteristics of the regions. The definition of culture comes from Clifford Geertz, “a system of inherited conceptions expressed in symbolic forms by means of which people communicate, perpetuate, and develop their knowledge about and attitudes toward life.” The function of culture is to impose meaning on the world and make it understandable.¹⁷

C.2.3. Mass-based political movements, shadow governments, and parallel government

Local governance includes parallel mass-based political organizations that provide public services in fragile states. These are sometimes referred to as “shadow governments” which may support or hinder the development of formal local governance structures.¹⁸

Some governments have employed their authority in pursuit of narrowly focused partisan interests rather than using it to establish and enforce peaceful processes to mediate legitimate social conflict at the community level. An underlying theme of this paper is the contention by political philosophers and contemporarily, Mann and others, that the job of local governance is to mediate or “intermediate” among dissonant local interest groups, ethnic groups, and other societal elements. Intermediation requires transparency, accountability and devolved decision-making to and among those diverse communities. When citizens find their needs unmet by local government structures, do they turn to parallel government structures? Are there parallel governance structures in all regions that allow citizens to “exit in place” or are these mass-based political movements isolated phenomena?

The concept of “exiting” formal governance systems derives from public choice theory.¹⁹ Each region under discussion has states that have recently broken apart because of the presence of multiple national groups (Bosnia/Yugoslavia), fragile or failing states (Somalia), including states with substantial areas outside of formal government control; including Colombia and East Timor. Including these states in the regional discussions is helped by a framework of analysis that describes how citizens enter and leave formal governance systems.

Contemporary discussions of decentralized governance and government over the past 20 years have been impacted by the “Tiebout Hypothesis.” (The political economy literature has long reflected a debate over the extent to which the operation of a market-oriented economic system

requires a politically democratic environment. The school that argues the contingent nature of the relationship between political and economic systems is represented by Milton Friedman.²⁰⁾

The Tiebout Hypothesis²¹ argues that where local governments offer different combinations of public goods and services, citizen consumers and local businesses can and will choose among them by “vot[ing] with their feet”²² in favor of those governments that best provide public preferences. Originally limited to considerations of efficiency gains from competition among local jurisdictions in the United States, the Tiebout Hypothesis has since been extended to decentralization efforts worldwide.²³ Migration from and within developing countries is driven primarily by the search for employment rather than the desire for enhanced services that do not exist within the slums of destination mega-cities worldwide.²⁴ Although the Tiebout Hypothesis might be theoretically correct in systems with central government and only one other level of local government, the reality is that almost all democratic regimes have at least three (or more) jurisdictional levels. That reality presents a vast array of choices that, in turn, require the calculation of net benefits from the variable performance of multiple functions across different sectors by different governments at different levels.²⁵ That scenario is too complex for most people to base decisions about whether or not to move from one jurisdiction to another. However, a middle way has been offered by Arturo Israel:

...it is clear from experience that economic competition [creates]... pressures [that] act as incentives to increase...operational performance (or reduce..., organizational slack) and...force[s] the redefinition of objectives or goals.... [However], what is less clear is the role of...competition surrogates.... Whether competition surrogates act as incentives to improve performance and to modify goals in the same way as economic competition will depend on the kind of pressures to which an institution is subjected and the nature and complexity of the institution itself. It will also depend on the intensity of those pressures. A reasonable hypothesis is that the more homogeneous the institution and the pressures, and the greater the intensity of those pressures, the more competition surrogates will resemble economic competition in their effects on efficiency and goal definition. As intensity diminishes and heterogeneity increases, the effects of the surrogates become less predictable and probably act more to improve efficiency than to modify goals."²⁶

Efficiency may lead to the exclusion of substantial social or political groups as goals are not modified. Israel's hypothesis may mean that if the goals of institutions do not reflect those of the people intended to use them, people will “exit in place” rather than moving from one location to another. The discussion of mass-based political movements below refers to the tendency of disaffected local citizens and groups to “exit in place” from formal government.

SECTION TWO:

Regional Variations in Traditions of Local Governance

2.A. Sub-Saharan Africa: The Local State

2.A.1. Historical External Influences: The Colonial Legacy and Prefectoral Control

In sub-Saharan Africa, the dominant influences have been the colonial legacy of Anglophone, Francophone, and Lusophone traditions and the presence or absence of European or Asian settlers. Local governance in Africa evolved out of the legacy of colonialism both through French and Portuguese assimilation and British patterns of indirect rule. In South Africa the Dutch practiced indirect rule.²⁷ In practice differences between direct (assimilation) and indirect rule on traditional systems of governance have not been that significant.²⁸ Decentralization policies often were introduced near the end of the colonial period as part of a gradual decentralization process based on the mother country model.²⁹ These systems had varying success. State failure in Africa, according to Wunsch and Olowu has been strongly linked to the failures of local governance and civil society.³⁰

A legacy of the colonial period has been a control mechanism through the use of a prefectoral model, including a powerful District Commissioner, *Landdrost*, or Commandant. This was true in British, French and Lusophone Africa and during the Dutch, German and Afrikaans periods in South Africa and Namibia. The French and Portuguese centralized systems offered central control and little local role.³¹ They were considered both more brutal and more autocratic than British models.

The “local state” refers to central government representatives who govern at the local level. “Soft” state is a term coined by Gunnar Myrdal in his book, *Asian Drama*, to refer to a state that cannot impose its will or control on much of its territory, such as Iraq today. Local governance processes in Anglophone Africa are largely defined through the centralized but soft local state with influences reflecting the patriarchal authority and an authoritarianism on the part of the central government. Any administrative and fiscal decentralization was instrumental and partial,³² but the British colonial system trained native administrators and left a legacy of trained civil servants and an institutional structure.

A veneer of colonial/western administration accompanied state-centric approaches to development in Africa. Much of the continent experienced a form of indirect rule which was both meant to revive and preserve pre-colonial governance mechanisms and to ensure colonial incorporation and control of indigenous society.³³ In many cases however, leadership formally recognized by the colonial powers were not necessarily those actually performing the governance function. In Ghana, Botswana, and South Africa official local councils of chiefs did not carry out actual functional local governance, rather local social tribal groups performed this role.

Federalism has never been strong in sub-Saharan Africa though quasi-federal systems were created in the 1940s and 1950s in Nigeria, Cameroon, Comoros, and (on a racial basis) in South

Africa. Nominally independent Ethiopia has claimed a policy of federalism but in fact various regimes, regardless of structures, have been highly centralized. Outside of these exceptions most African countries are legally unitary states with weak political and administrative structures at the local level.

In 1948, British Secretary of State for Colonies Sir Arthur Creech announced British policy to introduce popularly elected district councils.³⁴ Britain installed elected district councils in preparation for eventual independence. In countries with European settlers, including South Africa, British colonial governments introduced segregated local government systems with elected British-style councils for whites (and in some cases Indians) and continued to use indirect rule techniques for blacks. France and Portugal did little to develop local governmental institutions in their colonies, though France did introduce municipal councils in some French West African towns and cities.³⁵

In sub-Saharan Africa historically there has been little external pressure to establish, enhance, and/or strengthen local government structures.³⁶ Historically, local governments were seen by local elites as a measure through which colonial administrators and settlers sought to thwart independence movements. What little decentralization exists is administrative or deconcentration only.³⁷

2.A.2. Internal Influences: Contemporary Forms of Local Governance and Local Control and Culture

Overall there were very limited efforts at decentralization by colonial administrations or their successor African regimes although formally and legally, administrative decentralization structures were put in place. The colonial bureaucracy defined functional differences between administrative structures at state and local level.³⁸ Many African states remain legally and formally decentralized with local electoral systems in place. They have held one party contested local government elections. There is a tradition of contested one party, or multiparty elections in Nigeria, Uganda, Ghana, Tanzania, Zimbabwe, Zambia, Botswana, Kenya, and South Africa in Anglophone Africa. In Francophone Africa, Guinea, Senegal, Mali, Chad, and Ivory Coast have had some local government elections though they have little means to effect development or fiscal policy. In Lusophone Africa, Mozambique has conducted municipal elections in the urban areas of the country.³⁹ Ethnic differences, sometimes played out in political parties (such as in Zimbabwe), ensured that most African political leaders are deeply suspicious of subnational government, a suspicion inherited from both ethnic and/or religious tensions in both the colonial and pre-colonial periods.

While, historically, Africa has had both nonviolent and revolutionary traditions of political change, currently, ethnic conflict has predominated and defined political culture throughout the subcontinent. Current ethnic or clan-based, religious and ideological insurgencies are occurring or occurred recently in Uganda, Southern and Western Sudan, Somalia Democratic Republic of the Congo, Zimbabwe, Ivory Coast, Liberia, and Sierra Leone. Spillover states, whose boundaries divide ethnic and cultural groups, are common.

Spillover states include Somalia, Lesotho, Swaziland, South Africa and Botswana. There is continued political fluidity in Central Africa and in the Great Lakes/ Horn Region. In all of these insurgencies, parallel structures have continued to exist, in some cases for as long as 30 years as alternative grassroots governance mechanisms in the absence of effective formal national and local political institutions.

From a local government perspective, close to a third of the countries in the subcontinent are close to or have collapsed politically and economically. However, the evolving literature on Southern Africa suggests that (with the exception of Zimbabwe and Angola) the subregion is more successful, more capable and less weak in governance structure than the rest of the continent in terms of state capacity. Institutions of local government are somewhat stronger in a number of Southern African countries, including South Africa, Namibia, Zambia, Botswana, Lesotho, and historically Zimbabwe.⁴⁰

Africa is dominated by authoritarian patrimonial political systems. African leaders have an inordinate fear of losing control.⁴¹ One party or government or party dominant political systems predominate throughout the subcontinent.⁴² There have been large numbers of military regimes and authoritarian one-party states over the last 50 years since African independence. Despite a democratization movement in the 1990s, African societies are controlled by bureaucratic structures of the authoritarian local state imposed on them from above.⁴³

Religious values in sub-Saharan Africa have included animist/traditional religious views, syncretistic movements, Islam, and Christianity. Political culture has been largely secular except in parts of the Sahel, Northwest Africa, and the Horn of Africa but ideological and personalist systems have predominated. These have included military regimes, crony capitalist (no-party) systems, and traditionalist values variously called humanism, unitarian, and collectivist (*Ubuntu*, *Umoja na Ujamaa*). Patrimonialism has defined hierarchical, centralized but soft states throughout Africa.⁴⁴

Primary level polities during the pre-colonial period were based on hereditary monarchs, patriarchal chiefs, and age-grade systems (so-called stateless societies). Traditional governance (kingdoms, chieftainships, and other forms of parallel governance mechanisms) have been strongly influenced by African traditional religions and continue to play a major though somewhat invisible role in local governance and control.⁴⁵ In many countries, traditional leaders continue to influence attitudes towards governance and the state.⁴⁶

The African continent is characterized by fragile states with a tradition of collapsed or near collapsed polities in which the central authority lost control of vast areas of the country. A particularly poignant distinction is made between subject and citizen in much of sub-Saharan Africa.⁴⁷ Weak and collapsed states of course may provide the potential for the establishment of democratic local governance but state collapse and the emergence of or continuation of parallel institutions may, or may not “stimulate local governance efforts [and opportunities] at the grass roots.”⁴⁸

During the period from 1960 to 1980, some African governments pursued “Soviet Style” forced industrialization and collectivized Agriculture through authoritarian single party states that attempted to control all political and economic activity (and in some cases social relationships) through central planning and state-owned enterprises at both national and local levels. That had profound affects on the structure of the state, and led to the abolition of even those local government mechanisms established by the British and other colonial regimes. Formal national and local governance systems in many parts of Africa (though not in Tanzania, Zambia, Botswana, Ghana, South Africa, and a few other countries) are still divorced from ordinary government citizen relationships in sub-Saharan Africa.

While historical themes (traditions) of authoritarian rule and ethnic division characterize the continent, the diversity of local government experience, from southern Africa through

decentralizing countries such as Uganda and Tanzania, to failed states such as Somalia, challenges a unified regional characterization.

2.A.3. Contemporary External Influences and the Limits of Local Government Reform

In sub-Saharan Africa initially there was little external pressure to establish, enhance, or strengthen local government structures.⁴⁹ Donors worked to build up the authority and capacity of the central state in the first decade after independence. Sources of foreign aid in Africa have included the African Development Bank, World Bank, and most bilateral donors. With the exception of Liberia which receives 60 percent of its aid from the U.S. and South Africa, American contributions to African countries have been modest. Strong aid relationships echo colonial ties with primary bilateral donors UK, France, Belgium, and Portugal. Canada, Netherlands, and Scandinavia are also major sources of aid to Africa. The major foundations (Carnegie, Ford, Rockefeller, and increasingly Gates) have become involved in sub-Saharan Africa health and education and democracy and governance issues. Private migrant remittances have become increasingly important in sub-Saharan Africa.

Donors such as USAID use the term “fragile states” to refer to a broad range of failing, failed, and recovering states. Most but not all are in Africa. The distinction among failed, failing, and recovering states is not always clear in practice, as fragile states rarely travel a predictable path of failure and recovery, and the labels may mask substate and regional conditions (insurgencies, factions, etc.) important to conflict and fragility. It is more important to understand how far and quickly a country is moving from or toward stability than it is to categorize a state as failed or not. Therefore, the strategy distinguishes between fragile states that are vulnerable from those that are already in crisis. Vulnerable states, like soft states, have governments unable to provide security and basic services to significant portions of their populations.

Support for local governance can be seen as a stage on the road to political development in a vulnerable, fragile or collapsed state. Decentralization programs in sub-Saharan Africa have been promoted by donors. Many were attempts to re-establish such mechanisms created during the late colonial period (such as district councils) which were later abandoned by hegemonic leadership.

Decentralized political structures were a part of many structural adjustment schemes during the latter 1980s and 1990s. Until the late 1980s, decentralization efforts in Africa were dominated by administrative elites.⁵⁰ Since the beginning of structural adjustment, for its part, donor pressures for decentralized governance have remained largely instrumental, but have achieved local elections. While Uganda and South Africa are among those countries in Africa considered decentralized, in reality South Africa’s decentralization is administratively deconcentrated and centralized politically through one-party control. Competitive elections at both local and intermediate levels in South Africa are controlled by the ruling ANC party, in all but a few local governments in Natal and the Western Cape. Patterns are similar to other former British African states with competitive elections, such as Namibia, Botswana, Zambia, and Kenya.

A number of decentralization initiatives are noteworthy for their potential to strengthen local government authorities. Ongoing initiatives include studies for the development of intergovernmental transfer schemes in Rwanda, Namibia, and Tanzania being carried out with donor support.⁵¹

2.A.4. Mass-based Political Movements in Africa

The poor record of local government in Africa has led to the search for alternative or parallel structures of governance and development at the local level even in countries that have decentralized (Uganda).⁵² Such institutions have been labeled traditional, tribal, indigenous, alternative, informal, communal, primordial, quasi-religious, and endogenous. Alternatively, non-traditional, social or entrepreneurial local organizations have emerged.⁵³ Regime leaders often see these indigenous movements as threatening and try to control them.

Civil society organizations exist all over Africa.⁵⁴ These community based structures as represented by social based organizations have emerged as a result of Africans all over the continent exercising the “exit” option.⁵⁵ Institutional failure at the national and local level has led to supplementing state-centric approaches to “development.”⁵⁶ In the last 15 years there has been increasing international assistance flowing to mass-based political organizations.

These alternative social structures range from violent insurgencies (Lord’s Resistance Army in Uganda) to social services programs, traditional judicial authorities or entrepreneurial associations that complement government services. Complex issues of state cohesion, leadership, and the nature of organizations need analysis to identify how some systems spawn service organizations and others generate parallel resistance forces.

In some cases NGOs play a role in service delivery activities and in the enforcement of government accountability.⁵⁷ However, in many African countries, indigenous NGOs have been almost completely taken over or controlled by the central government and international donors while at the same time traditional authorities have been weakened as a counterforce⁵⁸ and community structures, whether traditional or modern are often weak in relationship to formal local government structures.⁵⁹

The absence of a stronger civil society culture at the local level in many African countries suggests that local social and political NGOs and other civil society groups should be an increased focal point for institutional strengthening.⁶⁰ Local governance and civil society from this perspective should be seen as two streams of a common approach to supporting decentralization efforts.

Given the history of the subcontinent, the primary objective for applied research needs to be the identification of those non-formal systems that exist, to begin to institutionalize them in place, and focus on how—through democratic decentralization—one can link them together vertically and horizontally in mutually reinforcing ways with local government. It may require external actors to spend less time on the horizontal responsibilities among levels of government and much more time on vertical linkages at the primary level of local government.

Parallel structures in Nigeria and Ghana have adapted to a lack of government services by providing services themselves, as they cope with a changing social and political environment. Civil society organizations have also become increasingly active in a number of Francophone countries and both traditional and contemporary structures often have religious ties particularly in the Moslem areas of West and Central Africa.

Substantial numbers of urban residents feel dual attachments. Urban residents in Nigeria and in a number of southern African countries continue to have links with rural village life while at the same time interacting with adaptive urban governance structures. Strong attachments may not

detract from participation in formal governance until and unless the two arenas come into competition that local institutions cannot mediate. Harnessing the village loyalties of urban residents could result in additional political and popular support for decentralization programming. The Brigades movement in Botswana, which focused on rural skills development and entrepreneurialism at the village level (and supported by traditional leadership), along with other rural development associations in Botswana hold some potential for replication in other parts of Africa as models for strategies of development based on parallel governance patterns, if the local formal government had been able to co-opt or use these models.⁶¹

2.B. Latin America and the Caribbean: The Municipal Model

2.B.1. Historical External Influences: The Iberian Legacy of Centralization

In dramatic contrast to most parts of Africa, Asia, and the Middle East, the preexisting indigenous populations of Latin America and the Caribbean were largely absorbed by colonizing European peoples. In only five countries, Bolivia, Ecuador, Guatemala, Mexico, and Peru, do indigenous groups constitute at least 25 percent of the population while no indigenous people survived in eleven of the mainland Latin American states nor in any Caribbean country.⁶² Therefore, little of the preexisting core Aztec, Incan, or Mayan civilizations and cultural forms have persisted into Latin America's contemporary systems of governance, whether formal or non-formal. Local level institutions, whether based in colonial cities or large landholdings, introduced from the Iberian mainland would be little changed by the impact of indigenous social patterns.

The earliest colonial economy in Mexico, Puerto Rico, and Bolivia was based on the extraction of mineral wealth supported by indigenous slave labor with a relatively small European settler landowner population producing food. While the male population shrank because of the dangers of mining, native females often were paired with Spanish settlers; shifting the balance from an indigenous to a mestizo population.

The first Portuguese colony at Sao Paulo in what was to become Brazil was established in 1532. From the 16th through the 18th centuries, Spain had the most extensive colonial empire, centered primarily in the Western Hemisphere. Spanish colonial cities were well-established in what are now Bolivia, Chile, Colombia, Cuba, the Dominican Republic, Guatemala, Jamaica, Mexico, Panama, Paraguay, Puerto Rico, Peru, Venezuela, and Florida by the time Sir Walter Raleigh established the first English American colony off the coast of North Carolina in 1585.

By the time that native slave labor was outlawed by Spain in 1600,⁶³ the primary foundation of the colonial economy was shifting from mining to the export of agricultural crops (especially sugar) from islands throughout the Caribbean, Brazil, and Central America—a shift accompanied by the accelerated importation of African slaves to replace the effective disappearance of native labor.⁶⁴ In parts of Argentina and, to a lesser extent, Mexico, large cattle ranches predominated, so the settlement pattern in those two countries more closely paralleled that of the western rangelands of the United States, keeping them slightly more decentralized.

Because only 19 of today's 193 sovereign states had any real independent identity in 1592, control was achieved through governors and their land grants. Most of today's mainland Latin American countries gained independence during the 1800s. By the beginning of the 20th century, the Latin American region accounted for one third of all sovereign states globally. Political elites

expressed a European political culture. Cuba was the last Spanish territory to gain nominal independence in 1901.

Local administration was functionally deconcentrated but with few exceptions not devolved. Throughout the 19th century Iberian traditions (Spain and Portugal) predominated in Latin America while British influences (and to a lesser extent Dutch and French) dominated in the Caribbean.

Even in the English-speaking Caribbean, local government is based on characteristics developed prior to the American Revolution with British council systems in place. Historically there were no formal prefects but there were powerful magistrates. Local councils, both town and country level, functioned in the form, if not the substance, of the English council system. Most Caribbean countries, however, have been self-governing only since 1962 and a number of small territories remain dependencies.

The tradition of municipalism in Latin America was promulgated by Dr. Joao de Azevedo Carneiro Maia, of Brazil in *O Municipio*, published in 1883. His research documented the evolution and problems of cities and local government from classical times to the 19th century and is considered a seminal work in the field. Maia's work, which built on the concept of the commune in Europe, advocated municipal assemblies built upon the model of provincial assemblies. This work led in part, to the "Organic Law of Municipalities" in October, 1892 in Brazil, giving form to the Latin American municipal tradition.

Currently, however, a municipality (*municipalidad* in Spanish; *municipalde* in Portuguese) is the *smallest* geo-political unit in Brazil. Each municipality is composed of a main city plus its rural surroundings. Municipalities combine to form States and then the Federal Government. Brazil also has Metropolitan Regions but they serve only for planning purposes, they do not possess a political status, meaning that there are no elected positions. *Municipalidades* are comparable to communes as the term is used in a number of European countries and are a form inherited from Europe and specifically the Iberian Peninsula. *Municipalidades* provide the venue for much of Mexico's rural decentralized community project activity.

Countries as diverse as Peru and Haiti, include the municipality as a unit of local government, however, the level and authority attached to this unit varies dramatically. As noted in the previous section, Mozambique in Africa, also uses this term.

2.B.2. Internal Influences: Authoritarian Patterns and Local Control

Latin America's governments have been both highly centralized and authoritarian throughout most of their post-independence history with inter-territorial relationships remaining strictly hierarchical. Of the 20 independent Latin American and Caribbean sovereign states in 1945, seven were governed by unelected dictatorships and the governments of several other countries were "democratic" in name only, despite any use of Western governmental forms. Fulgencia Batista served as President of Cuba for 26 years until overthrown by Fidel Castro in 1959. Mexico was governed by the Partido Revolucionario Institucional (PRI) for a full 66 years before losing to an opposition candidate for the first time in 2000. By the end of 2003, however, the Latin America and Caribbean region still had the highest percentage of "democracies" than any other developing region.⁶⁵

“Decentralization is not new in Latin America. Most countries in the region have a dual legacy of centralized political institutions inherited from Spanish colonial rule and strong regional identities and interests enhanced by the weakness of the post-colonial state.” [Tulchin and Selee]. Only four Latin American countries are formally organized as federal systems—Argentina, Brazil, Mexico, and Venezuela.⁶⁶ Three of these, Argentina, Mexico, and Brazil, because of their size and leadership role in the region, serve as models for political development for other states. Argentina and Brazil have histories of centralizing decentralized power held by strong regional elites only to decentralize again in the 1970s and 1980s.⁶⁷ All other countries in Latin America and the Caribbean are unitary. Seven countries including Argentina, Bolivia, Brazil, Chile, Colombia, Honduras, and Mexico classify themselves as “decentralized”⁶⁸—while Ecuador and Guatemala claim to be decentralizing over the long-term.

While political decentralization and sectoral administrative and fiscal decentralization have taken hold in Brazil and Argentina, some countries remain centralized or with extremely weak local governance. Colombia has taken steps towards fiscal decentralization but is often described as being “highly centralized”, as illustrated in a quote from a World Bank publication below:⁶⁹

Except for a military intervention in the early 1950s and a 16-year period of joint administration by the two major parties (1958-74), Colombia has functioned as a multiparty democracy since 1886. The country has, nevertheless, been politically centralized. Prior to the recent reforms, the president appointed the provincial governors, who in turn appointed the municipal mayors. In functional terms, Colombia was also highly centralized. Education and health were either directly provided by the central government or deconcentrated to the provincial level. Except in large cities, the water supply, sanitation, and roads were also responsibilities of the central government.... Colombia’s decentralization began in 1983 with the decision to strengthen subnational sources of revenue and to grant subnational governments more discretionary authority on tax rates and overall tax administration. This path was reinforced in 1986 with the decision to permit the direct election of mayors and the transfer of significant revenues and responsibilities to municipalities.... The Constitution of 1991 authorized the direct election of provincial governors [and] the [1993] Constitution also raised the 1986 level of transfers to subnational governments to almost 50 percent of current revenues and made them predominantly formula based.

Formal governmental authority in Latin America at local level is often based on strong, corporatist and authoritarian local leadership. “*Jefes politicos*” or local political bosses appointed by the President often rule through use of force.⁷⁰ Local forms frequently reproduced national military dictatorships during the 1960s through 1980s when sixteen Latin American countries were governed for eight or more years by the military. Military dominance in much of Latin America has meant that the post-colonial legacy at the local level is class-based, driven by military ideology and corporatist military rule. Local administrators were often military in origin or controlled by the military.

The predisposition toward military authoritarianism by Latin American elites was reinforced by an expansive international literature produced by a wide range of development academics during the 1960s. This literature argued that strong military governments using hierarchical deconcentrated authority ensured internal political stability during the inherently stressful transition required by the development process.⁷¹ Military crackdowns on dissent likely reinforced home-grown radicalism that had no where else to turn.

Both nonviolent (passive resistance) and revolutionary traditions in Latin America are still being expressed in a number of Latin American countries. Several of these countries are experiencing, or have recently experienced significant levels of domestic conflict, including Argentina, Bolivia, Colombia, Haiti, Peru, and Venezuela. Indeed, Colombia ranked seventh after only Iraq, West Bank/Gaza, Thailand, Afghanistan, India, and Pakistan⁷² and ahead of Nepal and Kashmir in the number of terrorist incidences within its borders during 2005—even as it also ranked first among all countries in the entire world for its homicide rate.

Socio-political disparities appear to be rooted in economic class or rural/urban splits. Political (terrorist) groups such as Shining Path and Tupac Amaru identified themselves as class-based organizations, rather than ethnic ones⁷³ Local citizens whose markets were attacked by Shining Path for their capitalist activity, were among those who took up arms against this guerrilla group. Accounts of the group refer to central government activity but not to formal local government activity. The formal government made substantial inroads against it, and it is substantially diminished.

Indigenous groups are beginning to seek political power in the northern parts of Central and South America. Only four Latin American countries—Argentina, Brazil, Chile, and Uruguay substantially meet the criteria of nation-states where nations and states are coterminous.⁷⁴ Brazil has substantial minorities among its population (especially in the Amazonian and Northeastern regions), while Bolivia, Ecuador, Guatemala, Mexico, and Peru have significant numbers of identifiably indigenous people. A number of states in the Latin American Caribbean and in the Northern Tier of South America have significant numbers of African origin peoples. There are a number of indigenous spillover nations, whose borders divide ethnic groups, throughout Latin America. Spillover nations in Central and South America include the Quechua and the Inca (in Bolivia, Ecuador and Peru); the Aymara (Bolivia and Peru); Amazonian small groups (in Brazil); the Mayan (South Mexico and Guatemala) and the Mesquito (Nicaragua and Honduras). Local political control in at least one case, Bolivia, allowed a local leader to emerge at the national level.

A review of decentralization efforts in Bolivia, Brazil, and Honduras shows the diversity of regional experience.⁷⁵ These three represent different types of Latin America geopolitics: Brazil the large emerging Latin American state, Bolivia a medium-size state with a large indigenous population and Honduras, a Central American country with Caribbean minorities explain subregional differences in the Latin America and Caribbean region.

Structurally, Bolivia is currently organized into municipalities with elected councils which in the urban areas have some responsibility for service delivery. However, municipalities are fiscally very weak, even by Latin American standards, colonial structures and processes continue to operate and as Andrew Nickson states, local government in Bolivia remains “extremely frail by comparison which the rest of Latin America.”⁷⁶

Bolivia’s decentralization credentials can be traced back to the establishment of officially defined local community syndicates (“*sindicatos*”) or rural zonal authorities in 1953. The Agrarian Reform Law provided for the distribution and titling of land to officially established *sindicatos* rather than individuals or families. *Sindicato* leaders performed at least five governance functions to a greater or lesser degree depending on location and, in colonization zones, on the age of settlement. These included: 1) determining the original allocation of land to families and reallocate abandoned or seized land; 2) managing the use, any construction on and maintenance of public facilities on communal land; 3) collecting and allocating compulsory dues; 4) scheduling and managing communal labor; and 5) settling various types of disputes not resolved

within or between families. In all Quechua and Aymara communities, leadership rotates among all adult males or husbands and wives jointly according to traditional schedules.

In the Aymara highlands and semi-tropical Yungas region, most *sindicatos* absorbed preexisting traditional community organizations. *Sindicatos* did not reach critical mass in the eastern tropical lowlands because the presence of large private landowners preceded the arrival of migrants from the highlands. In the coca-growing Chapare, *sindicatos* encompassed newly established communities settled by migrating Quechua and Aymara families in the 1970s and 1980s—including the family of the current President, Evo Morales. By 1985, Morales was general secretary of a local *sindicato*—only three years later he was elected Executive Secretary of a subregional federation followed by election as President of his Regional Federation in 1996. Morales, who has been identified as the first indigenous President, was elected President of Bolivia in 2005.

The strength of the *Chapare sindicatos* has rested on three related pillars: 1) leadership and organizational systems similar to those within the older Quechua or Aymara communities from which they came; 2) use of funds from unofficial taxation of coca-leaf sales for maintenance of footpaths, basic roads, irrigation, sanitation, and drinking water systems, schools, and sport facilities; and 3) defense against coca eradication efforts. Official legal recognition—as “Territorial Base Organizations” (OTBs)—was extended to preexisting community-level governance institutions in 1994. Although the “Law of Popular Participation” included many reforms within Bolivia’s government structure and the academic literature presents relatively recent initiatives to recognize Territorial Base Organizations as an example of democratic empowerment within formal sovereign state structures, many rural communities experienced *sindicato* leadership, organization, objectives, behaviors, and boundaries negatively. The continuation of intermittent mass protests and “*bloqueos*” continues to define substantial deficiencies in that legal framework.

Decentralization initiatives in the 1980s and 1990s arguably influenced the number of states that instituted or reinstated local elections, as noted below. “Perhaps the most striking element of decentralization in Latin America has been the emergence of elected governments at a regional and local level.” [Selee, 2004.]

Table 1. Starting Year of Elections for Subnational Authorities

	Regional Elections	Local Elections
Mexico	1917/1989*	1917/1983*
Venezuela	1989	1985
Brazil	1986*	1988*
Argentina	1983*	1983*
Guatemala	None to date	1946/1986*

Source: Summarized from Selee, 2004. *Signifies resumption of contested elections after periods of dictatorship.

The devolution of substantive responsibilities from the central government to the states did not occur until Brazil began to experience the consequences of escalating international debt and local currency devaluations following the economic crises of the 1970s and 1980s. Decentralization is also attributed to efforts by the central government to reinvigorate its political legitimacy in the countryside. Decentralization efforts in Brazil are implemented within the context of a constitutionally defined federal system. Each of Brazil’s 26 states has been legally autonomous with respect to a wide range of government functions. Some argue that the Brazilian Government has yet to establish a neither comprehensive nor integrated policy framework for public sector decentralization that is likely to be implemented. A viable policy framework is lacking despite the

initiation of policy discussions about broad decentralization issues by the *Comision Presidencial de Modernization* in 1991, requirements associated with the HIPC Initiative during 2000, and initiatives undertaken by a new Government during 2002. While local governments (*municipalidades*) have been legally established and a professional association of *municipalidades* exists, with a few partial capacity-strengthening programs, local governments, though strong in comparison with many other Latin American countries remain weak by international standards.⁷⁷ Municipalities are responsible for services ranging from primary education, preventive, and primary health care to other urban and some rural services and infrastructure.

Central government was more eager to transfer responsibilities to state governments than it was to share its revenues with them. The result was a rapid escalation in state government debt, the State Government of Paranaque (Recife) was by 2003 effectively bankrupt and the central government had designated it as not creditworthy. Neither the World Bank nor Inter-American Development Bank was able to lend development finance for public expenditures through that state even though they expressed a willingness to do so. Limited resources compounded the problem that most state governments modeled their own behaviors toward local community groups along the relatively authoritarian lines exhibited by earlier central governments.

Revenue sharing has been controversial in Honduras. From 2000, the Association of *Municipalidades* had a legal suit pending against the central government in an attempt to force it to provide the full 5 percent of domestic revenues required by law. The Government of Honduras has successfully maneuvered through the requirements associated with the HIPC Initiative, but it remains unclear which entity is—or should be—responsible for making critical decisions about or implementing the country's Poverty Reduction Strategy or other local obligations under HIPC.

Honduras, like most Central American countries is ethnically diverse with close to 100,000 people of indigenous, African origin, and a group which is a mixture of both. It is administratively divided among 298 *municipalidades* differentially classified according to population size. Both municipal administrators (*Alcaldes*) and *Deputy Alcaldes* are directly elected. The municipal *consejos* (*Corporacion Municipales*), the size of which are variable according to population size, are elected indirectly⁷⁸ and are supposed to be consulted regarding the establishment of planning priorities and municipal budgets.⁷⁹ Local level management and administrative staff are distributed among “mini-departamentos” organized according to a uniform structure mandated for all *municipalidades*. Although *municipalidades* have the authority to levy local taxes, in practice they rely primarily on grant transfers from central government. Uncertainties associated with such transfers create problems. Honduras, which has both weak government structures and frail local governments, shows little sign of a resurgence in terms of local government development.⁸⁰

In Latin America, regional traditions seem overtaken by contemporary fiscal and political realities at the subnational levels. “*Decentralization has clearly transformed the state in Latin America since the 1980s and produced a new configuration of relationships between the state and society.*” Also, “*the depth of decentralization is strongly correlated with previous processes of decentralization, so that countries with longer histories of centralization have remained, de facto, largely centralized even after formal attempts to change.*” “*Decentralization has produced multiple and often contradictory results for democratic governance within countries in Latin America. Much as centralization involved a series of encounters and negotiations between the central state and subnational groups, so too has decentralization involved a renegotiation between these groups and the state. In areas where local and regional elites were fairly strong, ... they will be the major beneficiaries of decentralization. In other areas where these elites*

had lost their predominance and other groups in civil society have gained a foothold, it is possible that decentralization may produce opportunities for democratic innovation.⁸¹”

[Tulchin and Selee]

2.B.3. Contemporary External Influences: The Role of Donors and Decentralization Reforms

The establishment of the World Bank, International Monetary Fund, and the United States’ Economic Cooperation Agency following World War II marked the modern development assistance era. By contrast with Asia and Africa, 19 of the 44 delegations—a full 43 percent—at the organizing conference of the World Bank and IMF at Bretton Woods, New Hampshire during July 1944 represented Latin American countries. The size of their respective economies however, limits even the current voting strength of all Latin American countries when combined, to only 7.9 percent of the total votes in IBRD (Caribbean countries constitute only 0.98 percent of total votes in that organization).⁸²

Between 1961 and the end of 2003, Latin America’s collective economy grew by an average 3.7 percent per year and included the World’s 10th and 13th largest economies (Mexico and Brazil) while exports increased by 303.4 percent between 1980 and the end of 2002. In 2000, poverty was increasing in two-thirds of 18 Latin American countries despite the Latin American and Caribbean countries having received more official development assistance over a longer period of time than any other region.⁸³ Primary sources of assistance to the region include the World Bank (IBRD and IDA), the Inter-American Development Bank and the United States. The United States contributes significant chunks of assistance to the Dominican Republic (35% of recipient aid), to Guatemala (40%); to El Salvador (46%); to Panama (57%); and to Haiti (59%). Latin American and Caribbean countries’ total external debt was US\$762 billion in 2003; indeed seven countries paid more than 10 percent of their total gross national income (GNI)⁸⁴ to repay ongoing foreign debt. For the region as a whole, debt repayments equaled 30.7 percent of total exports during 2002 linking the region inexorably to donor policy.

Chile was the first Latin American country to receive a development loan from the World Bank (March 25, 1948). Between that loan and the mid-1980s, external assistance to Latin America and the Caribbean focused on discrete project financing *without regard to the specific structure of governance* in individual countries. Throughout that period economic planning in Latin America conformed closely with the bias toward central planning among most professional development specialists at that time. The international donor community followed that tradition. In August 1961, the United States further reinforced that approach with its requirement that Latin America’s central governments prepare comprehensive and detailed long-term development plans to be eligible for assistance from the Alliance for Progress. As was also the case in sub-Saharan Africa, the focus shifted to “structural adjustment” following the sequential economic crises of 1973 and 1982.⁸⁵ This drew a number of donors to governance issues among which was an interest in decentralized governance.

Latin American and Caribbean countries together have received more World Bank “adjustment” finance than any other region worldwide.⁸⁶ And within the region, the big four recipients of policy-based lending have been Argentina, Brazil, Peru, and Mexico. The first World Bank Structural Adjustment Loan (SAL) to a Caribbean country was \$9 million to Jamaica on April 4, 1985—followed 6 months later by a SAL to Chile for \$250 million.⁸⁷ Those amounts escalated to \$770 million for Argentina in 1987 and an IMF \$15 billion “Stand-by Loan” to Brazil in 2001. Given the magnitude of budgetary shortfalls, the amount of policy-based loans and credits

sometimes substantially exceeded—over relatively short periods of time—the amount of finance historically provided for individual investment projects. Arguably, the sensitivity of the cold war and both the Central American wars and the war against the drug cartels tempered donor enthusiasm for decentralization efforts.

Early adjustment loans overlooked poverty and social issues in favor of market and monetary adjustment. Many development economists believed that “getting the prices right” through the operation of free markets alone would ultimately reduce global poverty⁸⁸ while yet other development professionals believed that social development objectives, focusing on local government based service delivery mechanisms, would best be addressed through investment, rather than policy-based, lending.

By the late 1980s, the overall impact of austerity conditions had—in many cases—resulted in smaller budgets for government education and health programs than for other sectors.⁸⁹ That led, in turn, to a concern for improved “governance,” including reduction in the scope of governments on the one hand and a search for increased public sector revenue on the other hand. It was in that context that many Latin American governments were encouraged to increase the responsibilities of local governments and pressures arose, particularly from the World Bank, for decentralized, and particularly devolved, fiscal arrangements.⁹⁰

2.B.4. Mass-based Political Movements: Organized Interests and Local Government

Given that preexisting indigenous cultures throughout much Latin America did not survive on a large-scale and that sovereign-independence of most countries was relatively early, parallel governance institutions and civil society movements appear largely adaptive to changing social and economic conditions with occasional reactive or conserving forms particularly among indigenous groups. Adaptive groups, referring to movements which operate within legal boundaries, include informal settlements in Lima, Peru. Nongovernmental organizations which promote social and economic change at the local level are well developed throughout Latin America particularly in the large states of the region and increasingly focus on cooperation with municipal authorities.⁹¹

Narcotics traffickers in Colombia, Bolivia, and Brazil exhibit a combination of forms of institutionalized parallel governance. Evo Morales, elected to the Presidency of Bolivia based on socialist views and maintenance of areas of coca production, led socially based movements over three decades. There are a number of socially based political organizations among many indigenous communities in and across Bolivia, Ecuador, and Peru plus cross-border areas of Guatemala and Mexico (particularly in Chiapas, Oaxaca, and Yucatan). The goal of these organizations is to support indigenous social and political rights in reaction to majority culture dominance of central government institutions.

While mass-based political organizations surface dramatically in countries in conflict or just emerging from conflict, parallel organizations may also result from the continuing failure of sovereign states to effectively establish themselves in regions or among certain ethnic groups. For example, the *de facto* context of governance in Colombia is a conflict between the formal sector Government and two large guerrilla factions plus organized groups of narcotics traffickers. Colombia encompasses a stressed society made up of several competing societies with one of the highest homicide and kidnapping rates in the world. Can a society engaged in multiparty conflict be “centralized”? While the formal sector Government has been centralized and is now

decentralizing, actual governance in Columbia has for some time been overwhelmingly decentralized among a significant number of competing formal and informal groups.

2.C. Europe and Eurasia

2.C.1. Historical External Influences: Land Based Imperialism, the Soviet Interlude, and Local Control

Eastern Europe and Eurasia have dissimilar cultures but shared experience with rule by imperial states. The former socialist and communist states in Eastern Europe and Eurasia were governed by overlapping and competitive imperial systems and influenced by colonial and tributary systems until the early 20th century. Historically, five land-based empires (the Ottoman Empire, the Austro-Hungarian Empire, the German Empire, the Russian Empire, and the Soviet Union) dominated Eastern Europe and by the 19th century much of Eurasia. Imperial systems typically operated at the local level through a centrally appointed territorial administrator.

In Imperial Russia, the prefectural role and the deconcentration of responsibilities both have their origins in a Russian admiration of the French Napoleonic system.⁹² There is a legacy of strong centralized control. Prefectoral control, a legacy of imperial rule, continues in many parts of central Europe.

Prior to the imposition of communism, eastern, and southern Europe enjoyed a long history of government by small municipalities and villages, especially in Catholic regions where the ecclesiastic structure of the Church gave rise to an independent status for the commune as a geographic territory with administration functions. This tradition was later strengthened in the Protestant north through the separation of church and state.⁹³ However, this is not the model of Russia, where large areas were subdivided in *oblasts* with huge differences in size, population, and resources, but little local level autonomy.

The Soviet system took over the principles of territorial administration from the Tzarist regime. The model of central oversight of local level functions through centrally appointed governors, prefects or similar figures was modified under Soviet rule, making all lower levels of government subservient to central state power. In Eastern Europe, where local and district governments had enjoyed a degree of independent authority prior to the communist period, this was a radical change and municipalities became deconcentrated agents of the central government: for example, in 1950 Poland took away municipalities' legal status and property owning rights in their entirety.

The Soviets added another layer at the top, by making the Party the dominant structure at all subnational Republic, Provincial, and District levels (*oblast* and *raion*) and functioning on the basis of the *nomenklatura* system, that is the selection of administrators and representatives from higher level structures. In a number of countries that were once a part of the Soviet Union, the party prefect system was a legacy of former Soviet Bloc countries.⁹⁴ Powerful state and party structures represented by the prefect tended to dominate local governance structures in many parts of the region such as in the Ukraine and Belarus.⁹⁵ After the fall of the Soviet Union, Belarus initially worked to empower local authorities. The local government was comprised of *voblastsi*, *rayony*, cities, towns, villages and settlements where locally elected councils exercised exclusive jurisdiction over most public service delivery, but the past decade has seen a digression back to Soviet-style central authority.

Areas of ethnic diversity were set up as centrally dominated or controlled “autonomous” regions in Russia, such as current Azerbaijan and Uzbekistan in Central Asia. The Central Asian Republics still reflect the legacy of tiered local governments under ultimate central control. Uzbekistan, for example, is divided into provinces (*wiloyat*), regions, and cities. The *hakim*, or provincial executive, is confirmed by local legislative bodies that are popularly elected, but ultimately is appointed by the president.

Kazakhstan is divided into regions and settlement points, each with their own elective councils, who have the authority to determine their own budget and tax for local priorities, but authority is only exercised under central oversight. The local executive is appointed directly by the president and is responsible for ensuring that local authorities operate under national guidance.

In Eastern Europe, as indicated above, the breakup of the Soviet Union and the fall of communism led to the emergence of new forms of decentralization, influenced simultaneously by historical patterns of central control and ethnic division. Sixteen years on, the transition period is still underway in many countries, where changes in governance structures are influenced by cultural and historical traditions, as well as by the demands for efficiency and accountability that characterize modern states.

A particular issue in Europe and Eurasia is the extent to which local democratic governance has had more success in the Baltic States⁹⁶ and Poland,⁹⁷ Hungary, and the Czech Republic than in the Balkans and Central Asia and to what extent this is related to political culture, social values, and historical events.⁹⁸ The Baltic States and Poland feature devolved functional responsibility for local government services, water, secondary roads, sanitation, and power and a degree of fiscal decentralization not characteristic of other parts of the region. Each district in Poland is managed by a *wojewoda*—professional appointee—and a popularly elected council or *gmina* that work together to determine priorities and administer public services. In Romania a distinction is made between the authorities of counties (called Judets), municipalities, communes, and villages. The latter three units are determined by population size and their responsibilities differ accordingly. However, all have authority to supervise and fund their given functions independently.

Decentralization can be seen as a reaction to both the former communist system and, a utilitarian response to meet the requirements of the Council of Europe and membership in the European Union. Decentralization initiatives are still based on both historical and contemporary external influences. The division of the former Soviet Union into dominant nations, Russia, followed by the Ukraine and Belarus, and what Armstrong calls the colonial components of the former Soviet Union, reflected both a wide spread cultural gap with the dominant groups and a religious gap, since most of the latter territories were Moslem.⁹⁹

2.C.2. Internal Influences: Decentralization, Regional Organizations, and Culture

“...at issue is the political and ideological perspective defining the role of representative self government within the context of newly emerging democracies. In each national setting, ideological and economic issues have elicited a state response regarding the direction of change in political decision making, administrative control and fiscal responsibility. The devolution of power from the central to the local level varies in each case, reflecting difference in political, ideological, economic, and historical constraints. As a result, the process of decentralization--the

restructuring of central-local relations--sets different conditions for social transition and the re-emergence of self governance.”¹⁰⁰

Changes in the relationship between central and local authority in the region were launched as a deliberate move away from the centrally controlled system of communism. In countries with unified cultures, there was a sharp and sudden swing away from the model of centralism, tempered over time by ongoing tinkering and deliberations over the best model to serve current needs. In countries where there are diverse historic traditions, ethnic strife, or where there is no historic tradition of local control, the situation can be characterized as an ongoing power struggle between the central and local levels of government, with the central level trying to keep control through deconcentrating central institutions to regional and local levels or by recentralizing functions in the name of stability or efficiency. Wedel, among other authors, argues that Russia is seeing a reversion to anti-democratic processes and a recentralization of power to the center.¹⁰¹

The evolution of decentralization in the region is influenced by the following basic issues:

The Size and Functions of Local Government Entities. Controversy and tension over the optimal size of municipalities and their appropriate roles is based on difference of opinion about the superiority of functional decentralization as opposed to decentralization based on traditional territorial divisions. Under the communists, territorial enlargement of local government entities for efficiency and control reasons, led to the reduction in the number of small municipalities. The current debate centers on the desirable size and scale of local government, and whether small units are efficient.

The desire for efficiency is tempered by the tradition and political norm of small units of local government in central and southern Europe. Furthermore, it is thought that the necessary strengthening of local democratic principles and of relationships between citizens and public authorities can best be accomplished through small units. In northern Europe the model of local government puts more emphasis on effectiveness.¹⁰² In Bulgaria the communist-set boundaries of municipalities are very large, allowing for efficient services, and are based on a functional determination of space, rather than a territorial determination. This mode has been countered in other places by recent efforts to subdivide existing territories to keep them more democratic and accessible.

Macedonia greatly expanded the number of its municipalities (from 33 to 130) some years after breaking away from Yugoslavia, but still has no intermediate level of government; Hungary and Czech Republic enlarged the number of municipalities to reflect the historical importance of local government. In Hungary there were 3,131 municipalities in 1999, with no distinction made as to quality or legal status based on either size or type of settlement. In the Czech Republic, 79 percent of municipalities out of a total of 6,230 have less than 1,000 inhabitants (whereas in Lithuania only 1.8 percent has less than 1,000 inhabitants).¹⁰³ Following the transition, Hungary drastically reduced the role of intermediate levels of government (counties) but this has again changed, with authority allocated more on a functional basis between counties and towns. The issue appears to be how and to what degree to integrate small units into tiers of territorial administration without actual absorption.

Controversy over the role of intermediate levels of government. In central Eastern Europe, there has been a continuous debate since the Transition over both the number of intermediate levels of government and their functions. Many countries have added or subtracted levels in recent times, or changed their authorities, hoping to strike the right balance. For example, the Czech Republic has reverted to its pre-communist traditions in its debate over retaining the former macro-units of

Moravia and Bohemia. Debate on the establishment of an intermediate government tier in the Czech Republic endured for a decade, finally realized in 2000, at the same moment as in Slovenia and Hungary which switched from a one to two tier system; *Powiats* (districts) were initially abolished in Poland as an intermediate level of government, but then reinstated, while the number of regions were decreased. On the other hand, Lithuania initiated reforms in 1995 that replaced a two-tier local government system with a single tier, following the Scandinavian model. For many countries, the controversy is based on a reluctance to accept possible threats to municipal autonomy that a second tier might impose.¹⁰⁴ This debate also involves, in addition to the number of levels of government, the issue of functions; for example, in Romania, the counties (*judets*) have recently seen their authorities diminished.

New structures to deal with new service delivery needs. New single purpose structures are being developed outside of traditional subdivisions of province, county, municipality or village to deal with new types of service delivery such as public-private partnerships, joint single-purpose service districts, (for example regional water companies) and some functions have been given over to quasi-independent bodies such as Regional Planning or Economic Development entities.

EU-imposed Regions. All EU member countries and candidate countries have created new regional divisions as a response to the EU requirement for an administrative mechanism for allocation of Regional Funds. The creation of these entities contrasts with the traditional territorial divisions based on culture and history, and engendered heated debates about the role of such new divisions. Are regions to be considered functional entities for purposes of economic and spatial planning, or will they displace provinces or intermediate levels of government in relation to the central government? The concept of region also stands in contrast to the expressed desire for smaller units of government.¹⁰⁵

The influence of market economy on decentralization: The shift of government from provider to enabler, the abandonment of subsidies, the shedding of local government functions, and limitation of government engagement in sports facilities, housing, cultural service, and social health care have led to different forms of service delivery based on market orientation and competition among providers. Private actors, including NGOs, have filled the gap. This shift is due as much to the end of the communist era as to the advent of the EU.

The ongoing debate about the extent and form of decentralization is affected by national cultural and social values, history and existing institutional frameworks. Public suspicion in Eastern Europe of large units of government; general dislike of hierarchical relationships between tiers of local territorial administration and fear of subordination of local government;¹⁰⁶ as well as ideological beliefs about the benefits of local government vs. higher levels of government--all of these social values combined with a reaction to communism have led countries to revert to forms of government that predate communism, even at higher cost and decreased efficiency. Slovakia still has 2,834 municipalities for 5 million people; varying in size from 16 to over 400,000 residents (the communists had eliminated over 700 municipalities, reinstated in 1990). Eastern Europe has reasserted the basic unit of local government independent of a superior authority.

A number of Eastern European countries, particularly in Northeastern Europe have developed competitive multiparty systems at national and local level based upon pre-communist social and religious divisions. This question feeds into the Huntington thesis of cultural variance¹⁰⁷ since he distinguishes between countries that are dominated by Roman Catholics (with ties to western legal traditions), and Orthodox and Moslem countries less influenced by traditions of citizen and civil society engagement.

Regional, religious, ethnic, and nationalist consciousness and tensions play a part in defining the degree of decentralization and the structure of governments. “Floating boundaries” in Romania/Hungary, Yugoslavia, Ukraine, as well as some of the Newly Independent States have left large internal minority groups who either insist on a large degree of decentralized independent control through autonomous regions (Bosnian federalism, Azerbaijan, and Uzbekistan) or have seen their alliances unravel under the strain of unresolved ethnic and nationalist tensions, as with the Czech Republic/Slovakia, and Yugoslavia. Ongoing armed ethnic conflicts between majority and minority groups within some countries has a profound influence on the degree of central control as in Chechnya and Kosovo. In Central Asia, adherence to the model of a strong authority at the top has countered efforts to move towards greater local control. Regional tribes and tribal loyalties, rather than territories, carry historical importance that translates to current cultural and political groups

2.C.3. Contemporary External Influences: Foreign assistance—the influence of donors

While assistance to much of the region is less than two decades old, two donors have heavily influenced the policies and structures related to decentralization, at least in Eastern Europe, and to a much lesser degree in Russia and Eurasia.

The first and greatest influence has been and continues to be the EU. Many of the countries in the region have been heavily influenced by the Council of Europe’s Charter of Local Self Government in defining the revisions to authorities and responsibilities of central and local government, adhering to the subsidiarity principle inherent to the Charter. The Council’s periodic assessment of countries’ adherence to Charter principles has set targets and goals to be met as a basis for representation in the Council.

All of the Eastern European countries have been, or are currently candidate EU members and as such strive to meet the *Aquis Communautaire* concerning service standards and procedures. While governments are free to meet the *Aquis* in their own fashion, and decentralized government is not a requirement for membership, some degree of decentralization is necessary to meet infrastructure, environmental, civil service, and other regulations. The ensuing reassignment of authorities and responsibility to subnational levels of government led to creation of inter-communal authorities to build and manage solid waste disposal and wastewater treatment measures, raise tariffs for communal infrastructure, give municipalities the authority to borrow for capital investments, change procurement regulations to improve local transparency, and improve financial administration and management in general. In addition, potential EU membership has influenced local governments to take a more market-oriented, businesslike, and transparent approach to service delivery and administrative operations.

Massive EU regional funds (Takis and PHARE for pre-accession countries and regional funds for new member states), have led to creation of new regional structures for transport and environmental planning and fund dispersion. While the new structures may not receive additional authority, the total amount of money that they can allocate is so large that they have considerable clout. The funds also allow cities and counties to apply directly for project funding which has led cities to improve their project and financial administration. Subnational governments have improved administration so that they can demonstrate the capacity required for co-financing, which is a condition precedent.

Also of importance is the IMF through its pressure to hold down national debt and state budgets. The effect of IMF policies towards its members has been decentralizing the authority and responsibility to finance and implement services at a subnational level, as a means of holding down the national government budgets. This has played out in different fashions in different countries: as unfunded mandates when the transfer of responsibilities and authorities is incomplete and the funding is withheld; or as true fiscal decentralization.

Finally, the World Bank and its sister organization the European Bank for Reconstruction and Development (EBRD), have supported decentralization of project decision-making and direct borrowing by local governments, in the belief that decentralized authority is the way to improve financial management and strengthen service delivery. Local governments were forced to markedly improve their ability to meet the lender's requirements and set up the controls and institutions required. In a number of countries, local governments now turn directly to the capital markets rather than depending on the World Bank.

2.C.4. Mass-based Political Movements: Local Rebellions

Unlike other regions, Europe-Eurasia has seen relatively little parallel governance for several reasons. Neither in Russia and Eurasia, nor in Southeast Europe is there a strong tradition of civil society or volunteerism. This may be due to the adherence to Orthodoxy and Islam but in any case there is no on going history of social service organization. Also, because of communist penetration and control of all aspects of civil life, civil society movements have taken on limited roles only recently¹, mainly where the state has precipitously withdrawn funds and services for the care of care of orphans, the elderly, etc. In contrast, both Protestant and Catholic churches supported social services, in central and northern Europe. Parallel governance is very limited in other sectors and services mainly because this region has been strongly influenced by both the western European model of the "welfare state", and the former communist traditions and models of government's all encompassing functions, for reasons stated earlier in this section.

The exceptions are those regions which are in a state of conflict such as Kosovo, Chechnya and Abkhazia where government control is tenuous and in some of the Muslim Central Asian states. Underserved areas in many countries (mainly in social services) due to a cut back in state functions, do not clearly demonstrate that gaps in services are being met through systematized parallel organizations. Extended families may be filling this role.

Parallel organizations, based on clan and ethnicity, prevail in Turkmenistan, and in other parts of Central Asia, where citizenship and professional affiliations are subordinate to regional and tribal loyalties.¹⁰⁸ In Turkmenistan, governance is influenced by combinations of political loyalties among which citizenship and professional affiliations are subordinate to regional and tribal loyalties.¹⁰⁹

¹ Poland is an exception to the rule, perhaps because its opposition to communist rule was very well organized through Solidarity and the Church.

2.D. Asia and the Near East

2.D.1. External Influences: Multiple Legacies of Imperial Control

Treating all of Asia and the Middle East as a region presents the analyst and practitioner with a problem of both size and complexity. Except in referring to the impact of Islam, the metrics in this paper, external and internal influences, both historic and contemporary, generally bifurcate between two regions, Asia and the Near East.

Imperial systems with tributary states characterized premodern history in Asia. Imperial China and Japan predominate in Asia. Governance within much of China remained outside the colonial system, shifting among imperial cities. The realities of centralization and decentralization in various parts of Asia revolve around a belief in “cosmological right” of a king or ruler who controlled the center of the universe. Japan controlled much of Northern China, Korea, and Taiwan from the early 20th century to the end of World War II.¹¹⁰ In Southeast Asia, pre-colonial patterns of contests among kings led to the last formal agreement between a Cambodian Prince and the Vietnamese Emperor acknowledging the latter’s preeminence in the southern Vietnamese delta in 1775.

On the popular level, in dramatic contrast to most parts of Latin America where the preexisting indigenous population largely disappeared, pre-colonial societies and local patterns of authority persist in many parts of East and Southeast Asia. Two important countries—Japan¹¹¹ and Thailand—were never colonized, while only a few imperial entrepôts were established in coastal areas of China. The Burmese, Thai, and Vietnamese people in particular constituted competing frontier populations affected by the great and dynamic civilizations of China and India. While accompanied by representative institutions of government, monarchies still dot the region, in countries including Nepal, Thailand, and Jordan.

In South, East, and Southeast Asia, China, in East Asia, India in South Asia and Indonesia and Indochina in Southeast Asia present different modalities. In the Middle East Egypt, Palestine¹¹² and Iraq represent three as does Iran in terms of indirect, or *de facto* influence. Morocco in North Africa illustrates the combination of Islamic culture and French colonialism. Algeria is unique in terms of the French model of assimilation and the hatred that this engendered.

European concepts of governance structures and process made an important impact on the region during the colonial period. In Southeast Asia, the first official concession by the Vietnamese to the French took place in 1874. During the 19th and 20th centuries, colonial authority and patterns of local control in Asia—whether French, American, British, Dutch, German, Japanese, or Portuguese—was patterned on the way states were organized in Europe and among European derivative countries.¹¹³ These patterns originated with the Treaty of Westphalia in 1648. A “sovereign” recognized by other reciprocally recognized “sovereigns”, was understood to have ultimate legal authority over all regions within the legally defined territory and among all peoples residing or temporarily visiting within—or transiting through—territorially defined boundaries as marked by clearly demarcated borders.

European state systems defined a highly centralized vision of political organization within often vast territories. The legal form adopted by colonial powers did not always reflect how actual political influence was exercised and the impact it had on social behavior at the community level. Colonial rule in South and Southeast Asia resulted in an overlay of strong, authoritarian,

prefectoral administration in the form of colonial officers governing at district levels, superimposed on preexisting forms of governance and behaviors.¹¹⁴ Indeed, in almost all cases, colonial prefects governed through local leaders of one kind or another within their limited areas of concern—maintaining law and order, collecting a head tax, or through use of recurrent forced (*corvee*) labor for infrastructure investment and maintenance. Colonial systems used and built upon existing rural systems of revenue collection.¹¹⁵

Although the Middle East is sometimes characterized more by culture than by geography, this paper refers to the area from Egypt to Iran (West-East) and Turkey to Yemen (North-South), predominantly, the Arab world.¹¹⁶ In addition, North African and Asian countries neighboring the Middle East share religious, ethnic, and linguistic forms and other cultural values and are included by USAID in its Asia Near East classification. While internal cultural similarities define and influence the Middle East, external influences—in this region in particular—also have had a profound affect on local governance. Most notably, the Ottoman and European Empires have shaped the structure of governance by imposing centralized rule.

In the Middle East and North Africa, the most important inherited imperial history is of a governorate organization of territorial and local prefects from the Ottoman Empire period (the Turkish legacy). Though the Ottoman Empire was highly decentralized, the Governorates themselves were authoritarian in nature. The Ottoman Empire, through the Governorates, ensured that land and resources were employed under central administration in order to promote the common good. This tradition continues today, where public policy in the modern Republic of Turkey advocates a state role in local affairs.

The manner in which predominantly Arab and Kurdish villages of southeastern Turkey have been governed illustrates the broader impact the Ottoman Empire had on the Middle East. Tribal organization in the largely rural southeast along patrilineal lines has exercised authority, but is most practically associated with ownership of large tracts of land. Villagers from families without land work as laborers or herders for landowners, creating a system of economic and political dependency. The few tribal leaders in command of local resources increased their power as local elites. Incongruent cultural values between the Arab and Kurdish villagers and Turkish prefectoral administration, desire for greater authority and political challenges from local leaders, led the government of Turkey to impose greater control over these minority territories. The result has been violent conflict and displacement of many villagers, analogous to regional tensions under Ottoman rule.

2.D.2. Internal Influences: Culture, Local Governance, and Decentralization

The recorded history of Asia consists almost entirely of interactions among palace elites and control of vassal local rulers. Notwithstanding agreements among rival kingdoms, significant changes in the political history of the subregion resulted from people moving, settling, and either eliminating, displacing, or cohabiting with people of other cultures without regard for any territorial boundaries or esoteric claims by rival courts.

China, Japan, Mongolia, and Vietnam shared some form of sinicized local governance systems while the other kingdoms of mainland Southeast Asia shared an Indianized political culture. Indonesia, colonized for almost 250 years has been influenced culturally and linguistically by Holland and socially by the Middle East and India. The structures, values, and symbols of those Chinese and Indian political cultures defined and maintained formal relationships at the elite level in Asia. Although sinicized and Indianized systems were as different as Buddhism and Hinduism

in many important respects, both were characterized by largely symbolic relationships between emperors and “subordinate” vassals that seldom required obedience to any substantive decisions by the latter to the former. According to Arthur Basham:

The great vassal was always very powerful, and had his own administration and army. Among the many threats to the security of a king, the revolting vassal was one of the most dangerous.... In fact the suzerain’s hand weighed very lightly on the more powerful and remoter vassals, and many claims to homage and tribute amounted to very little.¹¹⁷

Throughout Asia and the Middle East a primary distinction in values exists between secular views and religious values. Secular views can be broadly divided between socialism and mercantilism with China, for example, wavering between both. The major religious and philosophical distinctions are Buddhism, Islam, Hinduism (with its caste legacy), and Confucianism (and some would argue Mandarinism). The earliest forms of government in Southeast Asia were based on a “cosmo-magical” idea of kingship, the Universal Monarch, under which kings based their rule on their relationship to deities and based their rule in a capital, symbolizing the center of a cosmic, beyond an earthly, state. Succession rules were vague, leading to frequent attempts to capture the throne. [Robert Heine-Geldern, 1956]. Whether this tradition of charismatic leadership has found expression in modern times is a subject for a paper on political symbolism in Asia.

Christianity is the majority religion in the Philippines and East Timor. Asia and the Near East have also been influenced, and divided, by the legacy of nonviolence and passive resistance (Gandhi) and revolutionary traditions in China, Vietnam, and Iran.

At the same time, traditional village forms in Asia are varied, relying on family oriented structures (China and the Philippines), group consensus and closed neighborhoods (Japan), and layers of bilateral relationships (Thailand). These local social units have adapted or been altered by modern political and economic institutions.

Political institutions include a number of established democratic multiparty systems with elected local governments in Asia such as India, South Korea, Taiwan, and Japan. The region also has significant authoritarian or one-party regimes including China, Singapore, Vietnam, Saudi Arabia, Thailand (now under military rule), and Burma (Myanmar). Emerging democracies include Indonesia, Malaysia, and the Philippines.

As indicated in Table 2 below, Cambodia, China, Indonesia, Philippines, Thailand, and Vietnam have subnational government assemblies, but they vary considerably in the method of selection.¹¹⁸ Some of these bodies have elections ratified by national political parties. Others elect some administrative levels directly only at the lowest administrative level while appointing higher level officials.

Table 2. Subnational Assemblies and Elections

Country	Subnational assemblies and elections
Cambodia	Subnational representative bodies elected through universal suffrage only at the commune level.
China	People's Congresses in China exist at all levels of government, but only the village level is directly elected.
Indonesia	Regional People's Assemblies elected at local and provincial levels.
Philippines	Directly elected bodies exist at all subnational levels of government.
Thailand	Different types of subnational governments have directly elected councils of different sizes.
Vietnam	People's councils at all levels of government are directly elected and ratified by the immediately superior council.

Source: Paul Smoke, World Bank.

In modern Asia, only three countries are organized as legal federal systems—India, Malaysia, and Pakistan. All other countries in Asia are unitary. Countries with both unitary and federal systems are attempting to decentralize. Eight Asian countries classify themselves as politically decentralized—Bangladesh, China, India, Malaysia, Maldives, Nepal, Pakistan, and the Philippines¹¹⁹. Seven other countries have decentralization policies or are engaged in some type of fiscal or political decentralization efforts over the long-term—Cambodia, Indonesia, Lao PDR, Sri Lanka, Thailand, Pakistan, and Vietnam.¹²⁰

As the Table 3 below indicates, decentralization initiatives in Asian states, arguably in combination with traditional social groupings, leads to a wide range of subnational forms of government.

Table 3. Levels of Government Administration in Asia

Country	Subnational levels of government
Cambodia	Two levels in two parallel systems: <ul style="list-style-type: none"> • Provincial administrations (20) and municipalities (4) with provincial status divided into districts and <i>khans</i> • Elected commune and <i>sangkat</i> (urban commune) governments (1,621) divided into villages
China	Four levels: <ul style="list-style-type: none"> • Provinces (22), autonomous regions (5), and large cities (4) • Prefectures and cities (300) • Counties (2,100) • Townships (44,000+)
Indonesia	Three levels (<i>de jure</i>) <ul style="list-style-type: none"> • Provinces (33), special regions (2), and capital city (1) • Local governments: <i>kotamadya</i> (cities) and <i>kabupaten</i> (districts) (440) • <i>Desa</i> (villages)
Philippines	Four levels: <ul style="list-style-type: none"> • Provinces (79) • Cities (112) • Municipalities (1,496) • <i>Barangays</i>/villages (41,944)
Thailand	Four levels with top three formally empowered: <ul style="list-style-type: none"> • Provinces (75) • Districts and municipalities (811) • <i>Tambons</i> (subdistricts) (6,744) • Villages (67,000+)
Vietnam	Three levels:

Regional Variations in Local Governance

	<ul style="list-style-type: none"> • Provinces (58) and municipalities (3) • Districts (600) • Communes (10,000+)
Pakistan	<p>Four levels</p> <ul style="list-style-type: none"> • Provinces (4) and 2 territories • Districts (100) • <i>Tehsil</i> (360) • Unions (6,022)

Source: Paul Smoke, *The Rules of the Intergovernmental Game in East Asia: Decentralization Frameworks and Processes*, World Bank. & Decentralization Support Program, National Program Support Office—DSP, Pakistan & CIA Factbook.

Local governance forms do not generalize from country to country within Asia. The Indonesian decentralization is well-known. Although the Indonesian government is increasingly decentralized, the transition from authoritarian to broadly democratic forms of political relations, especially at provincial and district (*Kabupaten*) levels, has not yet been fully realized. First, while provincial and district planning offices (*Bappeda Tingkat I and II*) have dramatically increased responsibilities and power relative to the 1980s—as exemplified by their own impressive office buildings in provinces and districts throughout the country—the originally intended “bottom-up” planning process suffered as local governments have adopted “top-down” behaviors modeled on those of the central government. As governmental and administrative authority has been dispersed, it remains largely directive rather than responsive to initiatives originating in rural villages and urban neighborhoods. The Indonesian case is discussed in some depth in the following discussion of the external influence of donor initiatives.

The People’s Republic of China appears to be among the most fiscally and administratively decentralized in the world. China’s system of decentralized governance differs from most other systems in that public sector revenues are largely collected by provincial governments or urban equivalents. The central government’s share is transferred to it by those local governments rather than the reverse. As with many revenue-sharing systems worldwide, a formula has been established according to which the relative shares of government revenues among different levels of government are specified. However, as is too often the case with revenue sharing formulas,¹²¹ actual amounts transferred are negotiated annually by central government officials and their counterparts in each of the provinces and major cities. Diminished resources account, at least in part, for differences in public sector capacities and performance among China’s disparate regions. Thus, while China has experienced substantial increases in aggregate rates of economic growth, improvements in health and education rates have not kept pace throughout the country as a whole.

UNDP’s *Human Development Report 2005* points out that in China, “poorer counties and districts have been unable to raise sufficient revenue through taxation, intensifying the pressure on health service providers to demand payment for services.... Include[ing] basic immunization and other preventive health services.¹²² Thus, eight of China’s provinces lag far behind the others with respect to under-5 mortality rates, ten provinces have dramatically higher maternal mortality rates; and nine provinces have substantially lower rates of access to improved water sources.”¹²³ Insufficient coordination between central and regional, provincial, and/or local governments along several important dimensions in China contributes to inequality;¹²⁴ despite the intention of the Communist Party to ensure conformity in the implementation of policies through its own organizational units that parallel the government structure.

China’s decentralization model is well-developed, but diminished provincial resources weaken its effectiveness. For local governments and minority populations, decentralization poses risks that

the transfer of responsibilities to local governments might not be accompanied by appropriate or sufficient authority or systematic access to existing resources. Local decision-making authority about public resources for poor citizens might be captured by formal sector elites—such as in Indonesia—or be accompanied by the expansion of formal sector government intervention in local affairs—such as in Lao PDR—with the possible further alienation of local non-formal governance systems.

Papua New Guinea (PNG) resembles patterns of decentralized control similar to that of many African countries. Although PNG is officially organized as a unitary state, it operates under an extreme form of *de facto* decentralization due to topography (thousands of small island and isolated mountain communities), cultural differences among the population, diverse colonial experiences, poor communications infrastructure, and ineffective central government administration.¹²⁵ More than 800 distinct language groups exist among a population of about 3.5 million people—approximately, a different language for each 4,275 people. Its entire territory had been administered as a single integrated Australian Trust Territory for only 30 years.

As in sub-Saharan Africa and the Middle East, the borders of many sovereign states in Asia include diverse ethnic “nations” when “nation” describes tribes and ethnic groups. Eleven Asian countries—Japan, the two Koreas, Bhutan, Bangladesh, Brunei, Cambodia, China (not including Tibet), Mongolia, Timor-Leste, and Vietnam are somewhat ethnically homogeneous. Six of these countries (Bangladesh, Brunei, Cambodia, China, Mongolia, Timor-Leste, and Vietnam) have significant numbers of their core ethnic group residing in other neighboring countries.

Another six Asian countries have substantial minority populations—Lao PDR, Malaysia, Myanmar, Nepal, Sri Lanka, and Thailand—while five other countries—India, Indonesia, Papua New Guinea, The Philippines, and Singapore—are substantially multi-“national”. Finally, ethnic minorities in the highlands of Lao PDR, Myanmar, Thailand, and Vietnam and, perhaps, the Tamils of Sri Lanka—constitute “nations” without attachment to any currently existing state. Several of these countries are experiencing levels of domestic conflict;¹²⁶ e.g., the Philippines, Nepal, Sri Lanka, Kashmir, Afghanistan, Indonesia, Cambodia, Nepal, Sri Lanka, and East Timor. As modalities of decentralization in Asia, examples of how widely varying political systems, local political cultures or the reality of physical environments impact on local governance and decentralization objectives are illustrated here by the transitional political situation in Indonesia; decentralization behaviors and disparities in China, and, the impact of topographical realities in Papua New Guinea.

Middle Eastern Subregion

Islamic caliphates ruled the Middle East from the death of Muhammed (around 600 AD) until the early 20th century when the Ottoman caliphate was recast as the Republic of Turkey, and a colonially inspired creation of nation-states emerged. During the reign of successive caliphs, significant ideological differences have developed over the appropriateness of governance authority. These have continued to divide Islamic society in the Middle East.

Sunni Muslim leaders generally argue that the caliph ought to be selected by community consensus or selection. Shia Muslims counter that caliphs should follow the religious authority of qualified imams. The rift in Islamic society between these two major sects transcend governance into philosophical and religious interpretation of Islam, but these beliefs impacted the utilization of resources within caliphates with regard to local governance, especially as Islamic society conquered territory and expanded its reach. Within the two Islamic sects, Shia and Sunni have fundamentalist and moderate wings, and reflect both secular and theocratic political values with

regard to local governance. Among Sunni Moslems, the Baathist movement has historically represented secular socialist principles while various Muslim brotherhoods have represented more theocratic elements.

Highly centralized unitary states predominate throughout the Middle East, with strong central government control over local governments. In the region, federal and quasi-federal states include Iraq (since 2005), the United Arab Emirates, and Afghanistan (weakly quasi-federal).

Hereditary rulers continue to dominate one-party states in the Gulf. In the name of security, many countries in the Middle East have expanded central controls. Existing kingdoms in the Middle East include Jordan, and Morocco. Morocco, Jordan, Iraq, and Egypt have parliamentary systems with varying degrees of legislative authority. Tunisia is cited as an emerging democracy. Israel is a notable outlier with the only fully established democratic multiparty system in the region.

Governors throughout the Middle East, generally appointed, have some degree of administrative and budgetary authority. Heavily dependent on central fiscal transfers, they do have some ability to raise local revenues, and determine local budgets. Unfortunately, a highly centralized public sector, coupled with a tremendous administrative bureaucracy minimizes the practical effectiveness of local governance.

Syria, Egypt, Jordan, and Saudi Arabia share the model of prefectural-based centralized government through governorate or provincial appointees. All of Syria's thirteen provinces are governed by an official appointed by the central government who is responsible for all public services. The governor is supported by a provincial council comprised of locally elected and centrally appointed representatives subject to oversight through the Ministry of Local Administration.

In Egypt for example, a local governance system of villages and districts comprise the 26 governorates (*muhafazah*), which are all ultimately accountable to a powerful central administration. Elected Local Popular Councils, at the village, district, and governorate level, work in a subordinate role to the appointed Governors and the local representatives of the central Ministries. A more complex picture is painted regarding state weakness, "To assume that the state is able to control the daily lives of peasant cultivators is to greatly overestimate the state's power of control over both its own officials and members of the rural sector." Local gentry retains "unexpected mechanisms to ensure its dominance."¹²⁷

Current newspaper reports and speeches tell us that the President has recently indicated an interest in decentralization of some fiscal and administrative authorities, though direct election of governors is not currently contemplated. The challenges of central budget deficits and the political exigencies of a one-party state complicate efforts to devolve fiscal and administrative control.

Jordan's 12 governorates (*alwiyah*) and their districts and subdistricts, like other Middle Eastern countries, represent an extension of the central government in the administration of municipal or village affairs by an appointed official who is directly accountable to the king. Depending on the scale, local governance is administered by popularly elected councils in larger municipal areas; smaller, mostly rural areas used to be governed by traditional, government sanctioned headmen (*mukhtars*) who had limited responsibility to administer public services, but an increasing reach of central authority to tribal areas has stripped this traditional element of local governance from the formal structure.

Saudi Arabia's 14 provinces or *amirates* are governed by an *amir* or governors appointed by—and largely accountable to—the king. Governors hold public meetings (*majlis*), where local disputes are arbitrated or referred to an appropriate court. Larger provinces are subdivided into districts, with appointed councils and appointed lower level officials subordinate to the governors. These appointees assume restricted local authority to exercise central government functions.

The Governor has the authority to appoint district and subdistrict officials who work with elected district councils to manage local needs and liaise between the central government authority and traditional leaders such as village chiefs or clan leaders. However, appointments of all officials are subject to the approval on the Ministry of the Interior. Local municipal councils in urban areas have greater decision making authority to collect revenues and administer public services but the accountability of such bodies does not rest with the people but rather with the Governor or other central government official. The *bedouin* and other tribal cultures practice self-government according to traditional customs in some areas such as the Fatouh border area between Pakistan and Afghanistan.

Contemporary local governance in the Middle East reflects the central planning systems introduced by European colonialism. Most countries in the Middle East, like Egypt, employ five-year development plans for public service delivery. Five-year plans follow the legacy of central administration and are directed from the state down to the local level. Despite a few notable efforts to liberalize local decision-making authority, ministerial oversight largely dominates the governance structure in many Middle Eastern countries. In Turkey, local administrations depend heavily on funds transferred from the central government, which are often insufficient to provide required public services, especially in urban areas. Efforts to implement pooled financing and revenue-sharing schemes to improve service delivery, seem unlikely to take hold in a way that will empower local authorities politically.

2.D.3. Contemporary External Influences: Foreign Aid and Local Governance Forms

The United States began providing financial and development assistance throughout Asia—especially in Taiwan, South Korea, and Japan—soon after the end of World War II and was subsequently joined by the World Bank, the Asian Development Bank, Australia, and former recipient, Japan among other bilateral assistance agencies. Western assumptions about progress and the linear path to development combined with lessons learned about planning and management from the Marshall Plan approach to the reconstruction of Europe and Japan, to reinforce centralizing tendencies inherent in the notion of the sovereign state itself. A centralized model was further reinforced by the fact that the economies of several East and Southeast Asian countries—China, South Korea, Indonesia, Malaysia, Singapore, and Thailand—appeared to be “taking-off” by the 1970s as a result of centrally planned processes. Indeed, among those “Asian Tigers,” GDP grew between 7.6 percent (Indonesia) and 9.4 percent (China) between 1970 and 1996.

Economic success and the argument—most clearly articulated by Singapore's then Prime Minister Lee Kwan Yew—that China, Japan, South Korea, and Singapore's success was due to their shared, centrally controlled and essentially paternalistic “Asian Values,” militated against radical new programs of decentralization. Given the realities of the 1997 financial crisis in East and Southeast Asia, it is interesting to note the World Bank's judgment about the effectiveness of

the state in East and Southeast Asia in its World Development Report published just a few months earlier:

In the newly industrializing countries of East Asia, the state is generally viewed as effective, engaged in a productive partnership with the private sector. With few exceptions, it has matched its role to its capability very well and thereby enhanced its effectiveness. Whereas ineffective authoritarian states have been directly responsible for economic decline in Africa, many East Asian countries have experienced remarkable growth (with some improvement in equity) under authoritarian regimes.... The link between authoritarianism and economic decline, so evident in Africa, has been inoperative in Asian countries, largely because of their powerful commitment to rapid economic development, strong administrative capability, and institutionalized links with stakeholders such as private firms, as well as their ability to deliver on the economic and social fundamentals: sound economic management, basic education and health care, and infrastructure.¹²⁸

Even as many international development agencies were advocating one or another aspect of decentralization—and associated local government capacity-building projects—as part of macro-governance reform programs in other regions (particularly in sub-Saharan Africa), concern for such issues in most of Asia remained largely limited to community-based participation and “bottom-up” process approaches to project design and implementation at the micro-level.

By the late 1980s, debate was underway between “centralizers” (mostly macroeconomists) and “decentralizers” (primarily microeconomists and institutional development specialists) whether public sector reform programs in Asia should support decentralization efforts. Centralizer’s fears were raised by the announced intention of China to dramatically accelerate the transfer of substantial financial, investment, and implementation responsibilities to provincial governments. Would unrestrained local decision-making make effective management of demand within the public sector impossible? The fear was that, sooner rather than later, China’s central Government would be faced with the moral hazard of bankrupt local governments relying on Beijing to bail them out by paying off the local governments’ bad debts.

Centralizers were faced with several exceptions to the more common centralizing tendencies during the decades prior to the 1997 East Asian Economic Crisis. These included

- The launch during 1978 of Indonesia’s “Provincial Development Program” with USAID’s financing of “PDP I” in Central Java and Aceh and its sequential expansion to all of Indonesia’s provinces and districts with financing by USAID, the World Bank, Asian Development Bank, and other international development agencies;
- The attempted regionalization of planning in the Philippines during the 1980s;¹²⁹ and
- The use of “by-pass” strategies employing NGOs for the implementation of “social fund” projects in Cambodia, Indonesia, the Philippines, and, to the extent practicable, in Vietnam.

Indonesia offers one of the few examples of donor stimulated decentralized planning and governance mechanisms in the Asia/Near East meta-region. In Indonesia, the World Bank financed Kecamatan Development Program (KDP) has fostered the establishment of “councils” at the subdistrict (*Kecamatan*) level consisting of representatives from participating communities who are vested with the authority to decide—within established limits—how to use program resources. That process is assisted by technical assistance teams provided by local NGOs or consultant contractors.

Indonesia's PDP is a good example of how a sufficiently long-term perspective provides a more accurate view of the success or failures of decentralization programs and consequently, the impact of external donor assistance. When first introduced in 1978, it was the first project in Indonesia designed specifically to support decentralization to provincial governments. PDP was the very first foreign aid project channeled through the Government of Indonesia's equivalent of a Ministry of Local Government (*Departemen Dalam Negeri*) and the provincial planning offices (*Bappeda Tingkat I*). In addition, it was one of the earliest projects anywhere to specify the "poorest of the poor" as the target "beneficiaries" and to foster a village level participatory process through which beneficiaries themselves could select the kind of benefits they would receive (although from a limited list of pre-determined choices). Finally, it was explicitly designed as a pilot project that—based on lessons learned from implementation experience—could be adapted and expanded to other parts of Indonesia.¹³⁰

Within about a decade, PDP had been expanded through successive projects financed by USAID, joined by the World Bank and other international development agencies to all of the many country's provinces. By 1995 the primary emphasis within successor decentralization projects was the transfer of deconcentrated responsibilities from provincial to district level planning offices (*Bappeda Tingkat II*). In the meantime, Indonesia's official system of parallel provincial and central government offices in provincial capitals had been abolished and all ministerial representatives had been integrated into the provincial administrations.

When President Suharto's authoritarian regime was overthrown during May 1998, the long-term institutional development effort required for an effective transition to an increasingly decentralized governmental and political system had already occurred and the required capacities were largely in place.

Within the formal organizational structure of the Indonesian Government, the *kecamatan* is a deconcentrated administrative arm of district (*kabupaten*) governments and—outside of KDP—with no devolved authority. It is still too early to tell whether the participatory organizations and processes established by "KDP" will be sustained after external financing ends. Some analysts argue that externally stimulated decentralized political and governmental power since the overthrow of Suharto has led to an increase in levels of corruption—even though it is now much more dispersed, "anarchical," or "chaotic" than during the previous authoritarian regime.¹³¹ Yet, within the arena of official Government organization and behavior, Indonesia, an overwhelmingly centralized country in 1978 is now substantially more decentralized and continues to implement programs directed toward further expansion of decentralization.

Since the 1997 crisis, increasing attention has been given to decentralization issues in other East and Southeast Asian countries that receive significant amounts of public foreign finance within the context of macro-adjustment¹³² and poverty alleviation programs; e.g., Lao PDR, The Philippines, and Papua New Guinea. Multilateral development banks working in local government limit their attention primarily to instrumental aspects of administrative and fiscal decentralization¹³³ within the broader context of public sector management and do not press for political decentralization in the form of direct elections.¹³⁴

For broad policy reasons, as well as to improve capacity, transparency, and accountability at the local level, bilateral and multilateral donors sponsor democracy and governance programs in the Middle East. The success of these initiatives depends on internal influences and the subregional environment. External donor-assistance programs have worked sporadically throughout the Middle East to liberalize both administrative functions through decentralization and public

service delivery through privatization.¹³⁵ It has been argued that these efforts however have been limited by the need to garner support from Middle East leaders opposed to liberalization in order to gain political support for controversial policies in the Palestinian-Israeli conflict and in Iraq, Afghanistan, and Iran.

2.D.4. Mass-based Political Organizations: Social Service Delivery—Civil Society, Religion, and Ethnicity

Clear examples of parallel institutions and local governance surface most dramatically in countries or provinces in conflict or just emerging from conflict. In Asia, current examples include Afghanistan and Pakistan, where the exercise of effective central government authority within many provinces is problematic because governance functions continue to be exercised by regional—often non-formal—tribal or religious leaders¹³⁶ while yet other non-formal authority structures transcend the border between Afghanistan and Pakistan. There are a number of groups operating in Afghanistan, most notably the Taliban, which represents a prior regime.

A recent World Bank study¹³⁷ reveals various forms of parallel governance systems in Asia, including 1) informal and non-formal institutional arrangements for the provision of credit; 2) voluntary security teams in large housing areas; and 3) financing of flood relief, orphanages, medical services, secondary schools, water, and power grids.

Rural villages and urban neighborhoods are institutionally complex. Indonesia is an example with particular resonance. In response to participatory evaluation methods, the urban “poor” identified a total of 44 different institutions operating in one or more of neighborhoods, while 53 separate institutions were identified as operating in one or more rural villages.¹³⁸ This intense institutional environment encompasses a much broader range of actors than those provided and/or supported by Indonesia’s formal sector Government. Twenty (45.5 percent) of the institutions identified by the urban “poor” are non-formal, while 16 institutions (30.2 percent) identified by the rural “poor” are non-formal.¹³⁹

Non-formal institutions are persistent in China, where a widespread substitution of social institutions for formal governance mechanisms delivers services in many parts of that country. In rural China, village level officials may rely on lineage or religious organizations to fund and manage public services¹⁴⁰ even as some established local governments devote resources to village level social and community enhancements.¹⁴¹ Currently, elected village leaders from the business community may be expected to provide village improvements from their personal resources.¹⁴²

In Vietnam, Lao PDR, Burma (Myanmar), and Thailand, parallel institutions link indigenous tribal minorities living in cross-border highland regions despite predominantly homogeneous populations in the lowlands. In Indonesia, central government authority is clearly shared with unofficial governance systems among the wide variety of ethnic groups living throughout this island country. Indonesia provides examples of parallel institutions such as the Partai Keadilan and Nahdatul Ulama.

In the Pacific, persistent mass-based political groups exist in Papua New Guinea and Solomon Islands. Among the Tuvalu there are traditional community structures of authority. In the Solomon Islands, many people adhere to traditional structures of authority rooted in rural villages that emphasize both equity and acquired rather than inherited status and among whom “local and clan loyalties far outweigh regional or national affiliations.”¹⁴³ Among the Tuvalu, legislation has devolved significant governance responsibilities to “island communities” closely linked to

traditional decision-making structures so as to make official and unofficial decision-making systems more congruent with each other.¹⁴⁴

A number of NGOs and foundations have been active in providing education, health, and special needs services: the Aga Khan Foundation in South and Central Asia, Teras Pengupayaan Melayu and Jemaah Islah in Malaysia, Darul Arqam and Majlis Ugama Islam in Singapore, Partai Keadilan and Nahdatul Ulama in Indonesia, The Imam Sadr Foundation and the Makassed in Lebanon. Political party affiliates are also beginning to act as service providers, such as the AK party in Turkey and the Almabarrat in Lebanon (which is perceived to be linked to the Hezbollah).

Finally, there are several examples of NGOs that have links with civil society. These include BRAC in Bangladesh, in Malaysia—Teras Pengupayaan Melayu and Jemaah Islah, in Singapore—Darul Aram and Majlis Ugama Islam and in South Asia, the Aga Khan Foundation in Pakistan.¹⁴⁵ Awareness or discovery of parallel systems sometimes results in attempts to eliminate them. Development practitioners would be well-served to support efforts that have been made to improve and integrate parallel providers into formal systems. Information about one such effort describes a program to improve services provided by drug vendors in Lao PDR.¹⁴⁶

In many parts of the Middle East, local governance continues to be influenced by local headmen and other traditional or religious leaders. Rural village and Muslim Brotherhood political activism, at times, challenges the authority of Egypt's central governance. However, the current administration has worked diligently to control the influence of such movements by limiting civil society activity. There is no tradition of civil society participation outside of religious institutions since religious fundamentalist organizations and grassroots religious associations have historically delivered social services.

In both the Near East and Asia, traditional reliance in Islam on religious trusts (*awqaf*) as providers of local public services has led to the growth and widespread provision of public services by a variety of Islamic groups including mass based political organizations, fundamentalist groups, Muslim NGOs, and foundations in South and Southeast Asia, Middle East, and North Africa. In several regions, mass based political organizations such as Hezbollah, Hamas, the FIS, and the Muslim Brotherhood have taken over traditional service delivery functions of local governments. Muslim NGOs and foundations also have stepped into the local governance sphere.

Parallel governance groups and mass based organizations tend to be dominated by religious fundamentalists particularly in the Moslem areas of the Middle East. Parallel structures in the Arab Middle East include both Arab Socialist groups (Baathist), and Islamic organizations (Sunni, Shiite, Wahabbi, or Taliban in Afghanistan).

Parallel governance groups in the Middle East include several political movements but specifically the Islamist based AK Party in Turkey, which has combined Islamic nationalism with grassroots welfare and service delivery promotion.¹⁴⁷ They also include, as mentioned above, Almabarrat/Hezbollah in Lebanon, Hamas, in Palestine, the FIS (Islamic Salvation Front in Algeria), and the Muslim Brotherhood in Egypt. Hybrid groups include Hezbollah, Hamas and the Muslim Brotherhood (Egypt) and Muqtada al-Sadr in Iraq. Nongovernmental and civil society organizations include the Iman Dadr Foundation and Makassed in Lebanon. Religious-based welfare groups combine their welfare roles with political activism and in some cases, terrorist activities.

SECTION THREE: Conclusions

3.A. Regional Variations in Local Governance Traditions: Regions as Analytical Units for Subnational Governance

This Section will draw general conclusions regarding the value of regions as analytical units for local governance structures and decentralization approaches, using the influences discussed in Section Two to create simple typologies. Centralization and decentralization influences have major impacts on the powers accorded to subnational governments. Table 4 gives some predominant elements of influence from the regional discussions in Section Two.

Internal decentralizing influences are strikingly more numerous, perhaps echoing the trend in decentralization policy over the past two and a half decades, reflected in the number of countries which have formulated decentralization policies. For purposes of the charts, early foreign assistance patterns and later patterns are separated. As indicated above, early foreign assistance efforts had a centralizing impact. Current foreign assistance in the governance sector, certainly relative to early foreign assistance, exerts a net decentralizing pull. Mass-based political movements are considered as decentralizing elements whether inside or outside of formal governance structures, for each region. For purposes of the chart, mass-based political movements are internal influences.¹⁴⁸ State weakness has two impacts; first, it may create a void that allows parallel governance organizations (mass-based political organizations) to amass political influence through providing services that governments cannot. Secondly, it may lead to increasing attempts to centralize power related to central government efforts to retain local control.

Table 4. Centralizing and Decentralizing Influences Impacting Local Governance

External Centralizing Influences	Internal Centralizing Influences
Imperial traditions	Hegemonic newly formed states
Unitary systems	Unique cultural forces (monarchy)
Military dictatorship	Communism and Soviet Rule
Weak states' inability to mediate competing interests at the local level	Early foreign assistance patterns directed at centrally controlled economic growth
External Decentralizing influences	Internal Decentralizing Influences
Contemporary foreign assistance patterns	Recapture political legitimacy
	Culturally disparate regions
	Unique cultural forces (municipalism)
	Transcendent ethnic loyalty in single states

Regional Variations in Local Governance

	Weak states' inability to mediate competing interests at the local level
	Mass-based political movements
	Federal systems
	Central budget deficits and the search for internal sources of funds

The proliferation of influences towards decentralized forms of governance cannot explain whether local governments have adequate authority to govern, whether delivering services or mediating social conflict and debate. Nor does it tell us whether we can “sort” for influences at the regional level, nor answer the question, “Do Regions Matter?”

To address that question, the following Tables attempt to capture predominant influences on forms of local governance in the four regions established by USAID based on the research reviewed in Section Two. The regions do attract different characterizations. As shown in Table 5, for example, internal influences, such as weak state structures and divisive ethnic loyalties, are frequently cited as predominant forces responsible for local governance dysfunction in Africa. Similarly, scholars point repeatedly to the impact of the municipal tradition on Latin American local governance and the tendencies to decentralize service provision to the municipality. Latin America was an early focus of foreign donors, and arguably, more affected by policies favoring central control of state structures for purposes of economic growth.

Europe and Eurasia have been dramatically affected by the state-centric nature of communist government, and by the reaction to it after the fall of the Soviet Union. Strong ethnical loyalties surfaced in Europe which allowed states not to decentralize but to actually break apart. This period coincided with donor governance initiatives in decentralization reform. Following a monarchic tradition, Asia and the Near East, now face mass-based political movements that threaten specific subregions, and an overwhelming donor emphasis on decentralization.

Table 5. Predominant Influences by Region

REGIONS	External Centralizing Influences	External Decentralizing Influences	Internal Centralizing Influences	Internal Decentralizing Influences
Africa	Colonial traditions	Current foreign assistance	Hegemonic new states	Weak states
			Military dictatorship	Mass-based political movements
			Weak states	Transcendent ethnic loyalty in single states
			Mostly unitary states	
Latin America and Caribbean	Imperial traditions		Military dictatorship	Unique cultural forces (municipalism)
	Early foreign assistance patterns		Mostly unitary states	Central budget deficits

Regional Variations in Local Governance

Europe/Eurasia	Imperial traditions	Current foreign assistance patterns		Transcendent ethnic loyalty in single states
	Communist and Soviet rule		Communist and Soviet rule	
Asia and the Near East	Unique cultural forces (monarchy)	Current foreign assistance patterns	Hegemonic new states (Near East)	Central budget deficits
	Early foreign assistance patterns		Communist rule	Mass-based political movements
			Mostly unitary	Transcendent ethnic loyalty in single states

Table 5 reflects a summary qualitative assessment of the influences captured in Table 6, illustrating that each region was influenced differently by external and internal factors. The conclusion of the paper is that regional variations in local governance traditions are the product of both internal and external forces, unique to each region.

Table 6. Summary: Predominant Influences on Local Governance by Region

INFLUENCE	Africa	Latin America	Europe/Eurasia	Asia/Near East
External historical influences	2	1	1	3
Internal culture and political structures	1	1	1	2
External contemporary influences (foreign aid)	3	3	2	1
Mass-based political movements	1	3	3	1

Source: Elements are weighted for influence and not presented in rank order. Some elements are weighted equally.

Notwithstanding the construction of some typologies by region, the question remains, “Do Regions Matter? At the subnational level? Variations at the regional level have insufficient analytical power in the 21st century to govern analysis of forms of subnational governance. The points below are further supported by the discussion of subnational governance forms and structures.

- The number of government forms currently in use in any one region, and the number of cultures that coexist in each region, complicate any effort to generalize at the regional level. (On a related note, it is impossible to predict whether or not one or another pattern of decentralization will achieve specific objectives or goals¹⁴⁹—too many other independent variables impact actual collective and individual behaviors.¹⁵⁰)
- Subregional experiences (Central Asia, the Baltics) and experiences of individual countries (South Africa, China, English-speaking Caribbean countries) provide exceptions to any regional generalization.
- Literature on decentralization at the regional level trends towards comparative studies of limited cases within a subregion and rarely considers regions as units of analysis. Regional

level study seems to have been popular as a unit for postcolonial studies, and for language and anthropology studies more than in application to political science. The fall of the Soviet Union and the emergence of new ethnic loyalties seem to have led analysts away from broad regional work and towards the study of subregions and comparable subgroups of countries. Regional literature outside of USAID does not generally group Asia and the Near East together.

The geographic distinctions among regions do not adequately describe subnational forms of government in the countries that make up the region. In Asia, for example, local government in Papua New Guinea differs strongly from local government in Indonesia which in turn, differs dramatically from the federal constitution of Malaysia. Even similar terms for local government structures, such as “district” or “local council,” mask effective distinctions. For example, some districts include elected officials and others, appointed ones. Municipal authority in Latin America, in countries as diverse as Brazil, Peru and Guatemala, offer frameworks that can assist the regional scholar. In the Caribbean, Haiti recognizes the municipality as a decentralized form of government. However, even in Latin America and the Caribbean, the uneven pace of development in Peru, vast differences in state resources between Peru and Brazil, and conflict and security issues in Haiti impede regional-level analyses. In terms of decentralization, the Europe/Eurasia region divides dramatically along the fault lines of EU accession and pre-accession countries and states like Tajikistan, which acknowledge that their local government bodies (*jamoats*) remain executive structures of central government.¹⁵¹

Scholars and practitioners looking for comparative experience in local governance may do better to match states by cultural form as well as looking at the types of authority conveyed to local government institutions to draw useful analogies. Guides to success and failure for decentralization and local government strengthening can better come from subnational analyses independent of region. Further, “As the centralized state was a tapestry of varied configurations of state-society relations, so too is the increasingly decentralized state.”¹⁵²

3.B. Conclusions—Internal and External Influences on Regional Variations in Governance Traditions

This Section will also offer concluding remarks regarding the four influences on regional variations in local governance traditions.

3.B.1. Historical external influences

Differences in structure of government based on external influences include colonial, imperial or tributary factors, and the historical legacy of managing the extraction of wealth. Formal colonialism, spheres of influence, and informal or *de facto* control are all part of the 19th century colonial legacy of much of the world outside of Western Europe.

To some extent, connections between colonial powers and their respective dependent territories were carried forward into the post-colonial period. For example, 80 percent of the United Kingdom’s total bilateral aid was provided to former British dependencies between 1965-84, more than 60 percent of France’s worldwide bilateral assistance was provided to former French dependencies between 1965 and 1999, and more than 50 percent of Belgium’s official bilateral development assistance was provided to its former dependencies until the late 1980s. As late as 2004, 23 countries received more than a third of bilateral assistance from their former colonial

country.¹⁵³ Even where administrative forms of direct and indirect rule underlie current forms, these are not regionally determinative. Major colonial powers had impact across regional boundaries, with English influence in Africa and Asia, French influence in Indochina and Africa and Portuguese influence stretching from East Timor to Brazil.

3.B.2. Internal Cultural and Political Influences

A number of authors support the view that local governance or decentralized “units or activities cannot be studied in isolation from their environmental context....”¹⁵⁴ At least 6,867 different ethno-linguistic groups have been identified among the world’s total population of about 6.5 billion people. Even if many of those groups might combine broadly defined ethno-cultural affiliations with primary political loyalties—the criteria for classification as a “nation”—the impact of culture complicates the development of the concept of “citizen” and challenges the organization of states. Given the largely subjective nature of cultural norms for governance processes and competing economic and social priorities, different local governance traditions clearly influence, but may not determine, the way the governance function is performed. Samuel Huntington, Crawford Young and Lawrence E. Harrison have suggested that societal and cultural values influence and perhaps dominate political characteristics.¹⁵⁵ Any sense of broad “national” culture towards decentralization and local governance must, for operational purposes, be disaggregated by issue, interest group, by social and educational variations and perception of circumstance.

3.B.3. Contemporary External Influences—Foreign Donor Influence

Current donor influence through governance programs favors decentralization. However, the look of donor programs over the past 50 years includes early centralizing efforts in both intent and effect. Multilateral organizations such as the IMF and the World Bank are primarily focused on economic support, service delivery and revenue collection. Local autonomy is often not the primary motivation for decentralization reforms.

With 16 bilateral donors (external Support Agencies or ESA’s) providing \$1 billion or more during 2004,¹⁵⁶ only four multisector multilateral external support agencies—plus the United States as the only bilateral—were operating worldwide on January 1, 1960.¹⁵⁷ One result of the relatively small club of external assistance agencies during the formative decades of international development was a broadly shared view of what ought to be the objectives and approaches to achieving it.

That relatively common view of foreign aid historically has included the following beliefs: 1) development was essentially synonymous with economic growth through industrialization supported by investments in physical infrastructure; 2) based on lessons thought to have been learned from post-WWII reconstruction, development required application of scientific planning and public administration to management of complex projects and programs by educated personnel with a politically neutral cast of mind; 3) that investment required transfers of agricultural surpluses to the industrial sector; 4) new sovereign states consisted of limited numbers of educated people, lacking required planning, management, or technical skills, who were nevertheless responsible for governing majority populations of largely illiterate rural farmers; 5) those farmers were engaged in subsistence agriculture, bound by traditional beliefs and traditions, and organized in parochial and inward looking clans, tribes, or villages; and, therefore, 6) production of agricultural surpluses and the transfer of such surpluses to the industrial sector were unlikely to occur spontaneously.

Those theoretical assumptions argued strongly against the diffusion of power through decentralization of sovereign state governments¹⁵⁸ even as the resulting inefficiencies of highly centralized authoritarian governments reinforced their alienation from the citizens. It took until the 1980s for attention to be paid to the absence of “nationhood” or the literature on political development or the principles of local governance as it had emerged during the early and mid-1960s.

Also, a professional culture of political neutrality was established as early as 1944 by the World Bank’s Articles of Agreement with its explicit prohibition of any “interfere[ence] in the political affairs of any member [while directing that]... only economic considerations shall be relevant to...decisions...weighed impartially...to achieve the [Bank’s] purposes” and subsequently reinforced by post-Vietnam legislation in the United States that sought to separate USAID and Peace Corps programs from security related agencies of the United States’ Government.

Donor concerns expanded rapidly to include reduction of public sector expenditures, privatization of state-owned enterprises, private sector development, and decentralization of many remaining government functions. However, as responsibilities were almost always transferred to local governments without commensurate access to revenues, suspicions were expressed that central government support for decentralization in countries as disparate as Zambia and Guatemala was motivated primarily by the desire to avoid blame for reduced public expenditures.¹⁵⁹ Decentralization efforts were plagued by disagreements between macro-economists who believed that decentralization would harm efforts to reduce public expenditures and microeconomists and governance specialists who believed that decentralization would substantially increase efficiency through participation and beneficiary ownership.

Donor debates were complicated even further by the growing crescendo of negative opinion—primarily by international NGOs—of “adjustment” generally.¹⁶⁰ Partially in response to such criticism, the World Bank in particular: 1) began employing a small number of non-economist social scientists who, by skill and experience, were oriented toward smaller-scale, community level, participatory approaches to development and who viewed themselves as “reformers-from-within;” 2) established a “Social Dimensions of Adjustment” program;¹⁶¹ 3) committed itself to addressing the “environmental impact” of its investment projects (although explicitly excluding the requirement for environmental assessments of structural adjustment lending); and (iv) began—in parallel with other economic structural adjustment programs ESAs—to directly involve NGOs in larger-scale development projects.¹⁶²

Donor influence with regard to decentralization and democratic governance components of public sector reform varied substantially among regions. Eastern European and Baltic transitional states were receptive to advice about decentralization comprehensive institutional reforms and democratization during the early 1990s. Secular political leadership of former Soviet Republics in Southern Europe, the Caucasus, and Central Asia were less open to decentralization reforms.

Attitudes in sub-Saharan Africa and Central America can be characterized as reluctant agreement with requirements to dismantle single party central planned state systems. These command economies followed by less than enthusiastic implementation of decentralization schemes. External influence on the political leadership in Mexico and South America more generally was relatively minor at best while efforts to address “institutional” issues in East and Southeast Asia did not begin until after the 1997 financial crisis.

3.B.4. Mass-based Political Movements—Parallel Governance

As indicated previously, several concerns require the consideration of mass-based political movements in discussions of forms of local governance. These include: 1) their impact on decentralization policies and programs in such countries as the Philippines and Indonesia; 2) fragile states as a group are included in this paper; 3) the ascribed function to local government (and to government generally) as arbiter of societal conflict and disagreement. The argument that appropriate forms of decentralization could result in reducing separatist pressures is voiced in favor of decentralization. By extending sufficient autonomy to local jurisdictions that more accurately represent social and political communities, pressures to assert absolute legal sovereignty by such communities might be substantially reduced. While examples to date are difficult to locate, decentralized systems may provide multiple channels for the expression of different norms and values arising from different cultures within a country.

Where new sovereign states were established without reference to the distribution of nations and cultures among them, modernizing elites may be fundamentally alienated from many of their fellow citizens. Relationships may be characterized by the absence of shared values concerning priority public choices and norms about appropriate procedures for resolving disagreements among them. Primary affiliations are defined less in terms of place than groups; “tribes,” clans, religions, and so forth. Persistent parallel systems have evolved naturally from patterns of governance existing prior to the introduction of a sovereign state veneer. Meeting the need for defensive security or organized self-help—especially among poor people in urban slum areas—is the essence of “adaptive” parallel governance. The informal settlements of Lima, Peru, described by Hernando de Soto are well known examples. But another negative variant includes broader criminal syndicates that displace formal government entities by providing basic security and minimal social services in exchange for acquiescence of local residents.

According to a relatively recent global study, many people—especially the poor, residing in rural and urban slums, consider non-formal institutions created and managed by themselves as more accountable, trustworthy, and participatory than formal sector government institutions and, even, NGOs.¹⁶³ For example, people will often pay “untrained” or officially unregistered traditional “medical” practitioners for diagnoses and prescriptions, using traditional medicine rather than using officially sponsored health programs—even when those government services are provided free of charge. In such cases, non-formal, but culturally accepted, parallel governance systems serve to “certify” the qualifications of those “traditional medical practitioners.”¹⁶⁴ These parallel systems—however invisible to formal sector experts—negatively affect the effectiveness of official government medical programs. The power of persistent governance systems is most often rooted in rural or nomadic clan, community, or tribal affiliations in Africa, the Andes and highlands of Central, South, and Southeast Asia, the Middle East, and the Sahara.

Citizens often have no choice but to exit formal government systems when these have collapsed due to conflict, but they may also exit ineffective governance structures and those which exert no claim on their allegiance. In citing Albert Hirschman, the importance of his insight that people can “exit” from participation in government programs when their “*voice*” is ignored was acknowledged. They may exit to NGOs when possible and to hostile parallel institutions when they see no likelihood of formal governance attention to essential services. The answer to that question considers the difference between local governments as form and local governance as function.¹⁶⁵

Non-state actors want to achieve sovereign state power but react to the absence of official channels for political competition. At one extreme are active insurgencies that govern openly in some areas within a state. At the other extreme, sanctuary is sought within domestic havens beyond the effective political reach of formal governments. Examples of such protected arenas include mosques or other religious networks within which people can operate more effectively than they can in public spaces as they use force, or terror, to achieve state power. Michael Mann writes about the failure of the state to develop institutions that could coordinate the activities of civil society productively.¹⁶⁶

NGOs and other less formal civic groups can play a similar intermediation role providing an arena for intermediation between secular “modernizing” elites within formal governments and locally successful non-formal national leaders. Indeed, the need to identify and support such intermediation was an important reason that official development assistance agencies began to reach out to local NGOs during the late 1980s and early 1990s. However, only a limited number of NGOs perform such intermediation functions or are committed to that specific objective.

Both informal and non-formal institutions¹⁶⁷ have been identified in countries around the world for the provision of credit, voluntary security teams in large housing areas, and financing of flood relief, orphanages, medical services, secondary schools, water and power grids, and so forth. The dynamic adaptation by informal and non-formal groups to changing domestic and international conditions has substantially aided the economic and political survival of large numbers of people in many countries; especially in Africa. Nevertheless, providing services alone does not by itself constitute parallel governance. What is called here parallel governance exists only if informal or non-formal groups provide public goods and services to people who are primarily loyal to them, are able to levy “taxes” and ensure other forms of required participation, and can apply sanctions to those who do not comply.

At its most extreme, decentralization might lead to secessionist movements within local jurisdictions within which ethnic majorities are concentrated. Where the overall scope of the public sector has also been substantially reduced as a result of structural adjustment schemes, many of the social constraints on individual or community action are left to mechanisms of the private sector market, possibly further reducing separatist pressure. Yet, such mechanisms can complicate attempts to forge a new “national” identity within many countries. Different outcomes of decentralization could easily threaten modernizing elites.

Ethnic loyalties might transcend and be more important than the commitment to legally defined secular citizenship in the Philippines, Indonesia and Sri Lanka. Bolivia, Iraq, Indonesia, Papua New Guinea, and Yemen are only a few examples of countries where nationalities lack common political identities or loyalties.

Persistent parallel governance groups such as traditional ethnic groups; “adaptive” ones are those adapting to the need to rely primarily on self-help; and “reactive” groups are those who seek formal Government leadership through methods ranging from participation in elections (Hamas and Hezbollah) to active insurgencies (the Congo, Liberia and Sierra Leone until recently).

Efforts should be included in policy, program, and project identification work to identify and integrate non-formal governance systems in nonviolent political participation. Policymakers would be well-served to consider the potential impact of these groups, if discovered, on decentralized democracy and local governance objectives. As a start, strategies for integrating traditional and/or other non-formal practitioners into government sponsored programs should be developed. Governments must recognize that they are only one party, albeit an important party, to

formulation and implementation efforts directed toward achievement of local and regional development objectives.

Where relevant, governments need to legitimate non-formal governance systems and enable effective intermediation between themselves and those systems at the grassroots level. At the same time, governments need to take a leading role in the identification of policies and investments that contribute to countrywide human and physical infrastructure in support of decentralized structures. Further, governments should identify effective mechanisms to supplement, rather than displace, existing non-formal safety nets. Finally, incentives that motivate local government decision making need to be restructured so that they support supply-responsiveness. However, necessary restructuring of incentives is unlikely unless internationally provided resources are conditioned on such changes.¹⁶⁸

ENDNOTES

- 1 This is one of seven papers commissioned by USAID as a first step towards the eventual revision of its Decentralization and Democratic Local Governance Programming Handbook. See United States, Agency for International Development, Decentralization and Democratic Local Governance Programming Handbook (Washington, DC: Center for Democracy and Governance, Bureau for Global Programs, Field Support, and Research, 2000). The proposed topics to be addressed by the other six studies and associated papers are: (1) “A Conceptual Framework for Democratic Local Governance;” (2) “Electoral Systems and Democratic Local Governance;” (3) “Information and Communications Technologies and Empowerment of Communities;” (4) “Alternative Structures and Processes of Local Governance;” (5) “Decentralization: Conflict, Fragility and Transformational Development;” and (6) Local Government Decentralization: Indicators of Success.” See United States, Agency for International Development, “Supporting Studies for Revision of the DCHA/DG Decentralization and Democratic Local Governance Programming Handbook” (December 2, 2005). Each of the USAID papers will include consideration of Conflict, Fragility and Transformational Development. In some instances these subjects may be cross-cutting issues reflected in various places throughout the document, in other instances these subjects may be treated as an appendix to the larger paper, or as later supplementary research efforts but in all cases, views of the relevant literature on these subjects will be discussed as they relate to the principal subject of the paper. In practical terms, the studies envisioned here will provide guidance to DCHA/DG on the extent to which field programs supported by DCHA/DG differ from (or ought to differ from) decentralization and local governance programs supported through the Office of Urban Programs, the Office of Transition Initiatives and the Office of Conflict Mitigation and Management.
- 2 See for example Jerry Silverman, *Public Sector Decentralization: Economic Policy and Sector Investment Programs*, Technical Paper 188 (Washington, D.C.: World Bank, 1992).
- 3 Joseph S. Tulchin and Andrew Selee, eds. “Decentralization and Democratic Governance in Latin America, Woodrow Wilson Center Report on the Americas #12, Washington, D.C., 2004.
- 4 Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 41.
- 5 Given limitations of time, resources, and space, no attempt is made here to comprehensively identify or discuss the thousands of different political cultures around the world. Rather, examples of broadly differentiating characteristics among significant political cultures will be identified and briefly summarized, including the extent that indicators of freedom appropriately described countries in each region⁵ and the extent to which they are primarily secular of either a rationalist or ideological kind or, alternatively, rooted in global or regionally significant religions Freedom House, *Freedom in the World Country Ratings*; available at <http://www.freedomhouse.org/ratings/index.htm>.
- 6 It is also important to determine the extent to which certain variations in local governance are not impacted by regional, social, cultural or historical influences or are part of a rational set of calculations and processes that are inherent in individual human behavior but applying public choice theory to decentralization in the developing world is a separate Scope of Work.
- 7 See Vikas Nath, “Political Decentralisation- A Complementary rather Than a Substitution Approach,” (London: Unpublished Paper, London School of Economics, n.d.).
- 8 See Lawrence E. Harrison and Samuel P. Huntington (eds.), *Culture Matters: How Values Shape Human Progress* (New York: Basic Books, 2000), p. xxxi.
- 9 Dele Olowu and James S. Wunsch, *Local Governance in Africa: The Challenges of Democratic Decentralization* (Boulder, Co.: Lynne Rienner Publishers, 2004), p. 8. See also Vincent Ostrom, “Artisanship and Artifact,” in *Public Administration Review*, vol. 40, no. 4 (1980), pp. 309-317.
- 11 See (i) Asian Development Bank, *Governance: Sound Development Management* (Manila: Asian Development Bank, 1995); (ii) Asian Development Bank, *Governance in Asia: From Crisis to Opportunity* (Manila: Asian Development Bank, 1999); (iii) Asian Development Bank, *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank (2001-2015)* (Manila: Asian Development Bank, 2001); (iii) Jeff Huther and Anwar Shah, *Applying a Simple Measure of Good Governance to the Debate on Fiscal*

- Decentralization (Washington, DC: World Bank, nd); (iv) Daniel Kaufmann, “Transparency, Incentives and Prevention (TIP) for Corruption Control and Good Governance: Empirical Findings, Practical Lessons, and Strategies for Action based on International Experience, presentation at Qinghua-Carnegie Conference on Fighting Corruption,” (Beijing, April 11-12th, 2002); (v) Daniel Kaufmann, “Governance Redux: The Empirical Challenge to Orthodoxy and new global strategies to control corruption and good governance,” (presented at 12th Annual Burkenroad Symposium on Business and Society: “Public Corruption and Private Enterprise,” (A. B. Freeman School of Business, Tulane University, October 24th, 2003); and (vi) Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, Governance Indicators: 1996-2004 (Washington, DC: World Bank, May 2005).
- 12 Local autonomy is generally not advocated as an end in itself nor is it most often the primary motivation for proponents of decentralization reforms (e.g., Louis A. Picard, The State of the State: Institutional Capacity, Transformation and Political Change in South Africa [Johannesburg: Witwatersrand University Press, 2005], p. 178-181).
 - 13 The term local state is often used by South African academics to discuss the manifestations of central state activity at the local level and is contrasted with local Government. The term is often associated with Mark Swilling. See his Views on the South African State (Pretoria: Human Research Council, 1990).
 - 14 Jerry Silverman, Public Sector Decentralization: Economic Policy and Sector Investment Programs, Technical Paper 188 (Washington, D.C.: World Bank, 1992).
 - 15 Dennis Rondinelli, John Nellis, and G. Shabbir Cheema, Decentralization in Developing Countries: A Review of Recent Experience, Staff Working Paper No. 581 (Washington, D.C.: The World Bank, 1984) and Dennis A. Rondinelli and G. Shabbir Cheema, “Implementing Decentralization Policies: An introduction,” in Decentralization and Development: Policy Implementation in Developing Countries, G. Shabbir Cheema and Dennis A. Rondinelli, eds. (Beverly Hills, CA: Sage Publications, 1983), pp. 9-34.
 - 16 James S. Wunsch, “Decentralization, Local Governance and the Democratic Transition in Southern Africa: A Comparative Analysis,” in African Studies Quarterly, vol. 2, no. 1 (1998), pp. 1-37, on line journal, <http://web.africa.ufl.edu/asq/prev.htm>. See also Olowu and Wunsch, Local Governance in Africa, pp. 1-27.
 - 17 Geertz, Clifford. The Interpretation of Cultures (1973)
 - 18 The team is grateful to Ed Connerley for the term, “mass-based political organizations”.
 - 19 The team is grateful to Dr. Elinor Ostrom, Arthur F. Bentley Professor of Political Science at Indiana University for explaining and presenting the relationship of public choice theory to local governance and for providing an understanding of the evolution of that theory over time.
 - 20 Milton Friedman in Capitalism and Freedom (Chicago: University of Chicago Press, 1963) and Politics and Tyranny: Lessons in Pursuit of Freedom (Princeton, New Jersey: Princeton University Press, 1985). See also World Bank, Sustainable Growth with Equity. A Long-Term Perspective for Sub-Saharan Africa. Africa Region Technical Department, Report No. 8014 (Washington, D.C.: The World Bank, 1989).
 - 21 Charles Tiebout, “A Pure Theory of Local Expenditures,” Journal of Political Economy, 64 (1956), p. 416-424; see also Wallace Oates and Robert Schwab, “*Tiebout Model*” in Joseph Cordes, Robert Ebel, and Jane Gravelle (eds.), Encyclopedia of Taxation and Tax Policy (Washington, DC: The Urban Institute 1999), Robert Ebel and Serdar Yilmaz, Concept of Fiscal Decentralization and Worldwide Overview (Washington, DC: World Bank Institute 2002); and Julia Darby, Anton Muscatelli and Graeme Roy, Fiscal Decentralisation In Europe: A Review of Recent Experience (Glasgow, Scotland: Department of Economics, University of Glasgow, April 2003): homepages.strath.ac.uk/~hbs03117/ERSA_DMR.pdf.
 - 22 Geoffrey Brennan and James Buchanan, The Power To Tax: The Analytical Foundations of a Fiscal Constitution (Cambridge: Cambridge University Press, 1980).
 - 23 Arturo Israel, Institutional Development: Incentives to Performance (Baltimore, Maryland: The Johns Hopkins University Press, 1987); Jerry Silverman, Public Sector Decentralization: Economic Policy and Sector Investment Programs, Technical Paper 188 (Washington, D.C.: World Bank, 1992); and Elinor Ostrom, Larry Schroeder, and Susan Wynne, Institutional Incentives and Sustainable Development (Boulder, Colorado: Westview Press, 1993), p. 183-187. It should also be noted that

- hypothesized benefits are equally applicable to movements within countries wherein central governments do not uniformly provide services in an equitable manner.
- 24 For a review of the relevant literature on employment seeking migrations in Sub-Saharan Africa, see Jerry Silverman, "Dual Economy Theory Revisited: Governance and the Role of the Informal Sector," paper presented at the Fourth Annual International Conference of The Society for the Advancement of Socio-Economics (SASE), Irvine, California (March 27–29, 1992) and "Governance & Poverty: An Alternative Paradigm," paper presented at the Second Asia Development Forum, Singapore (June 6-8, 2000); both available from author at silverje@mail.armstrong.edu.
 - 25 Albert Breton, "An Introduction to Decentralization Failure" (Department of Economics, University of Toronto and International Centre for Economic Research, Turin, Italy); available at www.imf.org/external/pubs/ft/seminar/2000/fiscal/breton.pdf.
 - 26 Arturo Israel, Institutional Development: Incentives to Performance (Baltimore, Maryland: The Johns Hopkins University Press, 1987), p. 95.
 - 27 A source of this discussion is Mahmood Mamdani, Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism (Princeton, N.J.: Princeton University Press, 1996).
 - 28 See Michael Crowder, "Indirect Rule: French and British Style," in Irving Leonard Markovitz, (ed.), African Politics and Society: Basic Issues in Problems of Government and Development (New York: Free Press, 1970), pp. 26-36.
 - 29 Stein Sundstol Eriksen, Jan Naustdalslid, and Arild Schou, Decentralisation from Above: A Study of Local Government in Botswana, Ghana, Tanzania and Zimbabwe (Oslo: Norwegian Institute of Urban and Regional Research, 1999), p. 13.
 - 30 See James S. Wunsch and Dele Olowu, eds., The Failure of the Centralized State: Institutions and Self-Governance in Africa (Boulder, CO: Westview, 1990).
 - 31 Though Caroline Elkine's Pulitzer Prize winning new book belies this. See her Imperial Reckoning: The Untold Story of Britain's Gulag in Kenya (New York: Henry Holt and Company, 2005).
 - 32 Local autonomy is generally not advocated as an end in itself nor is it most often the primary motivation for proponents of decentralization reforms (e.g., Louis A. Picard, The State of the State: Institutional Capacity, Transformation and Political Change in South Africa [Johannesburg: Witwatersrand University Press, 2005], p. 178-181).
 - 33 Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 161.
 - 34 See Ursula K. Hicks, Development From Below: Local Government and Finance in Developing Countries of the Commonwealth (Oxford: Clarendon Press, 1961). See also Ronald Wraith, Local Administration in West Africa (London: George Allen and Unwin, 1972).
 - 35 Patrick Manning, Francophone Sub-Saharan Africa: 1880-1985 (Cambridge: Cambridge University Press, 1988).
 - 36 See Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 175 and Mahmood, Citizen and Subject.
 - 37 Joel Samoff, "The Bureaucracy and the Bourgeoisie: Decentralization and Class Structure in Tanzania," Comparative Studies in Society and History, vol. 21, no. 1 (January, 1979), pp. 30-62. See especially p. 31.
 - 38 Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 165.
 - 39 The most up to date discussion of local government in Africa is Olowu and Wunsch, Local Governance in Africa. See also Philip Mawhood, Local Government in the Third World: The Experience of Tropical Africa (Chichester, U.K.: John Wiley & Sons, 1983).
 - 40 One of the few discussions of local government in Southern Africa, though now outdated is W.B. Vosloo, D.A. Kotze, and W.J.O. Jeppe, eds., Local Government in Southern Africa (Cape Town: Academica, 1974).
 - 41 Eriksen, Naustdalslid, and Schou, Decentralisation from Above make this point. See p. 69. For a discussion of Patrimonialism see Robert H. Jackson and Carl G. Rosberg, Personal Rule in Black Africa: Prince, Autocrat, Prophet, Tyrant (Berkeley: University of California Press, 1982).
 - 42 Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 30.
 - 43 On the democratization movement and its limits see Michael Bratton and Nicolas van de Walle, Democratic Experiments in Africa: Regime Transitions in Comparative Perspective (Cambridge: Cambridge University Press, 1997). See also edited collections by E. Gyimah-Boadi, ed. Democratic Reform in Africa: The Quality of Progress (Boulder: Lynne Rienner, 2004); Richard Joseph, ed. State,

-
- Conflict and Democracy in Africa (Boulder: Lynne Rienner, 1999); Larry Diamond and Marc F. Plattner, eds. Democratization in Africa (Baltimore: Johns Hopkins University Press, 1999); John A. Wiseman, ed., Democracy and Political Change in Sub-Saharan Africa (London: Routledge, 1995); and Goran Hyden and Michael Bratton, eds., Governance and Politics in Africa (Boulder, CO: Lynne Rienner, 1992).
- 44 Goran Hyden, No Shortcuts to Progress: African Development Management in Perspective (Berkeley: University of California Press, 1983).
 - 45 Two important collections on traditional authorities are Wilhelm Hofmeister and Ingo Scholz, eds. Traditional and Contemporary Forms of Local Participation and Self-Government in Africa (Johannesburg: Konrad-Adenauer-Stiftung, 1997) and F.M. d'Engelbronner-Kolff, M.O. Hinz, and J.L. Sindano, eds. Traditional Authority and Democracy in Southern Africa (Windhoek, Namibia: New Namibia Books, 1998).
 - 46 Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 32.
 - 47 See Mambani, Citizen and Subject.
 - 48 See Olowu and Wunsch, Local Governance in Africa, p. 44.
 - 49 See Eriksen, et. al., p. 175 and Mahmood, Citizen and Subject.
 - 50 Joel Samoff, "The Bureaucracy and the Bourgeoisie: Decentralization and Class Structure in Tanzania," Comparative Studies in Society and History, vol. 21, no. 1 (January, 1979), pp. 30-62. See especially p. 31.
 - 51 PADCO is beginning a Decentralization Index which will track programs of decentralization in a number of countries and all regions.
 - 52 Among those who suggest the utility of this approach in Africa are Maxwell Owusu, "Domesticating Democracy: Culture, Civil Society, and Constitutionalism in Africa." Society for Comparative Study of Society and History, (1997), pp. 120-51; Daniel Ayana, "Anchoring Democracy in Indigeneous African Institutions." Journal of African and Asian Studies, Vol. 1, No. 1, (2002), pp. 23-61 and Michael J. Williams, "Leading from behind: democratic consolidation and the chieftaincy in South Africa." Journal of Modern African Studies, 42, 1, (2004) pp. 113-36. Our thanks to Benson Musilela, PhD student at the University of Pittsburgh who located this material.
 - 53 Dele Olowu, and James S. Wunsch, Local Governance in Africa: The Challenges of Democratic Decentralization (Boulder, CO: Lynne Rienner Publishers, 2004), pp. 19-24.
 - 54 The best discussion of civil society in sub-Saharan Africa are the essays in John W. Harbeson, Donald Rothchild and Naomi Chazan, eds., Civil Society and the State in Africa (Boulder, CO: Lynne Rienner, 1994).
 - 55 Goran Hyden, No Shortcuts to Progress: African Development Management in Perspective (Berkeley: University of California Press, 1983). The classic on this issue is Albert O. Hirschman, Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States (Cambridge, MA: Harvard University Press, 1970).
 - 56 See Dele Olowu, and James S. Wunsch, Local Governance in Africa: The Challenges of Democratic Decentralization (Boulder, CO: Lynne Rienner Publishers, 2004) and their earlier James S. Wunsch, and Dele Olowu, (eds.) The Failure of the Centralized State (Boulder: Westview Press, 1990).
 - 57 Ibid., p. 9.
 - 58 Eriksen, Naustdalslid, and Schou, Decentralisation from Above, p. 176.
 - 59 Olowu and Wunsch, Local Governance in Africa, p. 40.
 - 60 Ibid., p. 183.
 - 61 See for example Patrick Van Rensburg, Report from Swaneng Hill: Education and Employment in an African Country (Uppsala, Sweden: Dag Hammarskjold Foundation, and Almqvist & Wiksell, 1974). Van Rensburg's book is the classic on the Botswana Brigades movement.
 - 62 United States, Central Intelligence Agency, World Factbook 2005 (updated May 17, 2005); available at www.cia.gov/cia/publications/factbook. See also Jerry Silverman, op.cit., p. 58-59.
 - 63 Although in 1538 Pope Paul III outlawed the enslavement of "Indians," the practice was re-instituted by Spain in 1547 and then outlawed again 53 years later.
 - 64 By the time the trans-Atlantic slave trade was finally outlawed in the Western Hemisphere in 1830 -- even though slavery itself was not completely outlawed until 1888 -- a full ten to fifteen million people had survived the voyages from Africa. Of that number, approximately 6 percent landed in North America while a full 60 to 70 percent landed in Brazil and the Caribbean. Nevertheless, because of

- substantially higher birth rates among slaves in the USA and higher death rates in Latin America, the latter accounted for only about a third of all slaves living in the Western Hemisphere by 1860. See Steven Mintz, “American Slavery in Comparative Perspective” (2003) in Digital History; retrieved June 15, 2005 from <http://www.digitalhistory.uh.edu>.
- 65 Jerry Silverman, “Economic Policies, Poverty & Political Accountability in Latin America” in Jose de Arimateia da Cruz and Eduardo R Gomez (ed.), Latin American in the New International System: Challenges and Opportunity (Boston: Pearson Custom Publishers, 2006), p. 174.
- 66 See Joseph S. Tulchin and Andrew Selee, eds., Decentralization and Democratic Governance in Latin America Washington D.C.: Woodrow Wilson International Center for Scholars, 2004.
- 67 Ibid.
- 68 Ibid.
- 69 Shahid Burki, Guillermo Perry, and William Dillenger (with Charles Griffin, Jeffrey Gutman, Fernando Rojas, Steven Webb, & Donald Winkler), Beyond the Center: Decentralizing the State, World Bank Latin American and Caribbean Studies: Viewpoints (Washington, D.C.: World Bank, 1999), p. 12.
- 70 Sharon Van Pelt, Decentralization in Central America: A Policy Overview (Washington, D.C.: Regional Information Clearing House, U.S. Agency for International Development, 1994).
- 71 See for example the essays in Peter F. Klaren and Thomas J. Bossert, eds. Promise of Development: Theories of Change in Latin America (Boulder, CO: Westview Press, 1986).
- 72 National Memorial Institute for the Prevention of Terrorism (MIPT), “Terrorism Knowledge Base” available at www.tkb.org/AnalyticalTools.jsp.
- 73 <http://www.cfr.org/publication/9276/>
- 74 See the essays in Alfred P. Montero and David J. Samuels, Decentralization and Democracy in Latin America (Notre Dame, IN: University of Notre Dame Press, 2004) which focus on Mexico, Chile, Bolivia, Venezuela, Brazil and Argentina.
- 75 During 2000, municipalidades with 5,000 inhabitants or less were limited to 4 elected members of the Consejo; those with 5,001 to 10,000 inhabitants had 6 elected members; with 10,001 to 80,000 inhabitants 8 elected members; and those with 80,001 or more inhabitants 10 elected members (Artículo 26 of the Year 2000 Amendment).
- 76 See Nickson, Local Government in Latin America, pp. 107-116.
- 77 Ibid., pp. 117-130.
- 78 Candidates for *Consejo de Municipalidade* are included – essentially anonymously – on the electoral list of Presidential candidates. Election to the *Consejo de Municipalidade* is a function of the presidential elections. Thus, the election does not reflect voters’ preferences for specific candidates for the *Consejo de Municipalidade*, but rather their preferences for Presidential candidates.
- 79 According to recent amendments to the Ley de Municipalidades y su Reglamento, “El Alcalde sometera a la consideracion y aprobacion de la Corporacion Municipal, los asuntos siguientes: [i] presupuesto pro programas del plan operativo anual; [ii] plan de arbitrios; [iii] ordenanzas municipales; [iv] reconocimientos que se otorguen a personas e instituciones por relevantes servicios prestado a la comunidad; [v] manual de clasificación de puestos y salarios; [vi] reglamentos especiales; [and vii] los demás que de conformidad con esta Ley sean de competencia de la Coporacion” (Artículo 47).
- 80 Nickson, Local Government in Latin America, p. 197.
- 81 Selee, Decentralization and Democratic Governance in Latin America, pg 27.
- 82 All statistics in this paragraph calculated by Jerry Silverman from data in: (i) International Monetary Fund, Annual Report of The Executive Board For The Financial Year Ended April 30, 2003, Appendix VII, available at www.imf.org/external/pubs/ft/ar/2003/eng/pdf/file4.pdf; (ii) World Bank, International Bank For Reconstruction and Development: Subscriptions and Voting Power of Member Countries, at web.worldbank.org/wbsite/external/extaboutus/0,,contentmdk:20124831~menuupk:271153~pagepk:34542~pipk:36600~theSitepk:29708,00.html; and/or (iii) Angus Maddison, The World Economy: Historical Statistics (Paris: The Organization for Economic Cooperation and Development, 2003).
- 83 Ibid., p. 174-232.
- 84 Note that “*GNP*” is exactly equivalent to the term “*GDP*” (gross national product). *Gross national product* (GNP) is the measure of the total domestic and foreign output claimed by residents of an economy, less the domestic output claimed by non-residents. GNP does not include deductions for

- depreciation. Yearly average exchange rates are used to convert *GNP* from local currency into U.S. dollars. Data on *GNP* are from the Macroeconomic Indicators Team of the Development Data Group of the World Bank's Development Economics Vice Presidency; see World Bank, Global Development Finance 1999 (on CD-ROM). The change in terminology was recently adopted by the World Bank; "following current statistical practice, the World Bank has recently adopted the new terminology in line with the 1993 System of National Accounts (SNA). The changes in terms are listed below. In general, the definitions under the 1993 SNA guidelines for these indicators remain as before, and only the terminology has changed. Exceptions are: GNI in constant prices, which differs from GNP in that it also includes a terms of trade adjustment;" see World Bank; explanations available at www.worldbank.org/data/countrydata/countrydata.html.
- 85 Information on debt and debt restructuring is from Jerry Silverman, An International Economic History of Latin America & The Caribbean, op.cit, p. 174, pp. 70-75 and 80-87.
- 86 World Bank, World Bank Conditionality Review: Conditionality and Policy Based Lending –Trends, presentation in Paris, February 4, 2005; these are available at siteresources.worldbank.org/projects/resources/conditionalitytrends/presentation12705.pdf (last accessed July 10, 2005).
- 87 Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee (DAC), International Development Statistics [IDS] online: Databases on aid and other resource flows; available at www.oecd.org/dac/stats/idsonline [last accessed July 11, 2005]).
- 88 As argued in World Bank, World Bank Conditionality Review: Conditionality and Policy Based Lending –Trends, loc. cit., "economic crises can be devastating to the poor." In support of that argument, see Nora Lustig, Crises and the Poor: Socially Responsible Macroeconomics, Sustainable Development Department, Technical Paper Series (Washington, DC: Inter-American Development Bank); Francisco Ferreira, Giovanna Prennushi, and Martin Ravallion, Protecting the Poor from Macroeconomic Shocks: An Agenda for Action in a Crisis and Beyond, Policy Research Working Paper 2160 (Washington, DC: World Bank, 1999). On the other hand, the fact that relatively higher prices for agricultural goods did not directly translate into higher incomes for poor farmers and wages for landless laborers following some adjustment programs in sub-Saharan Africa is established in Esbern Friis-Hansen, Agricultural Policy in Africa after Adjustment, Centre for Development Research, Copenhagen, September 2000; Giovanna Cornia, Liberalization, Globalization and Income Distribution, Working Paper 157, World Institute for Development Economics, Helsinki; and Kevin Watkins. The Oxfam Poverty Report, all cited in World Bank, World Bank Conditionality Review: Conditionality and Policy Based Lending –Trends, loc. cit.
- 89 World Bank, The Social Dimensions of Adjustment Integrated Survey: A Survey to Measure Poverty and Understand the Effects of Policy Change on Households, Working Paper 14 (Washington, D.C.: World Bank, 1992).
- 90 See Wiesner, Fiscal Federalism in Latin America.
- 91 See Charles A. Reilly, ed., New Paths to Democratic Development in Latin America: The Rise of NGO-Municipal Collaboration (Boulder: Lynne Rienner, 1995), especially pp. 6-13.
- 92 See John A. Armstrong, The European Administrative Elite (Princeton: Princeton University Press, 1973), pp. 253-274.
- 93 "Local Government in Europe: common directions of change." Robert J. Bennett in Local Government in the New Europe, ed. Robert J. Bennett, Belhaven Press, London 1993 pg. 2.
- 94 Jerry F. Hough, The Soviet Prefects: The Local Party Organs in Industrial Decision-Making (Cambridge: Harvard University Press, 1969).
- 95 An early prediction of the strong continuity of Prefectoral rule in the constituent parts of the Soviet Union can be found in John A. Armstrong, Ideology, Politics and Government in the Soviet Union ((New York: Praeger, 1975).
- 96 Leif Jensen (ed.), Political and Fiscal Decentralization Reforms in the Baltic Sea States: Proceedings of the FDI Regional Conference, November 24-25, 1997, Copenhagen, Denmark (Strasbourg, Paris/Washington: Fiscal Decentralization Initiative for Central and Eastern Europe/OECD/ World Bank, 1998).
- 97 On the Communist legacy in Poland see Jaroslaw Piekalkiewicz, Communist Local Government: A Study of Poland (Athens, OH: Ohio University Press, 1975).

-
- 98 On the local government transition See Andrew Coulson, ed., Local Government in Eastern Europe: Establishing Democracy at the Grassroots (Hants, UK: Edward Elgar, 1995) and Emillia Kandeve, ed. Stabilization of Local Governments: Local Governments in Central and Eastern Europe (Budapest: Open Society Institute, 2001)..
- 99 Ibid., p. 186.
- 100 Joanna Regulaska, “Local government reform in central and eastern Europe” in Local government in the new Europe, ed. Robert j Bennett, Belhaven press, London 1993. pg. 183.
- 101 Janine Wedel, Collision and Collusion: The Strange Case of Western Aid to Eastern Europe (New York: (St. Martin's Press, 1998).
- 102 Pawel Swianiewiysz, “Between active appreciation, passive approval and distrustful withdrawal” in Public Perception of Local governments, ed. Pawel Swianiewiysz. Local Government and Public Service Reform Initiative, Budapest, 2001.
- 103 Tamas Horvath, “Directions and Differences of Local Changes” in Decentralization: Experiments and Reforms, ed. Tamas Horvath, Local Government and Public Service Reform Initiative, Budapest, 2000. pg. 43.
- 104 Op cit. Horvath
- 105 Gerard Marcou, “New Tendancies of local government development in Europe” in Local Government in the New Europe, op cit.
- 106 Gyorgy Hajnal “ Hopes and Reality: the First Decade of the Hungarian Local Government System in Eyes of the Public” in Public Perception of Local governments, ed Pawel Swianiewiysz. Local Government and Public Service Reform Initiative, Budapest, 2001.
- 107 Huntington, Clash of Civilization
- 108 Glenn E. Curtis (ed.), Kazakistan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan : Country Studies (Washington, DC: Federal Research Division, Library of Congress, 1997), available at [lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+tm0056\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+tm0056)).
- 109 Glenn Curtis (ed.), Kazakistan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan : Country Studies (Washington, DC: Federal Research Division, Library of Congress, 1997), available at [lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+tm0056\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+tm0056)).
- 110 As recently as 500 AD, only three of the five population groups currently dominant in Southeast Asia today would have been found there: (i) the Vietnamese in the northern Red River delta (but not what is now central or southern Vietnam); (ii) the Khmers in the plateaus of present-day Laos (but not in today’s “*Cambodia*”); and (iii) the “*Malays*” of the peninsula and “*Indonesian*” islands.
- 111 It might be argued that the United States’ Occupation of Japan following World War II (1945 – 1951) represented a de facto colonial experience. Despite the impact of American views on the drafting of the Japanese Constitution and the current constitutionally mandated structure and procedures of Japanese Government, Japan retained its status as a sovereign state throughout the occupation and the official “Occupation” status of United States’ administration also placed substantial legal limitations on what could or could not be imposed. See Herbert P. Bix, Hirohito and the Making of Modern Japan (New York: Harper Collins, 2000).
- 112 The history of Palestine represents a microcosm of Turkish and European intervention in the Middle East. See Tom Segev, One Palestine, Complete: Jews and Arabs under the British Mandate (New York: Harper Holt & Co., 2000).
- 113 The American case is important. See Stanley Karnow, In Our Image: America’s Empire in the Philippines (New York: Ballantine Books, 1989).
- 114 Lawrence James, The Rise and Fall of the British Empire (New York: St. Martin’s Griffin, 1994). See also Charles Allen’s classic Plain Tales from the Raj: British India in the Twentieth Century (London: Macdonald Futura, 1982). On the impact of French colonialism see Frances FitzGerald, Fire in the Lacke: The Vietnamese and the Americans in Vietnam (New York: Vintage Books, 1972).
- 115 Richard Symonds, The British and Their Successors: A Study of the Development of the Government Services in the New States (London: Faber and Faber, 1966).
- 116 Edward Said’s influential, and controversial books on the Middle East include Orientalism (New York: Vintage Books, 1978) and Culture and Imperialism (New York: Vintage, 1993). A historical examination is Anthony Nutting, The Arabs (New York: Mentor Books, 1965). See also Bernard Lewis, The Arabs in History (London: Oxford University Press, 1958).
- 117 Arthur Basham, The Wonder That Was India (New York: The Macmillan Co., 1955), p. 94-95.

- 118 Paul Smoke, *The Rules of the Intergovernmental Game in East Asia: Decentralization Frameworks and Processes*. World Bank, 200x.
- 119 *Devolution in Pakistan*, ADB, DFID, World Bank, July, 2004.
- 120 Asian countries with significantly expanding economies are experiencing pulls in two directions at the same time – towards “regionalizing-up” through such organizations as ASEAN and ASPAC and, with respect to financial flows and private investment, toward even more global associations while at the same time moving toward greater decentralizing of administrative authority.
- 121 Jerry Silverman, *Public Sector Decentralization: Economic Policy and Sector Investment Programs*, op. cit., p. 29, 56 (note 6).
- 122 United Nations Development Programme, Human Development Report 2005: International Cooperation at a Crossroads -- Aid, Trade, and Security in an Unequal World (New York: United Nations Development Programme [UNDP], 2005).
- 123 Office of the United Nations Resident Coordinator, *Millennium Development Goals: China’s Progress 2003* (Beijing: United Nations Resident Coordinator in China, 2004) available at www.undg.org/content.cfm?id=79; United Nations, Department of Economic and Social Affairs, Statistics Division, *Millennium Development Goal Indicators Database* (New York: United Nations, 2005); available at unstats.un.org/unsd/mi/mi_goals.asp; and Jerry Silverman, *Cross-Sectoral Governance & Achievement of Health MDGs in Asia* (Manila: Asian Development Bank, 2005).
- 124 Office of the United Nations Resident Coordinator, loc. cit.; United Nations Development Programme, loc. cit.;
- 125 On the origins of this policy see J.A. Ballard, (ed.), Policy Making in a New State: Papua New Guinea 1972–77 (Brisbane: University of Queensland Press, 1981). See also John Waiko, A Short History of Papua New Guinea (New York: Oxford University Press, 1993) and Alexander Wanek, The State and Its Enemies in Papua New Guinea (Richmond, Surrey, U.K.: Curzon, 1996).
- 126 For central Asia, see Troy Thomas and Steve Kiser, Lords Of The Silk Route: Violent Non-State Actors In Central Asia, Occasional Paper #43, United States Air Force Institute for National Security Studies (Boulder, CO: United States Air Force Institute for National Security Studies, 2002).
- 127 James Mayfield, Local Government in Egypt, AUC Press, 1996.
- 128 World Bank, *World Development Report 1997: The State in a Changing World* (New York: Published for the World Bank by Oxford University Press, 1997), p. 163.
- 128 For example, see Jerry Silverman, *BICOL Integrated Area Development III (Riconada/Buhi-Lalo) Summary Assessment Report (Philippines)*, Jerry Silverman (Washington, D.C.: Development Alternatives Inc, 1981) and Jerry Silverman, Gregorio Beluang, Oscar Bermillo, Herminiano Echiverre, Nedra Huggins-Williams, Paul Novick, and Cesar Umali, *BICOL Integrated Area Development II (Bula-Minalabac Land Consolidation) Project Evaluation Report (Philippines)*, (Washington, D.C.: Development Alternatives Inc, 1981).
- 130 Jerry Silverman, “Governance & Poverty: An Alternative Paradigm,” paper presented at Asian Development Bank and World Bank Second Asia Development Forum (Singapore, June 6 - 8, 2000).
- 131 For example, see Douglas Webber, “A Consolidated Patrimonial Democracy? Democratization In Post-Suharto Indonesia,” paper presented at the European Consortium of Political Research’s workshop, “Post-Cold War Democratization in the Muslim World: Domestic, Regional and Global Trends,” (Granada, April 14-19, 2005), p. 17-18, 21.
- 132 The total amount of official aid commitments increased dramatically during the period 1998/2000, especially by the IMF to South Korea and, in substantially lesser amounts, to Thailand and Indonesia – although assistance to Indonesia was delayed due to prolonged negotiations. Thus, on December 4, 1997 – only 14 days after the devaluation of the Won – the IMF approved the largest “Stand-By Arrangement” in its entire history to South Korea (i.e., more than \$15½ billion denominated in terms of “Special Drawing Rights” [SDRs]). That, in turn, necessitated the establishment of a “Supplemental Reserve Facility” (SRF) on December 17th to support countries facing “sudden and disruptive loss of market confidence.” Other sources of official “development” aid to South Korea paled by comparison – amounting to \$433 million during the period 1998/2000 and only \$276 million 2001/2003. That irony was that South Korea was believed to be on the cusp of transitioning from a “developing” to a “developed” country – as indicated by its recently earned status as only the 2nd Asian member of the OECD less than a fully year before the full force of the crisis hit; see Organisation for Economic Co-operation and Development, *OECD Member Countries* These are available at

- www.oecd.org/document/58/0,2340,en_2649_201185_1889402_1_1_1_1,00.html (last accessed July 15, 2005) and Jerry Silverman, An International Economic History of Latin America & The Caribbean in Jose de Arimateia da Cruz and Eduardo R Gomez (ed.), Latin American in the New International System: Challenges and Opportunity (Boston: Pearson Custom Publishers, 2006), p. 91.
- 133 As noted above, local autonomy is generally not advocated as an end in itself nor is it most often the primary motivation for proponents of decentralization reforms (e.g., Louis A. Picard, The State of the State: Institutional Capacity, Transformation and Political Change in South Africa (Johannesburg: Witwatersrand University Press, 2005), p. 178-181.
- 134 See (i) Asian Development Bank, Governance: Sound Development Management (Manila: Asian Development Bank, 1995); (ii) Asian Development Bank, Governance in Asia: From Crisis to Opportunity (Manila: Asian Development Bank, 1999); (iii) Asian Development Bank, Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank (2001-2015) (Manila: Asian Development Bank, 2001); (iii) Jeff Huther and Anwar Shah, Applying a Simple Measure of Good Governance to the Debate on Fiscal Decentralization (Washington, DC: World Bank, nd); (iv) Daniel Kaufmann, "Transparency, Incentives and Prevention (TIP) for Corruption Control and Good Governance: Empirical Findings, Practical Lessons, and Strategies for Action based on International Experience," presentation at Qinghua-Carnegie Conference on Fighting Corruption, (Beijing, April 11-12th, 2002); (v) Daniel Kaufmann, "Governance Redux: The Empirical Challenge to Orthodoxy and new global strategies to control corruption and good governance," presented at 12th Annual Burkenroad Symposium on Business and Society. "Public Corruption and Private Enterprise," (A. B. Freeman School of Business, Tulane University, October 24th, 2003); and (vi) Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, Governance Indicators: 1996-2004 (Washington, DC: World Bank, May 2005).
- 135 The Definitive work on Egyptian local government has been done by James Mayfield, Local Government in Egypt, (Cairo: American University in Cairo Press, 1996).
- 136 Library of Congress, Federal Research Division, Country Profile: Afghanistan (February 2005); available at lcweb2.loc.gov/frd/cs/profiles/Afghanistan.pdf.
- 137 Deepa Narayan, with Raj Patel, Kai Schafft, Anne Rademacher, and Sarah Koch-Schulte, Can Anyone Hear Us? (New York: Oxford University Press, for the World Bank, 2000) and Deepa Narayan, Robert Chambers, Meera Shah, and Patti Patesch, Crying Out for Change (New York: Oxford University Press, for the World Bank, 2000); the first two volumes of the series "Voices of The Poor."
- 138 The number of institutions identified by the "poor" across the six different urban neighborhoods varied from a low of 12 through a high of 27; the range of institutions identified in the six rural villages was from a low of 10 through a high of 22; Narayan, Deepa, with Raj Patel, Kai Schafft, Anne Rademacher, and Sarah Koch-Schulte, op. cit., p. 22.
- 139 The data presented on Indonesia is drawn primarily from Nilanjana Mukherjee, Consultations With The Poor in Indonesia: Country Synthesis Report, draft (Washington, DC: The World Bank, 1999), mimeo.
- 140 Lily Lei Tsai, "Cadres, Temple and Lineage Associations, and Governance in Rural China," The China Journal, no 48 (July 2002), p. 1-27.
- 141 Ibid.
- 142 NPR Report, "All things Considered" 8/29/06.
- 143 United States Department of State, Bureau of East Asian and Pacific Affairs, Background Note: Solomon Islands (October 2005); available at www.state.gov/r/pa/ei/bgn/2799.htm.
- 144 United National Development Programme, Resident Representative & Resident Coordinator's Office for Fiji, Federated States of Micronesia, Kiribati, Marshall Islands Nauru, Palau, Solomon Islands, Tonga, Tuvalu and Vanuatu, Tuvalu Fonokaupule Act -- Devolving Governance to Island Communities; available at www.tuvalu.islands.com/news/archives/1998/fonokaupule.htm.
- 145 In fact the Aga Khan Foundation is world wide operating in both South Asia and East Africa and in Canada and Britain.
- 146 Adam Wagstaff and Mariam Claeson, The Millenium Development Goals for Health: Rising to The Challenges (Washington, DC: The World Bank, 2004).
- 147 The AKP rejects the Islamic Nationalist label and claims that it is a pro-Western mainstream party with a "conservative" faith based social agenda but the party also has a firm commitment to a liberal market

- economy and European Union membership. It sees parallels between its faith based approach to Islam and conservative, fundamentalist Christians in the United States.
- 148 Without the extensive empirical database that a large-scale study would require, these conclusions must remain general ones.
- 149 Although decentralization has been called the missing element between poverty reduction, anti-poverty efforts, and democratic governance (See Vikas Nath, "Political Decentralisation - A Complementary rather Than a Substitution Approach," (London: Unpublished Paper, London School of Economics, n.d.), a recent OECD study of 20 countries found that "decentralization" broadly defined had a positive impact on poverty reduction in 7 countries (35%) but had zero or negative impact on poverty in 13 countries (65%; Johannes Jütting, Elena Corsi and Albrecht Stockmayer, "Decentralisation and Poverty Reduction," Policy Insights No. 5 (OECD Development Centre, January 31, 2005); www.oecd.org/dev/insights). Another SIDA-financed study of Burkina Faso, Chile, India, Mali, the Philippines, Russia, and Uganda concluded that while decentralization, when "properly implemented" can promote democracy, it "does not necessarily improve respect for human rights" (International Council on Human Rights Policy, *Local Rule: Decentralisation and Human Rights* (Versoix, Switzerland: International Council on Human Rights Policy, 2002); available at www.ichrp.org/paper_files/116_p_01.pdf).
- 150 See Dele Olowu and James S. Wunsch, *Local Governance in Africa: The Challenges of Democratic Decentralization* (Boulder, Co.: Lynne Rienner Publishers, 2004), pp. 8 - 9. See also Jerry Silverman, *Public Sector Decentralization: Economic Policy and Sector Investment Programs* (Washington, D.C.: World Bank, 1992) and Vincent Ostrom, "Artisanship and Artifact," in *Public Administration Review*, 40 (1980), pp. 309-317.
- 151 Central Asian Gateway: Local Government: <http://www.cagateway.org/index.php?lng=1&topic=19&subtopic=74>, 10/2006.
- 152 Tulchin and Selee, Op Cit.
- 153 Organisation for Economic Co-operation and Development, Development Assistance Committee [OECD/DAC] (2006) *International Development Statistics*.
- 154 Eriksen, Naustdalslid, and Schou, *Decentralisation from Above*, p. 41.
- 155 See Harrison and Huntington, *Culture Matters*; Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996). M. Crawford Young (ed.), *The Rising Tide of Cultural Pluralism: The Nation-State at Bay* (Madison: University of Wisconsin Press, 1993), Harrison, "Why Culture Matters," in William Tordoff, "The Role of Local Administration in Development" (Gaborone: Institute of Development Management Lecture Series, 1978), p. xxix.
- 156 Larry Nowels, *Foreign Aid: Understanding Data Used to Compare Donors*, CRS Report for Congress [Washington, DC: Congressional Research Service, 2005]).
- 157 The four multilateral agencies with a world-wide and multisectoral mandate established prior to January 1, 1960 were: (i) the IBRD (1946); (ii) the United Nations' Expanded Program of Technical Assistance (EFTA) established in 1949 and replaced by the United Nations Development Programme in 1965; (iii) the United Nations Special Fund established in 1958 to complement and expand on the work of EFTA and also replaced by the United Nations Development Programme in 1965; and (iv) the European Economic Community's European Development Fund for Overseas Countries & Territories (established 1957). The Inter-American Development Bank was the only one of the nine regional development banks already established prior to January 1, 1960.
- 158 Contrary to common belief, the centrally planned command economy approach to "development" was not primarily a function of financial assistance received from the USSR, China, and Eastern Europe. Non-military aid from Communist countries was miniscule. Only four non-Communist countries received more than one billion dollars from the USSR during the entire twenty-three year period 1954-77 - Afghanistan, Egypt, India, and Turkey. Turkey was also the only non-Communist country to receive more than \$1 billion from the Peoples' Republic of China (United States, National Foreign Assessment Center *Communist Aid to Less Developed Countries of the Free World*, 1977. Washington D.C.: U.S. National Foreign Assessment Center, 1978).
- 159 See for example, Jerry Silverman, *Public Sector Decentralization: Economic Policy and Sector Investment Programs*, Technical Paper 188 (Washington, D.C.: World Bank, 1992), p. 6.
- 160 Indirect criticism of the large-scale infrastructure project approach to World Bank lending can be traced as far back as Eugene Burdick and William Lederer's novel the *The Ugly American* (New York:

Norton, 1958), Rachel Carson's Silent Spring (Boston: Houghton Mifflin, 1962), and Ernst Schumacher Small is Beautiful: Economics as if People Mattered (New York: Harper & Row, 1973). And there was always some degree of tension in the field between NGOs (for example, CARE, Foster Parents Plan, and Save-The-Children) that concentrated on small-scale community development projects and the much larger-scale investment projects financed by bi-lateral and multi-lateral agencies alike. Further, advocacy of the "process versus blueprint" approach to project design and implementation was clearly emerging by the mid-1970s. But the 1983 publication of Robert Chambers' Rural Development: Putting the Last First (New York: Wiley, 1983) gave public voice to the argument of many development-oriented NGOs, among others. On the whole, NGO criticisms during the 1980s were not as vociferous as they became during the early 1990s. And they were not focused primarily on political opposition on philosophical grounds. Rather, the criticism was of a more instrumental nature – that is it focused on trying to convince the World Bank in particular to scale-down the size of its project activities and, importantly, to consult with NGOs as part of its project design activities. Many within the World Bank argued that NGOs and the Bank occupied different "niches" – NGOs concentrating in a few "privileged" communities while the Bank was required to address the needs of the "poor" through larger scale country-wide efforts. Nevertheless, the Bank did begin to directly involve some selected NGOs in Bank financed development efforts beginning in 1989.

- 161 The new "Social Dimensions of Adjustment" initiative was established as a joint undertaking of the World Bank, the United Nations Development Programme (UNDP), and African Development Bank (AfDB) in September 1987. The idea was popularized by the phrase "structural adjustment with a human face."
- 162 The World Bank financed its 1st "free-standing" NGO implemented project on March 21, 1989 – for "grassroots development initiatives" in Togo.
- 163 Deepa Narayan with Raj Patel, Kai Schafft, Anne Rademacher, Sarah Koch-Schulte, Can Anyone Hear Us? (New York: Oxford University Press, published for The World Bank, 2000).
- 164 Jerry Silverman, Cross-Sectoral Governance & Achievement of Health MDGs in Asia (Manila: Asian Development Bank, 2005).
- 165 Ibid., p. 5.
- 166 Michael Mann, Failed states and the role of parallel governance structures
- 167 The terms used to describe these organizations in the analysis of African local governance are parallel institutions or parallel governance structures. Among those who suggest the utility of this concept are Maxwell Owusu, "Domesticating Democracy: Culture, Civil Society, and Constitutionalism in Africa." Society for Comparative Study of Society and History, (1997), pp. 120-51; Daniel Ayana, "Anchoring Democracy in Indigeneous African Institutions." Journal of African and Asian Studies, Vol. 1, No. 1, (2002), pp. 23-61 and Michael J. Williams, Michael "Leading from behind: democratic consolidation and the chieftaincy in South Africa." Journal of Modern African Studies, 42, 1, (2004) pp. 113-36. Our thanks to Benson Musilela, PhD student at the University of Pittsburgh who located this material.
- 168 See Jerry Silverman, "The Missing Link: Creating Mutual Dependencies Between the Poor and the State," International Public Management Journal 7 (2004), p. 227-247.