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DECENTRALIZATION IN AFRICA:

PROGRAMMING FOR POLICY REFORM

DECEMBER 2012

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CONTENTS

ACRONYMS

CADA	*Comparative Analysis of Decentralization in Africa* (USAID, 2010)
DDPH	*Democratic Decentralization Programming Handbook* (USAID, 2009)
SNG	Sub-national Government
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

This guide synthesizes lessons on why and how USAID can undertake programming for policy reform. It is based mainly on USAID's own internal analyses, and is designed for USAID officers in several areas, most notably Democracy, Rights, and Governance, but also sectoral officers in Health, Education, Agriculture, related presidential initiatives, and other areas.

The guide contains five sections. The first is an overview of USAID's approach to understanding decentralization in Africa. The main body of the text comes in sections 2, 3, and 4. Section 2 addresses the goal of stability, section 3 the goal of economic development (to include both economic growth and service provision), and section 4 the goal of democracy and governance. Each of sections 2, 3, and 4 features the theoretical arguments for why decentralization may be advantageous in helping to advance USAID's main goals. The focus is on the "Argument for Decentralization" and the "Implications for Policy Advocacy" in each subsection of the paper; caveats and cautionary tales about decentralization are treated in an appendix, on the principle that programming for policy reform should seek first to "do no harm". Given its attention to arguments for decentralization, this guide draws upon academic works (more than the accompanying guides in this series on *Decentralization in Africa*), and these are referenced in footnotes. The fifth and final section offers a brief synthesis of the lessons from the paper.

This paper is part of a set of three papers that treat the contexts, causes, and programming possibilities for decentralization in Africa. The papers are as follow:

- *Decentralization in Africa: Why, When, and Where;*
- *Decentralization in Africa: Programming for Policy Reform*;
- *Decentralization in Africa: Programming Guide*.

These papers draw upon the findings of USAID's *Comparative Analysis of Decentralization in Africa* (2010), and the conceptual framework of the *Democratic Decentralization Programming Handbook* (2009).

1.0 DECENTRALIZATION IN AFRICA

This guide synthesizes lessons on why and how USAID can undertake programming for policy reform. It is based mainly on USAID's own internal analyses, especially the *CADA* reports of 2010, and is designed for USAID officers in several areas, most notably Democracy, Rights, and Governance, but also sectoral officers in Health, Education, Agriculture, related presidential initiatives, and other areas.

1.1 WHY DOES DECENTRALIZATION MATTER? STABILITY, DEVELOPMENT, AND DEMOCRACY

Decentralization is not primarily a goal in and of itself, but is useful because it can contribute to the more fundamental, intrinsic goals of stability, development, and democracy.[1] It does so via improvements in several characteristics of governance, namely the *authority*, *autonomy*, *accountability*, and *capacity* of government actors. A full explanation of these concepts and of governance (and how they relate) is offered in other USAID documents.[2]

Goals such as development and democracy may underpin USAID support for decentralization, but these are not always the reasons a central government decides to decentralize. Instead, governments may decentralize due to political incentives.[3] For instance, decentralization may offer an electoral advantage to an incumbent party.[4] The apparent "political will" of elites to decentralize must be viewed with caution, as it can mask incentives to maintain or enhance power, rather than noble aspirations to disperse or divide it.[5] The fact that some governments gain advantage from decentralizing reinforces the idea that decentralization should be evaluated in terms of the quality of governance it engenders and its contributions to stability, development, and democracy. In situations where decentralization programming is likely to "do harm", it should be avoided and other mechanisms used to reach the end goals.

1.2 OVERVIEW OF THIS GUIDE

The structure of this guide is in three main sections (2, 3, and 4), each of which follows a common format and is centered around one of USAID's main goals of stability (2), development (3), and democracy (4). Each section begins with an overview of how decentralization links to the major goal, and documents some of the evidence for this linkage. Further subsections in each chapter give more detail on the logic of how decentralization may work towards USAID goals.

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[1] See USAID 2009. See also Connerley, Eaton, and Smoke 2010.
[2] For more information on these characteristics, see the *DDPH* of 2009, and the various reports comprising the *CADA* of 2010.
[3] Eaton, Kaiser, and Smoke 2010
[4] See O'Neill 2003, 2005; Ethiopia Desk Study; CADA Final Report
[5] CADA Final Report, Chapter 2; Eaton, Kaiser, and Smoke 2010

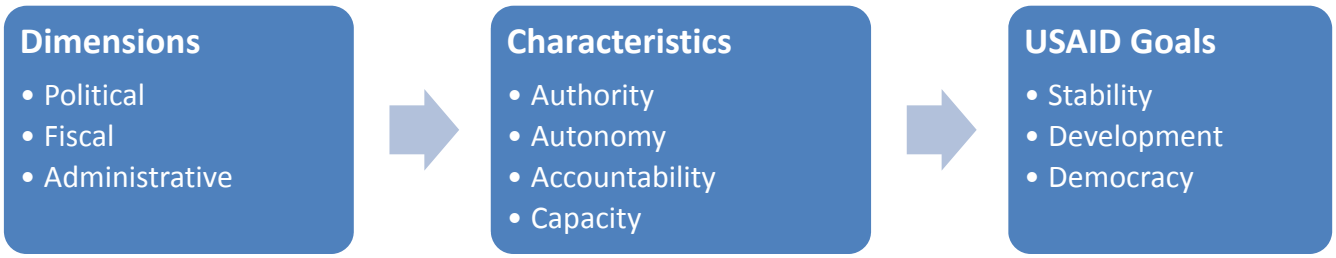
For instance, in the chapter on democracy, three subsections survey mechanisms through which decentralization might enhance democracy: elections to promote responsiveness of local officials; empowerment of civil society; and shaping the beliefs of politicians. The various subsections focus on the potential advantages of decentralization, noting "The Argument for Decentralization" in theory and evidence, followed by a synthesis entitled "Implications for Policy Advocacy" that is actionable for USAID officers. Since there are also possible perils of decentralization – and decentralization does not always and unambiguously promote USAID's goals – important caveats are detailed in Appendix B. The aim is to maximize the likelihood of doing good while also working to "do no harm".[6]

1.3 FROM CONTEXTS TO GOALS

Making policy recommendations means going beyond analysis of the environment and toward judgment about how major goals can be attained. In Figure 1, decentralization can contribute to three major USAID goals by transferring power and responsibilities to subnational levels in one or more of three dimensions: the political (with elections), the fiscal dimension (with revenues), and the administrative (with planning and administering expenditures).[7] Decentralization in any one of these dimensions alters some key characteristics of governance: who has the *authority*, *autonomy*, and *capacity* to act, and how does *accountability* flow? The idea is that decentralization improve these four indicators: lines of authority will become clearer; subnational autonomy will enable local actors to respond effectively to specific needs; accountability of government to the people will be enhanced; and state capacity will be strengthened by empowering the levels of government that undertake tasks. These characteristics in turn become the mechanism by which decentralization supports USAID's end goals of stability, development, and democracy.[8]

FIGURE 1.

DIMENSIONS, CHARACTERISTICS, AND GOALS OF DECENTRALIZATION: A PROCESS



[6] See Prud'homme 1995; Eaton 2006; Rodden 2006

[7] Alternatively, one can consider the three "forms" of decentralization – devolution, deconcentration, and delegation – as the first step in this sequence, since they are tantamount to different degrees of political, fiscal, and administrative decentralization.

[8] Another element of the schema could be the three forms of decentralization: devolution, delegation, and deconcentration. These are left out for simplicity and clarity and because nearly all African countries have some blend of devolution and deconcentration. See CADA Final Report. See also the President's Strategy for Sub-Saharan Africa: http://www.whitehouse.gov/sites/default/files/docs/africa_strategy_2.pdf..

Figure 1 suggests decentralization can contribute to USAID's goals by improving four characteristics of governance, but "more" decentralization is not always better. For instance, more authority and autonomy for SNGs is not always ideal, and even with accountability and capacity it is possible that the costs of more procedures and control systems will outweigh the benefits. Thus, the aim is "right-sizing" decentralization, which means analyzing a country's context to make appropriate recommendations.[9] More devolution may be a best solution in many countries, yet in other circumstances – such as countries with separatist violence, or where central governments govern better than localities – it can be appropriate to restrain subnational authority and autonomy and ensure some upward accountability. Contexts will vary, but the framework in Figure 1 holds, and it underpins the remainder of this guide.

[9] Similar arguments about making decentralization work by getting the "right dose" at the right time can be found in Prud'homme 1995, as well as in Connerley, Eaton, and Smoke 2010.

2.0 DECENTRALIZATION AND STABILITY

Decentralization can contribute to stability in two main ways. First, it can support processes of state building where institutions are weak, which applies in much of Africa. Second, it can help manage conflict in societies divided by ethnic or regional differences, often by transforming a system of "winner-take-all" national politics into a system with more power sharing. By enabling different groups to govern in different subnational units, decentralization can lower the stakes of national elections. Decentralization also allows for versatility in how power can be distributed across geographic units. It can be symmetrical, for example, devolving power from the center to more local-level governments across the country, or it can be asymmetrical, with greater autonomy for selected regions as necessary.[10] Flexibility can help governance better reflect citizen needs and demands.

Relating closely to decentralization is the concept of federalism. Defined as a political system in which SNGs have a degree of sovereignty in their own jurisdictions, federalism has been used to address a range of political challenges. With respect to stability, federalism can accommodate the demands of groups that predominate in some subnational regions[11]; these groups often consider themselves to be nations, even if they are considered "subnational" in terms of the formal divisions of a nation-state. The purported advantages of federalism are found with societies that are divided or fragmented along regional lines, whether due to ethnic, racial, linguistic, religious, or other identities. In a survey of how federalism and the management of territorial differences interact, there appear to be more instances of federalism contributing to conflict reduction than there are instances of federalism exacerbating conflict.[12] This finding may be mediated by other factors, such as whether federalism gives rise to regionally-based political parties, but it serves as an empirical basis for the assertion that federalism can be an instrument for stability.[13]

While there is empirical evidence from case studies to support the link between decentralization and stability in Africa, there are also caveats and cautionary tales about how decentralization can exacerbate instability and civil strife, as noted in Appendix B.[14] Two major phenomena merit attention. First, decentralization may be perceived (rightly or wrongly) to favor one group over another, especially in countries where the economic base is unevenly distributed, such as where national capitals are the dominant economic locales or where certain regions have the majority of exploitable natural resources. Second, decentralization can harden divisions by drawing

[10] Such approaches have been used in challenging governance environments such as Indonesia, and have been salient in debates about how to distribute power in post-conflict environments such as contemporary Afghanistan and Iraq.
[11] Federalism may also support development and democracy, the themes of sections 3 and 4.
[12] Bermeo 2004.
[13] On regionally-based parties, see Brancati 2009.
[14] Siegle and O'Mahony 2010.

permanent and more meaningful lines between groups. Where groups respond to decentralization by developing stronger regional associations and mobilizing along ethnic and regional lines to compete for national power, the battle over resources could be worsened. For these reasons and others, it is important not to make facile assumptions that decentralization will always contribute to stability.

2.1 STATE-BUILDING IN WEAK INSTITUTIONAL ENVIRONMENTS

A central challenge of governance in Africa is that states are weak, in the sense that they have generally demonstrated little capacity to ensure a stable rule of law, much less promote development or democracy. It may seem paradoxical that decentralization could strengthen a central state, but the logic (as elaborated hereafter) is that strengthening the state's presence throughout the national territory will require closer relationships between state institutions, civil society, and individual citizens "on the ground" at the local level.

2.1.1 STATE-BUILDING: THE ARGUMENT FOR DECENTRALIZATION

African central states have often failed to promote development, or even ensure an adequate rule of law.[15] Indeed, many countries were characterized by scholars using a range of interrelated concepts that illustrated this weakness: failed states and failing states, collapsed states, quasi-states, and the like.[16] These states had little ability to promote social and economic goals, but rather were subject to internal failings including corruption, nepotism, and inability to broadcast power over the territory. Some countries were subjected to multiple coups and some had long-standing regimes, but very few had a real ability to project governing power. Access to state resources and to publicly provided goods and services has depended largely upon raw power rather than on institutionalized patterns of interaction.[17] These regimes were capable of ruining economies through bad policy, but not strong and autonomous enough to transform economies in a positive sense.[18] The explanations for the failures of African states have alternately been placed on colonial history, geography, and other factors, but the consensus has long been that African states are weak and required transformation.[19] Prescriptions have differed between those who argued for strengthening central states and those who argued for reducing the size of states, but there was general agreement by the 1990s that the African state was a principal impediment to development. The archetypal African state is one in which transformative power (say, to promote economic development and guarantee a rule of law) is weak, yet the state is predatory enough to cause lasting social and economic damage.[20]

This model of weak (yet overbearing) central power contrasted with a vision of governance that emerged by the 1990s in which states could decentralize power to more local-level actors and play a role in supporting SNGs. The decentralized alternative to weak and predatory central

[15] See Kohli 2004.
[16] See Jackson and Rosberg 1984; Jackson 1993.
[17] See North, Wallis, and Weingast 2009. In the termsthey use, African states were largely "natural states" (in the traditional sense of Thomas Hobbes, e.g.), rather than modern "open access orders" that facilitate citizen access to decisionmaking.
[18] Bates 1981.
[19] See Young 1994; Herbst 2000.
[20] Evans 1989; Callaghy 1987.

states could rebuild legitimate authority by rooting governance in the local citizenry. Scholars and the popular press have offered arguments that some countries in Africa could be better served by essentially decertifying the weakest of Africa's states and working instead with those subnational actors that demonstrate actual capacity to govern in regions of a so-called nation-state. This argument is most commonly associated with Somalia and the Democratic Republic of Congo.[21] As Herbst and Mills (2009) note, the people actually doing the governing in Congo are a "confusing array of governors, traditional leaders, warlords, and others rather than the usual panoply of ministers". It would be a mistake to equate Africa's varied nation-states with the Congolese or Somali caricature, but these serve as extreme examples that illustrate the logic behind arguments to dramatically decentralize power. The eventual building of a functioning state may involve reducing the authority of the central state in the short run.

The challenge of state building in Africa has been addressed through numerous strategies, many of which have used decentralization as part of an explicit attempt to build a state presence in geographic areas where the state is weak.[22] To a large extent, the advantages of decentralization are predicated on the idea that governance will become more responsive, developmental, and inclusive. A real consequence of this would be the strengthening of the relationship between the state and society, and thus an opportunity to build legitimate and functioning state power. The question thus became how the positive and constructive capacities of central states can be built at the same time that resources and authorities are being decentralized to local levels. Decentralization is important as a political strategy and as a means to handle the continent's challenging "political topography" that so confounded central states; in the colonial and post-colonial eras alike, central governments tried to control and govern far-flung hinterlands with limited resources, and needed to adopt a range of strategies that included accommodation and power-sharing with local elites.[23]

More recently, the link between decentralization, state building, and stability has seen some more optimistic outcomes and some degree of success. In countries such as Ghana and Uganda, decentralization has proved to be compatible with central states building central authority, rather than foregoing power. Ghana featured the Jerry Rawlings government seeking to restore the state's legitimacy in part through a decentralization program, and subsequent governments have retained the program while opposition parties have regularly sought to expand it.[24] In Uganda, decentralization was even more integrally linked to state building, as the Yoweri Museveni regime took shape in the 1980s by reconstructing state authority from the ground up as it took power by military means, building local governance in the areas it controlled in an otherwise collapsed state.[25] State building through decentralization has also occurred in other post-conflict countries where governments needed to rebuild a sense of nationhood in the wake of internal divisions and strife.

[21] "A Ray of Hope" 2012; Herbst and Mills 2009.
[22] See Mamdani 1996.
[23] Boone 2003b; see also Herbst 2000.
[24] Ghana Desk Study.
[25] Uganda Desk Study; Lambright 2011.

2.1.2 STATE-BUILDING: IMPLICATIONS FOR POLICY ADVOCACY

The fact that decentralization can accompany state-building has major implications for USAID's policy advocacy. It opens the possibility of demonstrating to central states that decentralization is not a zero-sum game in which local levels gain at the expense of the center, but rather can be a positive-sum game in which both the central and subnational levels can jointly construct legitimacy, authority, and capacity. The challenge is to contribute to the state's ability to perform its functions without conferring excessive power to the state to dominate other actors. African state building must avoid the dilemma of overly centralized governance coupled with limited capacity, or the paradox of the "lame Leviathan".[26]

Decentralization is particularly salient when central government power is needed to ensure national unity, to mitigate conflict or accommodate groups with separatist or secessionist intentions. Examples were numerous in the 1990s – Mali, Uganda, and South Africa, for example – and some of these and others continue in post-conflict settings today, such as in contemporary Côte d'Ivoire.[27] To address the stability question, USAID missions can recommend forms of decentralization that simultaneously build the capacities of multiple actors (SNGs, central governments, and civil society), as well as the relationships between the state and society. The idea that decentralization can mean building the capacity of central states alongside that of SNGs should prove politically appealing to central governments. A paradox of decentralization is that it typically requires central state actors to voluntarily give away power, authority, resources, and responsibilities. USAID will not likely enable this through mere powers of persuasion and appeals to central government altruism – which will be tempered by political incentives to retain control and power – but rather by convincing central government actors that decentralized governance can be a "positive-sum game" that benefits the center as well. It can do so by enhancing the government's legitimacy and allowing it to right-size responsibilities across levels of government. By contributing to goals such as stability and development, central governments may find their self-interests align with those of the citizenry and with the goals of USAID.

In short, USAID can support *intergovernmental relations*, not just devolving power in ways that run counter to the political incentives of the center. Effective intergovernmental relations create meaningful responsibilities at all levels of government. Central governments may adopt a more *coordinating* role, for instance, rather than remaining the sole official public provider of services. Post-devolution roles for the center include setting standards, monitoring and evaluating SNG performance, transferring funds, and adjusting the degree of devolution over time as necessary. This implies strengthening some of the capacities of the central state, and not simply forcing the state to abdicate its prerogatives. Such a message is more palatable for central state interlocutors than efforts to trim the state's role. Political feasibility matters, but it is also essential not to undercut the principle of decentralization in an effort just to accommodate central interests. To capture the purported advantages of decentralization, reforms must include genuine efforts at

[26] Callaghy 1987.

[27] On these examples, see Seely 2001; Pringle 2006; Spitz with Chaskalson 2000; Lambright 2011, as well as the Desk Studies from Mali, South Africa, and Uganda, and the Mali In-Country Assessment.

more bottom-up decision making. That is, concessions to central government incentives cannot override the aspects of decentralization that actually change the distribution of power.

In this vein, it may be advisable in some countries to promote a decentralization sequence that begins with deconcentration to subnational administrative units, then proceeds to greater devolution over time. Deconcentration is a form of state-building, especially in rural areas, and can assist in the development of state capacity at the same time that subnational actors gain in authority and autonomy. For advocates of devolution, deconcentration can be an intermediate step to eventual decentralization to elected SNGs. Since most countries have a mix of devolution and deconcentration, it is likely that some administrative and fiscal decentralization will remain in the hands of subnational appointed officials accountable to the center.

TABLE 2.1

DECENTRALIZATION AND STABILITY: STATE BUILDING

Why Does it Work?	Allows for state building while resisting top-down authoritarian tendencies Enables construction of state legitimacy in some circumstances
Recommendations: Programming for Policy Reform	Promote intergovernmental cooperation with bottom-up decisionmaking Consider sequencing from deconcentration to devolution over time Invest in bottom-up modes of communication between government levels Prioritize civil society autonomy from local and national government

Table 2.1 above summarizes how and why decentralization can contribute to national stability and the rule of law through efforts at state-building. Stability is enhanced through improvements in intergovernmental relations that create a stable and functioning governance environment. The specific policy recommendations that result from this analysis are listed in the table.

2.2 NATION-BUILDING AND CONFLICT MANAGEMENT IN DIVIDED SOCIETIES

Decentralization can mitigate conflict in divided or fragmented societies. Granting powers to subnational actors can contribute to a stable national system of government. The reason is that decentralization offers meaningful representation to groups that are minorities nationally, but may have a plurality or majority in certain localities or regions. Decentralization gives these groups a role in the governing process at the subnational level.

2.2.1 NATION-BUILDING AND CONFLICT MANAGEMENT: THE ARGUMENT FOR DECENTRALIZATION

Where decentralization is in place, citizens may come to believe that government is more responsive to their needs, and will thus be less likely to take up arms against it.[28] The impact of decentralization on stability relies on a logic of power sharing that gives multiple groups a stake in the system. This especially helps groups that are minorities at the national level, but may have some governing power in the region or locality where they are a larger share of the populace. That is, decentralization can mean greater representation for groups likely to be underrepresented at the national level. That said, decentralization may also be sought by large and powerful groups that view themselves as being disadvantaged by redistribution of national resources; examples

[28] Siegle and O'Mahony 2010: 135.

might include residents of relatively wealthy or resource-rich regions that prefer to retain their wealth in their localities, rather than have it redistributed nationally.

Federal countries are special cases of decentralization that have been especially noteworthy in how creative central governments have tried to overcome conflict in countries divided on ethnic, regional, or racial lines.[29] This logic is not peculiar to Africa. In fact, the emblematic case in which decentralized authority and federalism were used as tools to overcome regional differences in ways that ultimately facilitated nation-building is the United States. The drafting of the Constitution was a process of "coming together" in an effort to establish national security that would still allow different states their degree of autonomy (Riker 1964). African countries seeking to use federalism and decentralization will not necessarily be polities that are "coming together" in the style of the 18th Century United States. Indeed, there are many key differences. African countries already have (largely) defined borders and clear nation-states, such that federalism and decentralization for stability's sake is more akin to "holding together" an already-existing country. Regardless, the notion that power can be divided in the interest of national stability has a particular salience for contemporary Africa.

Decentralization has had the explicit aims of stability and national unity in Africa's three large federal states: Ethiopia, Nigeria, and South Africa. In Ethiopia, the solution was an "ethnic federal" system in which regional states reflected major ethnicities and these nominally had a constitutional right to secede.[30] In Nigeria, federalism has included a decades-long process of creating new states (from three regions under British colonialism to 36 states at present, with many intermediate steps in between) to subdivide major ethnic groups and prevent bloodshed.[31]. Similarly, in South Africa, the transition from apartheid to democracy was made possible by a compromise in which the majority African National Congress offered the guarantee of federalism to the white-led National Party.[32] Conflict management and creation of a national identity can also happen in unitary states, of course, which comprise most African countries. In Mali during the 1990s, decentralization was used to reduce the threat to stability posed by Tuareg separatism in the north.[33] USAID studies of Uganda and Mozambique have shown that decentralization has been consciously used to reconstruct governance in war-torn societies.[34]

The CADA reports assess evidence from existing cases, but the implications may be most striking for those countries considering decentralization in the future. Looking forward, Kenya is instituting a devolution in 2012 that is intended to assuage ethnic grievances in the wake of post-electoral violence in 2007-08. These efforts attest to the appeal that decentralization has for central governments wishing to reduce violence and intra-state tensions. Decentralization has often *followed* conflict, but USAID's study did not find examples where decentralization

[29] Stepan 1999.
[30] Turton, ed. 2006.
[31] Suberu 2001.
[32] Spitz with Chaskalson 2000.
[33] Seely 2001; Pringle 2006; Mali Desk Study. As a hypothesis, the 2012 coup in Mali may be a reflection of the fact that the decentralization process was inadequately implemented.
[34] Uganda Desk Study; Lambright 2011; Mozambique Desk Study, Mozambique In-Country Assessment)

precipitated internal conflict.[35] This is encouraging, since conflict-prone countries would be expected to have tensions even after decentralization. This does not prove, however, that decentralization always reduces conflict, and as such the caveats in Appendix B should be considered.

2.2.2 NATION-BUILDING AND CONFLICT MANAGEMENT: IMPLICATIONS FOR ADVOCACY

Conflict management has especially high stakes because advocating for the wrong reform can result in massive harm. Policymakers can be stuck on the horns of a dilemma. Significant redistribution of revenues or inadequate redistribution can each result in grievances and strife within countries. Indeed, it is possible in some countries that no institutional design can be found that will prevent conflict entirely. The upshot of the findings on conflict management is that decentralization is an instrument in the quest for stability, but that policymakers guard against the possibility of exacerbating local or regional grievances. Decisions about the distribution of revenues and responsibilities cannot be determined solely by public finance ideals, but also must take into account the likelihood of unrest. Specific recommendations for the degree and nature of decentralization must rely upon the assessment of the political context. Particular variables of significance are whether a nation-state has a "core ethnic region" and whether political parties are already divided along regional lines.[36] Where these are true, the prospects for decentralization to lead to violence are higher. Where demographics are more plural and where political parties operate across regional lines, decentralization has been a safer proposition. A country's political context thus affects whether decentralization will be helpful.

The design of decentralization also matters. One central question is whether decentralization should purposely divide politics along ethnic cleavages or should instead cut across them.[37] While scholars are divided on this issue, there is a useful two-part rule of thumb. The first is to promote some decentralization to local levels or *sub-ethnic* lines (i.e., to levels below the regions or states where ethnicity is most prominent). The second is to ensure that ethnic-regional divisions are complemented with national institutions for cross-ethnic cooperation. Nigeria provides examples of both: the former is seen in the multiplication of the number of states after the Nigerian Civil War to reduce tensions between the three major ethnicities, while the latter is seen in requirements for parties and presidential candidates to secure 25% of the vote in at least two-thirds of the states in order to be declared the victor.[38] Institutional designs along these lines cannot prevent all tensions, but should help at the margin to prevent politics from becoming irreversibly fractured along ethno-regional lines.

The diversity of possible institutional designs shows that decentralization is not a yes/no proposition, but rather is a continuum that ranges from highly devolved to highly centralized. One recommendation is for formula-based transfers to be based on multiple factors, including but not limited to the population and the relative level of development of different regions as well as the origin of certain natural resources. Transfers in countries such as Ethiopia, Kenya, and South Africa include development indicators as factors in revenue transfers (with lower-

[35] See CADA Final Report.
[36] See Brancati 2009.
[37] See Horowitz 1985.
[38] See Suberu 2001.

development regions receiving something like "equalization grants"). In Nigeria, the politics of revenue distribution are quite heated, especially over the amount to be divided on the "derivation principle", which sets aside a portion of revenues for the states where petroleum extraction takes place; there is little satisfaction with the present system, but most agree that a formula needs multiple components. One achievement of recent decentralization processes in Africa has been the advent of formula-based revenue transfers from the center to SNGs; this principle of transparent formulas should be maintained because it limits central government discretion and some opportunities for central actors to divert resources into patronage networks.[39] That said, the specific formula itself is not best proposed in the abstract, but may be best established with reference to a particular country's composition, and its conflicting interests.

Decentralization invites flexible governance arrangements, and this principle of flexibility can be extended to the donor's role in the design of decentralization itself. It is not always optimal for donor organizations to propose the exact form of decentralization at the outset. It can instead be beneficial to let the form of decentralization itself be the outcome of a negotiated process between the parties that have been antagonists. In this view, the process of decentralization contributes to stability in a different way, by bringing parties to the negotiating table. Examples of "negotiated settlements" abound in Africa, and many of these are truly "African solutions to African problems". A classic example was the transition from apartheid in South Africa, but similar outcomes have resulted in other countries, many of which had features specially adapted to a country's realities. Examples include the bottom-up creation of communes in Mali, the asymmetric form of decentralization in post-war Mozambique, the requirements that national candidates appeal across regional lines in Nigeria, and even the negotiation over the degree of autonomy for the Buganda kingdom in Uganda. Support for decentralization and conflict management can be expressly built around the understanding that the exact institutional forms should be the product of negotiations between possible belligerents; organizations like USAID can serve in "honest broker" roles in some circumstances to ensure that multiple voices are heard, instead of proposing fully-formed "solutions".

In conclusion, decentralization has mitigated conflict in many countries by dividing power and facilitating participation of minority groups, but it can also worsen conflict and thus requires caution. The unifying theme here is the need to balance power between levels of government, mainly by developing an intergovernmental system that counterbalances decentralized and centralized power. Most countries have a mix of strong centralizing forces and also some strong forces that retain power outside the state. Even Africa's most decentralized countries – the federations of Nigeria and Ethiopia – have strong centripetal institutions in the form of parties and rules that direct SNGs to attend to the center. The balance between levels of government can be optimized by devolving or deconcentrating a measure of authority and autonomy, ensuring that accountability operates both upward to the center and downward to local citizens, and by improving the capacity both of subnational actors to undertake tasks and of the center to monitor and support subnational governance. The center will need to ensure the rule of law and national security, while carving out space for subnational units in service provision. Political representation for minority groups and revenue formulas similarly require sophisticated arrangements that balance central and subnational interests. Together these will support stability by giving meaningful, complementary roles to central and subnational actors alike.

[39] CADA Final Report.

TABLE 2.2

DECENTRALIZATION AND STABILITY: NATION BUILDING

Why Does it Work?	Can facilitate transitions to democracy and overcoming ethnic divisions Allows for "strength through diversity" Enables power-sharing and participation between identity groups
Recommendations: Programming for Policy Reform	Strengthen intergovernmental relations with roles for all government levels Promote institutions that cut across ethnic boundaries or subdivide groups Develop revenue-sharing formulas with multiple components Include decentralization as part of negotiations to "bring parties to the table"

3.0 DECENTRALIZATION AND DEVELOPMENT

Just as it can support stability, decentralization can support development through several mechanisms: local responsiveness in service provision, economic competition, and policy innovation and experimentation. Decentralization has long been supported in theory, and became a policy to advocate by default, given the failure of the centralized alternative. It was seized upon both by advocates (often on the left) who saw an opportunity to bring government closer to underrepresented groups at the grassroots, and those (often on the right) who saw efficiency gains from obligating subnational units to compete with one another for access to resources.[40] Both logics apply to development.

Of the three main logics through which decentralization can promote development, one relates most directly to human development indicators and another most directly to economic growth. The first focuses on how decentralization can improve service delivery by bringing governance "closer to people", with decisions about services made at local levels based on local needs and demands. It is often assumed or presumed that decentralizing decision making will lead to more responsiveness of public service providers to local populations, which will in turn lead to better service delivery and improvements in such areas as health and education. The second logic comes more from theories of economics and public finance, and it holds that decentralization leads to more efficiency by imposing a form of discipline on local governments and to greater learning as SNGs observe what one another are doing effectively and how they innovate. Assuming people and firms can move from one jurisdiction to another, all localities will have to compete with one another to provide better products at better prices, or (in public sector terms) better services for lower taxes. This effect will promote economic growth in the long-run by making government efficient. In other words, the first logic reflects the idea that citizens will better exercise "voice" under decentralization, while the latter suggests people can exercise an option to "exit" a given locality.[41] A third logic combines the two ideas of competition and responsiveness: it is that jurisdictions can learn from one another and improve their performance by emulating what works elsewhere.[42]

3.1 RESPONSIVENESS AND PROXIMITY IN SERVICE PROVISION

A common phrase used to capture the benefits of decentralization is that it brings government "closer to the people". By situating decision making at the local level, decentralization can enable faster and more flexible responses to local demands than can be obtained through distant,

[40] See DDPH 2009.
[41] Hirschman 1970.
[42] A fourth logic can also be noted, but will not be explored in depth here, having been implicit in section 3 above: decentralization can enhance national stability and security, which will in turn promote development by preventing economic disruption and facilitating investment.

centralized bureaucracies. Proximity breeds familiarity, which can be advantageous when it comes to the relationship between citizens and their official representatives in the government. Citizens may be better able to force local officials to be responsive, and government officials – whether operating in good faith or with an eye towards their own political ambitions – may be able to respond with greater alacrity to demands.

3.1.1 RESPONSIVE SERVICE PROVISION: THE ARGUMENT FOR DECENTRALIZATION

Decentralization can enhance the ways public service provision takes the interests of local populations into account. SNGs with the power to set their own priorities are better able to attend to the particular preferences, demands, and needs of resident citizens. Decentralization allows government to reflect local preferences, rather than requiring all localities to accept a standard slate of taxes and services. Moreover, officials "on the ground" can have more or less constant flows of information on local conditions and on local needs, unlike officials based at a distance (such as in the capital city) who make only periodic visits. Local officials can respond more quickly, and draw upon greater familiarity with the local context and standing relationships with actors.

A distinction is made between locally-based officials and distant officials in a centralized bureaucracy, but the advantages of decentralization are not restricted to the devolved form of government in which officials are locally elected. Deconcentrated officials of the central state that work in local communities can also make service provision more locally responsive, can improve information flows between citizens and government, and can adapt services to local preferences.

The notion of responsiveness links to the characteristic of *accountability*. The key is that local citizens can better hold local public servants responsible for their decisions (and here, devolution is distinct from deconcentration in that locals can have greater influence over the careers of their public servants). Yet the phrase responsiveness here need not carry the connotation of correcting errors. Rather, responsiveness can come in the form of proactive government interventions at the local level. It is also implicit in the structure of decentralized governance generally, because decentralization is predicated on public action being adapted (i.e., responsive) to local realities.

Public service provision will not necessarily be "bigger" and costlier under decentralized governance. On the contrary, the theory linking decentralization and development is that each different locality may prefer a different "mix" of services and corresponding tax obligations. As a simple example, a demographically young community may wish to dedicate a large proportion of its public resources to improving its primary schooling while communities with many older residents may prioritize lower taxes (or investment of resources in the local health clinic or other public service instead of education).

Decentralization even allows the supply of public services and the demand of residents to live in a given community to interact dynamically. Theoretically, different local patterns of governance allow citizens to "sort themselves" into communities with other like-minded individuals. That is, individuals (and even corporations) can move to communities that provide a set of services that better reflects their preferences. Over time, some communities may develop reputations for relatively higher levels of service provision while others commit to lower tax rates. This

argument has a long intellectual heritage in economics that culminated in theories about the superiority of decentralized governance.[43]

This line of argument was developed with reference to countries such as the United States, but it can have some applicability in African communities as well. For instance, many African communities have economic activities that center either on harvesting of renewable natural resources (such as pastures, forests, or fish stocks) or on merchants trading in a public market. A community that depends upon the agriculture may wish to raise revenue collectively and allocate it to public institutions that can monitor the renewable resources and protect against free-riding (such as overgrazing or overfishing). There is in fact substantial evidence that communities around the world have developed a vast array of different mechanisms for the management of common resources.[44] Yet such institutions to govern common pool resources may not need to be as robust in another community centered on merchant traders. Instead, the latter may wish to minimize transaction costs for traders and merchants by cutting local taxes to a minimum or by improving public spaces and infrastructure. African communities have different preferences for many reasons – geographic, demographic, cultural, social, historical, and political, among others – and decentralization can improve government responsiveness to these variations.

A second factor here is the proximity of decentralized governments to local actors, and consequently to an understanding of local needs and demands. To return to the phrase above, local government is indeed "closer to the people" in the sense that it is easier to approach city hall than the presidential palace or the national legislature: it requires less organization and resources for an individual or a small group to make its needs known, and the local government can respond more quickly and efficiently than a national bureaucracy. This is particularly important in African contexts, and especially in rural areas, where resources are scarce and the costs of petitioning the central government (in terms of time, out-of-pocket expenses, or even personal risks) can be prohibitive. Decentralization can make it easier to approach the government.

3.1.2 RESPONSIVE SERVICE PROVISION: IMPLICATIONS FOR ADVOCACY

The entire logic of decentralization for development depends upon flows of information between government and the citizenry: government needs to know what citizens require, and citizens need to know what government can do. Thus, policy advocates should not simply argue for decentralization generally, but instead should argue for decentralization with specific features, namely that citizens supply their voices and that governments demand input and feedback.

Citizen input and governmental response can be encouraged by requirements for transparency and a rich web of communications between the state and society. Some programming options are detailed in USAID's *DDPH*, but can also be policy recommendations if USAID advocates that

[43] Tiebout 1956, Musgrave 1959; Oates 1972. The logic depends on the assumption that individuals and other economic actors are relatively mobile, i.e. that they *can* move and make choices to do so. This "sorting" applies most clearly in local governments, but may not explain as well why larger federal units would be beneficial, especially in countries where individuals have strong reasons to remain within their own ethno-linguistic region (Levy 2007). Still, federalism too may allow for different policies in different states or provinces.

[44] Ostrom 1990.

governments require multiple methods for information to flow between officials and the populace.[45] Examples are numerous and include: open budget forums, citizen complaint boards or designated ombudsmen (not necessarily with additional staff or personnel), and public postings and displays (on local bulletin boards, through press releases, electronically, or by radio, depending upon context). A useful way to understand subnational units is not as extensions of central state authority, but instead as a nexus where national standards and policies meet local preferences. In this vision, local governments and other SNGs take national policies and adapt them – within allowable limits – to local demands.

Responsiveness can also be improved through fiscal decentralization. Citizens are likely to care more about local governments that matter, and not about those whose responsibilities are merely nominal; there is evidence that participation increases when local governments have greater resources.[46] Moreover, non-trivial fiscal decentralization has cost advantages over subnational units with few responsibilities. Decentralizing responsibilities has direct fiscal costs in staffing, buildings and infrastructure, communications, and the like. Only with adequate scope and scale of activities at the subnational level does decentralization make sense from a cost-benefit perspective; actors with real responsibility justify spending on their salaries, offices, and other costs. To minimize the unit costs of government, fiscal and administrative decentralization must amount to more than tokenism.

TABLE 3.1. DECENTRALIZATION AND DEVELOPMENT:

RESPONSIVE SERVICE PROVISION

Why Does it Work?	Facilitates flows of information between local citizens and local officials Can promote accountability, participation, and civil society involvement
Recommendations: Programming for Policy Reform	Emphasize transparency and openness over mandatory participation Facilitate multiple forms of communication between citizens and local actors Support fiscal decentralization that makes subnational actors consequential

Responsiveness is not determined only by policy, of course, and, much of USAID's work in this area will be more project-specific, involving efforts to strengthen the voices of civil society actors and training subnational officials in the practice of being responsive. Still, policy advocacy can facilitate laws and norms that encourage communication between local actors. The strongest recommendations will probably not be state-mandated participation (which often will not result in new or underrepresented voices being heard), but in opening up multiple channels of communication. Transparency requirements that use multiple media (such as public postings and use of radio), can be combined with multiple lines of access for local residents to provide input (such as assemblies and public meetings, participatory budgeting, and citizen report cards). These can enrich the "marketplace of ideas" at the subnational level, and is a policy initiative well-suited to USAID's goals and programs.

3.2 ECONOMIC COMPETITION BETWEEN JURISDICTIONS

The link between decentralization and economic development is not limited to the indirect impacts that come from improvements in service delivery. Decentralization may also promote

[45] In the *DDPH*, see especially page 61.
[46] Goldfrank 2011.

growth somewhat more directly by encouraging "market-preserving" competition between SNGs.[47] According to this theory, subnational jurisdictions find themselves competing with one another for economic activity to be located in their jurisdiction, and this will have the long-run benefit of encouraging effective economic policy and efficient allocation of resources. The evidence from Africa is relatively thin here, but this is largely due to the relative weakness of most African SNGs; as such, encouraging such competition may merit some consideration going forward.

3.2.1 INTERJURISDICTIONAL COMPETITION: THE ARGUMENT FOR DECENTRALIZATION

The logic of decentralization promoting healthy competition is that different subnational units are essentially competitors for scarce resources such as capital investment and human resources. When decentralized units can set their own rules, they may offer different tax rates, for instance. This allows mobile actors – firms and citizens – to gravitate towards efficient jurisdictions that provide services effectively, offer attractive tax environments, or both. Economic competition should "discipline" underperforming localities by encouraging businesses and residents to exit from these and move to more efficient jurisdictions. In the long run, decentralization facilitates economic efficiency, much in the way market-based competition between firms promotes such efficiency in the private sector.[48] More recently, scholarship has built on this account of economic competition between jurisdictions to take into account the incentives facing political actors, adding the key argument that subnational levels of government must have hard budget constraints, and cannot simply be allowed to pass on the costs of their decisions to the center.[49]

There is little evidence that inter-jurisdictional competition has been consequential in African economies, and there are several theoretical reasons to think that the gains from this competition will be quite limited in most of Africa. Empirically, economic competition between jurisdictions simply appears to be scarce in Africa. The CADA finds limited examples at best, with the likelihood highest in larger, more industrialized, federal countries such as Nigeria and South Africa. The reasons are numerous, but two are most significant. First, many African states continue to be shaped by numerous centripetal forces. Central states control the most significant tax bases and localities have scant own-source revenues; SNGs also have relatively limited authority and responsibility in public services such as health and education, even where legal frameworks nominally devolved these. This means that most subnational units in Africa do not "compete" with one another in any real sense. Second and more theoretically, the assumptions of this model are suspect in African countries. The virtues of decentralization as a source of economic competition depend heavily upon the mobility of different actors. If companies and residents cannot or do not move out of inefficient jurisdictions and into more efficient ones, the logic does not hold. Many African firms and families are not highly mobile. There is a substantial degree of rural to urban migration from small villages to subnational and national capitals, but there is comparatively little movement between similar locations on the basis of subnational policies. Economic decisions are likely shaped by other factors such as the presence of economic clusters, large populations, or natural resources, rather than variations in local tax

[47] See Weingast 1995.
[48] See Tiebout 1956.
[49] Weingast 2009: 281.

rates. Investors are likely to invest where markets are substantial, rather than where local tax rates are marginally lower. Firms and individuals will respond to local economic characteristics, such as the quality of infrastructure or the extent of local corruption, but even here the likelihood of significant entry and exit from one jurisdiction to another is tempered by the structure of African economies. The theoretical arguments behind this sort of competition are based in the experiences of countries such as the United States, and their applicability in Africa is ambiguous.

The idea that SNGs compete with and learn from one another is most plausible in Africa's federal countries because of the relatively high degree of autonomy that SNGs have under federalism; indeed, federalism has been understood in terms of the "semi-sovereignty" of SNGs from the center, as witnessed in countries ranging from the United States to Germany to Brazil.[50] This high degree of autonomy empowers SNGs to undertake economic decision making to a considerable degree. It is under federalism that SNGs typically have the most power to set (some of) their own tax rates, contract debt, and prioritize among public service expenditures.

3.2.2 INTERJURISDICTIONAL COMPETITION: IMPLICATIONS FOR ADVOCACY

The inter-jurisdictional competition argument is a challenging area for policy advocacy in Africa. The theory depends on assumptions – especially the mobility of factors of production – that are of questionable validity for many African localities. It also depends, crucially, upon African SNGs having enough autonomy and powers to make their differences in local policies meaningful enough to induce competition. In many countries – especially unitary states – decentralization has simply been too inadequate to make competition meaningful. On the other hand, there is no reason to suspect that decentralization in Africa will worsen economic performance; since it is modest and constrained by centripetal forces, there is little risk that it will generate macroeconomic troubles (with the possible exception of Nigeria). Thus, arguing for subnational competition is acceptable under the "do no harm" criterion. Nonetheless, if one assumes that opportunities for advocacy are limited and must be used strategically for maximum impact, then advocating for decentralization on the basis of its economic growth impacts is not the optimal path: arguments about greater local responsiveness (3.1) and prospects for learning (3.3) are rather stronger. Even so, the reputations of certain states and provinces for fiscal rectitude and better governance – as contrasted with more problematic states and provinces – has given some credence that this logic of decentralization can work in Africa.

TABLE 3.2. DECENTRALIZATION AND DEVELOPMENT:

ECONOMIC COMPETITION BETWEEN JURISDICTIONS

Why Does it Work?	Approximates a market in public services; disciplines SNGs to be efficient Enables learning between jurisdictions and "race to the top"
Recommendations: Programming for Policy Reform	Promote inter-jurisdictional competition in more decentralized countries Prioritize such competition in federal states where SNG autonomy is high Couple SNG competition with hard budget constraints to avoid fiscal perils

[50] See Rodden 2006.

3.3 INNOVATION & POLICY EXPERIMENTATION

Another leading argument for decentralization is related to the idea that SNGs may compete with one another. Decentralizing power enables different SNGs to experiment with different policies that may or may not work. The principle is that SNGs with a degree of autonomy can attempt innovations that might not be attempted at the national level, due to political constraints or other factors. The sheer number of different SNGs, combined with their varying efforts to adapt their work to local contexts, means that more policies can be tried, which can increase innovation in the long run as SNGs learn from one another's successes and failures. This argument has found its theoretical support mainly in the American case: it is the theory that SNGs (such as states) can become "laboratories of democracy".[51]

3.3.1 INNOVATION & POLICY EXPERIMENTATION: THE ARGUMENT FOR DECENTRALIZATION

SNGs can be laboratories for learning what policies work. In some instances, SNGs may adopt policies that conform well to the needs only of a particular locality or region, and decentralization facilitates this. In other instances, SNGs may adopt policies that fail or are ill-advised. In this sense, decentralization is helpful because (as noted in the quote by Louis Brandeis to begin the section), it need not implicate an entire country in a failed experiment. Thus, SNGs and even national governments can learn from the "worst practices" or "bad ideas" that are attempted. Yet another alternative is the most desirable outcome: it is that an experiment attempted in a certain SNG may prove promising enough to be scaled up to others. Where this occurs, the SNGs are laboratories of learning for good policy.

SNGs can operate as laboratories of democracy at any subnational level and can work anywhere that local actors have even a modicum of decisionmaking autonomy. This includes deconcentrated systems, though the potential benefits are clearest when the subnational unit has substantial decision making latitude. Local representatives of the central state that respond to the center may exercise a degree of authority and autonomy that facilitates policy experimentation, but in practice there is relatively little concrete evidence of dynamic decision making in Africa's deconcentrated bureaucracies; still, it is clear that deconcentrated agents are more dynamic in some locations than others.[52]

Examples of policy experimentation can be found across Africa. For example, some countries have piloted decentralized governance solutions in selected jurisdictions, in the case of asymmetric systems where the center has decentralized at variable rates across a national territory. A leading example is Mozambique, where the government deconcentrated in rural areas and devolved power to elected officials in urban areas, ostensibly with the intention of moving towards fuller devolution. This asymmetry can be interpreted as a central government actually trying to minimize the extent of devolution, or could be interpreted as a cautious effort to examine what works without being precipitous about devolution.[53] Other examples of asymmetric decentralization include the special districts and varying statutory designations of

[51] Osborne 1988.
[52] See in particular the Mali In-Country Assessment.
[53] See contrasting evaluations in USAID's Mozambique Desk Study and Mozambique In-Country Assessment.

SNGs in Anglophone East Africa. Tanzania, Uganda, Kenya, and South Africa have all created different sorts of local governments in different areas – cities and towns, for instance – with slightly different responsibilities, powers, forms, and functions. This is done for many reasons (including economies of scale) and it acknowledges the potential benefits from preferring flexible patterns of governance to uniformity.

Decentralization is likeliest to contribute to development where there are real distinctions between SNGs in terms of what they do and how well they do it. If SNGs perform in fundamentally similar ways, then decentralization may speed up government response times, but will offer few opportunities for SNGs to learn from one another. On the other hand, when a country's SNGs make different policy choices and have varying degrees of efficacy, then decentralization can give rise to the learning, the competition, and the innovation that make government more dynamic.

USAID is already comfortable with policy experimentation and encouraging the spread of innovation: these ideas closely reflect its own approach of piloting new programs and encouraging the adoption of best practices. USAID can thus leverage decentralization's ability to promote experimentation, even if evidence is still thin as to when and where innovations and best practices spread.

3.3.2 INNOVATION AND POLICY EXPERIMENTATION: IMPLICATIONS FOR POLICY ADVOCACY

There are two principal ways subnational policy innovations can spread: by SNGs demonstrating innovation that leads another SNG to reform, and by SNGs demonstrating innovation such that the central government undertakes nationwide reforms. This presents two policy possibilities. The first is advocating for a flexible policy environment in which decentralized units are encouraged to experiment and learn from one another. The second is to advocate for the nationwide adoption of policies that have proved successful in different subnational units. The former has the advantage of allowing subnational actors to reform in a voluntary fashion, which may increase buy-in when reforms are initiated. The latter has advantages of scope, scale, and speed, because it ensures that successful experiments are leveraged into broader application even if inertia or political interests would prevent it in some locations.

To promote robust uptake of innovations and best practices, USAID can collaborate with central governments to ensure a blend of important characteristics: greater policy *authority and autonomy* for subnational actors, combined with upward *accountability* to the center for performance. The aim is to shape policy such that deconcentrated and devolved officials have the legal and practical powers needed to undertake experiments, and that their results are evaluated fairly. Establishing fair evaluative procedures is crucial: subnational actors must be rewarded for their successes, but they should not necessarily be "punished" for a failed experiment, so long as the effort was lawful and based on a plausible hypothesis and careful consideration.

Central governments can establish fiscal incentives for innovation by subnational actors as well. For instance, they may provide capacity support preferentially to those SNGs that innovate over those that follow bureaucratic inertia. Such policies have been used in the United States, for instance, with states competing for "race to the top" funds in education. Competitive (or *concours*) mechanisms can be useful policy; the caveat is that this central government funding may not be formula-based and is thus open to favoritism and abuse; careful planning would

mean establishing independent panels to evaluate results (perhaps with donor inclusion if donor funds are part of the resource base). USAID can also encourage central governments to support those actors who choose to adopt lessons learned elsewhere. One form is working with partner governments to co-finance policy experiments at the subnational level, conditional upon evaluation and policies that enable the scaling up of successful innovations, or assistance in establishing policies under which partner governments would do the same.

In addition, USAID can help strengthen the monitoring and evaluation of decentralized experiments. Decentralization is especially ripe for serious and useful evaluation.[54] When SNGs experiment, it is possible to compare experiences of locations that attempt an initiative with those that do not; "natural experiments" can emerge where differences in outcomes can be traced. The gold standard in evaluation comes with controlled experiments where one set of people (or one community) that receives a treatment is contrasted with another substantially similar community that does not. There are no real laboratory experiments in complex social situations, but the "laboratory of democracy" offers a next-best possibility for examining the consequences of an innovation. USAID's expertise in monitoring and evaluation can promote and support careful measurement of policy successes and failures.

Finally, USAID can leverage its programming activities into policy recommendations. One example is that USAID encourages "study tours" as a programming option; a corresponding policy recommendation is for study tours *within countries*, rather than internationally. Learning what has worked within a country has advantages over attempts to learn from other country experiences, because SNGs are working within the same national framework (legal, economic, political, social, and historical), which often makes the transferability of lessons more feasible.[55] Moreover, achievements within a given national context have special salience for officials (elected or unelected). If the center sends cues that strong governance is recognized, the less innovative and less responsive SNGs will have professional incentives to "raise their game". Central governments can hold subnational officials to account by measuring or evaluating their performance (with appropriate adjustments for the challenges of local realities) relative to other officials. In these circumstances, some upward accountability through the state can work to the advantage of USAID as it seeks to improve governance for development.

TABLE 3.3. DECENTRALIZATION AND DEVELOPMENT: INNOVATION AND POLICY EXPERIMENTATION

Why Does it Work?	Allows for more local adaptation and experimentation than centralization Encourages flows of information and adoption of best practices
Recommendations: Programming for Policy Reform	Facilitate adoption of policy experiments and learning across SNGs Advocate for government policies that incentivize innovation Assist with monitoring and evaluation of performance in innovation

[54] See the *DDPH* chapter 6.

[55] Clearly, there are many differences between SNGs within a country in all these areas, but the national framework does "control for" some variables that vary across countries.

4.0 DECENTRALIZATION AND DEMOCRACY

Decentralization can support democratic governance by supporting the themes of responsiveness and accountability, as well as political socialization (or local government as the "training ground of democracy"). For accountability, the causal mechanism is increased responsiveness to local concerns, through formal electoral processes and civil society participation. Two key sets of actors are elected local officials and civil society institutions, though centrally-appointed and deconcentrated officials also play a major role. While these actors may be key potential supporters of the goal of democracy, they are not always representative of local populations, nor uniformly solicitous of the needs of underrepresented populations. It is possible, for instance, that locally elected officials will respond primarily to the center, and that civil society organizations at the local level will enable the capture of power by local elites. Policy recommendations, therefore, highlight the need to think beyond the mere holding of subnational elections in order to promote the goal of democratic deepening.

Observers of decentralization and democracy have linked the two for some time, and this has particular salience for African countries with long histories of centralized authoritarian rule.[56] The democratization wave in Africa at the end of the Cold War brought in its wake the wave of decentralization reforms in the 1990s, which gave rise to significant changes (at least *de jure*) in the formal structure of many states, however modest the reforms may have been in practice. Of course, democratization and decentralization do not always go hand in hand. Authoritarian systems can have important degrees of decentralization (as in the case of Ethiopia), and centralism can persist in more democratic systems (such as Botswana). Nonetheless, there is an apparent correlation between democracy and decentralization in Africa: both have made considerable advances since 1991 and both are presumed to be at issue when elections are instituted at multiple levels of government. Neither decentralization nor democratization guarantees the other, but they can be mutually reinforcing under many circumstances.

Decentralization has resulted in multiple levels of elections in most countries, but accountability must also depends upon ongoing activity by citizens and civil society organizations in the long intervals between elections. To a large extent, promoting accountability is a matter of improving and maintaining open flows of information between public actors. This must take place from government to the citizenry and vice versa. Examples of communication from government to citizens include transparency in making decisions, openly notifying the public of those decisions, and clearly communicating opportunities for comment and feedback. From the populace to the government, contributions to accountability come from providing the government with a base of information about citizen preferences, demands, and reactions. If democracy is to be deepened, it is important that contributions are not made only by privileged and politically active groups, but rather a broad cross-section of society that is relatively (though never perfectly) representative of

[56] Cf. Wunsch and Olowu 1990.

the populace at large. As a policy matter, governments should ensure that civil society voices are heard in subnational governance, as seen in section 4.3.

4.1 LOCAL RESPONSIVENESS VIA ELECTIONS

The devolved form of decentralization can enhance democracy in a relatively direct sense by creating local elections where they previously did not exist. This gives local citizens opportunities to hold accountable the officials responsible for ensuring local provision of public services. Subnational elections can thus facilitate the responsiveness of government officials to local needs, especially with direct elections; this dovetails with decentralization's promise to bring government "closer to the people".

4.1.1 LOCAL ACCOUNTABILITY VIA ELECTIONS: THE ARGUMENT FOR DECENTRALIZATION

Political decentralization – or devolution – creates local elections and thereby gives opportunities to local citizens to express their (dis)satisfaction with the performance of incumbents. Poor performance by elected officials can result in short-lived political careers, while effective performance can mean reelection or possibly advancements and a reputation that serves the ambition for higher office. In the long run, the dynamic of elections should contribute to more accountable governance. This electoral accountability can in turn lead to better development outcomes, but it also can have an intrinsic value in giving local populations a more inherently responsive pattern of governance.

This contrasts with a political system in which the local providers of public services are accountable mainly to national government superiors. Under deconcentration, professional ambition is often best served by complying with national officials rather than responding to local particularities, such that deconcentrated officials are more favorable to centralism. The incentives from local elections, meanwhile, are for more responsiveness to local demands than to central priorities. Devolution and deconcentration are both valid forms of decentralization for approaching different goals, but as noted in the *CADA* final report, devolution is more "inherently constructive of democratic local governance".[57] It is possible, of course, that local elections will be poor or give bad results, but the theoretical linkage between local elections and democracy is straightforward and requires little further elaboration.

4.1.2 LOCAL ACCOUNTABILITY VIA ELECTIONS: IMPLICATIONS FOR ADVOCACY

All 10 African countries examined in the recent *Comparative Assessment of Decentralization in Africa* have subnational elections at least at one level. This is an impressive fact and non-trivial achievement on a continent where open, free, and fair elections were a rarity two decades ago and where the overall consolidation of democracy has been weak. It suggests that decentralization has a strong "democratic" component. At the most basic level, opportunities for electoral participation have expanded considerably.[58] Indeed, democratization sometimes advances first at subnational levels even as central regimes continue to exert substantial control.[59] The regular holding of elections tends to reinforce democracy, and decentralization can

[57] See the CADA.
[58] See CADA FInal Report.
[59] See Burkina Faso Desk Study.

thus contribute to national democratization.[60] The holding of elections for SNGs also has the benefit of expanding opportunities for representation by ethnic and regional minorities that may win in a region, yet lose nationally. This diminishes the winner-take-all aspects of elections that have been harmful in African politics.[61]

Yet subnational elections are only a piece of democracy promotion. As important are regular flows of information between officials and citizens in the periods between elections. Another necessary complement is coordinating institutions between local governments that allow governance to address challenges at different scales. USAID can propose policies for greater collaboration, whether between national government and SNGs or among SNGs themselves. With respect to national-subnational relations, USAID can support mechanisms for transparency, responsiveness, and accountability in periods between elections. This recommendation is taken up further in the next subsection on civil society. With regard to collaboration among subnational units, a policy proposal is to allow elected SNGs to collaborate voluntarily on issues that cross local boundaries, such as access to important renewable natural resources. SNGs can form special districts or other "intercommunal" units. Political decentralization need not simply create maximum autonomy for SNGs, but can rather give them the authority, capacity, and accountability that incentivizes them to collaborate with other institutions.

TABLE 4.1

DECENTRALIZATION AND DEMOCRACY: ELECTIONS AND RESPONSIVENESS

Why Does it Work?	Brings electoral accountability to local level; allows local monitoring Makes elected government "closer to the people"
Recommendations: Programming for Policy Reform	Promote subnational political units beyond elected local governments Support coordinating institutions between levels of government Buttress electoral accountability with mechanisms between elections

4.2 GIVING VOICE: CIVIL SOCIETY ORGANIZATIONS FOR RESPONSIVENESS AND PLURALISM

Most public services are provided in the long periods between elections, and during these times accountability depends upon engaged citizens checking the actions of their elected and appointed officials; they must hold accountable the government "agents" that are supposed to work on the behalf of the population.[62] A central justification for decentralization is that it empowers civil society to make government accountable to the people.

4.2.1 CIVIL SOCIETY AND RESPONSIVENESS: THE ARGUMENT FOR DECENTRALIZATION

The thrust of the argument linking decentralization and civil society is that governments at the local level present greater opportunities for involvement by members of the public. In the commonly used phrase noted above, decentralization brings government "closer to the people". Compared to often-distant bureaucracies in capital cities, local actors are more accessible to

[60] Cf. Lindberg 2006.
[61] Chabal and Daloz 1999.
[62] Hiskey 2010.

individuals and community organizations. In particular, the poor and traditionally underrepresented groups are likely to have greater capacity to mobilize locally than nationally. This is especially true in low-income rural areas that are far removed from centers of power. Decentralization can empower previously underrepresented groups by giving a level of government at which they can make voices heard, and thus allows for greater participation in politics and for community empowerment.[63] A main intended consequence of decentralization is more equitable service provision that responds to the needs of traditionally less represented groups, including the poor and women.

Alongside the contributions to equity that come from greater empowerment, decentralization may also enhance government efficiency and performance by increasing the information and feedback available to local actors. An active set of civic associations – that is, a rich civil society – is the key ingredient to hold institutions accountable and "make democracy work".[64] This links to the logic in section 3 on economic development: giving decision making power to local actors will result in richer flows of information that will enable government to respond more effectively to citizen demands.

Among the specific mechanisms through which decentralization can support civic voice are participatory processes, especially budgeting.[65] These approaches feature direct participation by members of local communities in decisions about government action (especially spending) at the local level. Participatory processes are relatively transparent, which makes it easier for citizens to monitor the actions of government officials, and facilitates the collection of information by officials on what citizens demand. As a result, civic participation and participatory budgeting have long been associated with parties that seek ways to expand grassroots participation to more diverse groups of citizens.[66]

4.2.2 CIVIL SOCIETY AND RESPONSIVENESS: IMPLICATIONS FOR ADVOCACY

The goal of incorporating civil society into politics is to broaden decision making and governance to include a diverse array of citizens, preferably without introducing inefficiency in that process. Policy should be to ensure that procedures are open and that there are incentives to participate; this can be more effective that having the state require quotas of representatives from different demographic groups. At the policy level, the fiscal importance of the SNGs also matters for community involvement. When SNGs have significant resources and make significant decisions, they are likely to draw activity. This can be made more equitable by guaranteeing access and transparency in local meetings.

While there have been clear advances in Africa in terms of the holding of elections, there is less systematic evidence that contributions from civil society have become more representative over time, though there are indications that several countries have made strides on this front. Partly, this is an empirical challenge: the degree of representativeness is more difficult to quantify than the presence of elections. Nonetheless, there are some indicators that major actors are at least more attentive to the appearance and practice of soliciting participation from traditionally

[63] Brinkerhof with Azfar 2010.
[64] Putnam 1995.
[65] Heller 2001; Goldfrank 2011; Wampler 2009.
[66] Heller 2001; Goldfrank 2011; Wampler 2009.

underrepresented groups such as women and youth. An increasing number of countries have requirements for consultation at the local level with a range of groups. In Kenya, for instance, the devolution process to be concluded in 2012 features several provisions to incorporate women and civil society groups into public decision making at the devolved levels of government. In addition, significant donor efforts on the "demand side" have generated and supported effective participation by these groups. While the long-run impacts of these initiatives are not yet clear, broadening civil society contributions is clearly on the agenda.

Citizen perceptions of local government present a mixed picture.[67] Afrobarometer surveys from 20 countries found that about one-third of citizens believe local councilors listen to local demands, another third believe that councilors sometimes listen, and a final third say councilors never listen.[68] This is somewhat higher than the perceived performance of national level officials, yet citizens often see and rarely claim that local government is performing "well", especially when it comes to citizen inclusion in decision making.[69] While there is some survey evidence that local governments perform no worse than central governments, a major concern remains that social elites at local levels may sometimes create a form of politics that is even less representative than previously centralized politics at the national level. This may be prone to happen in relatively rural areas where political participation and literacy are limited and social stratification is rigid, for instance, though it can also occur in cities. Local politics is subject to "elite capture" in which powerful local players subvert the democratic process, distorting it to their advantage.[70]

It is unclear whether government mandates of inclusion or quotas for underrepresented groups are effective. In a review of the participatory budgeting experience in Latin America, requirements by the state for participation resulted in lower quality contributions from civil society than in countries where participation was voluntary but well-funded.[71] This does not imply that USAID should forego mobilizing underrepresented groups (such as women and youth), but rather highlights the ambiguity in advocating at the *policy level* that the state require such participation. It is likely that direct efforts at mobilization will be more effective through *programming* rather than in state policies that may result in attempts at inclusion that are either ham-fisted or do little to change the composition of who participates.

TABLE 4.2

DECENTRALIZATION AND DEMOCRACY: VOICE FOR CIVIL SOCIETY

Why Does it Work?	Can empower traditionally underrepresented groups Can render governance less top-down and improve information flows Enables creative and informed local responses to governance dilemmas
Recommendations: Programming for Policy Reform	Prioritize openness and transparency over mandates Engage in programming on demand-side rather than policy requirements Avoid guaranteeing resources to civil society groups to avoid "capture"

[67] See Bratton 2008.
[68] Ibid: 22.
[69] Ibid: 22.
[70] See Bardhan and Mookherjee 2000.
[71] Goldfrank 2011.

4.3 SOCIALIZATION: SUBNATIONAL GOVERNMENT AS TRAINING GROUND OF DEMOCRACY

A final mechanism through which decentralization can support democratic governance is by shaping the attitudes and perspectives of national policymakers. Decentralized governance can accustom rising politicians to the need for processes that aggregate local demands upward. As former SNG officials rise to national prominence, increasing numbers will have honed at the local level their understandings of how politics can and should work; this socialization process can contribute to national democracy.

4.3.1 SOCIALIZATION: THE ARGUMENT FOR DECENTRALIZATION

Treating an SNG as a "training ground" for democracy has several benefits. First, it means national officials and national politics can have a "local perspective" on what problems are and how solutions can be found. This can scale up to the national level the advantages of local governance being "closer to the people". Second, decentralization may make national politicians more responsive to civil society groups, more accustomed to addressing constituent demands, and more habituated to other aspects of democratic practice. (This will be true insofar as local governance is characterized by strong democratic practice, which should not be assumed to be the case.) Third, decentralization can provide opportunities to new groups of actors at local levels, and may empower some of these to seek higher office and thereby make political representation more inclusive of different groups. Fourth, it can create a self-reinforcing dynamic of subnational autonomy: national politicians who are habituated to SNGs acting with autonomy may guard those SNG prerogatives when they take national office. In a political system where top central government officials cut their teeth in existing subnational institutions, they are likelier to defend decentralized governance. Finally, in many dominant party systems, incumbents may be more willing to allow competitive democracy to take root at local levels, such that SNG elections may be fairer than national elections and can serve as a foothold for democratizing political life.

4.3.2 SOCIALIZATION: IMPLICATIONS FOR ADVOCACY

While the theory is compelling, the view that decentralized governance is a training ground is largely hypothetical in Africa. Whether it does so depends largely on whether decentralization delivers on the other goals mentioned in this section. If decentralization improves representation and broadens accountability, then the socialization of new national politicians will likely be a positive side effect; if it fails in these other aspects, it is also likely to fail in this purported benefit of socializing politicians to support local governance. Caveats about parochialism are needed as well, even if these are in fact part and parcel of decentralized governance: subnational government can socialize politicians into parochial practices as well as good ones. Indeed, in the United States, members of Congress are *expected* to act in accordance with the interests of their specific geographic constituency (and not national well-being alone), and are held accountable by the electorate for doing so. A degree of parochialism is thus a foreseeable consequence of socialization through decentralization. It would not be a reason to avoid decentralization advocacy, but it is a consideration that can shape the specifics of how USAID advocates.

There is one other aspect of socialization that matters, however: the mere fact of participation in elections. One factor that has pushed democratization in Africa has been the growing presence of

elections over time.[72] That is, elections have helped bring about democracy just as democracy has helped bring about elections. Elections have "socialized" the electorate and politicians. From a decentralization perspective, the fact that national politicians might formerly have been elected at subnational levels could have some positive effects. It will mean that more politicians have longer-standing experiences with elections, and most of them will be favorably disposed to elections, having been successful themselves. This may mean the current generation of rising African politicians will be encouraged to support electoral democracy at both the national and subnational levels. Here again, a caveat must be issued: if national politicians have the experience of rigging fraudulent elections at the subnational level, that too can be "socialized" into existence at the national level. The importance of decentralization in shaping the level of democracy in local politics will again condition whether this socialization is a positive, a negative, or an indifferent factor for governance. In sum, improving democracy via socialization is plausible in theory, but not proven in practice. Table 4.3 outlines the logic of this approach. Until more subnational politicians assume major decision making roles, it will be hard to determine whether SNG has been important as a training ground for democracy. In the meantime, USAID can continue to support regular subnational elections.

TABLE 4.3

DECENTRALIZATION AND DEMOCRACY: SOCIALIZATION

Why Does it Work?	Generates opportunities for future national leaders to learn accountability Supports future national officials favorable to decentralized governance
Recommendations: Programming for Policy Reform	Support elections over sustained period of time Work with national governments to ensure transparent subnational elections

[72] Lindberg 2006.

5.0 CONCLUSION: THE ARGUMENT FOR DECENTRALIZATION

Having outlined how decentralization can contribute to major goals, it is useful to conclude with a figure that illustrates how this guide offers a coherent approach to USAID's end goals. This allows the USAID officer to make concrete steps towards programmatic action and policy advocacy. The relevant figure is seen below, and links the forms of decentralization to end goals via the mechanisms outlined in this guide.

FIGURE 2

DECENTRALIZATION MECHANISMS AND USAID GOALS

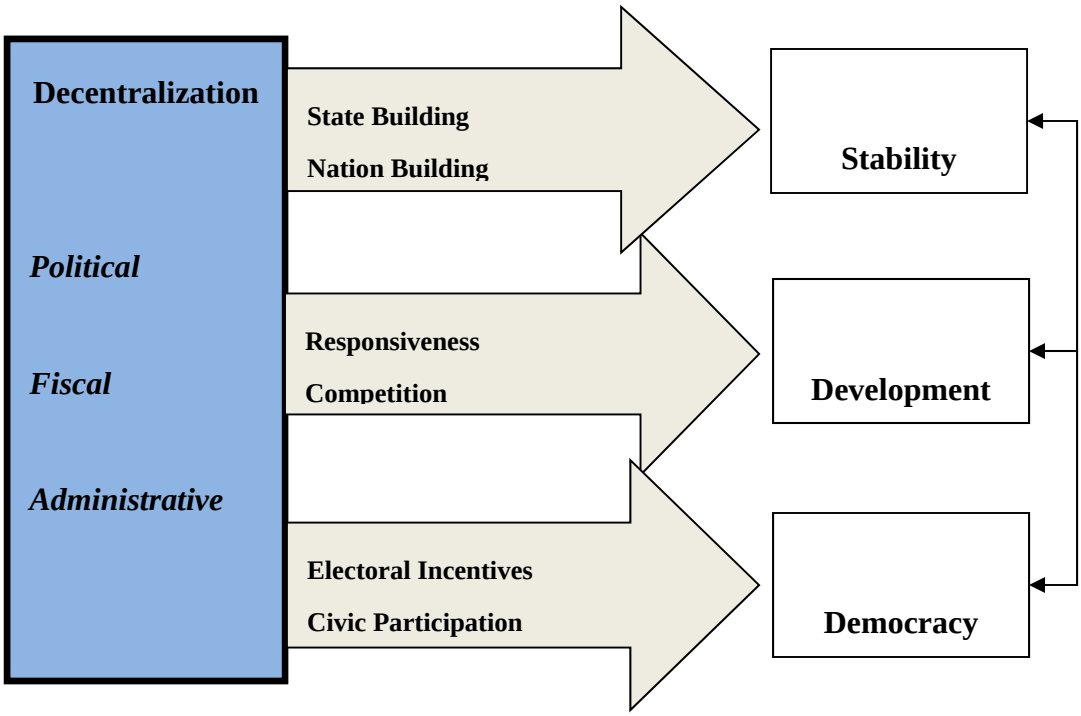


Figure 2 offers a schematic vision of how decentralization can lead to the three end goals. The sequence here is reminiscent of Figure 1, but the four characteristics of decentralization are replaced with the specific mechanisms proposed in this guide. The two figures are linked by a common insight: the mechanisms proposed in this guide contribute to the end goals by reshaping the authority, autonomy, accountability, and capacity of different actors. Sections 2, 3, and 4 have similarly been built around this common logic. The guide has focused on specific interventions and their implications for policy, but has also aimed to conclude in each section

how the four characteristics inform the end goals. Figure 2 also shows that the three goals can support one another. This argument was made explicitly in the section on stability, which can be seen as a near requisite for economic development and democracy in Africa, but it also works in other directions: the link between development and democracy is long established and backed by considerable empirical evidence, for instance.[73]

The essence of the argument is that decentralization can support each of the three goals, and it can do so in ways that reinforce the others. While outcomes are not automatic, there are few governance mechanisms that can plausibly claim to have such impacts. This makes decentralization a leading candidate for programming for policy reform going forward.

[73] The extent to which this claim is true can be the subject of debate, as many democratic countries in Africa have faced challenges to stability of varying degrees of importance. The claim here is that democratic governance and economic development are exceedingly difficult where law and order have broken down. Regardless, democracy can contribute to stability, for instance, on the premise that power is divided and all citizens are secure in their basic rights. The three goals do not always lead to one another, however, as when democratic decision making sometimes results in development inefficiencies, for instance.

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APPENDIX B: CAVEATS

This appendix offers caveats to the arguments in favor of decentralization. This guide has centered on illustrating the numerous logics in favor of decentralization, but a full consideration of the merits of decentralization will also take into account the costs and possible harm that could come from decentralization programming for policy reform. This appendix follows the structure of the guide, with comments on the goals of Stability, Development, and Democracy, and the logics that underpin each.

Stability

State Building in Weak Institutional Environments

Attempts to build the African state through decentralization are not necessarily destined for success, and experiences with decentralization as a means of state building are not uniformly positive. In fact, Africa has a long history of autocratic rule that has gone hand-in-hand with decentralization. Indeed, one of the central critiques of the African state in the late 20th Century characterized governance as rooted in the logic of "indirect rule", and resulting in what was termed "decentralized despotism" (Mamdani 1996). In this perspective, central authorities sought to control society through local-level mechanisms such as customary authorities (see Mamdani 1996). Decentralized rule was a strategy to "pacify" Africa, and the creation of many African states included processes of building customary and traditional authority in local villages. If one interprets this to mean decentralization contributed to "stability" in these cases, one must also deem that decentralized mode of governance to have played a part in subsequent decades of coups and instability. The African past thus provides evidence that decentralization has long been seen as a way to make for social peace in awkwardly constructed nation-states, but also requires caution before one concludes that decentralization leads to stability.

This historical phenomenon is reflected in more recent time periods. African states continue to be among the weakest states in the world. One risk is that states will attempt to compensate for their lack of genuine transformative power by using force to compel behavior, by relying on coercion rather than the construction of legitimate authority, and by adopting authoritarian practices. An overly developed pattern of state penetration can be a peril even in countries with relatively weak states. Efforts at minute planning and micromanagement to rearrange societies can belie underlying weakness and can backfire with disastrous consequences, as in the case of "villagization" in Tanzania under Julius Nyerere (cf. Scott 1998). This can be seen in Africa's authoritarian regimes, some of which have verged on totalitarian (without ever being as powerful as the totalitarian regimes of Europe). Such a pattern of governance raises the concern that building the capacity of an African state may be a recipe for greater repression.

The concern is that, by creating institutions that allow the downward penetration of state authority, decentralization can paradoxically empower central authorities at the expense of democratic local governance. This concern lingers even to the present. A telling

example is Ethiopia, where a dominant central party-state has leveraged decentralization to extend its authority and reach down to local levels (Ethiopia Desk Study). A similar pattern can be observed in Burkina Faso and Mozambique, where dominant parties have reconciled themselves to decentralization and may have seen partisan advantages from the opportunities to extend central power down to the local level (Burkina Faso Desk Study, Mozambique Desk Study). State building through decentralization thus presents the possibility –in some cases – of empowering the very central actors that are have been the source of state failure.

Caveats: Decentralization and State Building

Can lend itself to decentralized despotism or entrench authoritarian rule
Can empower central state actors at the expense of local civil society

Divided Societies

A concern for stability is that decentralization will harden divisions between regions and identity groups (see Siegle and O'Mahony 2010). Rather than mitigate conflict, decentralization could set up situations in which identities that were once amorphous and flexible become more politically salient, crystallized around formal differences. Examples abound of instability at the subnational level, from occasional violent flare-ups in Guinea or Senegal to perhaps the most noteworthy example in scope and scale: the worsening sectarian conflict in central and northern Nigeria, where the Islamist group Boko Haram leads attacks on Christians, with retaliatory attacks occurring on both sides.

A second concern is the possibility of "decentralizing conflict" to the local level. Decentralization may reduce tensions at the national level by raising the stakes of subnational politics, and possibly by replacing inter-ethnic group conflict with intra-ethnic group conflict (Horowitz 1985: 603-605). While decentralization can create power-sharing when viewed from the national level, the downside is the raised stakes for local politics. Where resources and powers are localized and local politics becomes heated, conflicts can worsen rather than improve (Goldfrank 2011: 20). In some circumstances, it is even possible that militant groups will take advantage of decentralization to build a support base that allows them to combat the political system (Eaton 2006). Central governments will at times have the capacity and resources to manage conflicts successfully, but local or regional governments may not.

The prospect of "decentralizing conflict" is a concern in African countries where conflict over land overlaps with ethnic and regional divisions. Countries that decentralize power often do so to into regions have dominant ethnicities, and these regionally-powerful groups may use their power to enhance their social and economic control. The problem is the creation of "new minorities" that suddenly find themselves at a political disadvantage in their region. Versions of this dilemma have played out in Mali and Ghana, among other countries, where local divisions have developed between groups that consider themselves indigenous to an area (and thus possessing preferential claims on land by virtue of long-standing customary arrangements) and newcomers or outsiders (Djire 2004; Lentz 2008). These potential conflicts are often based on with ethnic, regional, or even national identities, with the latter being evidenced in conflict in Côte d'Ivoire over people of Burkinabé descent, for example.

In a different way, the apartheid system in South Africa was a set of legal institutions designed to maintain and reinforce separation between races; while decentralization did not cause apartheid, a form of decentralization of power (by creating independent homelands for blacks) was a key mechanism of control and served to draw literal geographic lines between the races. Decentralized forms of government thus became one of the flashpoints and sources of instability for the ways it clearly codified injustice. Most circumstances will not be so blatantly divisive, but if decentralization is limited in scope (as it often is in Africa) there will still be resentments from minority groups who see inadequate protection of their prerogatives, and if it is extensive it can lead to resentments among groups that think their regions are losing out in economic terms.

A concern also arises in countries where economic resources are concentrated in a certain region or regions. This is most apparent in countries with natural resources, though it could occur in any country with a predominant industrial city (which is most African countries) that wishes to avoid redistribution of its relatively greater wealth to the broader population. The politics of Nigeria's Niger Delta is the most renowned example, as questions about the distribution of oil revenue are the source of much conflict. The argument extends, however, to countries such as Zambia (with copper), Ghana (gold), and the D.R. Congo or South Africa (many minerals), not to mention the many countries with oil revenues. In some circumstances such as the Niger River Delta in Nigeria, restiveness may be most prominent in communities where resources are located yet development lags. In other circumstances, resources are located in relatively better-off regions, which can result in a sense of relative deprivation among residents of other regions. Finally, the significance of capital cities can result in mutual recrimination: capital cities may be seen by those in "the provinces" as receiving the benefits of most public investment in infrastructure and social services, while residents of capitals may argue that their cities tend to lose from redistribution.[i]

Economic theory would suggest centralizing these resources, and most African central governments have preferred to do so, but accounting for political stability can change the calculation. As a result, countries have reached different negotiated settlements between central actors and subnational actors concerning the division of resources and revenues.

A final caveat to note is the complexity of the relationship between decentralization and stability. In countries beyond Africa, decentralization has been found to contribute to stability in some circumstances, and to instability in others. There are at least three characteristics that intervene to affect whether decentralization is helpful or harmful. First, decentralization seems to have contributed to stability in countries that are ethnically plural and quite heterogeneous, but has contributed to conflict in countries that have a large or dominant "core ethnic region"; many diverse countries like Ethiopia or Kenya might be examples of the former, while the Russian-dominated Soviet Union would be an example of the latter. Second, decentralization has been observed to contribute to peace in countries where parties cut across regional lines, but exacerbate conflict where political parties have a strong regional bent (Brancati 2009). And finally, recent work suggests that fiscal and administrative autonomy for SNGs (i.e., decentralization of revenues and public service responsibilities) is associated with greater stability, but formal and legal authority is associated with more intercommunal conflict (Siegle and O'Mahony 2010). In addition to these caveats, some scholars have argued

that Africa is poorly suited to use decentralization in the interest of stability because the continent has ethnic groups with shifting identities and ambiguous relationships to existing territorial units (Mozaffar and Scarritt 2000). Taken together, these numerous caveats suggest considerable caution with regard to devolution.[ii] The implications for policy advocacy that emerge are accordingly nuanced.

Caveats: Decentralization and Nation Building

Can further fragment authority if decentralization empowers separatism
Can reinforce internal geographic divisions
Can create resentment of economic imbalance between regions

Development

Service Provision

Caution is also in order when considering prospects for local responsiveness and proximity. First, it is not always true that devolved local government will always be more locally responsive than deconcentrated administrative units, but instead varies from one country to another (Crook and Manor 1998). The effect of decentralization on accountability and participation is not automatic or guaranteed, but depends crucially on the extent to which the actors at decentralized levels are accountable to the local populace and break with elite-dominated governance (Crook 2003).

Second, the central state will still weigh heavily in local decisions even after decentralization, and reforms should not be expected to eliminate central state leverage. There is extensive documentation of the role that state administration and planning play in decentralization government, and there are arguments from a public administration perspective that these are necessary (Smoke 2003). Instances of decentralization have also been shaped by informal linkages between levels of government – such as local support for the ruling party and flows of patronage – that are found beyond the formal rules (Lambright 2011). In other words, decentralization does not mean the absence of central state authority, and local governance cannot be understood in a vacuum. This can be seen as a positive feature of decentralization insofar as newly empowered SNGs are not immediately left without central backing, but it is an important caveat nonetheless.

The two caveats above suggest is that local governance is not sufficient to ensure more responsiveness, but a third and stronger caveat is that it is possible for decentralization to worsen inequities and compromise service provision. The concern here comes up with many of the purported benefits of decentralization: what if local elites capture the governance process, and create local versions of clientelism? This concern has been raised by many scholars on the "dangers of decentralization", with the finding that decentralized levels of government can be more retrograde and subject to elite capture even than central government (Bardhan and Mookherjee 2000; Prud'homme 1995; Hagopian 1988). Local elites can benefit more than the poor from decentralization (Manor 2006: 287; Goldfrank 2011: 21).

Finally, the benefits of decentralization must be weighed against the actual financial cost for running a more robust and extensive administration. Because decentralization in its deconcentrated form requires more government officials at the local level, it involves

more costs in physical infrastructure and communication between central state officials. In its devolved form, decentralization also requires greater expenditures for elected officials and their staff. The unit costs of delivering services can thus rise. These caveats are serious and worrisome, but they are not best understood as reasons to avoid decentralization. Rather, they necessitate an advanced approach to policy advocacy that does not simply maximize the extent of decentralization, but instead maximizes the likelihood that the particular type of decentralization implemented will transform governance in a positive direction.

Caveats: Service Provision

Can lead to overrepresentation of local elites and "elite capture"
Does not eliminate need for role of the central state
Can entail higher unit costs of service delivery

Economic Competition

Several leading scholars of developing economies have noticed that subnational units with substantial decisionmaking authority can sometimes worsen national macroeconomic management (see Rodden 2006). This is particularly true when subnational governments are politically powerful and have soft budget constraints. For instance, fiscal management is complicated in situations where state or provincial actors (such as governors or provincial premiers) have leverage over national policymakers and can successfully demand central government bailouts when they overspend (see Wibbels 2005). These situations create hazardous incentives for subnational governments to be profligate. In this sense, it is the power of the decentralized units that worsens the prospects for economic growth and development. It is for this reason that arguments in favor of fiscal federalism stipulate that a hard budget constraint must be in place for subnational governments (Weingast 2009),

One challenge is the issue of deficit spending and debt accumulation. In most situations in Africa, it is assumed that either the central government or market forces will retain some degree of control over the extent of subnational indebtedness. Fortunately, the relative weakness of subnational units in Africa (while lamented by many for other reasons) also means that these risks of "excessive decentralization" have rarely been a problem. There is a preponderance of centripetal institutions even in the more decentralized countries that prevents most subnational units from threatening the central governments' prerogatives on the economy. Nonetheless, the issue of too much subnational power has arisen on occasion in federal states such as Nigeria and South Africa, and cannot be assumed away (Nigeria In-Country Assessment; Dickovick 2011).

Another risk that decentralization can pose to the national economy is the so-called "race to the bottom", in which attempts by subnational units to compete with one another result in detrimental "giveaways" that undermine tax bases and regulatory power. While interjurisdictional competition is purported to lead to a "race to the top", it is also possible that the opposite will occur. In countries such as Brazil, for instance, a "fiscal war" between states attempting to attract direct investment grew increasingly problematic as reductions in tax rates gave way to longer tax holidays and ultimately to more extravagant subsidies of dubious economic merit. While the difference between a "race

to the top" and a "race to the bottom" may be a matter of interpretation, the battle over subsidies suggests that interjurisdictional competition can be "market-distorting" as well as "market-preserving" (see Wibbels 2005 on this term). There is considerable debate about whether a "race to the bottom" leads to units that increasingly cut services alongside taxes, leaving few opportunities to correct for market failures and externalities, and leaving public needs unmet. Recent work on the states in American federalism (and elsewhere) poses the question whether they are laboratories for democracy or "cryogenic chambers" (Howard 2008).

Caveats: Economic Competition

Can harm national economy if SNG budget constraints are soft
Assumes mobility in a way that may have limited application in Africa

Innovation and Policy Experimentation

Under decentralization, some SNGs end up with better governance outcomes than others. It may be hoped that decentralization will improve governance on average, but it is nonetheless likely to induce high variability in outcomes as some SNGs become more responsive, transparent, and accountable. Decentralization may be expected to increase the variance in outcomes between units, even where it does little to the overall average in a country (CADA Final Report, 6). This can lead to a dynamic in which the richly governed get richer, while the poorly governed get poorer. A related concern in decentralizing responsibilities is the chance that service delivery will become more regressive, which can be especially damaging for development in low-income countries (see Prud'homme 1995).

The other caveat is a practical one that comes from the political economy perspective. Allowing innovation by SNG or deconcentrated subnational units involves an initial degree of central government leniency on centrally-established directives. This may be politically difficult for central government actors to swallow. For the learning to spread, it then requires decisions about whether successful programs and approaches should be made mandatory across a country, or should be allowed on a voluntary basis. Mandating nationwide adoption of successful approaches may undermine the principle of variations between SNGs, while allowing them on a voluntary basis requires further abstinence on the part of the center from establishing uniformity. In short, the idea of learning and experimentation does not resolve the fundamental political dilemma of decentralization: it requires political actors in the central government to abdicate decisionmaking powers voluntarily, a step that many political actors are loath to take.

Caveats: Innovation and Policy Experimentation

Can worsen variations in outcomes between well- and poorly-governed areas
Positive results may not necessarily spread unless uptake is required

Democracy

Elections and Responsiveness

The first caveat about local elections is that they do not necessarily ensure downward accountability to local citizens (Ribot 2002). Even with elections, the citizenry faces the challenge of monitoring the actions of elected officials.[iii] The elections themselves are

insufficient to ensure probity or performance. In addition, an imbalance between upward and downward accountability will be problematic: in countries with top-down states or dominant political parties, the elections of local officials can paradoxically result in central state actors extending their power down to local levels and creating various forms of domination (Botswana Desk Study; Ethiopia Desk Study; Poteete and Ribot 2011).

A hypothetical example is if national elections are more competitive than local elections, and if elected local governments are dominated by selected individuals (as is the case in Ghana, for example). Under such circumstances, it is conceivable that agents accountable to national-level politicians will be more solicitous of local preferences than local elites who can capture local government. Second, decentralization itself cannot overcome (and can at times exacerbate) the basic challenge in democracy of accommodating minority positions. If local populations elect their local representatives on a majoritarian basis, it is possible that minority ethnic or linguistic groups will be systematically shut out from power; traditionally underrepresented groups may continue to be underrepresented under decentralization, and perhaps moreso depending on local conditions. In short, the degree of elite capture of SNG is a prime concern in decentralization.

A second caveat about decentralization and democracy is that it is possible for locally-determined priorities may not maximize overall well-being. It is possible for locally popular initiatives to have negative spillover effects for other communities. Externalities such as pollution exist where one community overconsumption of common pool resources – such as fish stocks, pasturage, or forest resources. The presence of collective action problems is an argument in favor a degree of coordination between communities, which must often be undertaken by centrally-appointed actors. As is noted in several findings in the literature, an effective system of central-local or intergovernmental relations is essential (Crook 2003, Siegle and O'Mahony 2010).

Even enthusiasts about the prospects for local management of collective problems are often skeptical about the role of local government *per se*, noting instead the advantages of other local institutions. Advocates of community-based governance approaches will often see local government as an extension of state authority at a level where indigenous institutions are better suited to solve problems (see Ostrom 1990). This can be seen as questioning the formal mode of local government (sometimes referred to as the "communal" mode in francophone Africa) in favor of a more associational or traditional mode of governance that builds on the presence of socially embedded non-state actors (see Olivier de Sardan 2009). At the same time, not all such local institutions are representative and accountable, which raises additional questions about how to specify the best approach for advocacy (see Bierschenk and Olivier de Sardan 2003; Lund 2006; Olivier de Sardan 2009).

Beyond the theoretical questions above about the effect of decentralization there are empirical caveats that reflect the realities of African decentralization. Specifically, nearly all countries mix devolution with deconcentration, and state institutions retain a considerable proportion of the responsibilities in most public service sectors. Devolution is not necessarily transformative where its impacts are mitigated or controlled by deconcentration; these two forms of decentralization can be complementary, but it is also

possible that the latter will substitute for the former, and that deconcentration will constrain the importance of devolution.

Caveats: Elections and Responsiveness

Insufficient for accountability in centrally-dominated regimes Possible coordination failures between levels of government

Voice and Civil Society

Despite enthusiasm about civil society and participation, not all organizations at the local level advocate for the interests of the poor and underrepresented groups, and not all are necessarily representative of these groups or their interests. The central issue here is that empowering civil society can have the perverse effect of reinforcing the power of local elites (Bardhan and Mookherjee 2000). As forms of representation are extended to local areas, it is possible that these will come to be dominated by actors with economic resources, political experience, social status, and administrative savvy. The voice of civil society may thus have little effect on who actually makes decisions and governs, but it may have the less desired consequence of legitimizing existing patterns of rule; in some instances, decentralization and attempts to integrate civil society may actually weaken subaltern actors (Goldfrank 2011: 21). The likelihood that decentralization will contribute to more participatory politics depends in part upon a relatively open and competitive political environment, rather than one in which a certain party or set of state actors predominates (Heller 2001; Brinkerhoff with Azfar 2010).

The other important caveat about empowering local groups is that not all are necessarily proponents of democracy, rights, and liberties. Some organizations organize around ethnic bases in efforts to secure advantages and sideline other groups, which can raise ethnic tensions; this has happened in India, as well as Africa (Varshney 2002). Some local groups in Africa are not so much civic-minded as focused on their own access to authority and power; local political actors in so-called civil society may include anything from self-interested "political entrepreneurs" to vigilante groups (see Lund, ed. 2010). Some organizations are formulated with the express interest of garnering and channeling resources from the state and from donors, and have little intention of transforming politics or making local society more equitable (Chabal and Daloz 1999). Some organizations may appear to be grassroots, but are actually "Astroturf" organizations seeking clientelistic advantage. Other local organizations adopt an intermediary position between civil society and the state, with mixed effects (Galvan 2007). The likely impact of a particular organization thus cannot be determined by its formal structure: a local "civil society organization" can be genuinely interested in broad participation or a cover for particularist interests. This can hold for a range of groups in Africa, including local NGOs and customary or traditional authorities.

At the very least, then, local organizations diverge in how much they advocate for the interests of historically underrepresented actors. Some local institutions may be useful and important adaptations to the socioeconomic environment, and may be the best opportunities for local residents to have serious representation. In light of this, it becomes crucial that decentralization not simply "empower the local", but rather serves to support

those at the local level that seek to broaden the base of social power to include the community at large.

Caveats: Voice for Civil Society

Susceptible to elite capture under some circumstances
Increase in number of voices does not mean all are necessarily heard
Generates incentives for interests to mobilize that are not in public interest

Socialization

There is not a strong empirical record of "socialization via decentralization" in Africa, because most democracies on the continent are relatively young (being democratic for less than 20 years) and there have thus been relatively few national leaders who have come up through elected positions in democratic subnational government. More often, current presidents and top-ranking elected officials are long-time party members that do not have experience as elected SNG officials. Similarly, among legislators, the predominant direction of electoral accountability seems to be to party leaders in Africa's dominant party systems, even where individuals are elected in districts. Nonetheless, there are examples of decentralized officials reaching top national levels, such as governors becoming presidents in Nigeria and a mayor doing so in Benin. The main benefits from socialization would be expected over a longer period of time as increasing numbers of high-ranking legislators, cabinet officials, and chief executives come from the ranks of former SNG office holders. It should be expected in the future that more mayors, governors and premiers, prefects and sub-prefects will become parliamentarians, ministers, and presidents.

Could any perils emerge from using SNG as a training ground for national level officials? In its general form, the concern would be that "worst practices" at the subnational level could trickle up to the national level as easily as "best practices". This threat may be relatively meager, given the poor performance of many central governments to date, but it is worth noting that decentralized governance cannot be presumed to be effective. The major worries would be about the capture of governance by powerful local elites, and the embeddedness of patronage. Particularly problematic would be any exacerbation of divisive parochialism in national politics, in which former subnational politicians could bring to national offices an effort to favor their home region or ethnic group. This fits with the long-standing sayings that politicians believe it is "our turn to eat" (or "our turn to chop") when a representative from a certain region or ethnicity obtains national power (see Wrong 2009; Chabal and Daloz 1999). Again, the concern here is mitigated by the fact that preexisting patterns of governance are already parochial, operating with a calculus of support to one's own ethnicity, or regional, linguistic, or racial group (see Posner 2004). It is unclear that socialization through subnational politics would worsen these patterns of political favoritism, though it is possible that decentralization could entrench and "legitimize" these patterns and fail to better them.

Caveats: Political Socialization

Could exacerbate parochialism in future national officials
Could entrench patronage patterns

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