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Decentralization and Internal Conflict

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We live in a golden era of decentralization. Enthusiasm for shifting power to local tiers of government has never been higher. Moreover, decentralization is regularly put forward as a solution to nearly every governance challenge encountered. This perspective is grounded in the belief that decentralization will enhance government responsiveness and accountability to citizens, flexibility to address the diverse needs of often highly heterogeneous populations, transparency through enhanced oversight, and the dispersal of power from what have often been highly monopolized political structures, among other attributes. In the process, it is argued, decentralization will augment political legitimacy while strengthening a sense of citizen ownership of their government.

Greater popular participation at the local level is also commonly felt to foster political stability. If citizens believe government is concerned about and responsive to their needs, then there is little impetus for armed struggle. Similarly, if decentralization fosters more space to exercise local customs and religious beliefs without fear of persecution, the risk of intergroup strife in ethnically diverse societies can be minimized.

Skeptics contend, on the other hand, that decentralization increases the risks of ethnic and civil strife. Loosening central control triggers a sequence of ever greater demands for autonomy, ratcheting up the centrifugal pressures on the state. Rather than building a stronger sense of ownership and affinity with the nation as a whole, decentralized authority accentuates differences between regions, fosters citizen identification with ethnic or geographic groups rather than the state, and emboldens demands for particularized services by minority groups. By weakening incentives to consider national interests, decentralization encourages local politicians

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to stake out hard-line positions in defense of local priorities, deepening political polarization.

The heightened attention on decentralization is an outgrowth of the ongoing global democratization movement. Over the past two decades, more than 100 countries have taken discernible steps toward democracy—80 percent of which are in the developing world. This has resulted in a sea change of global governance norms. This, in turn, has dramatically expanded opportunities to pursue decentralization. It is also a reminder that most decentralization experiences take place in countries undergoing macrolevel political and economic transitions.

The policy implications stemming from understanding the relationship between decentralization and intrastate conflict are considerable. If decentralization raises the risk of conflict, the current enthusiasm for this governance reform could have destabilizing effects. If, on the other hand, decentralization has a mitigating effect on conflict, it represents an underappreciated peacemaking tool to be deployed more vigorously.

Empirically grounded answers to these questions remain elusive. This chapter attempts to sift through what is known about this relationship to help guide policymakers and practitioners contemplating decentralization initiatives.

Decentralization and Post–Cold War Intrastate Conflict

Continuing a pattern seen since the late 1950s, intrastate conflict accounts for the vast majority of episodes of armed violence in the twenty-first century. At the same time—and contrary to popular perception—the frequency and intensity of armed intrastate conflict has, in fact, declined by 60 percent since the early 1990s (Marshall and Gurr 2005). Thirty-six countries were faced with major armed conflict in 1991. By 2009, there were twenty-one.¹ Rather than ushering in an era of instability and ethnic violence that many predicted, the end of the superpower rivalry has given way to a period of comparative historic calm (Marshall 2002). The powerful effect that the Cold War had on fomenting and sustaining internal conflicts in the developing world raises an important intertemporal cautionary flag to the study of contemporary conflict. Cross-national analysis drawing heavily on the pre-1990 time period is subject to misinterpretation—and misapplication in the twenty-first-century context.

In addition to epochal considerations, income level is another powerful influence on internal conflict. Poor countries have consistently been more prone to intrastate conflict than relatively better-off countries. Specifically, countries with per capita incomes below \$2,000 have been

nearly fourteen times as likely to engage in intrastate conflict in the post–Cold War period as countries with per capita incomes above \$4,000. The issue of how decentralization affects conflict, therefore, is most meaningful for a developing country context. While the close link between poverty and conflict is well accepted, the reasons for this are less clear. The legacy of the Cold War and the spate of long conflicts in the developing world that this generated, the tendency for these conflicts to persist once started, competition for limited resources, weak institutions of power sharing and peacebuilding, a history of autocratic political structures and use of repression, the relative ease with which small bands of rebels can destabilize weak states, and spillover from conflict in neighboring countries, among other explanations, all contribute to this outcome.

The fact that the dramatic decline in armed conflict occurred concurrently to the period of unprecedented democratic expansion is highly relevant to this discussion of decentralization. The logic underlying the democratic peace—the phenomenon that democracies rarely fight each other—appears also to have bearing on internal conflicts. Established democracies are several times less likely to give rise to violent civil conflict than are nondemocratic systems (Gurr 2000; Oneal and Russett 2001; Hegre et al. 2001). Moreover, the risk of conflict in low-income democratizers is declining more rapidly in the post–Cold War period than in low-income autocracies (Halperin, Siegle, and Weinstein 2010).

The remainder of this section reviews the theory and empirics surrounding decentralization vis-à-vis two broad drivers of internal conflict—intercommunal divisions and political polarization—that account for 80 percent of all contemporary intrastate conflicts (Marshall and Gurr 2005).

Intercommunal Divisions

The conflict-mitigating rationale for decentralization in ethnically diverse societies is that, by ensuring minority group representation, it provides political channels through which differences can be reconciled. The prospect of attaining power within the national structure, furthermore, represents an incentive for minority group cooperation with the central state. Greater local control over issues that affect the vast majority of citizens' daily routines, moreover, provides assurances to minority groups that their priority concerns will be considered. In this way, decentralization is seen as a flexible institutional mechanism to accommodate the varied priorities of diverse populations within a single state. Similarly, by providing more layers of government, decentralized systems diffuse competition (and fears) away from a single, winner-take-all prize. This reflects the view of many supporters of decentralization in ethnically diverse societies that the

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state, rather than another ethnic group, poses the greatest potential security threat to a given group (Rummel 1994; Horowitz 1985; Saideman et al. 2002). Devolving state power is a mechanism to reduce this threat. Federal and unitary states differ significantly in how they approach decentralization in ethnically diverse populations. In unitary states, governments tend to use decentralization as a tool for eroding ethnic identity and solidarity. Federal states, in contrast, are more inclined to recognize the rights of ethnic groups in the belief that accommodation augments stability and unity (Schou and Haug 2005).

The principal concerns over decentralization in ethnically diverse societies are that it encourages ethnic identification, accentuates intergroup differences, and opens the door to local elite capture and discrimination against local minorities—all increasing the likelihood of intercommunal strife. It is also argued that decentralization in ethnically diverse societies with weak central governments encourages intergroup competition and collapsed states (Posen 1993). Moreover, the process of decentralization increases the probability that the dominant ethnic group or political party affiliation at local levels will differ from those at the national level. This potentially antagonistic equation can amplify central-subnational tensions, particularly during elections (Schou and Haug 2005). Decentralization is also believed to increase vulnerability to external influences by opening up cleavages that outside actors can exploit. Of particular risk are contexts in which an ethnic group engaged in sectarian conflict has a strong base of support just across the border. Indeed, under such circumstances, secession is more likely (Lake and Rothchild 2005).

Some research does find a positive relationship between degree of ethnic diversity and probability of conflict (Easterly and Levine 1997). However, other analysis finds a parabolic pattern—countries with highly diverse or homogeneous populations are remarkably stable (Collier and Hoeffler 2000). In the latter, no threat from a competing group is felt; in the former, no one group is large enough to impose its will on the others and the mutual recognition of this reality leads to greater interethnic assimilation. The greatest threat of ethnic conflict comes from societies where there is a dominant group comprising between 45 and 90 percent of the population. In these cases, minority groups fear they will be permanently excluded from politics and are inherently vulnerable to discrimination. At the same time, they are large enough to assert their priorities and be perceived as a threat to the majority. This is consistent with studies showing that societies with more geographically concentrated minority populations are more susceptible to ethnic conflict (Saideman and Ayres 2000; Gurr 1993). The potential for intercommunal conflict is accentuated when regional parties dominate the political system. Regional parties are more

likely to precipitate intergroup conflict and the drive to secession by mobilizing constituencies on ethnic or geographic grounds. Regional parties may also produce legislation that threatens other groups in a country or block legislation that can alleviate tensions already present in a society (Brancati 2006).

Empirical study of twenty-eight ethnofederal states finds that federalism reduces the threat of secession (the extreme outcome of self-determination) and violent partition *with the notable exception of federal states that contain a "core ethnic region,"* defined as a region with an outright majority of the population or a population that exceeds the second largest group by 20 percent or more. Seven of fourteen such cases ultimately collapsed. Examples include Czechoslovakia in 1990–1992, the Mali Federation in 1960, the Soviet Union in 1990–1991, and Pakistan in 1970–1971 (Hale 2004). A broader sample of countries also finds multinational federations to be highly vulnerable with additional failures in Kenya, Uganda, Tanganyika, Nigeria, Ethiopia, Indochina, and Burma (Schou and Haug 2005). Important qualifications emerge, however. Imposed federalist systems in particular have a poor track record. Every federalist country that split apart or turned toward unitarism in the twentieth century was imposed by an outside power (Bermeo 2002). Ethnofederal states lacking a core ethnic region proved very resistant to secessionism and collapse. Of the thirteen cases that were so categorized between World War II and 1999, not a single one collapsed (Hale 2004). The bad track record of multinational federations, accordingly, owes as much to the fact that (1) they were forced together and were autocratically governed (e.g., the Soviet Union and Yugoslavia); (2) they did not genuinely accommodate national minorities; (3) they were dominated by certain ethnic groups; and (4) the extreme ethnonational diversity in the communist federations made them particularly unstable (McGarry and O'Leary 2002; Schou and Haug 2005).

Decentralization is more likely to be observed in countries that started out as federations or were the result of merging distinct ethnic and religious groups. It is less likely to be observed in countries that started out with highly centralized political systems or where there were large inflows of migrant populations who become territorially integrated and demand some peripheral autonomy and more resources (Sambanis 2002; Fearon and Laitin 2001). Comparative studies show that decentralization contributes to enhanced popular participation (Crook and Manor 1998), though the depth of this participation may be limited (Blair 2000).

Area specialists tend to come to significantly different conclusions about the stabilization effects of decentralization (Bermeo 2005). Those skeptical of federalism's conflict-mitigating function base their arguments largely on the Eastern European experience where decentralization policies

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generated conflict and promoted secession or partition and greater intolerance toward minority groups left behind (Roeder 1991; Snyder 2000). Proponents of federalism, on the other hand, tend to cite successful examples from Asia, Africa, or Latin America to show how political decentralization reduces intercommunal conflict.

Democracies that use proportional representation are found to be particularly effective at reducing ethnic tensions, even in societies with significant minority ethnic group concentrations (Saideman et al. 2002). A related finding is that ethnic diversity appears to be more problematic in autocratic states. Specifically, economic growth in ethnically diverse societies with autocratic governments is three percentage points lower than the norm. In contrast, ethnic diversity is associated with no adverse effects in democratic states (Collier 2001). This is explained by the fact that autocratic governments have a narrow base of core supporters, which in ethnically diverse societies often breaks down along ethnic lines. Typically, the party in power and the military are dominated by one ethnic group, frequently a minority.

In a thoughtful review of the literature, A. Schou and M. Haug (2005) conclude that decentralization fulfills a conflict-mitigating role when it (1) broadens popular participation, including minority groups; (2) brings subnational groups into a bargaining process with the government; (3) increases state legitimation through broadened local popular participation; (4) establishes state outreach and control in remote areas; (5) builds trust between groups that participate in local governance institutions; and (6) redistributes resources between regions.

Decentralization risks raising conflict potential when it increases competition between local and national powerholders. This may entail subnational actors using decentralized resources for political mobilization, including the capacity of groups to break away. In response, central governments may attempt to undermine devolved powers to regain authority. Decentralization also risks increasing interregional conflict when, for example, the reallocation of resources between regions precipitates demands in resource-rich regions for separation.

A shortcoming of this literature is the limited number of large-N cross-national studies of developing countries (Schou and Haug 2005). This has led to an overreliance on anecdotal findings. The highly varied perspectives on the relationship between decentralization and ethnic conflict, therefore, should not be surprising.

Political Polarization

While ethnic factionalism is a major vulnerability of autocratic systems given their limited ability to accommodate diverse interests, political

factionalism—the polarization of distinct political or social groups—is a risk predominantly faced by young democracies because they rely on cooperation and compromise (Marshall and Gurr 2005).² Decentralization may accentuate this risk because incentives under decentralized structures may reward uncompromising political platforms, advance parochial interests, and create a contentious atmosphere in which negotiated solutions to policy differences are difficult to achieve (Marshall and Gurr 2005). In other words, subnational political leaders in decentralized systems may find it expedient not to seek compromise with the central government. In a system where local leaders are accountable to only their local constituents, competitive politics will almost necessarily reward taking ever more hard-line positions in defense of the region or group. Replicating this dynamic across subnational regions throughout a country, it is easy to envision scenarios where there is little middle ground in which to govern in the national interest.

Decentralization is also considered a vulnerability in transitioning political systems because local structures often lack accountability mechanisms, making them particularly prone to local elite capture. Local elite capture tends to be linked to a lack of local democratic practices based on uneven political participation and competition, lack of information available to citizens, lack of central government oversight, and lack of independent media.

In the traditional discussion of decentralization and federalism, the focus is on checks and balances, on how to restrain the central government's power, whereas in many situations in developing countries the poor and the minorities, oppressed by the local power groups, may be looking to the central state for protection and relief. . . . [Accordingly] decentralization by itself is unlikely to be a panacea for problems of accountability. (Bardhan 2004)

Proponents counter that decentralization helps mitigate civil conflict by facilitating the dispersal of power from the center to the periphery—compensating for historically highly centralized power structures established under autocratic governments. Decentralization thus builds additional checks and balances into a political structure while attempting to establish a more stable political equilibrium between the center and periphery. Spreading power among a wider array of actors, furthermore, provides them greater incentives to participate and cooperate, helping to reduce grievances, moderate extremist or violent positions, and incorporate them into the political process. In this way, decentralization can build a national dialogue, cohesion, and state legitimation.

Decentralization in postconflict environments is made more difficult in that the requisite levels of trust and reciprocity required for this system

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to work effectively are particularly lacking. Tensions between national and subnational governments are likely to be especially acute given the weak fiscal position of most governments in postconflict contexts. Minority representation in local police forces, on the other hand, is an important stabilizing element of negotiated post-civil war settlements as this increases confidence and effective monitoring of violations of the peace (Sambanis 2002).

Decentralization in conflict-affected situations is further complicated by the fact that certain regions may be armed. Pursuing decentralization in these contexts is tantamount to ceding the central government's monopoly over the legitimate use of coercion. Indeed, many observers believe this was an outcome of Colombia's decentralization push of the mid-1980s and early 1990s (Eaton 2006b). Since greater autonomy also increases the risk of secession, it is an option central authorities will likely pursue only as a last resort (Sambanis 2002). According to David Lake and Ronald Rothchild (2005), there are highly restricted contexts in which political decentralization after civil war has been successful: multiple groups compete for political influence at the national level, none can dominate the state, each is led by moderates tolerant of the desire for autonomy of the others, and democracy is robust. Perhaps it is unsurprising, therefore, that of the fifty-five civil wars that have reached a successful settlement since 1945, none had territorial decentralization included as part of the settlement. The more observable tendency is toward more centralization after civil war, seen for example in Argentina, Nigeria, Pakistan, and Venezuela (Lake and Rothchild 2005).

Data for Quantitative Analysis

Decentralization Data

Decentralization is rarely implemented in pure form. Instead, it often entails a combination of political, fiscal, and administrative responsibilities being shifted to local levels of government—across hybrid forms of decentralization (i.e., devolution, deconcentration, and delegation). This reality confounds efforts to measure, much less assess, the impacts of decentralization.³ Reliable cross-national analysis on decentralization is also seriously constrained by the shortage of comparable measures across a sufficiently large sample of countries to enable meaningful generalizations. An exception is a decentralization dataset of 166 countries covering the mid-1990s created by UCLA political science professor, Daniel Treisman (2002). Treisman defines and constructs a dozen variables on six facets of decentralization—vertical, decisionmaking, appointment, elec-

toral, fiscal, and personnel—from some 130 constitutions and more than 200 publications on the structure of local governments. Following are the most relevant of these variables for this analysis.

- Number of tiers of government—the number of administrative levels at which a political executive was (1) funded from the public budget; (2) had authority to administer a range of public services; and (3) had territorial jurisdiction.
- Electoral decentralization—the proportion of tiers at which elections are held to pick executives (or the legislatures who then choose an executive).
- Two measures of fiscal decentralization:⁴ (1) revenue decentralization—the share of total tax revenues that subnational tiers receive; and (2) expenditure decentralization—the share of total public expenditures funded from subnational budgets.
- Personnel decentralization—the share of total government personnel employed at subnational tiers.
- Two indicators of decisionmaking decentralization: (1) “residual authority,” if the constitution assigns to a subnational legislature the exclusive right to legislate on issues that the constitution does not specifically assign to one level of government; or (2) when a constitution reserves decisionmaking on a specific set of questions explicitly to the subnational legislature, which we label “stipulated autonomy.”
- Federal—a dichotomous classification of countries identified to have federal systems as determined independently by D. Elazar (1994) and S. Saideman et al. (2002).

Table 6.1 illustrates the median values of some of these decentralization measures by geographic region—reflecting considerable variance. Scores for Western Europe, by and large, reflect more decentralized governance structures than other regions. Africa and the Middle East are typically among the least decentralized.⁵ This is not merely a function of income level. Middle-income South Asian and former Soviet states also score in the top end of many of these measures (the latter no doubt a reflection of their communist governance legacies).

Political decentralization, as reflected in the percentage of subnational tiers with elected representatives, reveals a trimodal distribution. At the high end are Eastern Europe, Western Europe, and Latin America with between 62 and 83 percent of subnational tiers holding elections. These figures reflect the speed with which Eastern European countries moved to adopt electorally decentralized systems after the end of the Cold War. This

Table 6.1 Median Levels of Decentralization Measures by Geographic Region, 1995 (percentage)

Decentralization Measure	Number of Observations	Sub-Saharan Africa	East Asia	South Asia	Latin America	Middle East	Eastern Europe	Former Soviet Union	Western Europe
Number of tiers	164	4	4	4	3	3.5	3	4	3
Percent elected	155	33.3	35.4	33.3	62.5	0.0	83.3	33.3	69.0
Subnational share of public expenditure	67	4.7	10.8	37.6	9.6	8.4	16.9	27.6	24.1
Subnational share of total tax revenue	53	4.0	6.5	N/A	6.7	6.3	7.3	24.2	13.4
Subnational share of public employment	90	23.1	41.0	50.0	20.8	35.8	26.4	35.4	48.4
Stipulated autonomy	133	6.9	11.8	20.0	23.5	0.0	8.3	15.4	33.0
Residual authority	133	3.8	5.9	20.0	22.2	0.0	16.7	7.7	23.8
Federal	164	4.8	5.2	28.6	14.8	5.3	9.1	7.1	23.8

Sources: Daniel Treisman, *Defining and Measuring Decentralization: A Global Perspective* (Los Angeles: University of California, 2002); D. Elazar, *Federal Systems of the World: A Handbook of Federal, Confederal and Autonomy Arrangements*, 2nd ed. (London: Longman, 1994); S. Saideaman, D. Lanoue, M. Campenni, and S. Stanton, "Democratization, Political Institutions, and Ethnic Conflict: A Pooled Time-Series Analysis, 1985–1998," *Comparative Political Studies* 35 (1) (2002): 103–129.

is particularly noteworthy compared to the experience of the countries of the former Soviet Union where only 33 percent of subnational executives were elected. In addition to the former Soviet states, the second cluster in the elected tiers distribution comprises sub-Saharan Africa, East Asia, and South Asia. Finally, there were few elected subnational leaders in the Middle East during the mid-1990s resulting in a regional median of zero. It bears noting that this *de jure* measure of political decentralization does not distinguish genuinely competitive elections, leaving open the possibility that in some cases it is capturing the pro forma machinations of pseudo-democratizers. Indeed, the correlation between percent of elected subnational executives and the Polity IV measure of democracy was only 0.54, suggesting considerable superficial local representation.

While there is relatively little variance between regions in the median number of government tiers with an executive administrator (3–4), there is a modest correlation between numbers of governmental tiers and population size (corr. = 0.25), as one would expect. This relationship does not hold for countries above the median number of tiers, however, suggesting that the rationale for adopting more tiers of government has not primarily been based on increasing citizen access. Consistent with this interpretation, the correlation between total number of governmental tiers and level of democracy is -0.31 . More tiers of government do not necessarily mean more authentic representation. Paradoxically, controlling for income, number of governmental tiers is also the decentralization measure most strongly linked with higher rates of infant mortality suggesting that more tiers also do not necessarily translate into more effective government.

The measures of fiscal decentralization revealed significant variance between regions. South Asia, the former Soviet Union, and Western Europe demonstrated the highest levels of subnational public expenditures, ranging from 24 to 38 percent. In contrast, Africa, the Middle East, and Latin America exhibited levels of subnational public expenditures of between 5 and 10 percent. Generally similar patterns hold for subnational employment with an estimated 40–50 percent of public jobs in South Asia, East Asia, and Western Europe being held at the subnational level. This is roughly double the levels seen in Latin America and Africa (21–23 percent). Interestingly, the regional breakdown in the subnational share of taxes does not directly coincide with the patterns of subnational expenditure and employment. For this category, subnational jurisdictions in the former Soviet Union received far and away the highest share of tax revenue—24 percent. This was roughly double that of the median in Western Europe—13 percent, which was in turn double that seen in the other regions. As a result, the former Soviet states had the lowest “efficiency” ratio of subnational expenditures relative to taxes, followed by Africa and the Middle East. By comparison,

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Western Europe, Eastern Europe, and East Asia were the regions with the highest levels of subnational expenditure relative to subnational share of taxes. While comparable indicators from other datasets are difficult to find, Treisman's measure of expenditure decentralization obtains a 0.97 correlation with the World Bank's estimate of subnational share of expenditures for fifty-one countries over the same time period.

The measure of federalism closely parallels the measure of residual authority (corr. = 0.90). Western Europe and South Asia have a relatively greater share of federal systems, followed by Latin America. Federal systems that were also categorized as having residual authority for subnational authorities include Australia, Germany, Mexico, Pakistan, Russia, the United States, and Yugoslavia. By contrast, formal federal systems are substantially less linked with Treisman's more constrained category of "stipulated autonomy" (corr. = 0.50). This is intuitively reasonable since these systems have only certain prescribed powers relative to the default authorities attributed to the residual systems. In this way, the stipulated autonomy category reflects something of a hybrid or incremental form of federalism. Another cross-national measure relevant to this category of decentralization is a variable of "centralization of state authority" generated by the Polity III regime type and political authority index (Jagers and Gurr 1995). Covering 147 countries, Polity's measure of "centralization" is based on the degree of geographic concentration of decisionmaking authority. States are scored as unitary, intermediate, or federal. Correlations between centralization and federalism were strong -0.74 . Centralization also mirrored federalism's links to residual authority -0.72 , though somewhat less strongly to the stipulated autonomy classification -0.49 .

There are a number of limitations to the Treisman (2002) data that bear keeping in mind. As indicated above, decentralization is a process, usually evolving over a period of time, rather than a single event. Assigning a quantitative score to a facet of this process accordingly overlooks considerable nuance that characterizes these phenomena. The scoring process is also subject to subjectivity that may introduce unaccounted for skews to the data. Treisman attempts to control for this by relying on observable institutional qualities when assigning scores. However, this makes the data vulnerable to an overreliance on *de jure* rather than *de facto* characterizations of institutional functionality. Similarly, some of the source information for the dataset is derived from often unreliable national government statistics. The fact that this dataset covers only one time period (i.e., the mid-1990s) is another drawback of its applicability. Ideally, we could draw on panel data that would expand the opportunities for longitudinal analysis that would better capture the dynamic and sequential dimensions of the decentraliza-

tion process. This is particularly true for countries that have undergone substantial regime and governance (including decentralization) reforms since the mid-1990s. Annual data compilation would also significantly contribute to data reliability and minimization of missing entries. Nonetheless, having access to data from the mid-1990s is particularly meaningful for this review since this period marked the apex of intrastate conflict. It thus provides a useful benchmark against which to assess links with subsequent conflict through 2005. The challenges of quantifying what are ultimately qualitative processes (e.g., democracy, governance, corruption), moreover, are typical of those faced in cross-national analysis throughout the social sciences. In sum, while imperfect, the Treisman decentralization dataset is the most complete cross-national dataset of various aspects of decentralization, notably including the developing world, of which we are aware. As such, it provides a useful baseline from which to explore patterns of conflict associated with differing facets of decentralization until which time more advanced decentralization datasets may emerge and corroborate or redefine the findings generated.

Conflict Data

Conflict data are drawn from the Major Episodes of Political Violence 1946–2008 dataset compiled by the Center for Systemic Peace (2009), data used extensively by leading conflict scholars, including the US government-sponsored Political Instability Task Force. This dataset provides annualized information of 316 conflict episodes representing all occurrences of major political violence since 1946. Conflicts are delineated as episodes of organized and sustained collective violence resulting in at least 500 battle-related deaths, at a rate in excess of 100 per year. Table 6.2 lists all civil and intercommunal conflicts initiated since 1995 as well as those that were ongoing as of 2005. Civil conflicts are defined as major episodes of armed conflict involving rival political groups. Intercommunal conflicts are armed conflicts between ethnic, religious, or sectarian groups or conflicts involving a distinct ethnic group and the state. In addition to identifying episodes of armed conflict, this dataset assesses the magnitude of societal impact from the conflict. This is based on a comparative scale of 1 (*smallest*) to 10 (*greatest*). To illustrate the range, a conflict magnitude of 1 reflects sporadic political violence; a score of 4 represents substantial and prolonged conflict (such as Liberia from 1990 to 1997 or Angola from 1961 to 1975); and a magnitude of 10 captures cases of extermination and annihilation (e.g., the Holocaust or nuclear war). Contemporary contexts do not exceed a magnitude of 7, pervasive conflict, such as that seen in

Table 6.2 Intercommunal and Civil Conflicts Initiated Post-1995 or Ongoing

Country	Conflict Type	Years	Conflict Magnitude (0–10)	Polity IV Democracy, 2008 (0–10)	Freedom House, 2008 (2–14)	Federal System
Albania	Civil (pyramid schemes)	1997	2	9	10	Not federal
Angola	Civil war (UNITA)	1975–2002	6	2	5	Not federal
Burma	Ethnic (Karen, Shan, et al.)	1948–2005+	4	0	2	Not federal
Burundi	Ethnic (Hutus vs. Tutsis)	1993–2005	4	7	8	Not federal
Central African Republic	Civil (attacks by Bozize loyalists; coup)	2001–2003	1	1	7	Not federal
Colombia	Civil (FARC; drug lords)	1984–2005+	4	7	9	Not federal
Republic of Congo	Civil war	1997–1999	3	0	5	Not federal
	Civil (Ninja militants in Pool)	2002–2003	1			Not federal
Côte d'Ivoire	Civil (north, south, and west)	2000–2005+	2	0	5	Not federal
Democratic Republic of Congo	Civil (ouster of Mobutu and aftermath)	1996–2005+	5	6	4	Not federal
Ethiopia	Ethnic (Oromo separatists)	1999–2000	1	3	6	Not federal
Georgia	Ethnic (Abkhazia)	1998	1	7	10	Not federal
Guinea	Civil (Parrot's Beak clashes)	2000–2001	1	1	4	Not federal
Guinea-Bissau	Civil (coup attempt)	1998–1999	2	6	8	Not federal
Haiti	Civil (Unrest following ouster of Aristide)	2004–2005+	1	6	7	Not federal
India	Ethnic (Kashmiris)	1990–2005+	3	9	11	Federal
	Civil (Maoist insurgency)	2001–2005+	1			Federal
Indonesia	Ethnic Aceh; GAM militants	1997–2005	1	8	11	Not federal
	Civil (ouster of Suharto)	1998	2			Not federal
	Civil (East Timor)	1999	2			Not federal
	Ethnic (Moluccas; Muslim-Christian)	1999–2002	1			Not federal
	Ethnic Dayaks/Madurese immigrants	2001	1			Not federal
Iraq	Ethnic (Kurds)	1996–1998	1	Transitional	4	Not federal
Israel	Ethnic (Arab Palestinians/PLO)	1965–2005+	2	10	13	Not federal
Lesotho	Civil (May elections)	1998	1	8	11	Not federal
Liberia	Civil (LURD, ouster of Charles Taylor)	2000–2003	1	7	9	Not federal

continues

Table 6.2 continued

Country	Conflict Type	Years	Conflict Magnitude (0–10)	Polity IV Democracy, 2008 (0–10)	Freedom House, Freedom Index, 2008 (2–14)	Federal System
Nepal	Civil (UPF “People’s War”)	1996–2005+	2	7	8	Not federal
Nigeria	Ethnic (Delta Province; Ijaw, Itsekiri, et al.)	1997–2005+	1	4	7	Federal
	Ethnic (Christian-Muslim; Plateau, Kano)	2001–2004	3			Federal
Pakistan	Ethnic (Pashtuns in South Waziristan and NW Frontier)	2004–2005+	1	5	7	Federal
Philippines	Ethnic (Sunnis, Shiites, Ahmadis)	2001–2005+	1			Federal
Russia	Ethnic (Moros)	1972–2005+	3	8	10	Not federal
	Ethnic (Chechnya)	1999–2005+	4	5	5	Federal
Rwanda	Ethnic (Hutu guerrillas)	2001	1	0	5	Not federal
Saudi Arabia	Civil (Islamic militants)	2003–2005+	1	0	3	Not federal
Solomon Islands	Ethnic (Malaita/Isatabu islanders)	1998–2003	1	9	9	Not federal
Somalia	Civil war	1988–2005+	5	Transitional	2	Not federal
Sudan	Ethnic (Darfur)	2003–2005+	4	0	3	Not federal
Thailand	Civil (antidrug trafficking)	2003	1	5	7	Not federal
	Ethnic (Malay-Muslims in southern region)	2004–2005+	1			Not federal
Turkey	Ethnic (Kurds in southeast)	2004–2005+	1	8	10	Not federal
Uganda	Ethnic (Langi and Acholi)	1986–2005+	2	1	7	Not federal
Yemen	Civil (followers of al-Huthi in Sadaa)	2004–2005+	1	1	6	Not federal
Yugoslavia/Serbia	Ethnic war (Kosovar Albanians)	1998–1999	4	9	11	Federal

Sources: Center for Systemic Peace, *State Fragility and Warfare in the Global System 2009* (Severn, MD: Center for Systemic Peace, 2009), available at <http://www.systemicpeace.org/warlist.htm>; S. Saideeman, D. Lanoue, M. Campenni, and S. Stanton, “Democratization, Political Institutions, and Ethnic Conflict: A Pooled Time-series Analysis, 1985–1998,” *Comparative Political Studies* 35 (1) (2002): 103–129; D. Elazar, *Federal Systems of the World: A Handbook of Federal, Confederal, and Autonomy Arrangements*, 2nd ed. (London: Longman, 1994); Freedom House, *Freedom in the World: Annual Survey of Political Rights and Civil Liberties, 2009* (New York: Freedom House, 2009); M. Marshall and K. Jaggers, *Polity IV Project Codebook* (College Park: Center for International Development and Conflict Management, University of Maryland, 2000), available at <http://www.systemicpeace.org/polity/polity4.htm>.

Notes: UNITA, Union for the Total Independence of Angola; FLEC, Front for the Liberation of the Enclave of Cabinda; FARC, Revolutionary Armed Forces of Colombia; GAM, Gerakan Aceh Merdeka; PLO, Palestine Liberation Organization; LURD, Liberians United for Reconciliation and Democracy; UPF, United People’s Front.

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Rwanda in 1994 or Afghanistan from 1978 to the present. Magnitude scores reflect an aggregate assessment of state capabilities, scope of death and destruction, population displacement, and episode duration. In short, the magnitude measure is an acknowledgment that not all conflicts are equally devastating. What may be a major destabilizing event in Liberia may register as a relatively small episode in China or India.

Political and Economic Data

Democracy is measured using the Polity IV dataset on regime characteristics. This dataset assigns component and composite scores for democracy and autocracy for every country in the world (with populations above 500,000) from 1800 to the present. The (0–10) democracy score is based on institutional features of a state's political system, notably checks on the chief executive, regularized and competitive mechanisms for the selection of the chief executive, and institutional protections for popular participation in the political process (Jagers and Gurr 1995; Marshall and Jagers 2000). The Polity IV dataset is widely used in the conflict, governance, and economic literatures. Based on institutional features of governance, it is at times subject to discrepancies between the de jure and de facto realities of a context, particularly with regard to qualitative features of civil liberties.

Freedom House's Annual Index of Political Freedom (2009) is also used to measure democratic progress. Freedom House produces annual scores of a country's political rights and civil liberties, based on a systematic assessment process involving twenty-three questions. Each measure is assigned a score from 1 to 7 and the combined total is used in an aggregate categorization of countries into Free, Partly Free, and Not Free groupings. Every country, covering the years from 1972 to the present, is included. Its emphasis on liberties makes the Freedom House index a valuable complement to and point of comparison with the Polity IV democracy measure.

Socioeconomic data is drawn from the World Bank's (2007) well-known World Development Indicators 2007 dataset. This provides annualized data on some 700 economic, social, and institutional measures from 1960 through 2005 for all countries in the world. Corruption is represented on a 0–6 (*worst—best*) scale by the private firm Political Risk Services' International Country Risk Guide (2006). This variable measures corruption within the political system that distorts the economic and financial environment. It has a 0.87 correlation with Transparency International's well-known Corruption Perceptions Index (2006).

Methodology

The existing literature presents many equally compelling—and contradicting—perspectives on the links between decentralization and intrastate conflict. Accordingly, the aim of this analysis is to assess, using a comprehensive decentralization dataset, whether there is a discernible statistical pattern linking decentralization to subsequent civil or intercommunal conflict (or conflict mitigation) and, if so, to identify which dimensions of decentralization are most susceptible or beneficial. We test these questions using two cross-national analytic tools.⁶

Logit Regressions

Our dependent variables are the onset of intercommunal or civil conflict, respectively, since 1995 (the base year of our decentralization data). The two types of internal conflict are assessed separately since the theorized impact of decentralization on each differs. Employing a lagged dependent variable in this cross-sectional analysis provides greater insights into the potential causal effects of the independent variables. It also reduces possible bias from the endogenous effects of conflict on decentralization or governance and vice versa. The principal independent variable is decentralization (as operationalized sequentially via the seven different forms of decentralization described above).

Controls for other common explanatory factors to conflict are employed to isolate the distinct effects decentralization may have on intercommunal or civil conflict. These include conflict history,⁷ per capita income, infant mortality rates, population size,⁸ trade, ethnolinguistic differentiation, fuel exports, mineral exports, rates of inflation, and geographic region. Because low-income countries face a considerably higher risk of intrastate conflict than middle- or upper-income countries, this analysis limits its focus to countries with per capita incomes below \$4,000.⁹

Ordinary Least Squares Regressions

A second round of multivariate regressions, using ordinary least squares (OLS), is then employed to assess decentralization's effect on the magnitude of intercommunal and civil conflict, respectively. Doing so allows us to assess whether decentralization contributes to the severity of a conflict's impact on society. It also introduces a linear dependent variable that serves as a check on any possible anomalies generated from the dichotomous

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nature of the logit analysis. The dependent variable is the magnitude of post-1995 intercommunal and civil conflicts, respectively, five and ten years out (i.e., in 2000 and 2005).

Results

Results from the multivariate analysis indicate three broad findings. First, factors other than decentralization were most powerful in predicting contemporary intrastate conflict. Second, the effects of decentralization on conflict were most apparent in relation to intercommunal conflict. In fact, none of the decentralization variables considered was consistently statistically significant in explaining the occurrence of post-1995 political conflict. Third, effects from decentralization on intercommunal conflict initiated since 1995 were highly varied. Certain characteristics of decentralization (i.e., higher percentages of elected subnational tiers, expenditures, and employment) are significantly linked to lower levels of intercommunal conflict. In contrast, formally established federal structures and subnational legislatures with residual governing authority are significantly associated with greater probabilities of intercommunal conflict.

Not surprisingly, context matters greatly. Previous intercommunal conflict (i.e., in 1990) and population size were consistently significant in predicting new cases of intercommunal conflict post-1995. The observed persistence of ethnic conflict is well known (Collier et al. 2003). Once a country has fallen into conflict, it is difficult to climb out of the trap of exacerbating conditions that prolong these tragedies. Notably, degree of ethnic fractionalization was not found to increase the propensity of intercommunal conflict since 1995. Likewise, a regional control for sub-Saharan Africa was not significant indicating that factors other than regional distinctiveness explain Africa's higher frequency of intercommunal conflict. Finally, level of democracy, while consistently negatively associated with new cases of intercommunal conflict, was typically not significant, or only marginally significant, in these estimates. This is, in part, attributed to the exclusion of cases of ongoing intercommunal conflict (often autocratically governed) so as to minimize possible endogeneity. Lest this result be misinterpreted, it is commonly recognized that greater levels of political legitimacy are associated with lower levels of armed internal conflict (Esty et al. 1999; Oneal and Russett 2001; Marshall and Gurr 2005).

We now turn to some of the details underlying these findings.¹⁰ Table 6.3 summarizes the results of those decentralization indicators that demonstrate mitigating effects on intercommunal conflict. In Model 1, the term reflecting percentage of elected leaders at the subnational level is nega-

Table 6.3 Logit Estimates of Decentralization Measures with Mitigative Effects on Post-1995 Intercommunal Conflict

Variable	Model 1	Model 2	Model 3
Percent elected tiers	-0.025* (-1.80)		
Subnational expenditures (% of total)		-0.099* (-2.01)	
Subnational employment (% of total)			-0.057* (-1.78)
Democracy		-0.168 (-1.23)	-0.210* (-1.60)
Intercommunal conflict in 1990	1.333* (1.63)	1.625** (1.88)	1.493* (1.78)
Log population	0.499** (2.22)	0.955*** (2.72)	0.882*** (2.69)
Log infant mortality rate	-0.478 (-0.95)	-0.537 (-0.84)	-0.576 (-0.93)
Constant	-8.074 (-1.94)	-14.30 (-2.19)	-12.10 (-2.14)
Pseudo R ²	0.21	0.30	0.28
N	110	67	109

Notes: Sample limited to countries with less than \$4,000 in per capita income. The estimates represented in Models 2 and 3 are for populations larger than 500,000.

z-values in parentheses.

* Statistically significant at 90 percent confidence interval.

** Statistically significant at 95 percent confidence interval.

*** Statistically significant at 99 percent confidence interval.

tively linked to subsequent incidences of intercommunal conflict. Greater political representation at the subnational level is linked to lower levels of intergroup strife (significant at the 90 percent confidence level). While modest, the significance of this variable is robust—holding across varying configurations. This includes the exclusion of the democracy term (not shown), indicating that the decentralization measure is picking up characteristics aside from its democratic value. Models 2 and 3 demonstrate similar patterns for other measures of decentralization. Low-income countries with higher levels of subnational expenditures and subnational employment in the mid-1990s were less likely to experience intercommunal conflict in the subsequent decade. These results were also significant at the 90 percent confidence level. The ability of elected subnational leaders to direct human and financial resources to identified priorities has an apparent mitigating effect on intergroup conflict. The subnational expenditures result is particularly relevant since fiscal decentralization—the shifting of greater shares of funds to the subnational level—is considered by many to

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be the most authentic indicator of national government commitment to decentralization.

Meanwhile, the results suggest a higher risk of intercommunal conflict in countries with certain types of formalized federal structures. Central governments that provide subnational legislatures “residual authority” to write legislation in areas not explicitly addressed in the national constitution have been far more prone to intercommunal conflict than other low-income countries. Model 1 of Table 6.4 shows this relationship is quite strong (significant at the 99 percent confidence level)—a result that is robust to various configurations and samples. The residual authority pattern is closely paralleled by the robust relationship seen between formally designated federal structures and intercommunal conflict (Model 2 of Table 6.4). This relationship is significant at the 95 percent confidence level, controlling for a host of other explanatory factors. In other words, controlling for democracy, countries with formal federal structures in 1995 were significantly more likely to experience intercommunal conflict in 2000 and 2005 than nonfederal systems. Nigeria, Pakistan, Russia, and

Table 6.4 Logit Estimates of Decentralization Measures Predicting Post-1995 Intercommunal Conflict

Variable	Model 1	Model 2	Model 3
Residual authority	3.013*** (2.87)		
Federal system		2.004** (1.99)	
Centralization of authority			1.071* (1.80)
Democracy	-0.148 (-1.24)	-0.148 (-1.28)	-0.273* (-1.84)
Intercommunal conflict in 1990	1.714** (1.93)	1.456* (1.63)	0.812 (0.86)
Log population	0.237 (1.02)	0.380* (1.63)	0.494* (1.77)
Log infant mortality rate	-0.056 (-0.10)	-0.310 (-0.58)	-0.641 (-0.95)
Constant	-5.833 (-1.26)	-7.122 (-1.51)	-7.904 (-1.33)
Pseudo R ²	0.29	0.28	0.28
N	126	126	101

Notes: Sample limited to countries with less than \$4,000 in per capita income. z-values in parentheses.

* Statistically significant at 90 percent confidence interval.

** Statistically significant at 95 percent confidence interval.

*** Statistically significant at 99 percent confidence interval.

Yugoslavia—all of which suffered new incidents of intercommunal conflict post-1995—contribute to this result. Notably, when the sample is further limited to the ninety-one countries with per capita incomes below \$2,000 (not shown), the significance of the federal term grows stronger—equaling the 99 percent levels seen for the residual authority variable. This pattern is further corroborated by the result in Model 3, which includes the centralization of state authority variable generated by Polity III. The less geographically concentrated the decisionmaking authority, the greater the likelihood that it was associated with intercommunal conflict. These results remained significant for a full sample of countries (rather than just the lower-income category on which we have focused). In short, three independent measures assessing the legal autonomy of subnational structures all consistently find that such arrangements were more prone to intercommunal conflict post-1995 than countries without such structures. The consistency and robustness of these results point to a distinct phenomenon rather than anomalies in the data. Notably, the other (more narrow and specific) measure of subnational decisionmaking authority assessed in these models—“stipulated autonomy”—was not significant in explaining intercommunal conflict (not shown). These results suggest that incremental or hybrid forms of federalism, where the central government retains significant formal authority, avoid some of the vulnerability to intercommunal conflict experienced by formal federal systems. The divergence in results generated from these two measures of decisionmaking authority imply that the type of subnational authority matters to conflict outcomes.

The second stage of the multivariate analysis examines patterns between the various measures of decentralization with magnitude of intercommunal conflict lagged five and ten years out using OLS regressions. The results from the OLS analysis largely corroborate the patterns observed in the logit analysis. All of the decentralization terms found to be positively linked to intercommunal conflict in the logit analysis were also significant here.¹¹ Those that were negatively associated with intercommunal conflict previously were likewise negative, though not significant in the linear estimates.

One noteworthy difference observed from the OLS analysis was the significance of level of subnational revenues with magnitude of subsequent intercommunal conflict. Low-income countries in which subnational jurisdictions received a relatively higher share of tax revenues in the mid-1990s were significantly more likely to experience more intense intercommunal conflict ten years on (see Model 1 of Table 6.5). (Subnational revenues were consistently positive though not significant in the logit estimates.) We thus find a divergence in conflict outcomes between the two fiscal measures of decentralization: share of revenues local governments receive versus

Table 6.5 Ordinary Least Squares (OLS) Estimates of Decentralization on Magnitude of Intercommunal Conflict Lagged by 10 Years

Variable	Model 1	Model 2	Model 3	Model 4
Subnational tax revenues	0.047*** (5.24)			
Residual authority		0.521*** (2.65)		
Federal systems			0.507*** (2.76)	
Centralization of authority				0.195** (1.91)
Democracy	-0.023* (-1.71)	-0.013 (-0.86)	-0.014 (-1.00)	-0.020 (-1.13)
Intercommunal conflict in 1990	0.422*** (3.31)	0.284** (2.03)	0.287** (2.08)	0.255 (1.37)
Corruption controls	-0.116** (-2.02)	-0.086 (-1.39)	-0.102* (-1.65)	-0.159** (-1.97)
Log population	0.015 (0.87)	0.037 (1.21)	0.018 (0.98)	0.066 (1.44)
Log infant mortality rate	-0.105* (-1.62)	-0.094 (-1.39)	-0.106 (-1.58)	-0.166* (-1.86)
Constant	0.324 (0.73)	0.170 (0.25)	0.579 (1.24)	0.070 (0.07)
Adjusted R ²	0.24	0.13	0.12	0.13
N	53	126	126	101

Notes: Sample limited to countries with less than \$4,000 in per capita income. Intercommunal conflict in Model 1 is lagged five years; Models 2 and 3 are lagged ten years. z-values in parentheses.

* Statistically significant at 90 percent confidence interval.

** Statistically significant at 95 percent confidence interval.

*** Statistically significant at 99 percent confidence interval.

share of total expenditures controlled by local governments. While data limitations prevent us from examining these difference by province within countries, this finding suggests that higher shares of revenues are not necessarily equivalent to greater local expenditures. Indeed, regions with higher ratios of subnational taxes relative to expenditures (e.g., the former Soviet Union and Africa) tend to be more conflict prone, potentially pointing to the destabilizing effects of local elite rent seeking.

Models 2–4 of Table 6.5 show the significant relationship (at the 95–99 percent level of confidence) of the three proxies of federalism/legal regional autonomy with magnitude of conflict. All three were strongly significant at both the 2000 and 2005 intervals, which when coupled with the patterns seen under the logit analysis, represent a robust relationship. Notably, four of the eleven countries that experienced intercommunal con-

flict in 2005 were considered federal systems—Russia, India, Pakistan, and Nigeria.

The OLS analysis also highlighted the importance of contextual factors. Intercommunal conflict in 1990 was the strongest predictor of magnitude of post-1995 intercommunal conflicts ongoing in 2005. This variable is significant at the 95–99 percent confidence level for Models 1–3. As with the logit estimates, levels of democracy in 1995 were consistently (though typically not significantly) negatively associated with magnitude of intercommunal conflict over the next decade. Meanwhile, low-income countries that scored strongly for their controls on corruption in the mid-1990s were also consistently less likely to experience intense intercommunal conflict in 2000 and 2005. For Models 1 and 4, this significance attained the 95 percent level of confidence.

A somewhat surprising result generated from the magnitude of new onset intercommunal conflict estimates is that infant mortality rates were negatively significant within this low-income sample. That is, lower levels of infant mortality, which are closely associated with higher per capita incomes, were linked to with higher intensity intercommunal conflicts in 2000 and 2005, controlling for other factors. In Model 1 of Table 6.5, for example, the log of infant mortality rate indicator is significant at the 90 percent confidence level. This finding runs contrary to the well-established relationship between poverty and conflict. On closer inspection, this finding reflects the relatively intense intercommunal conflicts experienced in comparatively better-off Russia, Turkey, Sri Lanka, and the Philippines during this period. This result is a reminder that there are different categories of conflict susceptibility. While most intercommunal conflict may occur among poor countries with autocratic governments, there is a notable group of lower-middle-income exceptions. Intercommunal conflict in these contexts is driven by factors that transcend income level.

Analysis

The results from this study show that the relationship between decentralization and intrastate conflict is not easily generalizable. Rather than confirming that decentralization is always a stabilizing or exacerbating factor to internal conflict, the results from this research show notable divergences depending on types of decentralization, conflict, and context.

Most notably, the effects of decentralization on conflict outcomes were far more apparent for intercommunal than civil conflict. While there are cases of overlap between intercommunal and political conflict, the underlying grievances and motivations of the two conflict types differ, a

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point recognized in the theoretical literature. Concerns over decentralization exacerbating intercommunal tensions include overlapping jurisdictional and group divisions creating incentives for local politicians to pursue local priorities at the expense of national interests, deepening political polarization and propelling demands for autonomy or secession, and creating local sectarian majorities facing few institutional checks on policies that exclude or repress local minorities and lead to destabilizing grievances. Similarly, perceptions of low levels of legitimacy, poor service delivery, and corruption, especially if differentiated among an ethnically diverse population, could be a trigger for intergroup tensions.

The effects of the various decentralization indicators on intercommunal conflict were highly differentiated, however, demonstrating both beneficial and deleterious effects. Relatively greater levels of subnational expenditures, employment, and percentage of elected subnational tiers were statistically linked to lower levels of new intercommunal conflict since 1995. In other words, decentralization that was marked by greater degrees of legitimacy, control over expenditures, and capacity seemed to have mitigative effects on intercommunal conflict. These findings support arguments that when local leaders are answerable to the general public, have the discretion to pursue identified local priorities, and are empowered with a base level of financial resources and staffing, the results will be more responsive government, better service delivery, and greater stability.

Conversely, formal measures of subnational autonomy were linked to higher levels of post-1995 intercommunal conflict. This was the most consistent finding of this analysis. Specifically, three measures of decentralized legal authority—Treisman's residual authority, independent indices of federalism, and Polity III's centralization of state authority—all showed higher levels of intergroup conflict. The consistency of this finding points to a tangible pattern of instability emerging from these forms of decentralization. This result supports the thesis that unrestricted subnational self-determination opens the door to local elite capture. This, in turn, may translate into selective enforcement of antidiscrimination legislation, the opportunistic polarization of ethnicity to mobilize support for a leader's agenda, and rent seeking, which may entail institutionalizing privileges for the local ethnic majority. The legitimacy of these leaders in the eyes of the local minority understandably declines rapidly under such circumstances, providing a justification for armed struggle as means of group protection. This finding also points out the risks inherent in explicitly highlighting ethnic differences—as federal structures tend to do—as compared to the emphasis on assimilation seen in unitary states (Schou and Haug 2005).

Another explanation for this finding is the often nebulous nature of local government authority, even in a constitutionally mandated federal

structure (e.g., Nigeria, Pakistan, Indonesia, and Russia). Some of these federal systems are federal in name only, with political—and often financial and administrative—authority clearly resting with the center. Under these circumstances, local preferences may be frustrated, fostering restiveness. The ambiguity created by the divergence between *de facto* versus *de jure* authority also opens the door to political miscalculation and conflict. Emboldened by their autonomous designation, provincial leaders may attempt to assert more authority than they actually have—such as institutionalizing preferences to a local ethnic or religious majority. This sparks fear and resentment among the local minority. The ensuing agitation may ultimately compel the central government to intervene with force. These conflicts may be encouraged by external actors when an ethnic majority spills over into a bordering state. Alternately, if after raising expectations local authorities lack the resources and capacity to act on the priorities they have promoted, then ambiguous federal structures are likely to be a source of frustration and perceived grievance among local majorities, ultimately boiling over into intercommunal conflict. Indeed, the finding that a fourth measure of more limited, though explicit, local government decisionmaking authority (stipulated autonomy) was not linked to more frequent or serious intercommunal conflict may point to the value of decentralizing authority for specific functional issues while retaining national accountability and incentives for local and central government officials to work together.

More extensive local government expenditures were also linked to a lower propensity of post-1995 intercommunal conflict. This pattern suggests that it is local government control over expenditures and capacity to deliver services, more than the share of revenues, which improves government responsiveness to local citizen priorities. Increased control of expenditures provides more options to address the respective priorities of multiple groups in a local area and by so doing defuse social tensions in ethnically divided societies. Local control over expenditures can also enhance the legitimacy of local leaders and augment sentiments of government responsiveness to public concerns. In short, decentralization reforms that enhance the legitimacy, spending discretion, and capacity of local authorities have a stronger track record of avoiding intercommunal conflict than ambiguous *de jure* legal structures of provincial autonomy.

Political conflict has few reliable explanatory factors pertaining to decentralization—suggesting a greater degree of case specificity. Civil conflicts did more closely mirror income levels, consistent with the well-established poverty-conflict nexus. Relatively poorer countries were more subject to the onset of civil conflict, even within the limited low-income samples used in this analysis (i.e., below \$4,000 and below \$2,000 per capita incomes). The flip side of this is that intercommunal conflict posed a rela-

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tively greater risk to lower-middle-income countries than civil conflict in the post-1995 period (e.g., Indonesia, Russia, Serbia, Thailand, and Turkey). These results suggest that income was relatively less of a motivating factor for intercommunal conflicts. Accordingly, the risk of intercommunal conflict may persist even for countries making good progress developmentally.

In sum, the relationship between decentralization and intrastate conflict does not fit neatly into any single summary classification. Rather, the important distinction seems to have more to do with the manner in which decentralization is approached, with a value placed on enhancing local government service delivery capacity—resources and personnel—coupled with legitimately elected local leaders. Local governments with these qualities are apparently better able to address the priority needs of their respective constituencies and, by so doing, contribute to greater stability.

At the least, the results generated in this analysis force us to recognize that decentralization is not an unmitigated good. Under certain circumstances, decentralization can be a contributing factor to higher rates of intercommunal conflict. This requires that we consider circumstances under which decentralization may heighten the risks of conflict.

Analysis of potential patterns between decentralization and conflict also need to be contextualized in the reality that two-thirds of intercommunal and civil conflict is occurring in autocratic political environments. Accordingly, it is integral to distinguish between decentralization occurring in democratizing versus closed settings. The augmented legitimacy, accountability, and local government responsiveness that apparently contribute to lower levels of intercommunal conflict through political and fiscal decentralization cannot be assumed to materialize in autocratic settings. Promoting decentralization as a conflict-mitigating tool irregardless of context, accordingly, is imprudent. On its own, decentralization is unlikely to overcome the conflict-augmenting effects of an inhospitable environment. Worse, it could have a detrimental impact.

It is also important to keep in mind that decentralization is a dynamic process that often unfolds over a period of years. The cross-sectional nature of the quantitative analysis undertaken is not suited to capturing changes over the period in which decentralization takes place. This reality begs follow-up research. Consistent with the finding of the relative conflict mitigating benefits of limited federalism, qualitative analysis from decentralization experiences in postconflict Ghana and Uganda suggests that there are stabilization advantages to devolving power in a slow, incremental manner (Siegle and O'Mahony 2006; Asante 2004; Golola 2001). This fosters the gradual assumption of responsibilities at the local level, the buildup of capacity, and a shared appreciation of the complementary roles that local and central authorities play in effective governance. Policies

guarding against the politicization of intercommunal cleavages, cultivating national pride and identity, ensuring adequate protections for minority groups, and redistributing resources to marginalized areas, among other possibilities, are all initiatives in which the central government will continue to play an indispensable role.

Policy Implications

The nuanced relationship between decentralization and conflict seen in this analysis precludes overarching generalizations. Additional comparative research, supported by more complete decentralization data, is needed. This should be complemented by longitudinal studies that help sort out features of decentralization that contribute to or undercut stabilization as well as identify the most appropriate timing and approaches for attaining them. Be that as it may, this analysis indicates that, on the whole, decentralization within low-income countries is not subject to higher rates of civil or intercommunal conflict than more centralized systems. In fact, this analysis shows that relatively higher levels of subnational expenditure and employment as well as authentic political decentralization are linked to a lower probability of intercommunal conflict. Nonetheless, real risks exist, particularly in weak federal systems or cases where the authority of provinces is ambiguously defined. Based on these patterns, several priority implications emerge.

Conflict Risk Assessments

Rather than assuming that decentralization is a solution for societies facing intergroup tensions, it should be recognized that decentralization initiatives may carry risks. As a result, conducting a systematic conflict risk assessment should become standard practice prior to undertaking decentralization initiatives. Focus should be given to factors influencing the two broad drivers of internal armed conflict—intercommunal divisions and political polarization—with an emphasis on the former. This analysis would be used to inform policymakers about the initial decision whether to support decentralization and, if so, how best to minimize potential vulnerabilities.

Clarify Authority of Autonomous Regions

Federal systems have been comparatively more likely to experience new outbreaks of intercommunal conflict in the post-1995 period. The factors

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underlying these conflicts are varied and complex.¹² This analysis suggests that the ambiguity of authority often associated with federal-type systems in practice may exacerbate tensions and miscalculations. Promoting regional autonomy, therefore, appears to be a high-risk strategy for accommodating ethnic or geographic differences. To the extent autonomous regions exist or are created, this process should be pursued incrementally with clearly defined roles and authorities for the local government relative to the center. Maintaining incentives for ongoing collaboration between subnational and national entities should be a priority.

Strengthen the Capacity and Control of Local Government

While there is much debate on the relative merits of various facets of decentralization, this analysis indicates that it is the combination of political, administrative, and fiscal strengthening at the local level that is linked to lower levels of conflict. A greater share of elected officials, subnational employment, and control of local expenditures—reflecting stronger local capacity and legitimacy—were shown to mitigate intercommunal conflict. A singular focus on fiscal transfers in the absence of these capacity-building and accountability-enhancing efforts can heighten societal divisions and fan secessionist aspirations, particularly if ethnic group demarcations coincide with geographic jurisdictions or disproportionate natural resource allocations.

Need for Multitiered Decentralization Strategy

An important observation highlighted by this analysis is that the threat of intercommunal conflict is present even in well-established and relatively better-off countries such as Sri Lanka and the Philippines. This is somewhat counterintuitive to the strong relationship observed between conflict and low-income countries and points to the fact that there are different classes of countries at risk of internal conflict. Conflating them obscures important differences to the causes and challenges that each faces. Recognizing these differentiated risks can facilitate a more customized approach to decentralization. Decentralization plans in countries with a history of intercommunal violence, even if middle income, demand special attention to creating protections for minorities, checks on local majorities, and incentives for strengthened ties with the center. Similarly, relatively greater effort will be required to create institutional and human capacity in low-income democratizing countries contemplating decentralization. External actors should be sensitive to these differences and careful not to rush these processes prematurely.

Central Government Control over the Security Sector

Transferring financial resources and administrative and political authority to provinces where the central government is not in control of the security sector is a recipe for disaster. Such a sequence can lead to central government resources effectively funding insurgent activities as happened in Colombia. Accordingly, a central government monopoly over the use of force should precede revenue decentralization. This guidance may lend itself to asymmetric decentralization in contexts where control of the security sector varies. Similarly, a focus on security sector reform—enhancing the democratic legitimacy of the armed forces that can facilitate central government control—may be needed before significant decentralization can be considered.

Decentralization That Strengthens Ties with the Center

Too often debates over decentralization are cast in a decentralization versus centralization framework. In fact, decentralization is not a zero-sum gain. Effective decentralization is closely tied to a capable, supportive central authority committed to the process. It is not a matter of either-or, but the appropriate distribution of responsibilities and resources among the various levels of government. In the case of mitigating conflict risk, this necessarily entails an important role for central authorities. Indeed, a risk of decentralization is that it can create a momentum toward wholly independent provinces with little affinity or compelling rationale to remain connected to the larger state. To mitigate these centrifugal effects, decentralization initiatives should simultaneously incorporate unifying initiatives into their strategies as a means of strengthening the connectedness of the subnational regions and respective group identities to the whole. Maintaining relatively high minimum thresholds for political party representation in the national legislature and requiring that national candidates garner a minimum share of the vote from multiple provinces can encourage cross-group and cross-regional partnerships. National economic development strategies that systematically facilitate interregional infrastructural cooperation (e.g., transportation, communications, water, energy, media) including leveraged financing for regions that undertake such projects could be other useful tactics in this effort.

Ensure Multidirectional Accountability

The vertical accountability created by the direct election of local leaders by constituents establishes a powerful incentive for improving the responsive-

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ness of local government to citizen concerns. At the same time, political decentralization that leaves local politicians unaccountable to other tiers and regions of the state is prone to local elite capture, minority repression, and fragmentation. Accordingly, decentralization strategies should simultaneously seek to ensure there are multiple mechanisms of accountability for local leaders to reinforce good performance and curb abuses. Some examples include:

- Regularized federal audits and transparent reporting of all sub-regional financial operations.
- Legal authority of national government to intervene to prosecute local officials for misuse of public monies, links to organized crime, trafficking of illicit materials, or other illegal activity (perhaps conditioned on a federal court or grand jury-type approval so as to mitigate targeting of political opponents).
- Operate from the default position that (assuming adequate transparency and oversight procedures are in place) the central government is the primary entity responsible for collecting natural resource and customs revenues. Local jurisdictions, in turn, should have primary control of expenditures allotted for their province or municipality from the collection of these revenues. Moreover, local governments can benefit from the taxes and fees on the indirect economic activity generated. Taking this approach can reduce the fragmenting pressures and atomized views of entitlement that rentier economies produce.
- Focus decentralization efforts at the municipal rather than provincial level. This is where most service delivery occurs anyway and municipalities are far less likely to make autonomy claims.¹³
- Limit local jurisdictions' role in the security sector to the maintenance of a municipal police force while ensuring adequate minority representation on this force.
- Pursue ongoing "national unity" campaigns that strengthen social cohesion and national pride through broad representation in the national military and cultural, sports, and youth exchange activities.

In conclusion, decentralization offers numerous advantages to developing countries. Yet decentralization is not a risk-free endeavor. Unconditional support for decentralization can easily play into dynamics of intensified group identification and political polarization that are major contributors to internal conflict in weak states. Accordingly, despite its many potential benefits, decentralization initiatives should proceed only with constraints—recognizing the context, conflict risks, and need for concurrent efforts to strengthen ties between subnational and national political structures.

Notes

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1. As tabulated from data compiled by the Center for Systemic Peace, Severn, Maryland.

2. Together, the two forms of factionalism predict 80 percent of the cases of instability in newly independent African countries.

3. A survey of the decentralization experience in Africa is illustrative of the challenge. While nearly all African countries claim to have pursued decentralization since the democratization wave swept the continent in the early 1990s, objective assessments reveal only a third exhibit functioning decentralized structures. Local governments control less than 5 percent of national public expenditure in two-thirds of African countries (Ndegwa 2002).

4. Notably, there are fewer data points for the fiscal decentralization measures than the others. Accordingly more caution is required in interpreting any results generated, even though these measures rely on comparatively more objective sources of information.

5. The relatively high level of subnational employment for the Middle East should be considered in light of overall low levels of subnational expenditures.

6. Case studies of the decentralization experiences in Colombia, Ghana, the Philippines, and Uganda were developed in a companion version of this chapter to provide some qualitative intranational insights of how the dynamics of decentralization may have influenced the conflict outcomes experienced in these individual contexts (Siegle and O’Mahony 2006).

7. Defined as the existence of intercommunal or civil conflict, respectively, in 1990.

8. Standardized measures (natural logs) of per capita income and population size are used in every estimate as a means of controlling for these effects and limiting the possible over- or underweighting of extremely large or small nominal figures. Population size is an important control for both decentralization and conflict. Infant mortality rates are commonly used as a proxy for income as it is known to be a reliable aggregate measure of service delivery and societal well-being. It has also been shown as a significant predictor of state failure (Esty et al. 1999).

9. In constant US\$, with 2000 as the base year, derived from the World Bank’s World Development Indicators 2007.

10. Coefficients generated by logit estimates are not subject to direct interpretation. Accordingly, this discussion focuses on the relative significance of the decentralization measures considered.

11. This was true for the 2000 and 2005 estimates, though only the latter are shown in Table 6.5. Similarly, estimates were run for all ongoing ethnic conflicts in 2000 and 2005 (rather than only those initiated post-1995). The results from these estimates did not alter the key findings. Rather, by and large, the factors

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found significant in models of new ethnic conflicts were the same as those for ongoing conflicts.

12. Hale (2004), for example, finds ethnofederal structures to be particularly unstable.

13. The authors thank Anthony Levitas for this suggestion.