



# Decentralization and Conflicts

A Guideline

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Division  
Governance and Democracy

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# Decentralization and Conflicts

**Promoting decentralization and local self-governance has become a key element of political and administrative reform in many countries since the 1980s. Decentralization is often seen as an instrument for conflict transformation and securing peace. Little attention has been paid so far to whether and when decentralization reforms can actually mitigate conflict, and under what circumstances they may even exacerbate them. This guideline therefore examines the most important connections between decentralization and violent conflicts and discusses the implications for development cooperation.**

## Introduction

More than 90 per cent of all wars and conflicts since 1945 have been waged in developing countries. While international conflicts decreased in the nineties, there was a marked rise in domestic hostilities. Many of these national conflicts have inflicted great harm on development cooperation. This is why crisis prevention and peace building have come to play an integral role in development projects since the mid-nineties.

Many violent conflicts are fought over access to state power and claims to autonomy and secession. Particularly in this connection, decentralization has proved to be a field of action for addressing common causes of conflict: socio-economic inequality, fragile governmental and insufficient civic capacities, lack of opportunities for political participation, use of political force and repression, rivalry over geographically limited or generally scarce resources (mineral resources, water, etc.).

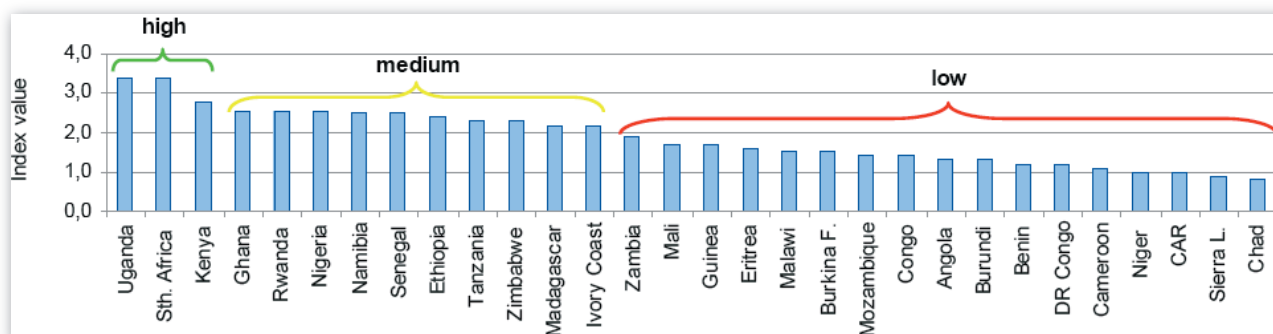
It is therefore no coincidence that a new wave of decentralization is underway in tandem with the increase in violent domestic conflicts. In the hope that handing over power in the course of decentralization will help settle conflicts along peaceful lines, many governments have adopted regional and local self-governance, at least officially. About 95 per cent of all countries now have political representatives at sub-national level with varying degrees of political, administrative and fiscal competencies.

The fact that the majority of states are undertaking or discussing decentralization reforms must, however, be seen in the light of two provisos: *First*, the respective extent of power and competencies surrendered differs greatly. In a comparative analysis of 30 countries in Sub-Saharan Africa in 2002, the World Bank examined how far power and resources have been allocated to sub-national levels. The ranking of countries in Figure 1 is based on the degree of decentralization (0 = no decentralization to 4 = maximum decentralization). The index value for the degree of decentralization reflects the average individual score for political, administrative and fiscal decentralization. The majority of the countries (17 of 30) show a very low degree of decentralization, with less than 2 out of 4 possible index points.

### Box 1: What is decentralization?

Decentralization is the transfer of tasks, competencies, resources and political decision-making powers to administrative bodies at middle (provinces, districts, regions) and lower levels (towns, municipalities, villages). We use decentralization here in its most comprehensive sense (devolution), going beyond simply transferring competencies within central government (deconcentration), to the private sector (deregulation) or parastatal organizations (delegation).

Figure 1: Degree of Decentralization (Source: Based on Ngewa, 2002)



Second, next to the degree of decentralization, structural conditions and the decentralization objectives of the major political actors also vary greatly by country.

*“Decentralization has quietly become a fashion of our time. It is being considered or attempted in an astonishing diversity of developing, developed and transitional countries, by solvent and insolvent regimes, by democracies (both mature and emergent) and autocracies, by regimes making the transition to democracy and by others seeking to avoid that transition, by regimes with varied colonial inheritances and with none. It is being attempted where civil society is strong, and where it is weak...”*  
Manor (1999)

National and regional contexts have a very pronounced influence on the effect of decentralization on conflicts. Under certain circumstances decentralization can undermine the desired effects and escalate conflicts instead. So by supporting decentralization in very different countries, development cooperation runs the risk of inadvertently exacerbating conflict. It is therefore extremely important to highlight the possible causal links of decentralization and conflicts. Identifying the interactions between decentralization and conflicts helps development cooperation to cater for the potential beneficial and adverse effects of its projects and design its portfolio in a conflict-sensitive manner.

## Connections between decentralization and conflicts

Decentralization can defuse conflicts since local/regional governments a) improve public services, b) are better acquainted with the local causes of conflict, c) facilitate participation and co-determination by minorities and d) enable the reconstruction of failed states from the bottom up. The following points underline in more detail how decentralization can have beneficial impacts on conflicts:

- Compared with a centralist government apparatus, local/regional capacities are both more efficient (cost savings and greater flexibility) and more effective (proximity to local needs). This improves public service delivery, raises the satisfaction of the population with public administration, and can bolster the legitimacy of the political system. This in turn can contribute to stability and the peaceful settlement of conflicts.
- Local authorities are more familiar with the local causes of conflict, can analyze these more precisely, take measures to balance interests, and raise the chances of non-violent settlement through participatory approaches.
- Handing over power to local/regional levels can give minorities more say. They can participate politically directly where they live and preserve their local ethnic identity better. This can avert demands for autonomy and secession.

- Decentralization can contribute to rebuilding failed states. Local/regional levels have the necessary proximity to the local population and the organizational and spatial capacities, which is why they can liaise between donors and the population in reconstruction. Civic participation and the provision of the necessary services at local level can also renew legitimate government from below.

These beneficial effects of decentralization on conflicts can be contravened by adverse impacts, though. In a comparative analysis of fifteen decentralized states, Rothchild refutes the argument that increased codetermination and autonomy prevents violent conflict around secession. Figure 2 shows how in the majority of decentralist states secession did finally result in the loss of territorial and political integrity.

**Figure 2: Does decentralization prevent secession?**  
(Source: Rothchild, 2004)

Decentralized states - <i>weak</i> secessionist movement	Decentralized states - <i>strong</i> secessionist movement
<ul style="list-style-type: none"> <li>• Belgium</li> <li>• India</li> <li>• Spain</li> <li>• South Africa</li> <li>• Switzerland</li> <li>• Russia</li> </ul>	<ul style="list-style-type: none"> <li>• Malaysia</li> <li>• Indonesia</li> <li>• Pakistan</li> <li>• Ethiopia</li> <li>• Indonesia</li> <li>• Nigeria</li> <li>• Czechoslovakia</li> <li>• Yugoslavia</li> <li>• USSR</li> </ul>

The different effects of decentralization underscore the argument that its impact on defusing conflict depends heavily on the respective national and regional context, such as the size and concentration of minorities, socio-economic patterns or the institutional shape of local/regional authorities.

Other possible adverse effects are:

- *Abuse by central government* (divide and rule): Decentralization does not always facilitate political participation; it is also used by central

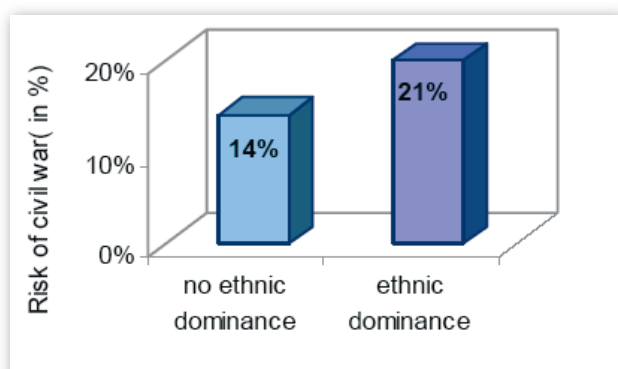
governments as a means of safeguarding power and fragmenting interest groups. This strategy can be successfully applied in situations with many different, equally powerful groups. In Uganda each of the major political groups accounts for less than 10-17 per cent of the population and is divided along religious lines. This constellation enables Uganda's central government to misuse decentralization for the preservation of its own power base. The case of Ethiopia also shows how wide the rift can be between constitutional principles and reality. In the partly federal state, troublesome issues are shifted to local levels to distract attention from co-responsibility by central government.

- *Losers and new conflicts*: Decentralization entails the redistribution of power. This gives rise to new, perhaps unprecedented, latent conflicts. This can happen, when local elections are held for the first time and local majority relations between hostile groups turn out differently to those at national level. This was the reason for the unrest in Port Limbe, Cameroon after the district council elections in 1996. An opposition party emerged as the clear winner of the elections but the lead candidate of the former ruling party was appointed mayor by the president. Security forces occupied the town, five deaths were recorded. In post-conflict situations former rebels are usually among the biggest losers with a considerable potential for violence. Usually, methods and mechanisms for the non-violent settlement of these new conflicts yet need to be established.

- *Central government forfeits its arbitrator role*: In some countries, central government is seen as taking a neutral position in an ongoing local conflict. When central administration relinquishes competencies through decentralization and can no longer act as arbitrator, opposing interests collide head on. This could occur in West Cameroon, where local conflicts surrounding land rights are still contained to some extent by central government. This is why leading local representatives are deliberately assigned from another region.

- *Inequitable regional development:* Regions and municipalities can drift further apart through decentralization. The transfer of fiscal competencies, for example, can bankrupt some municipalities with incompetent political and administrative personnel. On the other hand, some regions could receive preferential treatment from central government when it comes to financial resources. This inequitable development in already polarized societies can have a destabilizing effect and foster resentment amongst the different regions.
- *Local despotism:* Decentralization can cement local ethnic majorities. It can worsen the marginalization of local minorities by local majorities and lead to so-called local despotism. This is particularly likely when two to three large ethnic groups are concentrated geographically. As Figure 3 shows, the risk of a renewed civil war in such regions is 50 per cent higher than in areas with very diverse or completely homogeneous ethnic patterns. This is the case for about half of all developing countries, including Ethiopia or Sri Lanka. This places an enormous constraint on decentralization's impact on mitigating conflict.

Figure 3: Risk of civil war and ethnic domination (Source: Collier, 2003)



As the above shows, while decentralization can certainly contribute to effective conflict transformation and prevention, it also runs risks of exacerbating conflict. The beneficial or adverse impact of decentralization depends very much on the specifics of the individual countries and the shape of decentralization reforms.

## Determinants of conflict-sensitive decentralization

It is neither possible to provide detailed guidelines for programming nor to answer the question of whether decentralization is at all an adequate measure for conflict transformation and prevention. The respective national and regional specifics are needed for this. We can, however, identify major determinants that can be crucial for the success or failure of local/regional authorities, regardless of the specific country context. Only in a perfect world can all of these factors be influenced. Nevertheless, they provide major pointers for whether decentralization can defuse conflict. We shall therefore discuss these factors in the following paragraphs, subdivided into the usual three distinct pillars of decentralization.

- *Political: Support by central and sub-national elites and a robust civil society are crucial.*

It would be unrealistic to presuppose support for reform from all political elites. Basic conditions need to be met, though: *a) a majority decision by parliament and ongoing policy dialogue amongst all stakeholders* to define and secure the new roles and responsibilities, *b) a legal framework to support the major steps towards decentralization.* Only if the disciplinary and financial responsibility for the police is conferred on local governments, for example, can local authorities exercise their responsibility for law and order and deploy the police force for effective conflict transformation. Other conditions are *c) an influential elite in the political system which provides active assistance, d) the promotion of further institutional reforms towards good governance* (constitutional reform, rule of law, separation of powers, protection of minorities, human rights), *e) a dialogue amongst local/regional units*, involving cooperation amongst towns, municipalities and regions (e. g. via associations and municipal federations), and *f) a strong local elite that actively supports decentralization and shoulders responsibility for public service and regional development.* It is often implicitly assumed that local elites have a vested interest in developing their respective region. This, however, is not automatically the case. Finally, *g) promoting civil society and its participation in the*

*decentralization process* is another success factor for conflict transformation. This helps to settle conflict by non-violent means and prevents conflicts around corruption and lack of transparency in public administration. In most regions of Bosnia ethnonationalist parties have sabotaged attempts to arrive at a democratic consensus amongst rival groups. In a small number of cantons (primarily Tuzla), though a combination of competent local administration, a robust local economy and an active civil society prevents the democratic consensus from being undermined. However, whether local civil society acts as guarantor for democratization depends on the character of the leading political parties, structural factors, the decentralization scheme (e.g. the degree of local autonomy, border lines of administrative areas), and the extent of prior experience with democracy.

➤ *Administrative: The ability of central level to govern and capacity building at central and local/regional level is extremely important.*

Decentralization is not the outcome of the collapse of central government; on the contrary it is a process that requires its leadership and support. If central government is unable to govern effectively, support for decentralization must strengthen governance at central level as well as capacity building at local/regional level. Much can be achieved at local level, but limits are soon reached. Local schools can be rebuilt, but in the medium term a nationwide education policy and teaching curricula need to be drafted. Seed and livestock can be distributed, but unsettled land claims will reignite conflicts at some stage. Over the medium term, then, a competent central and local administration needs to be in place or set up because the local and central level will always be mutually interdependent. Monitoring local/regional administration is, for example, primarily the prerogative of central government. This can be done through supervisory committees (Bolivia), inspectors and social appraisal (India), or commissions of enquiry (South Africa). Experience with local initiatives in Liberia or Somalia has therefore not been positive throughout and ongoing efforts in the DR Congo attest to the difficulties when a government lacks the monopoly over the use of force in its territory.

Mozambique, in contrast, is a success story in this respect. Here local authorities have received support from a strong central government before and after the peace process.

➤ *Fiscal: Local/regional authorities need to be provided with reliable income and financial adjustments have to be made amongst regions.*

Omitting or delaying fiscal decentralization is usually a deficit. The assignment of control over their own taxes and guaranteed appropriations from national tax revenue are a basic prerequisite for the regional and local authorities to build confidence and legitimacy. Without sufficient financial resources they cannot adequately perform their newly assigned tasks. Added to this, are the frequent large differences in development and prospects for the individual regions and municipalities. Decentralization can widen these disparities. In countries like China where local administrations are mainly self-financing and regional growth rates differ greatly, tensions can easily arise amongst regions. On the other hand, complete dependence on central funding impairs the legitimacy of local authorities and curbs their scope for action. This is why appropriate constitutional provisions on public finance which provide for regional financial adjustment and guarantee appropriations to local authorities are an important prerequisite for preventing conflicts between and within regions.

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## Recommendations for development cooperation

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The OECD drew up guidelines in 1997, with additions made in collaboration with the Federal German Ministry for Economic Cooperation and Development in 2001. The following points are based on these guidelines and supplemented by some important aspects with respect to decentralization. These recommendations are to be understood as a summary of approaches, many of which are already catered for in daily development cooperation (DC) practice.

➤ *DC should pay greater attention to the interactions between conflicts and decentralization*

*to avoid an unintentional escalation of conflict (according to the principle of do no harm)*

Decentralization projects always entail a political dimension, which should be clearly acknowledged and accepted by donors and partners alike. Crisis prevention and peace building should not be confined to national portfolios, but incorporated into the conceptual design of decentralization projects. To ensure the conflict-sensitive design of projects, the connection between conflicts and decentralization must be examined more closely in the respective country setting. The starting point for this comprises appraisals of crisis propensity (crisis indicators) and more in-depth analyses (conflict analysis). This should be followed by regular monitoring of the impacts of decentralization projects (conflict impact assessment). These instruments have to be reliably provided and applied. Moreover, DC should compile beneficial and adverse experience in conflict management through decentralization to a greater extent and disseminate this as lessons learnt.

➤ *DC should explicitly promote the participation of civil society and traditional authorities.*

To enhance the legitimacy and effectiveness of local bodies, traditional local authorities outside the 'modern' state apparatus should be tied into the decentralized institutional model. Strengthening of political participation by the local population and of women's say in decision-making processes can also assure greater legitimacy, transparency and responsibility at local level.

➤ *DC should contribute to setting up platforms for the non-violent settlement of conflict and alliances for peace.*

Some groups are the losers of decentralization and their interests and possible opposition must be taken into account. The violence potential of losers, such as traditional local authorities, central government representatives at local level and local minority groups with a national majority, is considerable. Institutional measures must therefore be taken to ensure the non-violent settlement of new conflicts due to the loss of power by certain groups. Setting up platforms such as mayoral associations, provincial chambers or petitioning fa-

cilities should be supported. Via decision-making and planning processes, parties to a conflict can also be brought together to implement infrastructure investments and can practice collaboration. Development cooperation should also promote those forces actively engaged in seeking non-violent solutions: women's, truth and decentralization commissions or all-party alliances (i.e. alliances of government, rebels, civil society and opposition). Forging or reinforcing alliances amongst these forces, which often co-exist in extreme mutual isolation, is of central importance.

➤ *DC should focus more on strengthening the central administration's operational capacity and advocate additional institutional reforms.*

Donor assistance often concentrates on the technical-operational side and not enough on the strategic and political level of decentralization. Although it is important to achieve tangible results for the population at the local level, it is also important to have a strategic 'umbrella'. Particularly in post-conflict situations there is a parallel need to revive the governance capabilities of central government. Local initiatives are a way of regaining legitimacy bottom-up. To contribute to sustainable stabilization, development cooperation should support capacity-building at central level as well, however. Besides parallel support for the centre and the periphery, development cooperation should also promote additional institutional reforms towards good governance and encourage support for these from central elites.

➤ *DC should support the flow of resources from central to local level and between regions.*

Through political conditionality in connection with investments, development cooperation should induce central government to decentralize fiscal powers. Nationwide municipal investment funds with development cooperation stakes, for example, can act as an instrument of both vertical and horizontal financial equalization with central government also contributing its appropriations to the municipalities (subsidies, shares in national tax revenue). These funds ensure planning certainty and transparency for the municipalities. By deciding, planning and implementing infrastruc-

ture measures, i.e. by practicing in real projects, the elected office holders and the administrative personnel of the local/regional authorities improve their competencies (learning by doing). These abilities can also be improved by selected flanking measures (advisers).

➤ *DC should pay greater attention to expectation management and termination criteria.*

An important aspect is basic agreement between the partner country and the donor country. The expectations on both sides must be congruent as far as possible. In practice, though, aims often diverge. Agreement on conceptual design should be reviewed at the intergovernmental negotiations on which subsequent project work is based. To prepare for possible disagreement on objectives, termination criteria should already be defined in the planning stage.

In summary then, the impact of decentralization on conflicts depends heavily on the national context. Decentralization is a national decision with key political repercussions and cannot be taken in opposition to the partners or implemented without their cooperation and ownership. The readiness and ability to relinquish and shoulder power by political elites and the acceptance of reforms by the population are imperative for the success of decentralization. However, development cooperation can flank national decentralization through its support. By understanding how decentralization and conflicts interact, it can improve its responsiveness to conflict in its own projects as well as raising the awareness of partners. Only through profound knowledge about impacts that may escalate conflict, strategies for the peaceful settlement of conflicts and regular impact monitoring of decentralization projects can development cooperation strengthen the structural stability of the partner countries and raise their ability to deal with conflict in non-violent ways.

### Box 2: Recommendations for development cooperation

Development cooperation should:

- Account for the connection between decentralization and conflicts in project design
- Raise the responsiveness of decentralization projects to conflict through impact monitoring
- Compile more lessons learnt in decentralization projects in conflict situations
- Promote platforms for the non-violent settlement of conflict and alliances for peace
- Ensure the improvement of opportunities for participation for minorities and women
- Strengthen the governance capability of central government parallel to training local/regional personnel
- Position and coordinate decentralization processes in a set of additional reforms towards good governance
- Advocate equalization of income amongst regions and support funding appropriations to municipalities
- Identify ownership and mutual expectations in intergovernmental negotiations and set termination criteria
- Bear in mind that promoting decentralization can take up a lot of time and resources
- Support ongoing policy dialogue amongst all stakeholders on the new roles and responsibilities
- Support cooperation amongst towns, municipalities and regions

Development cooperation should not:

- Escalate conflicts unintentionally through decentralization
- Consider decentralization as a general recipe for success
- Assess decentralization independently of the respective national and regional conflict setting
- Try to induce decentralization from the outside if there is no national ownership

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