

Decentralization and Conflict

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Abstract

In most developing countries, more attention is being paid to the relationship between decentralization and conflict. The collapse of centralized political systems and the rise of identity group politics, facing various types of inequality, have induced researchers and practitioners to conduct numerous studies and questioned how decentralization could work for the purpose of conflict prevention (minimization). Therefore, this paper reviews the literature on the relationship between decentralization and conflict and analyzes three types of power elites' motivations for decentralization: governance design; public sector reform; and elite capture, and subsequent policy goals of decentralization related to conflict prevention.

With regard to three types of policy goals of decentralization, the paper examines their characters with reference to country examples. First, decentralization that aims at social development is considered to reduce future conflict through fair allocation of resources. The underlying assumption is if there is no marginalized group in social service deliveries, conflict could be avoided. However, risk factors lie in low capacity of the government in such public service delivery in low- income societies. Second, decentralization that aims to establish governance advocates for participation of minorities and the role of self- determination. This policy could mitigate the tensions between groups, but has also risks for future separatist movements and subsequent conflicts. Third, decentralization introduced under the suppression of post-conflict antagonism could be an element for supporting power-sharing. It could serve for establishing stability, but may have artificial nature of preventing the formation of intrinsic governance.

As policy prescription, the decentralization policies are potentially capable of reducing the political conflicts among groups and psychological discontent of minority groups. At the same time, decentralization policy with lack of homogeneity and future perspectives among the groups is not likely to contain the rivalry between groups and the risk of secession. Also, a problem arises when countries adopt inappropriate policy objectives with their own individual needs: in such case, how and when the external donors could make a signal or intervene is a crucial question. The three types of policy goals of decentralization enable us to obtain a broader picture of decentralization for the whole developing countries and to pay our attention to each unique case.

1. Introduction

More attention is being focused in recent years on the relationship between decentralization and conflict¹. Since the beginning of the 1990s, developing countries throughout the world have introduced decentralization policies; however, the objectives and results of these policies have been many and varied². And of these, the following are thought to be the reasons why the relationship between decentralization and conflict has been attracting attention.

First, the end of the Cold War saw a rise in domestic conflict, making an issue of the question of what the state's minimum function for preventing such conflicts and encouraging national recovery should be. Many countries have descended into conflict after the collapse of the centralized systems which they maintained during the Cold War; and, decentralization is seen as an alternative to important state functions. Over the past few years, donors have actively promoted research into the relationship between decentralization and conflict (Schou and Hang, 2005; Braathen and Hellevik, 2006; Monteux, 2006, p.164-66; GTZ, 2006; Siegle and O'Mahony, 2006).

Second, consideration of the dynamics and conflict between ethnicities, religions and other groups comprising states shows that they have an effect on regional relationships and decentralization (Ndikumana, 2004; Bangura 2006). Stewart (2007) notes that when groups having different identities, be they ethnicities, religions, social castes, etc., possess horizontal inequality in terms of the allocation of resources and wealth, political decision-making authority or in the survival of cultural traditions, the risk of conflict increases. Inequality between groups spreads amongst people as a sense of relative deprivation (Gurr, 1970) and tends to increase during the initial stages of development (Cramer, 2005, p.4)³.

The struggle to acquire political power is related to both decentralization and conflict. Decentralization and autonomy have been seen as ways to keep one group from monopolizing state power and, from the standpoint of minorities, as effective principles for governing (Horowitz, 1985; Sisk, 1996; Gurr, 2000; Saideman et al. 2002). In recent years another view has developed which sees decentralization as a strategy for the majority to employ against minorities (cooptation strategy: Seely, 2001; Hartmann, 2006), and which sees autonomy as a prescription for softening separatist movements (Weller and Wolff, 2005).

Traditionally, research into decentralization and conflict has tended to focus either on analyzing

¹ This paper includes the standpoint of conflict prevention within the term 'conflict'. Also, the term 'conflict' assumes armed conflict.

² Decentralization indicates a useful means of providing services to the poor in rural areas (Braun and Grote, 2000), promotion of democratization and community level participation (Crook and Sverrisson, 2002), and the creation of development planning suited to the unique needs of regional groups (Cheema and Rondinelli, 1983).

³ There are a variety of forms of inequality, to which ideological moments are important (Greiner, 1996).

them in terms of the forms of government in which they occur or on using regression analysis to understand their relationship. These approaches are either too discrete or too general, with neither surveying overall trends in light of the reality of decentralization. Secondly, practical research into post-conflict societies reflects a significant need for studies of the relationship between decentralization and conflict; however, target timelines for these focus on limited timeframes. This paper seeks, therefore, to make a tentative examination, using a broad timeline, of the relationship between decentralization and conflict from the standpoint of the political dynamics between groups, placing it amongst the development patterns of developing countries.

Specifically, there are three research questions to be answered. First, what is the significance of decentralization for inter-group equality and justice? Second, what is the relationship of decentralization to the principle of superordinate national governance? Third, how can minorities seeking autonomy or secession create a stable, constructive relationship with the central government through the framework of decentralization?

This paper takes the following structure. First, the next section will provide the necessary framework for performing an analysis by offering a definition of decentralization together with an explanation of the motives behind it and the relationship it has with conflict. The third section will examine the political dynamics of majorities and minorities and the motivations they have for decentralization. The fourth section will look at the latent relationship between types of decentralization policy and conflict. And, finally, the fifth section will put forward policy prescriptions which take into consideration development assistance.

2. Analysis Framework

(1) Definition of Decentralization

In this paper, “decentralization” is defined as, “the transfer of authority and responsibility for public functions from the central government to subordinate or quasi independent government organizations or the private sector (Rondinelli, 1998, p.2)⁴.” Decentralization is divided into three social-scientific categories: political, administrative and financial. Political decentralization comes close to autonomy by allowing local areas, in principle, to elect their own politicians through regular elections of regional legislators and government heads⁵. On the other hand, administrative and financial decentralization allows for partial progress to be made through centralized local bodies.

Regular autonomy indicates territorial autonomy; however, non-territorial and corporate autonomy are related to consociational democracy (Lijphart, 1977). Also known as power-sharing,

⁴ Decentralization usually falls under four categories: deconcentration, delegation, devolution and privatization or marketization. Bray (1994) states that the first three are called territorial and vertical decentralization and privatization or marketization are called functional and horizontal decentralization.

⁵ Devolution does not normally occur without political decentralization (Manor, 1999).

this is the idea of using the proportional-representation system to achieve governance via a large assembly of political leaders representing important groups making up a plural society. From the standpoint of preventing conflict, decentralization is one form of power-sharing. Wunsch (2000) states that, in order to control conflict in Africa, a combination of federalism, consociationalism and the principle of subsidiarity is appropriate.

Finally, let us contrast political decentralization in a federal state and a unitary state⁶. Federalism utilizes a constitution which stipulates that the authority and functions which cannot be carried out by the individual provinces comprising the nation are to be transferred to the federal government. In contrast, decentralization in a unitary state involves the central government transferring political authority and functions to lower political and administrative units; thus, in principle, the authority and functions transferred to these lower units can always be reclaimed by the central government.

(2) Motivations for Decentralization

Decentralization is an official policy and objective, and the government and power elite are motivated, from the standpoint of democratization, administrative efficiency, etc., to undertake decentralization. At the same time, the power elite may have internal motivations which reflect conditions specific to the country. Under normal conditions there are three primary motivations for decentralization. Sometimes these reasons are in harmony with one another and sometimes they are at odds. Also, there are motivations for decentralization which the power elite may choose to reveal completely to the public and others which they may choose to conceal.

① Governance Design

This is a motivation to make decentralization the determining factor in governance of the country. Within the political framework of a nation which has emerged from colonial rule, this is related to allocating power between identity groups. Centralized, decentralized and federalist system planning also play a part in this motivation. Democratization is, of course, also a major factor, and there are both countries which have developed decentralization alongside democratic systems (West Bengal and the state of Kerala in India, South Africa, and Tanzania) and those which have used it as a temporary measure (Chile in the 1980s, and Uganda in the latter half of the 1990s). Furthermore, educational policies which allow the use of regional languages as instruction languages in schools and which reflect regional cultures in the educational curriculum are also related to this government design (Weiler, 1990).

⁶ It is said to be easy to use decentralization in a unitary state as a tool for eating away at ethnic identity and solidarity; however, in a federal state the opposite approach is relatively employed to clearly recognize the rights of ethnic groups.

ⓑ Public Sector Reform

This motivation seeks to use decentralization as a solution for economic governance. This type of reform has a long history and has had the involvement of donors; however, since the mid-1990s, it has been implemented with more of a focus on improving service delivery to the poor than on downsizing government. The idea is that, when the central government is inefficient or corrupt, operation of the public sector can be improved by moving decision-making authority and the bodies which provide public services closer to the actual citizens who are the recipients of those services (World Bank, 2003).

ⓒ Elite Capture

This is a personal motivation of the power elite which is inherent to decentralization. In a number of developing countries, the formal organization of the country into a nation-state and the structure of institutional accountability are weak; thus, it is the patronage of the powerful which exerts strong control over politics and influences the allocation of resources. When this sort of control is shared between the power elite in the central government and in local governments, decentralization can be promoted as a form of “elite capture” (Crook, 2003).

(3) Linkage between Decentralization and Conflict

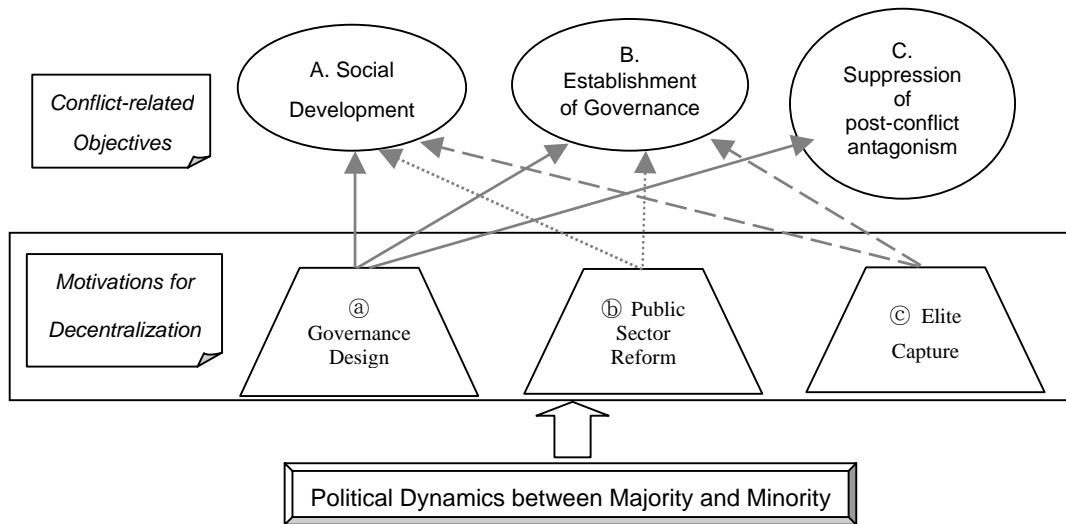
Fig. 1 shows the framework of analysis for decentralization and conflict. When examining the linkage between decentralization and conflict, it is necessary to start with the overall factor of majority and minority political dynamics. This is because it affects the three general motivations for decentralization given in the previous section. For example, in countries where there is no obvious antipathy between the majority and minorities and where the political process is highly transparent, the motivation for decentralization will likely converge with “ⓑ Public Sector Reform”. Conversely, when the majority wishes to peacefully put down secessionist or separatist movements by minorities, “ⓐ Governance Design” is necessary; and, when the majority seeks to collude with the elite amongst the minorities, they will be motivated by “ⓒ elite capture”.

Secondly, these motivations produce a variety of policy objectives for decentralization; however, here they have been divided into the three objectives related to conflict: A (Social Development), B (Establishment of Governance), and C (Suppression of Post-conflict Antagonism). Each of these objectives are very diverse in and of themselves; however, A is the promotion of social development through fair and efficient allocation; B is the establishment of governance which respects the participation of minorities and the role of self-determination; and C is the division of power after a conflict to ensure social stability⁷. These categories are relative; thus in one country it may be

⁷According to Kraxberger(2007), ‘revival and reconstruction’ school which has dominated the debate on failed and collapsed states, tends to focus key debates include whether reconstruction should be internally and externally driven.

possible to pin down the central objective of decentralization, while in another country which is undergoing change, there may be multiple objectives for decentralization. And it is also possible for one objective to morph into another objective.

Fig. 1 Analytical Framework for Decentralization and Conflict Prevention



Source: created by the author. (Note): Arrows do not connect all motivations and objectives.

According to Speiser and Handy (2005), researchers broadly agree that the three minimum functions of the state are 1) to have a monopoly on violence, 2) to provide national services, and 3) to ensure political order. C, A, and B in Fig. 1, while varying slightly, agree with this order. It is felt that the appropriate framework for thinking about the functions of the state involves asking the questions, “In countries having a majority and minorities, how are these three policy objectives achieved through decentralization?” and, “As a result, is this connected with conflict prevention?”

As shown in Fig. 1, by considering the three levels of the structure, i.e., the dynamics of group compositions, the motivations for decentralization, and the policy objectives of decentralization as a state function, it is possible to analyze the realities of decentralization and conflict which traditional research has overlooked.

In this article, the former corresponds to B and the latter corresponds to C, at least for the short and middle period.

3. Political Dynamics of Majorities and Minorities and Motivations for Decentralization

Minority groups vary in terms of composition, size, and power from country to country. It is also not uncommon for them to possess complex identities. It is not an easy task to generalize the political dynamics of these fluctuating and diverse groups; however, what effects do they have on the motivations for decentralization? Just because there is resistance by a minority against the majority does not mean that there will definitely be conflict. Depending upon the form of control, the make-up of group identity, living conditions, and the existence of opportunities, these groups could live in peace or avoid conflict by escaping overseas or moving within the country. Motivations for initiating conflict are affected by group internal structure and mutual interaction with the majority. In general, while decentralization provides a safeguard for a minority group, it can also create a new minority within the area which has come under decentralization.

(1) Internal Structure of Minorities

In order for a group to unite and act together, strong leadership and shared values are needed. The Maoists of Nepal and the Zapatistas of Mexico have a strong internal structure and they are geographically cohesive. In contrast, there are groups like the Kurds who are spread out across multiple countries and groups which have conflict internally, resulting in anarchy. Within groups that start conflict, there are ethnic activists and political entrepreneurs who appeal to the members of the group to become more cohesive (Lake and Rothchild, 1996). Emglebert and Hummel (2005) have observed that in Africa political violence can easily lead to armed conflict which seeks system consolidation and which does not produce separatist movements. From this point of view, flourishing grievances tend to transform into greed that transcends regional boundaries⁸.

(2) Minorities and Central Governments

Since 1989, democracy and good governance have become preconditions for the formation of states in “fragile” countries, and when the traditionally centralized system becomes unbalanced, the relationship between minorities and the central government becomes strained. It becomes easy for one or more groups to look at another group and decide that they are controlling the central government and using the country’s resources in a way which is disadvantageous to themselves (Saideman, et al., 2002, p.106; Siegle and O’Mahony, 2006, p.5). In Africa, where deprivation has gotten worse in many countries, neo-patrimonial relationships have broken down, resulting in conflict (Takeuchi, 2006, p.186); however, there are other countries which have restructured the relationship between the central government and regional groups in line with decentralization to help

⁸ They interpret this changing trend as being promoted by recent power-sharing schemes of western European governments; however, regardless of whether this is right or wrong, it is connected to the issue of internal structure for minorities and warlords.

them overcome their immediate difficulties.

Democratization, when promoted rapidly and when installed with a system of majoritarianism (discussed later), is a remote cause of conflict by exacerbating animosities between the majority and minorities of the ethnic parties (Stewart and O'Sullivan, 1998). During the 1990s in Africa it was observed that strong decentralization paired with alternative democracy was more stable than a multi-party system with weak decentralization. In fact, Uganda's President Museveni (1997, p.187-196) showed extreme wariness to the donor-recommended introduction of a multi-party system because it would fan the flames of opposition by ethnicities ("tribes").

Important factors motivating decentralization in Africa are the pursuit of democracy following independence and the pursuit of public sector reforms. Decentralization in Tanzania is a classic example of these, with almost no major conflicts occurring in the process. Ethnicities are divided into a great diversity of groups with Swahili being the official language. In addition, no large gap exists between the rich and the poor, which is helpful for ensuring stability.

When decentralization occurs following conflict, there must be the prospect of incentives for the majority and the minorities to preserve the system once it is created. Within the new framework the majority tends to fear the extension of the minorities' power. However, with the weariness of war, a lack of alternatives and the presence of neighboring countries and donors to act as mediators, a peaceful settlement could be promoted. The problem remains, though, that after the neighboring countries and donors have withdrawn, the incentives of the parties for maintaining the settlement would change.

(3) Minorities and Secessionism

Minorities would be more motivated to move towards secessionism when, like in the case of Quebec, they are geographically cohesive and culturally independent. The easier it is for minorities to both base their collective power in and coalesce in one region, the more likely it is that ethnic conflict will result (Saideman et al., 2002; Gurr, 1993, p.6). Conversely, when they are geographically dispersed, it becomes more likely that they will attempt to overthrow the government rather than secede (Stewart, 2007, p.424). Even during the voting held after a conflict, minorities are still prone to feeling threatened by their neighbors (Caspersen, 2004, p.578).

Also, secessionism would result when there is an overwhelmingly large majority. Collier and Hoeffler (2000) state that the risk of conflict decreases when the citizens are either extremely diverse or extremely homogeneous. Minorities, like the Basque, which face an overwhelmingly large majority, tend to secede. When secessionist movements fail in their negotiations with the central government, conflict is the result in many cases. Bangura (2006, p.5) states that in only 12 of 34 African nations does one ethnic group make up more than 50% of the population. This is low in comparison with Asia where one ethnic group makes up more than 50% of the population in 34 out

of 46 countries and in 19 out of 26 Pacific countries.

In Africa, territorial conflict has been of marginal importance (Herbst, 2000); and separatist movements are relatively few. One of the exceptions is resource rich areas. This could not underrate the recent human costs associated with separatist insurgencies in Morocco, Nigeria, Ethiopia, Niger, Mali, Senegal, etc. Moreover, Forrest (2004) predicts that movements towards autonomy and territorial assertion will continue to increase and refers to these movements as sub-nationalism⁹. Together with latent conflicts, these movements seem to suggest the increasing importance of decentralization and autonomy for minorities.

Separatist movements can also take a different form through disengagement (Baker, 2000). Minority group members are more likely to move to foreign countries when they have no opportunities to utilize their abilities in their own country. Migration within the country is prompted by a variety of factors such as environmental destruction, land enclosure, and movement to cities to earn money. When the government enacts a policy of migration, the likelihood of conflict arising between the established residents (the majority) and the new residents (the minority) increases (e.g., the migration of the Javanese to Kalimantan and Sulawesi in Indonesia). Conversely, there is the Ivory Coast “Ivorité” concept of community membership where the government takes away the citizenship of immigrant residents.

Separatism and disengagement share a latent relationship with decentralization. An effective decentralization policy is likely to bring about political freedom and resource allocation and partially lessen the motivation for separatism or disengagement. Generally speaking, by putting in place a policy of decentralization and creating autonomy for minorities, it is possible to imagine that this would encourage the return of refugees from overseas through peaceful means.

(4) New Minorities

New minorities could be produced within independent states and newly decentralized units. If this group used to be the former majority, it makes difficulties more likely. There are also cases where this minority is the majority of a neighboring country or province. This was frequently the pattern in the former Soviet Union and in the Balkans.

In newly decentralized units, it is crucial that consideration be given to new minorities. In Indonesia, as part of a decentralization policy for education, the majority of the primary school education curriculum was left up to regional units to decide. In the majority of provinces the choice of language was left up to each school unit to decide, but in the province of Djawa Barat, the province chose the language, thereby closing off an opportunity for minorities to connect with their native tongue. On the other hand, in Ethiopia there are 18 different instruction languages, and in

⁹ Subnationalism contains uni-ethnic movements and interethnic movements calling for regional autonomy.

Uganda the decision on what language to use will be left up to each school unit from 2007.

Migration within a country by settlers can lead to conflicts with the original inhabitants over who constitutes the majority. This conflict starts over issues of land ownership and, when the population of the settlers increases rapidly, progresses to conflicts over the acquisition of political posts in the local government. When the settlers' or immigrants' culture system differs from that of the original inhabitants, the root of the resulting conflict becomes deeper. Schelnberger (2005) sees this sort of problem as the reason for the negative impact decentralization had in Uganda's Kibaale district.

In Kosovo, while there was the possibility of independence, they were faced with the issue of creating primarily Serbian autonomous communities internally. Prime Minister Haradinaj, who was prosecuted for war crimes, was a fervent proponent of decentralization, and, in 2005, tried to form five municipalities as pilot units inside the existing municipalities. Policies for convincing the Albanians and Serbians, as well as public promises, will be needed in order to move these decentralization negotiations along.

If we reorder the relationship explored in this section between group dynamics and motivations for decentralization, we come up with the following four points.

1. Decentralization through the process of democratization is related to legitimate governance design (motive ① in Fig. 1). There are also cases involving the restructuring of the relationship between the power elites of the majority and the minorities (motive ③). Together with both of these is the need to carry out public sector reforms [in order to secure the support of citizens through elections] (motive ②).

2. Problems can still arise after the fact for decentralization within post-conflict system planning, whether the pre-conflict political units and borders are used or they are changed due to the mediation of external groups. (motive ④).

3. Movements to overthrow the government can be produced under different conditions from those producing secessionism and disengagement. When there is inequality between groups, weak cohesion, and/or the absence of an overwhelming majority, this risk would increase.

4. When there is a lack of consideration given to new minorities within decentralized units, this could provoke discontent. Policies such as introducing administrative decentralization into lower level units must be adopted (motive ①).

4. Latent Connection between Decentralization and Conflict

In this section we will examine the relationship between the upper two levels of Fig. 1 in order to gain a more systematic understanding of the linkage between conflict and the conflict-related objectives of decentralization, in light of the relationship between group composition, habitability, mobility, and the motives for decentralization discussed in the previous section. This would provide us with more than a perfunctory understanding of the relationship between decentralization and conflict; it would enable us to clearly see the relationship between the motives of the power elite who support policies, the policies themselves, and conflict¹⁰.

In societies where differences in value and interest are deemed to be structured at the group level, decentralization is thought to be a political method capable of decreasing antagonism between groups and of producing national unity. However, the objectives of decentralization and the motivations for conflict vary from country to country¹¹. Underlying the progress of decentralization amongst developing countries during the 1990s was not only the pressure exerted by donors but also the political motivations of power elites (Manor, 1999, pp.36-37). Sufficient consideration needs to be given to the process whereby their motives and policies were formed.

Decentralization provides political representation and power at the local level in place of political interests which have been eliminated at the national level (Hartmann, 2002, p.10). Decentralization provides opportunities for minority groups which have been excluded at the national level to participate in the political process in the environment which is most immediately relevant to them and thereby reduces the risk of latent conflict (Schou and Haug, 2005, p.17). It also has a significant impact upon resource allocation. Through a system of revenue sharing, poor regions can receive resources while, at the same time, the strengthened ability to levy taxes makes it possible for regional differences to be equalized. Greater control of the authority to levy taxes by local governments when there is a significant disparity in access to local resources can lead to increased regional tension (Siegle and O'Mahony, 2006, p.50).

In order to take a more systematic view of the above discussion, Table 1 below is used to give us the three conflict related objectives of decentralization, each of their effects, risks, and their relationships to conflict. Type C (suppression of post-conflict antagonism, thereafter referred to "post-conflict") corresponds to the period following conflict, while Type A (social development) and type B (establishment of governance, thereafter referred to "governance") correspond to normal periods. Decentralization for Type A is promoted by multiple objectives and motivations; however, all of these are means towards furthering social development. For Type B, the focus amongst the

¹⁰ This paper does not examine the aspects of external interference by neighboring countries and others.

¹¹ Olowu (2003) points out that the promotion of conflict resolution is a motivation for democratic decentralization in Africa along with the failure of public sector management by central governments, non-state domestic pressure, pressure from donors, urbanization and globalization.

overall policy objectives for decentralization, including amongst those countries that have experienced conflict, is conflict prevention and the emphasis of participation and autonomy. In Type C, the central governing structure is extremely weak, and there are many points of contention which necessitate decentralization.

Table 1 Conflict-related Objectives of Decentralization

Type	A. Promotion of Social Development	B. Establishment of Governance	C. Suppression of Post-conflict Antagonism
Effect	Decentralization, through the fair allocation of resources, promotes social development and maintains cooperation amongst groups.	Decentralization strengthens the elements of self determination for minorities through a set framework and the government achieves legitimacy.	Decentralization is introduced as an element for supporting power-sharing within post-conflict societies.
Risk	Monopolization of resource allocation between power elites in the central and local governments. Leaving intra-group inequality untouched.	Invigoration of local parties and systems lays the groundwork for future separatist movements and suppression of new minorities.	Promotes the artificial maintenance of the current situation and prevents the formation of intrinsic governance.
Relationship to Conflict	Easing of tension between groups as a result of social development.	Acceptance of participation by minorities and the control of conflict.	Directly puts the burden of conflict prevention on the shoulders of those involved in conflict.

Source: created by the author

A. Promotion of Social Development

In Type A, decentralization could lead to the elimination of conflict by supplying services, by unifying with other policies and development strategies to bring about socio-economic development, and by decreasing the inequity and sense of inequality amongst people. This initiative, at least its rhetoric, is found within almost all countries, is connected to a number of policies and produces results which are seen in hindsight. This type is diverse, allowing for political decentralization, administrative decentralization, and even quasi-centralism¹². The motivations for this type are related to governance design (Fig. 1: motivation ③) to the elimination of inequality, and to public sector reforms (motivation ④) to improve efficiency and fairness.

If the economy grows, all groups would be able to receive a greater portion of the allocation pie. In this situation even the groups which are resistant would undergo change, and within the mutual relationships that exists between other functional groups, the process of urbanization, the process of making citizens and the process of globalization will create a sense of multiple identity and attachment to multiple groups. In this model, if democratization makes progress, it is possible to

¹² This is the case when general decentralization is weak, such as the rural regions of countries where political decentralization is given only to urban areas.

improve the wellbeing of citizens while continuing an appropriate minority policy. However, this process takes time, and its success depends on the stability of long-term economic growth and trends in reallocation policy.

In reality, however, there are a number of countries that have problems with their reallocation policies. Amidst the rapid growth in China and India, different regions have adopted different growth policies which create inequality between regions. Both countries ranked 70th on the Transparency International Corruption Perception Index 2006 are eager for anti-corruption campaign. This corruption results in a regressive tax system, low targeting effects for social programs, decreased social spending and other negative factors promoting an increase in income disparity and poverty (Gupta et al., 1998). Ensuring the transparency of public funds is crucial, and decentralization is one useful means of accomplishing this.

Similarly, Kenya's administrative decentralization of the 1990s left in place disparity between regions. Oyugi (1995, p.128) states that this decentralization gave the center the power to use approval as a means of frustrating those areas that were not in good favor with the system (i.e., the ruling party oriented government). Currently, political decentralization remains mostly a formality; and, like the Philippines, while legislator-led financial decentralization stands out prominently, there is no coordinated relationship between it and administrative decentralization.

Mozambique had the possibility of achieving consociational democracy in Type C (suppression of post-conflict antagonism); however, in 1994, the leaders of the majority Frelimo and the minority Renamo rejected the proposal put forward by Western Europe. For the minority this system was meant to be a group defense mechanism (Rothchild, 2000). Majoritarian democratic Mozambique experienced continued rapid growth and received the support of many donors; however, the regional election bases for both groups remain separate, and resource allocation remains beneficial to the ruling party (Vaux et al., 2006, p.14). In addition, the system of decentralization is weak, with the provincial governors and district administrators of rural areas being controlled by the regime, i.e., the majority.

Effects

Hirschman (1981) points out that when economic growth continues, those who are relatively poor in society possess an "endurance for inequality" which involves expectations of social change (quoted in Cramer, 2005, p.16). Similarly, when the government is enthusiastically involved in poverty reduction, dissatisfied groups are also likely to keep an eye on the situation. However, according to the results of the PETS: Public Expenditure Tracking Survey carried out for each country, it appears, since the report by Reinikka and Svensson (2004), that efforts at expanding governmental delivery of services to improve access for clients are diversifying.

Decentralization, social development, public sector reforms and democratization were mutually

linked objectives developed during the 1990s. Decentralization and the Poverty Reduction Strategy (PRS) had a unified political orientation in the sense that there were many poor people in rural areas¹³. Judging by its relationship to Public Sector Reform (PSR), decentralization is necessary to the extent that it satisfies the issue of governmental efficiency and client focus management through its operation. Decentralization is able to increase efficiency due to the fact that it reduces the number of procedures that do not need to be done by the central government (Bird, 1993).

Risk

The suggested risk of this objective is domination by power elites (Fig. 1: motivation ©). Bardhan (2005) shows that the question to be examined is “Does decentralization increase scrutiny of service delivery by citizens (Fig. 1: motivation ⓑ), or does it strengthen domination held by the local power elite (Fig. 1: motivation ©)?” Prud’homme (1995) warns of the dangers of “corruption proliferation”, such as the intervention of local politicians, non-transparency in decision-making within a closed society, and the difficulty of administrative monitoring by local governments. When there is a marked disparity in resource allocation between local governments after decentralization, it is an indicator of a weak (central and local) government and the intentional distortion of resource allocation.

If financial resources are not ensured, even an expansion in the power of local governments through decentralization will not be enough to substantiate the decentralization process. For example, in the cases of Tanzania and Uganda, after administration and finance for education were decentralized to the district level, the local resident tax was greatly reduced, meaning that 80% or more of local budget expenditures rely on grants from the central government, the majority of which are conditional grants. These grants are also dependent on aid, and their discretionary power is limited (Francis and James, 2003). Only a small part of the budget comes from unconditional grants, and the budget is not enough to carry out educational monitoring (Business Synergies, 2003). There is also no developed system in place for equalization grants which rely on the results of poverty reduction monitoring to decide on resource allocation.

Fee exemption policies in the social sector possess aspects which hinder participation. This would contradict the participation promotion policies carried out through Type A (social development) and Type B (governance). Universal Primary Education (UPE) has rapidly increased the number of children attending school and has improved the enrollment ratio of girls from poor households (Nishimura et al., Forthcoming). However, the parents and the community have lost their voice and their interest in the schools, and the schools are preoccupied with responding to the interests of the central government, due to it being the source of financing. Participation has,

¹³ The Mid-term Expenditure Framework (MTEF), which provides financial prospects within the PRS to governments, is being created at the district level in Uganda and Tanzania.

therefore, become passive (Sasaoka and Nishimura, Forthcoming). General, local grants (not fee exemption) and participatory decision making would be both policies for which Type A and B are not contradictory¹⁴. With this system, when you belong to the majority in the community, you will take the initiative in development planning.

Finally, with the policies for Type A (social development), it is possible that not only inequalities between groups, but also within groups, will deepen. Social inequality is usually comprised of both (Sen, 2006, p.41). In China, India and other countries with rapidly expanding economies, there is strong concern about both. However, including countries with low growth that have adopted these policies, few countries are seeing decreasing inequality between groups. In order to dispel the discontentment of minorities during times of growth, the government needs to pay attention to the functioning of the reallocation of the outputs produced by the country's growth.

B. Establishment of Governance

The policies of Type B focus on participation in the political and development processes and attempt to construct a system of governance that directly prevents conflict (Fig. 1: motivation ②). Target countries are a few dozen, and considerably overlap with potential target countries for Type A (social development). In this case either a policy of political decentralization, federalism, or group-focused non-territorial decentralization, or some combination of these, is implemented. These tend to be seen as issues for countries where citizens have relatively high personal incomes; however, in multi-identity societies, there is compelling reason to implement this as a policy for reducing factors which could lead to minorities' confrontation with the majority.

Even when inequality between groups exists, whether one or more of those groups will exhibit discontent depends upon the structure of governance. For example, Malaysia's Bumiputra policy has been helpful in reducing inequality (Stewart, 2001, p.19). Bangura (2006, p.3) emphasizes that ethnicity may assume importance in shaping choices and mobilizing individuals for collective action when inequalities coincide with group differences. And, if the public sector fails to develop mechanisms to regulate difference and ensure inclusiveness, it may be rendered ineffective or illegitimate.

Amongst target countries for Type B (governance), there are many which have low growth and which are in the process of post-conflict. Apart from Gini's coefficient, the pie does not increase much (power closely resembles a zero-sum relationship). In Nigeria, which operates according to a federal system, despite the fact that it is an oil producer, the reallocation of resources is not done properly and has resulted in discontent amongst local residents (Braathen and Hellevik, 2006), and efforts to establish local governments which receive allocations of resources continues. In 1992 in

¹⁴ In this setting, the residents are involved in discussions regarding development planning and budget allocation, and grants are provided for revenue sharing from the central government.

Mali, special status was granted to the country's northern region in response to the demands of the Tuareg minority, and since then a nationwide policy of decentralization has been implemented, including this region.

In the case of Indonesia, political democratization and socio-economic democratization was implemented following the occurrence of social unrest. The objective of decentralization was primarily driven by Type B (governance); however, after several years and the disappearance of major social tensions, this objective gradually shifted back to Type A (social development). Initially, there was confusion resulting from a lack of guidelines by the central government; however, now, the government's proper response to the situation is being crafted and the role of provinces is being reevaluated.

The combination of democratization and developmental aid during the 1990s offered by international donors has been the driving force behind decentralization. This means that successful democratization has resulted in an expansion of finances due to aid - a combination of Type B (governance) and A (social development). For example, through the election process, a number of politicians have emphasized UPE. This has resulted in the role of local governments becoming extremely important in the effective implementation of service provision. Stasavage (2003) notes that there is trend amongst countries with multiple candidates vying for the presidency to have increased expenditures for primary education. The pressure exerted by the electorate does not depend on majority or minority; however, generally, minority emphasizes the importance of national minimum standard in social expenditures which go to all citizens equally.

Judging by the general decentralization development process, equilibrium is needed between political, administrative and financial decentralization. In the case of Type B (governance), despite relatively low income level, it tends to push ahead with a policy of political decentralization that takes into consideration the relationships between groups. However, the reality is that many countries have strong central governments upon which the weak local governments are dependent financially. In this case, with the support of donors and the ease of systematic improvements, financial decentralization is advanced. In terms of decision-making and the implementation of local and UPE grants, this system would invite excessive intervention by local politicians into daily administration.

Effects

When autonomy is granted to local regions, the citizens busy themselves more with internal governance issues than issues of separatism or resistance (Hartmann, 2002, p.10)¹⁵. The differences arising between states have to do with the differences in political process leading to decentralization. The revival of traditional authority through decentralization can be seen as both

¹⁵ This example is appropriate to Mali, Mozambique and Uganda and not to the Ivory Coast and Senegal.

positive and negative in terms of conflict prevention. In the case of Sierra Leone, responsibility was regained by local councils and the authority of the chiefs was reduced; however, the relationship between the two sides was left unclear (Jackson, 2006, p.104).

Good examples of governance through decentralization controlling antagonism between groups are Uganda and Ethiopia. The former contained an "overwhelmingly powerful minority", and the latter enabled "minorities" to seize political power. Since the 1990s, Uganda, a unitary state, has strongly promoted decentralization at the district level while Ethiopia, a federal state, has promoted it at the regional level, and then down to the Woreda level. Thus, Uganda has contained movements towards federalism by Buganda (Crook, 2001, p.10), and in Ethiopia the ruling Tigray minority reduced the risk of other groups uniting to resist the central government.

In Uganda, the military's Resistance Council, which has existed since the civil war of the 1980s, has become the base for local administrative organizations (Saito, 2003, pp.55-58) and the ruling party has subsequently absorbed the state and its ethnicities under its direct control. Ethiopia adopted ethnic federalism as a means of reversing the oppressive control of its former government (Lake and Rothchild, 1996); however, following this, the minority adopted a divide-and-rule style of government where they held key political and administrative positions. What Uganda and Ethiopia have in common is that after the tremendous collapse that followed their conflicts, there were no strong vested interests, allowing major reforms to be carried out (Ndegwa and Levy, 2003, p.12).

Risks

Minority power elites are able to increase their political power within decentralized units and receive new allocations from the central government. Their political battles may turn into allocation battles. Englebert and Hummel (2005) interpret this trend as the factor which keeps separatist movements in Africa from surfacing. Quite the opposite, decentralization empowers people and can promote their discontent within their new decentralized units. Brancati (2005) states that, while decentralization can function as a means of reducing ethnic conflict and secessionism, by enlivening the activity of regional parties, it also has the effect of indirectly promoting ethnic conflict¹⁶.

A case of failed decentralized governance is found in the Columbian municipalities which were oppressed by the Colombian mafia and other armed groups. The decentralization which took place during the 1980s and 1990s resulted in local governments being the suppliers of resources; however, members of armed groups became the politicians in these local governments and, through the intimidation of public servants, were able to misappropriate the resources. Eaton (2005) states that decentralization without public order provided by the central government resulted in the process

¹⁶ The relationship between central and regional political parties differs from country to country, and there are some countries where central political parties are extending their power in local areas and there are other countries like Indonesia where there is concern about the national repercussions of the regional political party recognized in Aceh.

being exploited by drug cartels and paramilitary groups.

When combined with the policies of Type A (social development), elite capture (motivation ©) can result. It is said that, when the power elite of the central government and the local governments unite, the result is a neo-patrimonial system; when they do not unite, the result can be conflict. The reality seems to lie somewhere in between. It becomes more likely that political gerrymandering will occur in gray areas. In return for the central government's approval of the establishment of a new local government, the group in question will trade some of their political support for the present regime controlling the central government in the next election.

Opinion on the merits and demerits of federalism as a means of preventing conflict is also divided. There are those who see ethnic federalism as potentially offering short-term stability but danger in the long-run (Deng, et al., 1996, p.82). On the other hand, Saideman et al. (2002) argues that federalism sees protests but rarely rebellion, and Hale (2004) states that countries lacking a core ethnic region are extremely resistant to separatism and collapse.

C. Suppression of Post-conflict Antagonism

The policy objectives of Type C are specialized versions of the conflict prevention function of Type B (governance) tailored for a post-conflict society. Post-conflict decentralization is never easy. It could waver between two extremes: accelerating the collapse of federalism through encouragement of secessionist movements and retrogressing to political centralization (Lake and Rothchild, 2002). Another fear is that a newly created local majority will discriminate against the new local minorities (Horowitz, 1991).

The typical policy adopted to counteract these pessimistic scenarios is consociational democracy. Majoritarianism (Westminster-style democracy) emphasizes majority decision as the most basic method for achieving greater self-determination for citizens¹⁷. However, majoritarianism, with its "winner-takes-all" system of elections can result in the views of the minority going unheeded, which makes it unsuitable for an already fractured society. The alternatives to this are consociational, consensus-style deliberative democracy and constitutionalism¹⁸. The salient feature of the consociational approach is its allocation of legislative seats to designated groups, the formation of grand coalitions, proportional representation election districts and the awarding of veto power to minorities; just like constitutionalism, it puts some sort of external constraints on democracy.

The consociational approach is usually debated as a problem of governance design (motivation ©) accompanied by external intervention from donors and international society. This element is

¹⁷ In recent years, a system of single-seat electoral districts coupled with proportional multiple-seat constituencies has been introduced in Japan, and a conscious effort is being made to introduce a style which involves such features as debates between party leaders.

¹⁸ Constitutionalism is a system which stipulates individual and group rights in advance that cannot be infringed upon through majority decision. The consensus-style model follows the majority-rules decision-making process; however, it uses extensive debate and discussion and intrinsically develops the principles of democracy.

also found in decentralization; however, while on the one hand there is a risk to the fixation of the present ethnicity situation, construction of a system which cuts across ethnicities without external intervention would be difficult. These artificial institutional designs are different from the process of spontaneous decentralization that occurs within countries. Over and above institutional design, it is important that there be unchanging cooperation between those parties involved in the conflict, and the consociational approach is a model that requires this in order to function well.

Currently, in post-genocide Rwanda, there is an intentional effort being made to forget the artificial differences created between ethnicities during the period of colonialism, and decentralization is taking place through performance contracts between district governors and the central government (Fig. 1: motivation ⑥). This decentralization reflects a switch in governance from Type C (post-conflict) to A (social development). Type B (governance), which consciously focuses on the existence of the majority and minorities, was not adopted. As long as the citizens live in a mixed way and the socio-economic inequalities are limited, this approach, which does not focus on groups, can be effective. Otherwise, it can transform into the pretext of the ruling minority.

There are other types of decentralization that exist for post-conflict societies. There is simple restoration of a traditional decentralized system, and there is community-based decentralization. Following the end of the civil war in El Salvador, communities were entrusted with the responsibility of running primary schools, including appointing and dismissing teachers. The result of this was that education access in rural areas expanded dramatically (Jimenez and Sawada, 1999). This Educo Program is a case of decision-making authority going beyond the local government and the schools to the citizen level. On the other hand, in neighboring Nicaragua, responsibility for handling the hiring and evaluation of educators, educational finances, etc., was delegated to the schools; however, the organization culture of each school had an effect on the execution of this authority, producing significant differences in the quality of education (Rivorola and Fuller, 1999)¹⁹.

Effects

The consociational approach presupposes effort will be put forward by the power elites of the majority and the minority. This model was used in the construction of most of the basic principles of the interim constitution of South Africa in 1993. Decentralization was introduced as multiple components; and, in hopes that it would be a tool for conflict management, "regions containing whites and blacks were combined and the number of local governments reduced in order to construct stronger local governments (Hartmann 2006, p.12)". Also, the regional minorities in South Africa were given latent favorable treatment through a bicameral system which provides provincial representatives to the central government; and eleven national languages were recognized (Carbone,

¹⁹ There are cases where decentralization is initiated by external U.N., etc., administrators. In Kosovo it was considered undesirable for the United Nations Interim Administration Mission in Kosovo (UNMIK) to compete with a strong central government; thus, it was necessary to quickly set up local governments.

2001, p.231).

Mine (2001) says that the consociational approach in South Africa is steadily seeing the principle of coalitions being replaced by majority-rule politics. This is seen as a process of switching from Type C (post-conflict) to A (social development)²⁰. Caspersen (2004, p.570) says that the consociational approach creates stability; however, the difficulty lies in getting it accepted in local societies. Since the Dayton Accords, this model has had a dominant role in Bosnia; however, in recent years Horowitz's integrative model has also become necessary²¹. Lemarchand (2006, p.3) says that Burundi has been relatively more successful in adopting the consociational model than Rwanda or the Democratic Republic of Congo.

Risks

The consociational model is neither sufficiently democratic nor is it stable (Lijphart, 1977, p.47). Maphai (1999, quoted in Braathen and Hellevik, 2006, p.24) says about South Africa that the reason this model functioned was because the hostility between groups was already subsiding. The segmented election system in Bosnia was not suited to ethnic reconciliation, with one vote carrying a substantially different weight among ethnicities. Decentralization that leans heavily on ethnic schisms needs to have cross-sectional exchanges that are appropriately institutionalized lest the schisms become permanently fixed in place (Monteux, 2006, p.166).

Horowitz (1985) criticizes the idea that this model can easily be applied to developing countries, due to the fact that in Europe, society is less fractured by hostility to other groups than societies in Asia and Africa. This model is hard to apply to societies where conflict continues within part of it. Tull and Mehler (2005) point out that, because aid from donors in Africa is overly focused on peace settlements through power-sharing, it sends the wrong signal to leaders hopeful of holding national power, making it likely that they will adopt anti-government violence rather than nonviolent methods.

Careful examination is needed with regard to resource allocation within post-conflict decentralization. Using the country's traditional allocation model will reignite discontent, while using allocation to rapidly respond to the needs of the current situation runs the risk of constructing an inefficient system. Among the motivations for decentralization given in Fig. 1, following a conflict, only governance design (motivation ①) works at least initially. Lister (2007) points out that a variety of donors promoted decentralization and regional development programs in Afghanistan; however, the focus of their interest was on technical capacity development, ignoring the warlords who were eating away at the new system and rules from the inside.

²⁰ Mine, Y. Associate Professor of Osaka University, Interview 2007.9.18

²¹ Both models rely on inclusive rules for coming to lasting solutions; however, the former is based on the political structure of ethnic units while the latter attempts to transcend ethnic divisions at the political party base.

5. Policy Prescriptions

With the point of view gained from the above discussion, this section attempts to answer concisely the research questions given at the outset of this paper and extract various implications, including those for development policy.

First, what is the significance of decentralization for inter-group equality and justice? Decentralization could serve for improving equality and enhancing social justice, whereas there are many capacity and other problems embedded in existing governance structures in developing countries. Although there is no automatic guarantee that the decentralization policies employed will actually bring about equality or social justice, they have potentials to lessen the psychological discontent of minority groups under the well-designed governance framework.

When the fair distribution of resources is not facilitated, the governments need to appeal their efforts to meet the needs of each identity group. Under this circumstance, Type B (governance) with clear redistribution/allocation criteria can be considered to be more inclusive and stable than ordinary Type A (social development). In low-income countries, long term economic depression and rapid population growth tend to increase frustration and aggressiveness of young people. If Type A country is trapped in some sort of “laissez-faire” decentralization policy, it could not deal with these antagonistic feelings in an appropriate way.

Donors are likely to give special consideration to countries that promote Type B (governance) in low-income countries with this motive in mind. These countries require a great deal of capacity development, even in their central governments, in the area of governance. Once decentralization policies are implemented, there involve a great deal of risk that would require advice and strong support from external donors. Therefore, Type B is considered as a good start for low income countries, but legitimacy is not attached to it without strong commitment of political leaders and donors' support.

Second, what is the relationship of decentralization to the principle of super-ordinate national governance? With regard to the relationship between decentralization and the principles of national governance, the scope of this paper allows only limited insights. When the majority of a decentralized unit is a minority at the national level, it is easy for a country to transit to “superficial” political decentralization: while the local ‘majorities’ sweep the local legislatures, the central government will attempt to grip the local administrations with major discretionary power. If further political decentralization is demanded, there is a risk of secession, depending upon how this further decentralization is carried out. This dividing line is likely to have a strong link with possible growing inequalities among decentralized units and unfair regional distribution of revenues.

There is a heated debate on if rebuilding state institutions in “fragile states” is possible. There are many types of countries with different backgrounds, and I also agree that the dominant Western

political model is not necessarily adaptable to these states. However, in many cases, the state can be revived by adopting a best framework of governance. That framework could make some countries survive or resuscitated. Therefore, decentralization can expand the possibility for any country to achieve better governance, to initiate endogenous development, and to activate or reactivate its state function at least in the fields of service delivery and political order.

Third, how can minorities seeking autonomy or secession create a stable, constructive relationship with the central government through the framework of decentralization? In order for minorities to have a stable and constructive relationship with the central government within the framework of decentralization, interchange of personnel, goods and information among groups need to be facilitated. In peaceful times, these policy measures are relatively easy. The points of consideration specific to post-conflict societies must be added. The government and, in some cases, the U.N. mission in the country could introduce a consociational model, etc., into the framework for governance; however, at the same time, they should not deal with groups in a segmented or fixed fashion. What is needed is the principle of sound gradualism, balancing both non-preferential policies and policies of affirmative action.

Again, it is important to take account of the equality and fair treatment of identity of the groups for post-conflict societies. Donors and foreign policy makers need to scrutinize the socio-economic and demographic conditions and react to abuses of human rights, political inequality and exclusiveness in the society, with a specific purpose of never repeating the conflict. They need to react to any fundamental downturn changes observed in the society through various measures, and consult with one another on how to interpret the changes and how effective their measures are. If this process is successful, Type C (post-conflict) can obtain the capacity to transform the reconstruction of the societies from an externally driven process to an internally driven process.

(1) Fundamental Issues

Decentralization could give groups which are marginalized at the national level a primary role in politics, etc., at the local level. Minorities are able to exercise more self-determination, and participation in democracy is encouraged. Within the political process this has a major effect on resource allocation. In this way, Type B (governance) is focused on getting groups to look beyond their own interests vis-à-vis other groups and on building confidence; and Type C (post-conflict) add to this elements for balancing powers.

On the other hand, Type A (social development) combine with other policies and strategies to encourage socio-economic development and a reduction in the sense of inequality and injustice that people have; the incidental result is the prevention of conflict. One of the typical risks associated with Type A is elite capture: resources would not be evenly delivered among the population, even if they are allocated to all regions.

Policies associated with Type B (governance) apply to the governance issues in more advanced developing nations; but, there is vital demand for them in low-income, multi-identity societies. Minorities exercise self-determination which helps to limit the points of contention they have with the majority and thereby prevent conflict. However, normally the capability of these local communities is extremely low and they are dependent upon the central government for control and resources. In light of this, donors should consider their support for decentralization. The risks of Type B are that the power elite of a minority will enhance their political power within a newly decentralized unit, and build up their combat capability. When political decentralization is accepted, it is necessary that there be a minimum of homogeneity or shared vision between the majority and minorities²².

The consociational model within Type C (post-conflict) presupposes an offer of governance which involves cooperation between the power elite of both the majority and the minorities that underwent conflict, with decentralization being a part of this governance. This model works best when there is no group which constitutes an overwhelming majority and when the power elite of both the majority and minorities cooperate.

(2) Transition Patterns

The problem is what to do when countries with their own individual needs adopt inappropriate policy objectives of type Type A, B and C. This is the transition process phenomenon, and it reflects the state of national reconciliation. Examples would be countries using Type C (post-conflict) which are transitioning early to Type A (social development) while they are still in the process of rebuilding, or countries which should adopt Type C adopting Type A from the start²³. The former can easily occur when a minority has seized power, and the latter can occur when the majority has seized power. Also, in the case of the latter, if elements of the consociational model are introduced, the results on development will be different.

Secondly, Type B (governance) engenders a risk of secession together with a respect for autonomy; however, when mixed with successful Type A (social development), the resistance felt by groups will be alleviated and can be incorporated into nationally consistent policies. Conversely, Type B which does not incorporate Type A would emphasize independent budget revenue and financial administration and increase inequality between regions and the risk of secession. In the case of geographically large countries adopting Type A, when Type B is introduced into one region, there is a risk that they will spread to other regions; thus, there is a reluctance to adopt them.

²² When the minority's political battle turn into a battle over allocations, it becomes necessary to constantly supply both groups with resources, such as in the case of the PNG and Bougainville.

²³ Countries in the midst of the reconstruction process are likely endowed with high economic growth and large-scale reconstruction aid. And, it is easy for these countries to fall under the impression that this rapid growth and generous assistance will continue into the long term.

Which path is desirable for governance and development in a given country is a topic which is, in principle, best left up to the people of that country. However, if there is likelihood of significant risk in the future, donor agencies should be proactive about giving advice. Normally, donors need to listen as much as possible and support the plan created by the people of the countries concerned.

(3) Measures for Minorities

Generally speaking, decentralization which is desirable for minorities is extremely important in societies with stagnant growth. When antagonism is marked between groups, the central government, which is usually controlled by the majority, would often times consciously weaken local governments in order to dis-empower minorities. However, antagonism is not the only possibility, cooperative needs can also be produced.

During the course of democratization, the demands of the minority could increase and discontent towards the inequality between minority groups could accumulate. Movements for autonomy or secession could spring from this discontent. If the situation becomes fluid, the minority power elite may become greedy and try to control the acquisition of resources; and if internal schisms appear, a local separate movement may be produced. On the other hand, in the event that the majority and minorities are able to rebuild their relationship, decentralization will likely have a role to play.

There are several applied cases. Regarding natural resources, in some cases minorities having large resources and majority not; in others majority having large resources and minorities not. The former would be a typical example of secessionist and independent movement by minorities and the majority tends to ignore or control these claims; the latter is that the conflict could be resource reallocation claims among the groups. Regarding neighbors, minorities could be persistent in their independence or strong autonomy if their common groups are located in the neighboring countries.

It is also crucial that new minorities not be passed over and ignored within newly decentralized units. If new minorities are created through political decentralization, policies should be adopted which include administrative decentralization for the units subordinate to the politically decentralized unit in order to secure as much freedom of choice as possible for minorities at that level. Secondly, especially in post-conflict societies, it would be necessary to grant freedom of choices and discretion to new minorities.

(4) Development Policies

The managers of donor agencies should take account of the geography and the trends of poverty and identity groups in targeting their operations. Country-based Human Development Reports and National Development Plans usually illustrate the comparison of income and social indicators among regions. Decentralization policy needs to be viable for diminishing the socio-economic imbalance of the regions, provinces and districts. They should recognize conflict prevention potentials as well as

the risks posed by decentralization when framing country assistance strategies, selecting aid vehicles, channeling aid funds and linking the efforts with other partners.

They should also be sensitive to the fact that social tensions may arise if aid promotes decentralization that increases inequality among the groups and regions and empowers local power elites who enjoy little public credibility. At the same time, they need to pay attention to not only institution building of decentralization but also the amelioration of inequality and related social changes. Policy consistency in this regard is required to ensure conflict prevention (policy objectives) through decentralization (policy instruments).

The mainstream approach of the PRS has been to focus on absolute poverty. From the standpoint of conflict prevention in low-income countries, it is also quite important to focus on inequality and relative poverty. With regard to these, when fairness in allocation is ensured through decentralization, minorities are likely to trust the majority government. In terms of the relationship to democratization within multi-identity societies, a decentralization system which includes power-sharing, regardless of whether just after a conflict or not, could be effective at reducing the inequality felt by the constituent members. And also amidst the steadily progressing course of globalization, this is necessary in order to preserve respect for minorities' cultures, languages and their rights to make their own decisions with regard to these.

In a number of countries, a civil society must be created which transcends the boundaries of the existing inter-group framework. The importance of civil society is found in its ability to legitimize, from the standpoint of exchanging unbiased, correct information; from the standpoint of creating multiple identities; and from the standpoint of supporting CSO (Civil Society Organization) strengthening of weak communities. Through the mutual interaction of civil society and government, the government's policies could become more democratic and decentralized. An approach which establishes democratization within communities is important, and the creation of pluralism through development within groups would bring about psychological changes.

Finally, there is relationship-building between the government and communities. The empowerment of people comes from the creation of communities and governmental capacity development, and it is desirable that this power creates a positive cycle that benefits both communities and government. Decentralization plays an important role in bridging the distance between government and communities; however, with regard to conflict prevention, it does not function well when local governments are overly controlled by the central government or when a disproportionate amount of emphasis is placed on a specific group or groups within a community. Greater understanding and support by donors are needed for relationship-building between local governments and communities.

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