Good Enough Governance in Fragile States: the Role of

Center-Periphery Relations and Local Government

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Introduction

The stabilization and reconstruction challenges of fragile and post-conflict states have moved to center stage in international foreign assistance policy. Rebuilding or, more often, newly creating governance is a key step toward stabilization, reconstruction, and ultimately the transition to socio-economic recovery and growth (Brinkerhoff and Brinkerhoff 2002). When there is complete or nearly complete regime change, with replacement of both political and administrative leadership, stabilization, reconstruction and governance tasks must proceed simultaneously. Failure and/or delay in one of these three tasks are likely to cause serious delays and setbacks in the others. Yet in countries with seriously weakened or collapsed regimes, where conflict is ongoing, carrying out stabilization, reconstruction and governance restoration tasks simultaneously is difficult. The complexity makes it essential that governance restoration achieve what is necessary, but not undertake unrealistic aims – *good enough governance* is a sufficiently ambitious task. We examine the particular role of local government and center-periphery relations in achieving good enough governance.

Ultimately, all states need to fulfill three core governance functions: security, effective and efficient delivery of basic public goods and services, and political legitimacy (Brinkerhoff 2007). What should guide the aspirations, plans, and interventions of those charged with restoration of a governance system capable of fulfilling those core governance functions, whether the "responsible parties" are one or more peacekeeping forces, an interim government, a newly elected government, international donors and their partners, and the vestiges of the previous regime?

The three tasks of stabilization, reconstruction and restoration of governance in fragile and post-conflict settings are intertwined. In this paper, we focus on the restoration of governance, and consider particularly the role that local governance may play in creating a state that can perform its three core governance functions, which is our shorthand definition of good governance. As Grindle (2007b) has argued, the donor agenda for good governance reforms is ambitious and overloaded. This is acutely the case in fragile and post-conflict states. Grindle's contention is that governance reforms in developing countries should aim not for a comprehensive idealized vision of good governance, but for a selected set of changes that are good enough to create critical improvements in political and administrative systems and that fit country contexts. In refining that contention, we argue that it is important to consider decentralization and center-periphery issues in deciding what might be good enough governance. For example, while the stabilization task leading to a desired outcome of a state monopoly on the use of force is clearly a central function, both the reconstruction task in which the desired end is restoration of and improvement in services and the restoration of governance task in which the end is a state able to fulfill its three functions are not required to be performed

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exclusively or perhaps even substantially by central government. Indeed, we argue that balanced attention to governance at the central and at the sub-national levels may lead to better outcomes than a centrally-focused approach alone.

In several recent reconstruction efforts, actors' views have differed regarding a number of national/sub-national questions, including starting points, sequencing, appropriate forms of decentralization (deconcentration versus devolution), and intended outcomes. In Iraq, for example, reconstruction advisors in the Coalition Provisional Authority were divided on whether rebuilding central ministries should take precedence over local institution building (Brinkerhoff 2008). In Afghanistan, the donors' initial focus on Kabul and the central government neglected the regions, which allowed the under-filled governance space to be occupied by warlords and later by Taliban insurgents (Lister and Wilder 2007). Belatedly, the Karzai government and the NATO coalition have recognized this gap and sought to increase outreach and service delivery at the local level under the leadership of a new agency, the Independent Directorate of Local Governance (Gall 2008).

Center-periphery relations affect conflict resolution and the societal pacts that are central to achieving stability in post-conflict contexts, something that decentralization studies, which tend to focus on administrative issues, underplay. A focus on administrative decentralization also misses the role that local level governments may play in helping to build or rebuild political legitimacy in the system. Our analysis examines governance in terms of state-society relations, not simply as a set of changes intended to improve institutional performance (see Jones et al. 2008, Moore 2001).

Decentralization and post-conflict reconstruction are both much studied and much debated topics. The complexities and nuances are myriad. It is beyond the scope of this paper to do justice to the full array of evidence and arguments that are relevant to each one. We seek to identify some findings and offer some preliminary hypotheses, based largely on our experience in Iraq but complemented by the larger literature and other country cases, that can contribute to illuminating questions of good enough governance in fragile states.

I. Framing the issues: fragile states, decentralization, and governance

Effective governance is a product of the ability of the state to negotiate with—and mediate among—the different interests of its citizens. Not all states, however, demonstrate the quality of state-society relations that lead to the evolution of equitable and stable social pacts where the majority's interests are represented, minority rights are protected, and rulers respond to a broad range of citizens' needs and desires. Creating a political and institutional architecture that allows for the inclusion and integration of multiple interests while also responding to the particularities of sub-national regions and groups can be elusive for any society, let alone resource-poor and/or conflict-affected ones.

Yet all nations need to address this fundamental challenge of state-society relations: governance that can produce public goods that solve common problems facing all their citizens—such as creating an enabling environment for social and economic development and guaranteeing national security—while also meeting the particular needs and demands of regional, ethnic, and/or religious groups within their boundaries. The former type of problems creates pressures for larger, closely integrated, and centralized jurisdictional and administrative units, while the latter pushes for smaller, more autonomous, and decentralized units more capable of handling diversity, flexibility, and distinctiveness. In many developing countries, political leaders have opted for centralized command and control strategies in response to both sets of pressures, often choosing to rule through patronage networks to generate political support, and through repression to limit opposition. Failure to manage these pressures has proven to be among the key sources of state fragility, and in some cases violent conflict. The following sections clarify the issues and expand on the intersection among fragile states, decentralization, and governance.

A. Fragile states

The majority of conceptualizations of fragile states treat fragility as a continuum with state failure and collapse at one extreme, and states characterized by serious vulnerabilities at the other. Most characterizations aimed at some notion of fragility or weakness or failure agree that fragile states have governments that are incapable of assuring basic security for their citizens, fail to provide basic services and economic opportunities, and are unable to garner sufficient legitimacy to maintain citizen confidence and trust. Fragile states have citizens who are polarized in ethnic, religious, or class-based groups, with histories of distrust, grievance, and/or violent conflict. They lack the capacity to cooperate, compromise, and trust. When these capacity deficits are large, states move toward failure, collapse, crisis, and conflict. Although some disagreements exist regarding which features of fragile states are the greatest contributors to fragility and what the pathways are, there is broad general agreement on the relevant factors. Root causes of fragility include: a history of armed conflict, poor governance and political instability, militarization, ethnically and socially heterogeneous and divided population, weak/declining economic performance, demographic stress, low levels of human development, environmental stress, and negative international linkages (the so-called "bad neighborhoods" factor). Precipitators, acting on these root causes, can intensify their effects and increase fragility: for example, rampant corruption that delegitimizes government in the eyes of citizens, or outbreaks of ethnic conflict that create insecurity and internally displaced populations, and disrupt economic activity. Trigger events can push states into crisis and violence, and in some situations, put in motion disintegration and state collapse.[1]

Several points concerning fragile states are important to note. First, the category, fragile states, contains a significant amount of variation, which limits efforts to generalize across

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[1] This summary draws from the Country Indicators for Foreign Policy Project at Carleton University, which has developed an assessment methodology using these fragility dimensions to rate countries at risk of conflict. See the website at: www.carleton.ca/cifp. See also Rice and Patrick (2008), who have collaborated to combine numerous concepts of fragility, failed and failing states into a comprehensive index of state weakness.

the category. Second, fragile states are dynamic and move along trajectories from stability toward conflict, crisis, and/or failure; and emerge from crisis toward recovery and stability. Thus static analytics have limited ability to provide an accurate assessment beyond a given point in time, much less offer an accurate projection of the future. Third, the application of general lessons for reconstruction and for good enough governance will need to be contextualized in light of a given country's historical trajectory, distinctive circumstances, and institutional endowments and path dependence.[2]

B. Decentralization

As a tool for restructuring governance architecture, decentralization has been the topic of extended international attention and debate (see, for example, Smoke 2003). While evidence of its desirability and effects is mixed, country policymakers, often supported by international donors, have pursued decentralization actively. The reasons are several: technical, political, and financial. On the technical side, it is frequently seen as a means to improve administrative and service delivery effectiveness. Politically, decentralization usually seeks to increase local participation and autonomy, address distributional inequities, redistribute power, and reduce ethnic and/or regional tensions. On the financial side, decentralization is invoked as a means of increasing cost efficiency, giving local units greater control over resources and revenues, and sharpening accountability. Thus decentralization often combines a complex blend of purposes that includes improved efficiency and equity, better governance, and poverty reduction.

Decentralization deals with the allocation between center and periphery of power, authority, and responsibility for political, fiscal, and administrative systems. The most common definitions of decentralization distinguish variants along a continuum where at one end the center maintains strong control with limited power and discretion at lower levels (deconcentration) to progressively decreasing central control and increasing local discretion at the other (devolution). The devolutionary end of the continuum is often associated with more democratic governance because it involves greater opportunity for citizen control over political institutions and for institutional checks and balances. Decentralization has a spatial aspect in that authority and responsibility are moved to organizations and jurisdictions in different physical locations, from the center to the local level. And it has an institutional aspect in that these transfers involve expanding roles and functions from one central agency/level of government to multiple agencies and jurisdictions (from monopoly to pluralism/federalism).

In principle, accompanying the transfer of authority and responsibility and the expanded discretionary space to make decisions locally is a shift in accountability. Upward accountability to the center is supplemented with, or in the case of devolution largely superseded by, downward accountability – from local institutions accountable to central government to local institutions accountable to local constituents. Indirect accountability, mediated by higher level authorities—what has been referred to as the "long route" to accountability (World Bank 2004)—is augmented with direct accountability to citizens,

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[2] For an interesting analysis of these latter factors see Alexander (2001).

the "short route." The presence and the nature of decentralized accountability relationships are significant factors in creating options and avenues for connecting public officials and citizens.

To achieve the benefits of decentralized authority, changes also have to be made in resource allocation and access to resources. Typical resource decentralization involves one or more kinds of revenue sharing between central and local levels, and authority at the local level to use a variety of local revenue generation methods including authorized local taxes, user or benefit charges, permits and fees, and so forth. These revenue resources must be reliable, allowing local governments to plan, budget for, and implement the quantity and quality of services that have been reassigned from center to local based on the likelihood that the funds will be available during budget execution. That reliability may be the result of sources of revenue that the authority may raise itself—own-source revenue—or it may be formalized intergovernmental revenue-sharing formulas that are prescribed in legislation, so that local authorities can predict and depend upon the revenue flows. Typically it is a combination of both.

C. Governance

As Grindle (2007b) points out, there are multiple definitions of governance. We take a functional systems perspective on governance. In any society, the governance system fulfills a set of core functions: assuring security, delivering basic public sector services efficiently and effectively, and generating legitimacy. States vary in terms of how well or how poorly their governance system fulfills these functions. The governance system can be divided into sub-systems, highly interconnected, that address the three functions (Brinkerhoff 2007):

- Security governance: provide security by use of the instruments of the state, including ultimately its monopoly on force to maintain border integrity and to uphold the laws and norms of the society. The desired end result of the security governance function is upholding the social contract between state and citizen, in which the state is responsible for protecting people and property. This includes dealing internally with crime and illegal activity and externally with cross-border intrusions. In achieving these results, the state also exercises oversight of security forces to ensure the application of coercive force is legitimate, to curb abuses and to maintain the rule of law.

- Administrative-economic governance: provide effective and efficient services delivery. The desired end result of administrative-economic governance is that the state produces and/or provides the types of services at the level of quality and quantity that are generally agreed upon by at least a majority of citizens as a state responsibility. Service provision meets basic needs that require some degree of state involvement and provides economic opportunity through rules-driven and transparent policymaking, regulation, fiscal arrangements, partnerships and civil service systems.

- Political governance: generate and sustain legitimacy through separation of powers, responsive and accountable government, representation and inclusiveness, and protection of basic rights for all citizens. Creating legitimacy involves expanded opportunities for participation, reduced inequities across socio-economic and/or ethnic groups, information transparency and anti-corruption measures, rule of law, and periodic and formal contestation for power (elections).

D. Restoring governance in fragile states

It is important to recognize that the choices made and achievements in stabilization and reconstruction tasks directly affect the outcomes of the governance restoration task, and vice versa. The stabilization task has to lead ultimately to a state monopoly on the use of force. That does not lead necessarily to a complete end to conflict and instability, but it does mean that the state has sufficient authority and control over the use of force that various factions vying for power in central government, or actors in regional/sub-national governments and territories, do not have recourse to private armies as one of the means of contestation. Without a monopoly on the use of force, the state does not meet one of the key tests of sovereignty, either domestic or vis-à-vis other states (see Krasner 1999). Having neither a monopoly on force within the state, nor sufficient strength to contend with intrusions from outside, state actors' capacity to exercise governance is seriously constrained because the state generally will lack legitimacy in the eyes of significant numbers of its citizens and perhaps in the eyes of other states as well.

Similarly, reconstruction lags and/or reconstruction that do not address the aspirations of the population impede restoring or recreating governance. Though many of the critiques of the US reconstruction program in Iraq have focused on issues of concern to the US government and its citizens – excessive costs, fraud and corruption – of greater importance to creating new governance is the Iraqi critique. The major criticism from Iraqi citizens is that government has so far largely failed to fulfill the three core functions of governance. Contributing to that failure are some technical weaknesses: for example, portions of the reconstruction program have not been compatible with existing Iraqi systems, some plants and equipment cannot be used without substantial modification before being placed into service, operating and maintenance requirements were not factored into the plans to turn over facilities, and so on. Some argue that these weaknesses derive from inadequate reconstruction planning and implementation, while others attribute them to management failures on the part of the new Iraq government. Whatever the cause, one result has been systems put in place through reconstruction not being fully integrated or not being properly maintained. We do not take a position on the accuracy of those various critiques, but only note that the acknowledged weaknesses in the outcomes of the reconstruction program, regardless of ownership of responsibility for those weaknesses, impede success in the governance task, as the government is unable to perform the function of delivering services effectively and efficiently.

While these operational shortcomings have limited the Iraqi government's ability to fulfill the effectiveness function; another important element of the Iraqi critique is the legitimacy failure. In the eyes of societal groups that are critical to reconstructing

governance and establishing a stable Iraq, the government is seen as lacking political legitimacy. Beyond the impact of stabilization and reconstruction on the prospects for restoring governance is the interconnection among the three core governance functions. The political legitimacy function is particularly difficult in any fragile state, and especially so in conflict and post-conflict conditions. The following detail on establishing legitimacy reveals its overlaps with security and administrative-economic governance. Building legitimacy calls for:

- Development, promulgation and acceptance of a basic law, constitution, or fundamental societal compact that elaborates the basic structure of government, the institutional rules specifying how government will work, how individuals who fill positions in government will be selected and replaced, and so on.

- Selection of leaders that govern with the consent of the governed, which most commonly is achieved through one form of elections or another, though in traditional societies, usually on a smaller scale than a complete nation state, leaders may be considered legitimate as a result of their traditional societal role (tribal, religious, and/or ethnic).

- Demonstrated delivery and management of services (including security) in a reasonably effective and efficient manner.

- Actions that demonstrate that the resources of the state (those that are agreed generally as belonging to the state or to the people), which may include natural resources managed by the state and/or tax revenues spent by government, are being used or allocated for benefits to the public as opposed to the private benefits of the rulers.

Thus for good enough governance, we see two dimensions that affect what may be good enough. The first is the sequencing aspect, what is good enough to address the delay and interdependence issues discussed above. For example, what is required to build legitimacy and to create the conditions that will lead the state to acquire the authority and control necessary for sovereignty and monopoly on the use of force? The second is the scope aspect. How much change in governance architecture and procedures is called for, and how broad and deep do the changes need to be in order to restore effective, efficient, and legitimate governance? We return to these questions later in the paper.

II. Local governance and fragile states

There is a natural tendency to focus on strengthening national government as the central means to restoring governance in a failed state when there is large-scale intervention either in the form of major donor assistance strategy or a post-conflict stabilization and reconstruction effort or both. Only central government can ultimately achieve and maintain the state's monopoly on the use of force. Likewise, only central government can effectively exert the major economic regulatory functions and fiscal and monetary policy

requirements. Similarly, large-scale infrastructure programs that affect much of the country, or most of a region, typically require the aggregation of authority and resources at a central level. However, there are numerous other governance issues that do not require exclusivity at the central level, and indeed we argue may be addressed better through some degree of decentralization to political institutions at the sub-national level. Broad generalizations of course oversimplify the issues as both fragile states and sub-national entities such as local governments contain significant amounts of variation (Picard et al. 2006).

A. Problems of central government in fragile states

Several generic problems associated with central government in fragile states have been identified. We review them briefly below.

1. Weakly rooted national government

Rebuilding a state at the central level that citizens perceive as legitimate and effective is key ultimately to sustaining peace and creating viable governance. Yet a central state without roots that extend to the local level is inherently vulnerable and unstable. The inability to integrate regions and minorities into larger polities is a key source of state fragility. Illustrative of this inability is Sierra Leone, where central-level actors concentrated power, authority, and state resources in the coastal capital, Freetown, and ruled the interior indirectly through traditional chiefs. Disaffected and disenfranchised communities in the hinterlands provided an opportunity for the Revolutionary United Front to launch a civil war, leading to a decade of violence and the collapse of the state (Jackson 2007).

Afghanistan is another example of a fragile state whose national government has weak connections to its regions, and where in the absence of effective national projection of state power and authority, warlords emerged as *de facto* governance actors in control of large portions of the country beyond Kabul (see Marten 2006/07). Among the early efforts of the multi-donor reconstruction effort following the ouster of the Taliban-led government in 2001 was to put in place a central authority that could unify disparate regions under a common Afghan identity, without attempting to deny centuries-old regional and local identities. One step in that direction was the convening of the December 2003 constitutional Loya Jirga, whose delegates were selected mainly by caucuses from the regions and districts, with additional requirements to ensure the participation of women (see International Crisis Group 2003). While the constitution that ultimately emerged gave the central government authority over provinces, the Karzai goverrnment's weak ability to intervene and its accommodation with local strongmen have not helped to build a solid foundation for stability and recovery (Jalali 2006, see also Goodson 2005).

2. Poor distribution of services and resources.

Centralized governance regimes in fragile states generally do poorly at equitable and inclusive resource allocation and redistribution, negatively impacting service delivery, economic opportunity, welfare, and legitimacy. Distributive mechanisms tend to operate

based on patronage and clientelism, promoting economic inefficiency and heightening social and ethnic tensions. Particularly when coupled with ethnic tensions, fragile states' inability/unwillingness to provide public goods and services to all can be an important contributing factor to state fragility. For example, in Solomon Islands, many citizens, particularly those outside the capital, perceive that the government serves mainly the population of Malaita (the largest island), is beholden to Chinese economic interests, and ignores the plight of the rest of the country (see Oxfam Australia and Oxfam New Zealand 2006). Building service delivery capacity beyond the center has been an issue for the Australia-led Regional Assistance Mission to Solomon Islands (see Hegarty et al. 2004).

Iraq is an example of the impact of patronage and ethnic/religious preference on service delivery. Under Saddam Hussein, Shi'ite regions and communities were systematically deprived of resources and received limited services in comparison to the favored Sunnis. In post-war Iraq, as discussed in more detail in the following section, to achieve a majority sufficient to form a government, the elected political coalition distributed Iraq's ministerial leadership positions among the various coalition parties. Accusations are rampant that services from particular ministries are provided or withheld based on religious or ethnic identification. For example, Sunnis in Baghdad allege that members of their religious group are ignored and refused care in hospitals and clinics managed by the health ministry, which was awarded to Moqtada al Sadr's Shi'ite faction.

3. Weak national integration.

In fragile states that fall toward the weaker end of the fragility continuum, the integrated exercise of governmental power, authority, and sovereignty across a demarcated territory is more aspirational than actual. Where the central government is incapable of this exercise throughout the national territory, and sub-national entities (e.g., tribes, ethnic or religious groups) are sufficiently powerful to resist and operate autonomously, achieving an integrated sense of national identity is difficult.[3] The governance challenge here is not simply to devolve central power to increase local autonomy, but to achieve a balanced decentralization that avoids fragmentation of the state as a coherent entity and the instability that can result. For example, in Afghanistan, reconstruction efforts to create good governance are having difficulty finding a firm footing in the shifting sands of provincial governance space dominated by warlords (Lister and Wilder 2007). In Papua New Guinea, the national government's failure to improve the country's economic situation and create jobs has led to a vicious cycle of crime, insecurity, unemployment, and loss of faith among citizens in the efficacy and legitimacy of the state (Windybank and Manning 2003).

B. Arguments in favor of focusing on local government

Research and practice reveal a number of arguments that identify the benefits that decentralized local government can deliver. It is important to note that the ability of local government to deliver these benefits depends upon a set of facilitating governance

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[3] For a useful discussion of this issue in the Middle East, and the tensions and accommodations between states and tribes, see Khoury and Kostiner (1991).

conditions. Azfar et al. (2001) characterize these as "institutional disciplines," which serve to shape the incentives for local officials. The study found that these disciplines mediated the actual outcomes that decentralized local government can achieve. They are: a) civic disciplines, concerning the ability of citizens and civil society organizations to exercise voice and to choose alternate sources of services (exit); b) intergovernmental disciplines, the extent to which higher levels of government impose constraints and exercise oversight vis-à-vis lower levels; and c) public sector management disciplines, which involve the rules and procedures that govern the behavior of public employees and officials (e.g., anti-corruption provisions, civil service regulations).

In numerous developing countries, these institutional disciplines are weak, and even more so in fragile and post-conflict states. Thus, in terms of contributing to the restoration of governance, a focus on local government needs to be complemented by attention to the facilitating conditions necessary for their effectiveness. Nonetheless, local governments, for the reasons recounted below, can contribute to moving conflict-affected countries toward recovery and stability.

1. Local governments can increase speed of service delivery to citizens

While national public institutions are certainly important, research shows that the timeframe for creating a sustainable governance system is much longer than most donors have anticipated (Chand and Coffman 2008). In the short-run, citizens want a state that can provide security and basic public goods. Building from the local is a good enough starting point that can address citizens' day-to-day needs and priorities, and help to promote stability. In countries with an existing if dilapidated or conflict-damaged infrastructure base, basic public service delivery improvements can be achieved rapidly through rehabilitation, repairs, enhanced maintenance and extension of services to unserved or underserved populations. Large-scale, new infrastructure projects can take several years to come online and start delivering benefits. In countries without an extensive existing infrastructure base, small scale projects to bring new services at the community level can be both rapid and can be carried out with local labor, both enhancing legitimacy as well.

2. Local governments can address ethnic and/or regional inequities

Although there is a danger that decentralization can exacerbate territorial or ethnic group inequities unless accompanied by equalization measures, a number of countries have sought to address pressures for local control and autonomy through increased devolution to local authorities or the creation of new sub-national entities (see, for example, Crook 2003). Particularly in states that contain regional enclaves rich in oil or mineral resources, both central redistribution of revenues and some degree of autonomy are key to stability. Nigeria and Indonesia are examples. To the extent that decentralization provides local governments with sufficient resources, authority, and power (not simply multiplying under-resourced sub-national units), ethnic and/or regional inequities and imbalances can be addressed. In Indonesia, for example, what He et al. (2007) term a quasi-federal solution to the long-standing secessionist conflict in Aceh has emerged, which grants special autonomy to the province above and beyond the level of decentralization in the

rest of the country. The Indonesian government has granted a similar status to the province of Papua, ending decades of repression of separatist movements in both provinces. Effective implementation of the special autonomy provisions for Aceh and Papua, as well as of the ambitious decentralization measures in the rest of the country, will determine to what extent Indonesia can manage the forces of sociopolitical, ethnic, economic, and territorial fragmentation it confronts (see Sukma 2003).

3. Local governments build democratic and conflict management capacities

Decentralization that devolves decision-making authority, accompanied by resources to implement decisions (combined revenue-raising capacity with intergovernmental transfers), creates the conditions for local governments to become institutional arenas where citizens learn democratic skills and how to exercise their rights (Brinkerhoff with Azfar 2006). Participatory local government encourages dialogue, problem solving, and conflict resolution on a manageable scale around issues of common community concern. The experience of deliberating in public forums and voting on issues close to home, such as education, street lights and garbage collection; making tax and budget choices and monitoring the results can expand citizens' skills. Through the expanded governance space afforded by devolutionary decentralization, local residents have opportunities to develop democratic leadership skills. In some cases, these individuals pursue local political office, and thus contribute to an expanded pool of local government leaders. In addition, there can be a trickle-up effect in cases where leaders who have gained democratic skills and experience in decentralized local government seek elected office at higher levels of government. Conflict can be more manageable because in some cases localities contain a more homogenous population than the country as a whole, though this is not always true. It is important to note that these skill and capacity gains are mediated by local and national power structures.

4. Local governments can mitigate conflict by avoiding "winner-take-all" situations

Local government creates multiple arenas of contestation for power and influence. Groups that would be unlikely to win in national arenas can score local wins, and even if this leads to some elite capture, it can be good enough to lay the groundwork for a new social pact. Rather than a single "game" at the center, decentralized governance creates multiple political "games." Decentralization also allows opposition leaders to remain in government at the local level, and it can also provide a check on centralized, single-party dominance (and possibly increased authoritarianism) if opposition leaders are able to maintain a power base from where they can challenge the central government. This feature can contribute to political stability in post-conflict societies where the multiplication of arenas of political power avoids the zero-sum, winner-take-all dynamics that can destabilize a new government if control of the center is the sole arena for political contestation. Bland (2007) explores this dynamic in El Salvador, Colombia, and Guatemala, for example.

5. Local governments allow for "natural experiments"

Working with decentralized authorities allows for many experiments to be undertaken; different strategies can be tried until one determines what has traction and what seems to be engaging support for improved governance (Johnson 1978). Local governments cover smaller jurisdictions and involve fewer actors, thus the feedback loops in experiments are relatively quick, which can enhance the speed of learning what works (Wunsch 2005). As lessons are accumulated, reformers (whether in government or members of reconstruction teams) can refine strategies and tactics. Over the longer term, reconstruction efforts can begin to combine, refine, and propagate what works best. For example, delegating authority to, and developing the capacity of, local government officials was one of the central themes of the US administration of Iraq during the 15-month occupation period, and it has continued to be a theme of both US technical and economic assistance as well as reflected in the actions of Iraq's central government itself. Among the innovations introduced were representative local councils. Iraq's constitution adopted in 2005 departed substantially from history in retaining the institution of locally-elected councils drawing from the experience in the occupation and transitional government periods.

6. Local governments can provide a reservoir of legitimacy

Among the phenomena characteristic of post-conflict stabilization and reconstruction efforts is the return of elites and influentials from exile, a feature shared by Iraq, Afghanistan, and Liberia, among others. Depending upon their orientation and interests, and the particular post-conflict situation, these diaspora returnees can be: a) reformers, seeking to create a "new order;" b) preservers, looking to maintain or reinstate elements of the previous regime; or c) spoilers, seeking political and/or economic advantage, sometimes through violence, trafficking, and/or smuggling (Debiel and Terlinden 2004). Diaspora reformers with political ambitions in some cases lack both connections and legitimacy in the eyes of the homeland population, and may be resented for having left for more comfortable and safe surroundings and/or for finding employment with international salaries and benefits. Targeting governance restoration at the local level increases the likelihood of identifying and working with newly emergent leaders (and/or resurrected long-time traditional leaders – tribal, religious, etc.) who did not leave the country (at least not for long periods) and who have strong links to their local area. Generally these local leaders have solid ties with the populations they represent or purport to represent, and see their jobs as improving conditions locally rather than taking revenge on individuals in the previous regime or amassing personal wealth and influence. Local leaders may be perceived by population as more legitimate, though this support can be temporary if the local leaders do not deliver improved services and living conditions.

III. Outcomes in fragile states: Iraq

The case of Iraq since 2003 illustrates many of the issues characterizing central governments summarized in the preceding section, and provides some support for including a focus on local government and on center-periphery relations in restoring governance in a conflict-affected society. Of course, we must be cautious in generalizing from the Iraq case and even in characterizing it since major conflict persists, and central government is barely two years old, with provincial government being three

years old. Just as the national government has lost support over the past two years as a result of its weak performance record, provincial governments have also come under criticism from below, from districts and sub-districts, for ignoring the needs of the areas beyond urban centers, and from citizens who have not seen services substantially improved either during the occupation period or currently with the new elected government.[4]

A. Problems of central government

1. Weakly rooted national government

The problems plaguing Iraq's central government result from the interplay among the governance structure, the main power bases of the major political parties, and the nature of the political interactions among the principal actors. The new central government is rooted in part in sectarian-based political parties and in part on the strong regional identity of the Kurdish provinces. Its foundations in a comprehensive vision of Iraq are relatively weak. The December 2005 election that led to the formation of the first government under the new constitution did not produce a clear majority for any single party, and building a coalition among the parties and factions to form the government was complicated. The United Iraqi Alliance (UIA), a coalition of parties of predominantly Shi'ite beliefs, secured the largest number of seats, but the number fell short of the 138 seat majority. Within the UIA, three major groups have contested for control of the Alliance: the Islamic Daawa party, the Islamic Revolution in Iraq (SCIRI), and a smaller group loyal to cleric Moqtada al Sadr. A coalition of the UIA and the Kurdistan Alliance, the latter comprised of the two main Kurdish parties – Kurdistan Democratic Party (PDK) and Patriotic Union of Kurdistan (PUK) – was able to form a government three months after the election, facilitated by awarding key ministry posts to the various parties making up the two alliances. By September 2006, most of the Moqtada al Sadr supporters had withdrawn from the government, further weakening its ability to achieve a majority on any critical policy issue.

Although Iraqis are credited with having a strong national identity, the national government that emerged after the December 2005 election is divided among sectarian political parties that for the most part define themselves along religious lines, rather than as representative of national/regional identities or programmatic platforms. The major exception is the three northern governorates of Dohuk, Sulamaniyah and Erbil that form the Kurdish Regional Government (KRG). There, the two major parties (PUK and PDK) unite around a regional identity that supersedes party differences. Though the national Council of Representatives (COR) geographically represents Iraq's eighteen provinces,

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[4] Information on Iraq comes from the authors' experience with the USAID-funded Local Governance Program (LGP), implemented by RTI International. Ronald Johnson brings the majority of the on-the-ground experience; as the RTI corporate officer responsible for management and technical oversight for the LGP, he has made over 20 trips to Iraq beginning in 2003. Derick Brinkerhoff served as a decentralization policy advisor to the first phase of LGP, and visited Iraq in 2003 and 2004. The views expressed regarding Iraq and the reconstruction effort are solely those of the authors and should not be attributed to USAID or RTI International. See the following: Brinkerhoff (2008), Brinkerhoff and Taddesse (2005), RTI International (2005 and 2007).

the dominant allegiance of most COR members is to their sectarian political parties. Further, many national leaders spent much of their adult lives in exile, and have returned to Iraq to assume leadership roles. They are not perceived as having strong connections with the people of Iraq (Marr 2007). The central government is linked to the governorates, districts and sub-districts through the provision of all public services, which is the exclusive responsibility of central ministries. However, this administrative centralization does not extend to deep political ties. Many Iraqis perceive the national government as consumed with internecine power games, ineffectual in improving security and service delivery, and largely uninterested in the welfare of the average citizen.

2. Poor distribution of services and resources

One of the means to secure a majority to form the new Iraqi government was to allocate leadership and control of central ministries among the various parties and factions so as to garner the number of COR votes necessary to elect the Prime Minister and to form the Council of Ministers. These individual cabinet ministers are more loyal to their party or faction leader than to the Prime Minister, often rendering the Council of Ministers unable to agree on major policy issues. So far it has been impossible to get agreement on a revenue sharing formula to distribute the resources from Iraq's oil reserves. Regions where the largest concentration of oil exist argue for a greater share based on the oil's location, and in the case of southern Iraq (Basrah province), based on the belief that the region was exploited for its oil in the past but did not receive in return a fair share of the services and other benefits from oil exploitation. Party and factional control of ministries also is alleged by many Iraqis to result in a ministry's favoritism toward geographic areas of greatest concentration of the controlling party in that ministry, or even down to withholding services from individuals whose names identify them as not of the ministry controlling party.

3. Weak national integration

Though religion plays a strong role in defining party membership, public policy positions do not line up as neatly with the religious beliefs that define most parties, with the exception of the PDK and PUK. Hence, the UIA is typically unable to secure the full support of the main parties and factions that formed the alliance, and on individual pieces of legislation often has to negotiate with some combination of Kurdish and Sunni-based parties to achieve passage. As a result, less than a dozen fundamental statutes have been passed from March 2006 to March 2008, with key policy decisions about distribution of oil revenues, the appointment of a high commission on revenues, and the procedures for conducting local elections in 2008 still in process. Given this lack of progress, Iraqis increasingly criticize national government officials as caught up in political arguments that leave the nation poorly defended, services deteriorating rather than improving, and the natural wealth of the country unexploited for the benefit of the nation. The ongoing sectarian violence is another impediment to national integration, leading citizens to look to their religious affiliations, or to their regional links in the case of the Kurdish north, as the basis for protection and security.

B. Benefits from a focus on local government: the Iraq case

1. Increased speed of service delivery to citizens

Iraq in 2003 was a highly urbanized country – over 70 percent of the population in cities and towns with urban centers – with an established urban services infrastructure base. The Iran-Iraq wars and the sanctions after the first Gulf War constituted a twenty-year period of deteriorating operation and maintenance of service infrastructure and deliberate under-serving in the south as punishment for the uprising at the end of the Gulf War. For example, electrical generating capacity and transmission favored the capital city of Baghdad, surrounding provinces, and selected northern urban areas such as Mosul in Ninewa province and Kirkuk in Tameem province. Following the invasion of Iraq, reconstruction plans included large scale projects to build new electricity generating capacity with benefits expected in the two to three year range. Immediate assistance to work directly with the deconcentrated central ministry staff to identify problems that could be remedied within weeks if not days had a more immediate and discernible impact at the local level. Programs funded by the US Agency for International Development (USAID) and the British Department for International Development (DFID) provided tools and repair parts restored electrical substations to operation in Basrah, and identified local priorities with the Basrah City Council to focus reconstruction resources on those services most likely to garner citizen support and approval. Providing the Basrah water department (part of the Municipalities Directorate) with monitoring instruments facilitated more efficient use of chemicals to improve water quality without over-treatment (RTI International 2005).

The de-Ba'athification process emptied Iraq's central ministries of senior leadership and general management personnel, and in any case these organizations had not been very capable in the past of responsiveness to citizens' needs or of technical problem-solving. In light of the central leadership vacuum, reconstruction programs worked at the local level with deconcentrated central ministry or whatever technical services staff was available. These activities produced important service delivery impacts in the early years of the reconstruction effort, while simultaneously seeking to build local service delivery capacity for the future.

In 2006, the first year of the new constitutional government, Iraq began the first steps toward creating a sub-national policy framework for service delivery. The Ministry of Finance created a capital budget transfer process to allocate from 15 to 20 percent of the central capital investment budget to the provinces and the KRG for their discretionary use. That 2006 allocation has been repeated in budget years 2007 and 2008, increasing absolutely at the same rate as overall government revenues have increased. Performance in budget execution by the provinces has been mixed, but generally provinces have identified priorities, issued tender documents, and entered into contracts committing the funds at a faster rate of execution than central government ministries (RTI International 2007). In part the faster budget execution by the provinces is a result of project selection. For the most part, provincial decisions have supported smaller scale investments in repairing and refurbishment and extending services to unserved areas. New capital facilities construction, for the most part, has been small scale – for example, schools and

health clinics. Central ministries have focused on larger scale, longer term capital projects that simply require longer to launch and implement.

2. Addressing ethnic and/or regional inequities

As noted earlier, the pattern of the Saddam Hussein regime was to favor particular regions and regime loyalists, the latter predominantly Sunni. However, not all Sunni tribes and groups were equally favored. Electrical power was shunted to some areas at the expense of others, providing for near 24 hours of service in Baghdad, and substantially less in southern areas. To the extent that the electrical transmission grid permitted, first the occupation authority and then the elected Iraqi government sought a more equitable national distribution pattern. This policy shift has left some of the most populous areas including the capital with fewer hours of service than before. Both externally supported reconstruction efforts and subsequent actions by the government of Iraq have managed to restore electrical generating capacity only to pre-war levels, so it is difficult to make much of an assessment of the extent to which previous inequities will be addressed. But it is safe to say from the composition of the government that the excessive favoritism of the previous regime toward a minority of the population will not be repeated.

3. Building democratic and conflict management capacities

Among the key governance innovations introduced in Iraq were local councils. Some of the first councils were created by the military in order to establish an interface with the civilian population. USAID supported the expansion of councils across the country as a mechanism to introduce democratic governance at the sub-national level. Council formation initially employed informal selection procedures to choose membership, but provisions for formally elected councils were included in the new constitution. Provincial councils were elected, in January 2005, following the same closed party list system as the election to the Transitional Iraq Government and subsequently the current government. One might expect the same religious, regional and ethnic differences to be exhibited in the provincial councils as in the national government, at least in those heterogenous provinces such as Baghdad, Tameem (Kirkuk), and Ninewa. However, with respect to religious affiliation, provincial councils in most provinces are more homogenous than the national COR. But the same splits within the UIA at the national level are found in most of the 11 provinces of south and south central Iraq including deep factional divisions within parties. Plus, as the tensions between SCIRI supporters of Abd al-Aziz Hakim and supporters of Moqtada al-Sadr have grown, numerous provincial council members formally affiliated with SCIRI have declared themselves neutral regarding the sometimes violent divisions with SCIRI. For example, 26 of the 40 (1 vacant seat) in the Babil provincial council have declared themselves "independent" (not meaning no party affiliation but independent of the divisions within the main Shi'ite parties).

Yet provincial councils in most of the provinces have been able to bridge these factional differences and achieve a majority on such major issues as selection of governors and allocation of central government revenue transfers to capital investment projects. Generally, as noted above, provincial governments have been able to identify and contract for capital investments more quickly than central government ministries. Further, provincial councils from all 18 provinces agreed in 2006 to form a national association of

provincial councils, colloquially known as the Local Government Association, to identify issues common across the provinces and to lobby the COR and the Council of Ministers on behalf of decentralization and provincial issues.

The provincial councils' performance is remarkable in comparison to the weak record of the national government in writing and approving key legislative statutes. Beginning in January 2006, several provincial councils took the lead in drafting a law to further specify the statutory base under the basic constitutional provisions for local government. Representatives from all 18 provinces met in August 2006 to discuss and debate the draft provisions for what ultimately became the Law on Governorates not Otherwise Incorporated into Regions. The 18 provinces unanimously approved the final draft statute emerging from the August meeting, and formally presented it to the Council of Representatives. At that same meeting, the provincial representatives formally constituted the Local Government Association (LGA). As the draft statute was modified and discussed in the COR, members of the LGA, including at one point at least one representative from each province, appeared before the COR and the Prime Minister to lobby for and against various provisions inserted or changed by the COR. Ultimately, the version of the Law on Governorates passed by the COR and signed by the Presidency Council in 2008 contained almost all of the provisions of the draft authored by the provinces.

Not all provincial governments, however, have been successful in mitigating conflict. Thirteen of Iraq's eighteen provinces are characterized as relatively homogenous with respect to sectarian and ethnic characteristics (the five exceptions being Ninewa, Tameem/Kirkuk, Diyala, Anbar and Baghad). However, some provinces are riven by considerable factionalism. In Diwaniyah in south central Iraq, for example, the divisions within Shi'ite factions have frequently led to open and violent conflict. In Anbar, Diyala and Salah ad-Din provinces, differences among Sunni groups have contributed to open political violence, as distinct from the violence associated with insurgents from outside Iraq, at least prior to some reconciliation among some major tribal groups and multi-national forces.

4. Avoiding "winner-take-all" situations

An explicit aim of the Iraq occupation reconstruction strategy was to create multiple sources of political power through democratic sub-national governance structures, to avoid setting up—in the phrase of some coalition authority advisors—a "dictator-ready" governance system. Thus the role of local authorities in expanding political contestation beyond "winner-take-all" games at the center was clearly recognized, and was incorporated into the constitution to protect and formalize the ad hoc nature of the early councils set up under the occupation.

Given Iraq's conflictual sectarian politics, destabilizing "winner-take-all" dynamics are a danger at sub-national levels, from the provincial to the local, not just at the center. Some evidence exists for the argument that provincial councils in Iraq see improving the delivery of basic services to all of their populations as their primary function, though there may be substantial division between serving urban centers and more rural areas, and

religious or other defined minorities within provinces may not be as well served as more dominant majority groups. At the national level, it is difficult to discern a strong focus on improving basic living conditions, and the "ownership" of ministries by the major political parties does not provide much of a focus on the delivery of basic services.

Broadly inclusive participatory planning processes are one of the key mechanisms that have been employed at the local level to take into account differences and to reach solutions that respect majority outcomes without punishing the minority opposition. An example is the provincial development strategy process. As part of an agreement with bilateral and multilateral donors, Iraq is required to complete a new five-year national development plan. The first step in that process was an instruction from the Ministry of Planning in 2007 to the provinces, requiring each province to develop a five-year provincial strategy and plan. 17 of the 18 provinces over a roughly six-month period completed their plans, and submitted them to the Ministry of Planning at a national conference in March 2008. In each of the provinces, the process involved widespread participation of non-governmental officials through the formation of various sectoral and administrative committees chaired typically by individuals not part of government. While the non-governmental participants often were business and professional elites, in about half of the provinces the involvement of district and sub-district council members reflected input even down to the village level.

The resulting five-year provincial development strategies were formally accepted by the Ministry of Planning as the official expression of sub-national priorities within the national five-year development strategy. The next stage in that process, currently underway, is to reflect the strategic priorities in a five-year capital investment plan that encompasses not only the resources subject to provincial-level discretionary authority (transfers of a portion of the national capital investment budget), but also the provincial-level (and below) capital projects planned in the various sectoral ministry budgets in the next five years. The first year of this five-year plan (budget year 2009) should reflect both provincial and central sector ministry capital budgets. The next four years typical of any five-year capital investment plan is increasingly indicative for the out-years, with roughly estimated capital budgets.

At the concluding session in late 2007 of the Tameem (Kirkuk) provincial development process, the Chairman of the provincial development strategy committee noted that there have been two things in this year that have united Iraqis: the Asian Cup football championship and the provincial development strategy process. In the Baghdad strategy sessions, district council chairmen from districts deeply different in religious and tribal differences worked together in the same committees to identify and elaborate strategies to serve both urban and outlying areas of Baghdad. More generally, the experience with most of the provinces has been that the participatory process itself reduces the conflict over resource allocation as win-win solutions were identified.

5. "Natural experiments" with local government
Iraq's governance system prior to 2003, both under the Saddam Hussein regime and prior to that, had no local legislative or representative institutions. Governors were appointed

by central government, and only an administrative/executive structure existed at the provincial level and below. As indicated above, the coalition authority oversaw the introduction of local councils. In the 2003-2005 period, over one thousand local councils were formed throughout the eighteen provinces, using a variety of methods of selection and election and with widely varying authorities and capacities. Some early councils were appointed by the occupying military forces, such as the Basrah and Mosul City councils. Others were elected through direct vote by province residents, such as al-Muthanna provincial council (RTI International 2005).

Formation and support for these local governments at the province, district and sub-district levels – in Baghdad at the district and municipality and neighborhood levels – provided fertile ground for experimenting with Iraq's first-ever experience with representative government at the local level. With the post-war experience with these representative institutions at the local level, including formally elected provincial councils in January 2005, Iraq's constitution drafters incorporated locally elected councils into the overall governance structure, and also authorized the formation of multi-province regional governments, beginning with the Kurdish region, consisting of three provinces.[5]

The constitutional drafters had to balance the strong demands for substantial autonomy from the Kurdish region, which had enjoyed an internationally supported substantial degree of autonomy following the Gulf War, the desirability of using concentrated locations of the country's oil wealth, and the demands from previously disenfranchised groups – predominantly Shi'ite – to have their turn at power. The experiments with some division of power between center and region and center and province during the 2003–2005 period was instructive in arriving at the national governance structure, which formalized decentralization as a core element of Iraq's political and institutional architecture.

6. A reservoir of legitimacy

One of the issues Iraq has faced in establishing legitimacy for the constitutional government has been the perception that many of today's national government officials did not stay in Iraq and suffer with the population during the excesses of the previous regime. Iraq's COR is dominated by diaspora members who have spent much of their adult lives in exile, or Kurds who were largely independent from the previous regime after the Gulf War thanks to the protection of the "no-fly" zone (Marr 2007). By contrast, with the exception of Anbar Province, few provincial council members have lived extensively outside Iraq, though many were part of underground opposition to the previous regime. Hence, local officials in Iraq enjoy a degree of acceptance for having suffered the same fate prior to the radical regime change, leading to an initial reservoir of legitimacy.

Not all of the provincial councils elected in Iraq's January 2005 elections have been considered fully legitimate, however. Sunni parties boycotted the January 2005 elections,

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[5] For more on the structure of Iraq, see Visser and Stansfield (2007).

and as a consequence, the provincial councils in Anbar, Salah ad-Din and Diyala provinces have significantly underrepresented some of the major Sunni parties and tribes. Similarly, the Sunni boycott combined with very high participation of Kurdish voters resulted in Kurdish representatives dominating the Ninewa provincial council. Each of the councils has addressed the issue of legitimacy in various ways. Anbar Province Council lost to death 11 of the 41 members elected in January 2005 in the first six months. After the council re-formed in 2006, the remaining elected members appointed representatives of some of the major Sunni tribes to fill the vacancies. Salah ad-Din's provincial council took the expedient measure of expanding the 41 person council to more than 50, appointing Sunni politicians to fill the expanded seats.

IV. Lessons for rebuilding governance in fragile states

What lessons might be learned from post-war Iraq to date relevant to restoring governance in fragile or failed states? The Iraq experience makes a suggestive case for the positive contributions of decentralization and local government to reconstituting governance. Clearly however, generalizing from a single case, and as we note above, one where the transition to stability, an end to violence, and effective governance has yet to take place fully, calls for caution. In this turbulent and uncertain environment, the ability of local-level officials to work within their jurisdictions to overcome some sources of factionalism, and to collaborate across provinces in ways that the central government has conspicuously failed to do, is instructive. This emergent governance capacity offers some support for our argument that in fragile and post-conflict states, decentralized local government is one of the features of good enough governance. Below we offer additional concluding thoughts on lessons, and return to the sequencing and scope questions for good enough governance raised earlier.

A. Decentralization choices

In many fragile states, the governance system is highly centralized: central ministries retain the responsibility, authority and resources for basic service delivery. As various observers have noted, shifting centralized systems toward decentralization is a long-term process, requiring both political will and administrative/technical capacity (Forrest 2007, Smoke 2003). Experience shows that effective decentralization strategies tend to begin with deconcentration, and then evolve toward devolution. The pattern of more substantial devolution of resources and authority to local units is found more in states that have gone through a decade or longer process of arriving at a more devolved form. Indonesia, for example, officially declared as policy the decentralization of urban services to the local level in 1987, but it was nearly a decade before legislation formally transferred responsibilities to the local level and assigned certain revenues to the local level. And it was more than a decade before local executive and legislative officials were elected. In the Philippines, the Local Government Code and the assignment of most of the income tax proceeds to the sub-national level was nearly a ten-year process.

The lesson for rebuilding governance in fragile and post-conflict settings is to begin with deconcentration in the short term while creating the building blocks for an institutional

architecture will enable devolution in the long term. In Iraq, the combination of administrative capacity building for service delivery plus experimentation with local councils in Iraq exemplifies this approach. Blunt and Turner (2007) argue that donor reconstruction templates lean toward democratic local governance for ideological reasons, whereas for the objectives of restoring services and reducing poverty, deconcentration would be the more appropriate alternative. We do not see the choice as either-or. Fulfilling the core governance function of legitimacy requires a rapid ramp-up in service delivery, which highlights extending public services to reach citizens through deconcentrated administration of sectoral agencies. Yet legitimacy also requires governance mechanisms that generate representation, responsiveness, and accountability. These outcomes call for increased involvement of citizens and expanded discretion for local decision-makers, which means some measure of devolution. Iraq's successes with provincial governments being able to work across factional divides to address issues in common to the local government level may suggest that allowing locally elected/selected political leadership early may blunt rather than sharpen some differences.

Elections are not the only means of introducing participation, responsiveness, and accountability. Provincial governments in Iraq have adopted a variety of mechanisms to enable more widespread citizen input into decision-making, offering a degree of accountability for performance. The previously discussed provincial development strategy process was widely inclusive of civil society organizations, business and professional representatives, and religious and tribal leaders. Already noted above is the widespread publicity provincial councils and governors give to the capital project selection process, including not only post-selection publicizing selected projects, but also forums and hearings open to the public during the selection process. Virtually all of the 18 provinces have print newsletters, distributed either weekly or monthly. At last half of the provincial governments have websites. Council meetings across all the provinces except for personnel matters are open to the public, and council meetings in several of the provinces, such as Babel, are regularly televised.

Though a full electoral process for provincial, district and sub-district councils has yet to take place in Iraq, the preparation of provincial development strategies, the use of open hearings, and the publicity given to capital project selection provide examples of mechanisms for accountability short of formal elections that can contribute to responsive governance. In Afghanistan as well, in recognition of the importance of extending good governance practices outward to sub-national levels, local councils are beginning to be used for citizen consultation, though the resources available at the provincial level are far fewer than what Iraqi provinces have access to (Marlowe 2007).

Are electoral mechanisms a necessary feature to accomplish good enough governance? Elections are a core component of post-conflict reconstruction templates (Brinkerhoff and Brinkerhoff 2002, Debiel and Terlinden 2004), yet the evidence is scarce one way or the other. Only a few fragile or failed states have taken major steps toward decentralization, either administrative or political, much less both. In Iraq, the election of provincial councils a year in advance of national elections under the new constitution was met with enthusiasm by citizens, though major Sunni groups for the most part sat out the election

with the corresponding significant under-representation of Sunni figures in provinces with a Sunni majority or a large minority. The political legitimacy of having elected their leaders and at least initially seeing locally elected officials taking some steps to address service delivery deficits has been an important feature in contributing to a degree of stabilization. However, as service delivery deficits have remained significant, there is a strong current of dissatisfaction with government that started with national government, but extends now to local government. Elections for provincial and lower-level councils are scheduled for sometime in the early to late winter 2008/2009. Whether the elections will be conducted through a closed- or open-party list system may be a significant factor in influencing citizens' satisfaction with that process. Voter participation in those elections and the extent to which the elections result in significant turnover will provide some indication of how electoral processes contribute to stabilization and restoration of governance.

In the immediate post-conflict period of reconstruction, citizens are most concerned with the security and effectiveness functions of governance: are they safe from crime and violence, and do they have access to basic services? It is in these areas where administrative deconcentration can have the most direct impacts. Yet from our admittedly limited evidence, it appears that relatively quickly, citizens become concerned with the distribution of political power, and hence political decentralization—including an electoral process for the selection of local leaders—seems a necessary feature of good enough governance.[6] In situations where conflict seems likely to impede elections or render their outcome questionable, the development planning process in Iraq and possibly Afghanistan suggests that there are ways to include some means for citizens to hold local leaders accountable. In our view, it may be possible to achieve features of governance that is good enough to achieve stabilization, and to begin reconstruction of governance, without necessarily having to opt for an electoral democratic process. However, evidence from the general mood of citizens in Iraq desiring to see leadership change suggests that even though it may be pursued sequentially, some means of electoral accountability is likely to be an essential feature for long-term stabilization objectives.

B. Capacity building

Successful decentralization depends upon capacity at both the local and central levels. At the central level, it puts a premium on skills related to policy analysis, regulation and oversight, and policy implementation. Politically, at the central level there is a premium on differentiating between broad national interests and matters best left for sub-national resolution. At the local level, basic administrative and technical skills are needed, as well as capacity to engage citizens in needs assessment, priority setting, planning, and program implementation. At both levels public officials and their non-state partners need to be able to bridge ethnic and religious differences in the interest of reducing conflict and contributing to a broader national identity. These latter are important for long-term stability.

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[6] This feature relates to the civic discipline, referred to above, that Azfar et al. (2001) identify as one of the facilitating conditions for effective decentralization.

Once decentralization is launched, as the role of the center shifts increasingly toward supporting more decentralized service delivery, the gaps in central regulatory and oversight skills become more constraining. Policy analysis skills in deciding what, how much, and at what pace to reassign responsibilities and authorities to local levels emerge as critical. At the local level, governments may not have the capacity or the experience to encourage community involvement in service delivery and governance. Further, the poor and marginalized tend to be ill equipped to mobilize for the participatory opportunities decentralization can offer (Brinkerhoff with Azfar 2006). Without significant community participation in decisions about the quantity, quality and reliance on user charges and local taxes, it is difficult to achieve one of the main benefits from decentralization – services more tailored to the preferences and willingness to pay of local citizens, resulting in an overall efficiency and effectiveness gain. Worse, when decentralization transfers spending and revenue-raising authority, lack of administrative capacity can lead to financial mismanagement, waste of resources, and corruption. This situation is often referred to as simply localizing corruption and other management problems that previously existed at the central level. It highlights the importance of the public sector management disciplines, which are among the factors facilitating effective decentralization (Azfar et al. 2001).

In most fragile states, the skills needed to implement decentralization are weak to nonexistent. In those states, the deconcentrated units of sectoral ministries are both technically and administratively weak. In Iraq, such capacities were seriously eroded by the formal de-Ba'athification process conducted by order of the coalition authority, and the subsequent actions of elected government of Iraq eliminated not only the former political elite, but much of senior and middle management in the ministries. The isolation of the previous regime during the long and costly Iran-Iraq war and the period between the Gulf War and the overthrow of the Saddam Hussein regime left otherwise technically and managerial competent personnel relatively isolated from modern management tools and experience and in some cases modern technology – though the latter is not as important as the former. Consequently, service delivery capacity in deconcentrated central ministries is both technically outdated and managerially weak.

In Iraq, as discussed above, sub-national governments are largely outperforming the center on investment planning and budgeting. For the three budget years since the constitution was adopted and the new government formed, Ministry of Finance revenue transfers to provincial governments for capital projects has resulted in from 15% to 25% of total government capital budgets being placed in the hands of provincial councils and governors. While in general, provincial governments have acted more swiftly than central ministries to plan and at least reach the contracting stage for these investments, it is too soon to tell whether honesty and good management prevails. Behaviorally, virtually all of the provinces have given widespread publicity to the projects selected and being implemented, giving rise to the expectation that citizens will find it relatively easy to determine if the capital projects have been executed "as advertised" or not. However, a host of problems awaits, as it is not yet clear how readily new capital facilities can be staffed and integrated into the deconcentrated sectoral ministries. Though it is speculative, the most likely next step will be the devolution of some central responsibility

– most likely the basic urban public works services – to provincial government, along with the staff and budget of the former central ministries. Should that happen, the integration of provincial capital projects into departments with the personnel to operate and maintain the facilities will be less of a problem.

C. Politics

As many observers have noted, decentralization and state-society relations are profoundly political. Groups with a vested interest in the status quo and who will lose power, influence, and resources as a result of administration or fiscal decentralization often oppose it. While there may be strong technical arguments in favor of decentralization, without attention to the politics of decentralization, reforms may fail to yield the expected increases in efficiency, effectiveness, and equity. These political dynamics are especially important because, as we observed earlier, decentralization reforms do not take place overnight. The reform process can be an extended one, even if the implementation strategy aims for a comprehensive, big push. Without signs of success, support for decentralization may wane, leading to reversals. The process dimension of decentralization highlights the importance of stakeholder participation, effective communication, an active civil society and political will (see Blair 2000, Smoke 2003). The Iraq experience is, at least in a preliminary way, persuasive that provincial governments can engage with citizens, and deal with political issues within their jurisdictions and even across jurisdictions reach compromise across deep religious and ethnic divides to accomplish significant governance outcomes.

Local government capacity alone cannot ensure that local discretion will result in choices that are citizen-responsive or democratic. It may simply enhance the power of local elites without checks and balances across levels of government. The sub-national triangles of accommodation discussed by Migdal (1988) link local officials, politicians and strongmen in tight networks, limiting citizen access through the formal mechanisms of government. In some cases, the local penetration of the central state is so weak that strongmen can predominate with little outside interference. In others, political elites at the center who maintain their power through hierarchical connections with local officials act as a check on local discretion to respond to the demands of other interests, such as the poor (Crook 2003). In still other situations, for example, Mexican municipalities (Grindle 2007) and rural towns in Madagascar (Brinkerhoff 2004), citizens petition for services from power-holders at the center when local government officials prove unresponsive. Hence, clientelist relationships and patronage persist despite *de jure* democratic decentralization (Brinkerhoff and Goldsmith 2004).

Central-local relations play an important role in influencing whether decentralization achieves service delivery and democratic outcomes, particularly the configuration of power relationships between central and regional/local elites. Oluwu and Wunsch, commenting on Africa but with relevance beyond that continent, write:
> The juxtaposition of severe resource scarcity with persistent patron-clientage [sic] politics … means that the very resources localities need (funds, skilled personnel, authority over resources and programs, the

ability to mobilize new actors into politics) are in high demand at the center and by powerful actors throughout the society. Genuine and successful decentralization would reduce the resources and leverage held by key players, particularly at the center, who are already influential (2004, 23).

The Iraq case is unique in many respects, but this quote points up a critical difference from other post-conflict situations. Although Iraq exhibits sectarian-based patronage politics and competition over the distribution of oil revenues, it is a relatively rich country and has substantially more resources that are being made available to sub-national governments than poor countries do.

D. Operational challenges

Striking the right balance between attention to both local- and central-level governance is not simple. As noted, capacity and incentives for decentralization among national-level actors may be weak, at best, particularly in fragile states. These gaps can lead donors to pursue bypass strategies that rely upon external resources and capacity, which are unsustainable in the longer term (Rondinelli 2007). Donors may favor support to the center, as a function of ease of access, perceptions of existing capacity and appropriate starting points, and/or security considerations. Stability at the center may emerge prior to that in local areas, reinforcing ease of access and the possibility that power there may become established and entrenched before local actors are supported and are able to participate. Yet experience suggests that getting good enough governance requires looking beyond the center to the critical role of sub-national levels of government in post-conflict reconstruction.

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