

HOW DECENTRALIZATION MATTERS TO CONFLICT: DEVISING A
GENERALIZABLE FRAMEWORK

by

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Doctor of Philosophy at George Mason University

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DEDICATION

This dissertation is dedicated to my wife Charuni and son Anish who were my main source of strength throughout the writing process and inspired me to strive harder.

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This dissertation is the result of a combined effort by my wife Charuni, son Anish and me. It builds on our combined sacrifice of living apart for nine long months—with me living frugally as a student in the US while they stayed out of the way in Sri Lanka. The sacrifices included me missing Anish’s first steps and first words, Charuni having to navigate the gap between two very different systems in caring for Anish and the 1+ year-old Anish having to find security in other adult males in the inexplicable absence of his father. In many ways their sacrifices overshadow mine as I had my writing to keep me distracted while they simply relied on the trust and faith they placed in me. Their endless patience with me was not only a source of inspiration but also a great source of strength to me. For this I am eternally grateful to them both—my A-team.

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TABLE OF CONTENTS

	Page
List of Figures.....	vi
Abstract.....	vii
Chapter 1	1
Chapter 2	20
Chapter 3	49
Chapter 4	69
Chapter 5	91
Appendices	107
List of References.....	108

LIST OF FIGURES

Figure	Page
The Dilemma Facing the Sri Lanka's Northern Provincial Council.....	6
Nested selectorate institutions.....	53
The choice of the central-level elites	55
The Interaction between inter-level elites.....	57

ABSTRACT

HOW DECENTRALIZATION MATTERS TO CONFLICT: DEVISING A GENERALIZABLE FRAMEWORK

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The academic literature on the impact of decentralization on conflict is not yet fully settled. Some scholars find decentralization reforms contributing towards conflict mitigation while others see them leading to conflict intensification. This has been a major constraint in designing conflict-sensitive decentralization reforms and in measuring their impact. This essay argues that decentralization's impact on conflict is a function of how such reforms affect the relationship between national-level elites and subnational-level (group) elites. By definition, decentralization distributes power spatially. Therefore, such reforms invariably impact the power-parity between inter-level elites. It could reinforce the power of elites at one level vis-à-vis that of elites at another level. Affected elites may then try to leverage the influence they enjoy over their constituents (group members) to respond to the shifting power balance. This would either promote cohesion at the national-level or encourage centrifugal forces. This will have direct implications for

subnational conflict. *This is a generalizable framework that can be applied to most contexts to interpret the relationship between decentralization and conflict.* This essay goes onto formalize this relationship using game theory. Specifically, the essay uses a simple two-level game to capture the interaction between inter-level elites (per Daniel Treisman) while using the intuition of the *selectorate* theory (per Bueno de Mesquita et al.) to capture the ensuing intra-group dynamics.

CHAPTER 1: Introduction

On October 7, 2013, retired Supreme Court Judge C. V. Vigneswaran—a Tamil national—was sworn before President Mahinda Rajapakse as the first Chief Minister of Sri Lanka’s Northern Province. After militarily defeating the Liberation Tigers of Tamil Elam (LTTE) in 2009—and effectively snuffing-out prospects of a separate Tamil homeland in Sri Lanka—establishing the Northern Provincial Council was the biggest concession that the Sinhalese-dominated government was making to the country’s Tamil minority. But does regional autonomy constitute an adequate concession to effectively counter secessionist tendencies of minorities? The theory seems to suggest so. Since decentralization disperses power that is monopolized at the center, and since local-level policymakers have better information on local preferences, the theory seems to suggest that regional autonomy makes policies sufficiently responsive, accountable, and flexible to the local context that it makes secession less urgent for minorities. “Autonomy is a device to allow ethnic or other groups claiming a distinct identity to exercise direct control over affairs of special concern to them, while allowing the larger entity those powers which cover common interests” (Ghai 2000, 8). Therefore—in theory—establishing the Northern Provincial Council should pacify Tamils sufficiently making it less imperative for them to secede, thus reducing ethnic tensions in Sri Lanka.

However, despite assurances in theory, evidence on the ground does not fully support such a straightforward link between decentralization and conflict. As the 2011 World Development Report points out, “...devolution is not an automatic answer to regional tensions and can at times amplify conflict. In Northern Ireland, it was not only the 1921 partition of Ireland that drove the conflict, but also the devolution of authority to a new Northern Ireland Assembly and the effects on center-periphery relations. Unionists found a need to reemphasize that they were British, while the Catholic minority lost faith in political structures that provided few safeguards for them” (World Bank 2011, 167). Instead, evidence on the ground seem to suggest that while decentralization can *mitigate* conflict in some instances by allowing for greater political participation, vertical checks and balances, and better rule of law etc., it can also *intensify* conflict in other instances by accentuating ethnic and regional differences and by creating opportunities for local elite capture etc.¹ In other words, the empirical literature seems to impute significant importance to ‘the role of context’ in determining the exact relationship between decentralization and conflict. Hence, even as Justice Vigneswaran takes office as the Chief Minister of Sri Lanka’s Northern Province—in a measure specifically calculated to appease the Tamils—the empirical literature cannot fully reassure if such devolution would, in fact, reduce ethnic tensions in Sri Lanka.

¹ For detailed analyses of the for-and-against arguments with regard to decentralization and conflict see Siegle and O’Mahony 2006; Schou and Haug 2005; Brancati 2009; Hartmann 2008; Lake and Rothchild 2005; Fox and Wallich 1997; and Diprose and Ukiwo 2008. Summaries of these arguments are provided in Chapter 2 of this essay.

One reason why the empirical literature has been unable to provide better guidance in this regard is its failure to find clear one-to-one correspondence between variables of decentralization and those of conflict. Empirical research often tries to identify correlations between various decentralization measures (such as the number of tiers, functional assignments and electoral rules etc.) and specific conflict drivers (such as group identities, unresolved trauma, and greed and grievance etc.). For instance, scholars look at questions like how regional parties interact with group identities or how barring traditional leaders from political office interact with alternative sources of authority or similar correlations (Brancati 2006; Hartmann 2008). Unfortunately, such links are not consistent across situations to provide general guidance more broadly. Instead, most of these relations seem to be driven heavily by very context-specific factors. In fact, decentralization measures that mitigate conflict in one context may very well intensify it in another. For instance, devolving power to ethnically homogenous units in some contexts may signal moderation by the majority leading to greater cooperation between groups while in others it may promote ethnic distinctions and intensify conflict by encouraging secessionist tendencies. For this reason, most empirical studies that focus on such static ‘variable-based’ explanations often end with a cautionary caveat about the inability to generalize lessons due to the highly context-specific nature of the outcomes. As Siegle and O’Mahony (2006) point out, any attempts to replicate such experiences in other countries without regard to their particular context would be “imprudent”.

Therefore, predicting the impact of establishing the Northern Provincial Council on Sri Lanka's ethnic tensions—in isolation of context—promises to be tricky. Introduced as part of the 1987 Indo-Sri Lanka Peace Accord, the Provincial Council Law (the 13th amendment to Sri Lanka's constitution) precisely aimed to reduce long-running tensions between majority Sinhalese and minority Tamils by providing the latter with some degree of autonomy. However, successive Sri Lankan governments were unable to implement the Law in areas dominated by Tamils (north and east) until after 2009, due to ongoing fighting. The 2009 military's victory finally brought an end to the fighting bringing the nearly 30-year brutal campaign for a separate Tamil state, led by the LTTE (an organization internationally designated as a terrorist group), to an abrupt end. But interestingly, even after the end of the fighting, the Sri Lankan government was not in any rush to implement the Provincial Council Law in these areas. Instead, it took considerable international pressure including two successive US-Sponsored resolutions at the UN Human Rights Council (in March 2012 & March 2013) and a damning report by the UN high commissioner for human rights Navi Pillay, criticizing Sri Lanka's inadequate post-war reconciliation effort, to finally convince the government to do so. With the bad image threatening to isolate the country internationally, the Rajapakse regime ultimately acquiesced to establishing the Northern Provincial Council in October 2013.

However, before devolving power to the Northern Provincial Council, the central government made sure that a retired Military General—a Sinhalese national—was

appointed as Governor to the province and that a favorably stacked Supreme Court watered down some key provisions of the Law.² The Governor plays more of a ceremonial role while the Chief Minister is the elected head of the Provincial Councils. However, the government's decision to appoint a Sinhalese national—and a retired Military General at that—as Governor to a Tamil-dominated area is very telling. Meanwhile, the Provincial Council Law devolved legislative power over various matters to the provincial level—including agriculture, education, health, housing, local government, planning, road transport and social services. Though originally, the Law also intended to devolve police and land powers to the provinces, successive central governments refused to devolve these powers concerned, in particular, of the secessionist tendencies of Tamils. The Supreme Court ruling obtained just before establishing the Northern Provincial Council settled this issue permanently by vesting these powers unambiguously with the center via judicial decree. Therefore, if genuine power devolution was the original intent of the Law—as a means of pacifying the Tamils—this objective was doomed from the get go. A local newspaper depicted the predicament of the Tamils as below—with Tamil leaders struggling to make the Northern Provincial Council work as President Rajapakse steals away the crucial hearthstones—police and land powers (The Daily Mirror, August 26, 2014).

² Since the government impeached the previous Chief Justice on what is widely believed to be a political vendetta, the remaining Supreme Court Justices have been extremely conciliatory towards the Rajapakse regime.

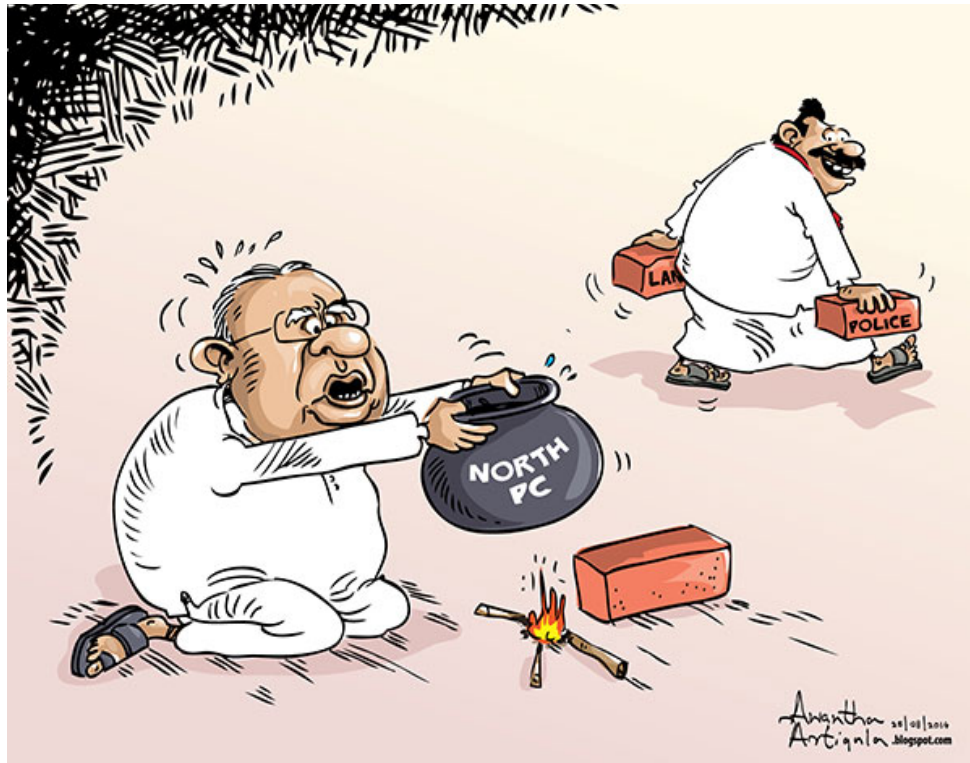


Figure 1: The Dilemma Facing the Sri Lanka's Northern Provincial Council (The Daily Mirror, August 26, 2014)

This is where most empirical literature, which looks at associations between decentralization measures and conflict drivers, run into trouble. Though for all practical purposes Sri Lanka *did* devolve some powers to the Northern Provincial Council, the degree of devolution and the conflict-mitigating potential do not seem to form a linear correlation. For instance, the conflict-mitigating potential of devolving power to Sri Lanka's Northern Provincial Council cannot be fully grasped in isolation of background details of how the central government appointed a Sinhalese Military General as Governor or how it engaged in legal maneuvering to undermine the degree of devolution. In fact, one could even argue that the eventual outcome pertaining to conflict maybe

driven more by these factors (i.e. context) than the technical measures of power devolution. This makes identifying any predictable association between decentralization measures and conflict—in isolation of context—rather difficult. As Christof Hartmann (2008) highlights in his examination of the relationship between decentralization and conflict in Mauritius, Namibia and South Africa, “...appropriate institutional forms and powers of decentralization are crucial for delivering the assumed theoretical benefits, *but the broader political and social context, including the legacy of the conflict itself and specific party systems, does matter for the effects of any decentralization policy*” (186) (emphasis ours). Therefore for a fuller explanation of the relationship between decentralization and conflict it is clear, based on the above, that one should also factor-in the role of contextual variables. But how does one do that in a generalizable way to provide broader lessons?

This essay attempts to devise a generalizable framework by taking a relatively ‘thicker’ view of decentralization and conflict i.e. by factoring-in context. Recently, there has been an increased acknowledgement in the scholarly literature of the role of context in influencing outcomes related to both decentralization and conflict. For instance, the entire field of ‘Political Economy of Decentralization’ is premised on the acceptance of the critical role that variables outside the technical design of reforms play in influencing decentralization outcomes. Similarly, the emerging literature on ‘mechanism- and process-based explanations of conflict’, gives significant attention to the role of contextual factors in determining conflict-related outcomes. Therefore, in trying to devise

a more context-sensitive generalizable framework to explain the relationship between decentralization and conflict, this essay builds on ‘Political Economy of Decentralization’ (PED) and ‘Process-based Explanations of Conflict’ (PBEC).

PED literature builds on the emerging consensus in decentralization literature that technical explanations—such as design features of the law, institutional arrangements, and the level of implementation on the ground etc.—can only explain some of the variability of outcomes. As Jorge Martinez-Vazquez and Francois Vaillancourt (2011) point out, “it will not come as a surprise to those acquainted with decentralization reform that the dominant obstacles to effective decentralization tend to be of a political or political economy nature. This is naturally so because decentralization as a devolution of powers is fundamentally a political process” (11). PED literature highlights the importance of paying attention to *incentives of key stakeholders and interest groups* and of understanding how they influence decentralization outcomes.

Similarly, the emerging PBEC literature argues, “...causation resides not solely in the variables or attributes of the units of analysis but in mechanisms. Moreover, causal effects depend on the interaction of specific mechanisms with aspects of the *context* within which these mechanisms operate” (Falleti and Lynch 2009, 1144) (emphasis ours). In this tradition of explaining conflict, contextual variables become critical to the outcome (see Stathis Kalyvas 2006; Jeremy Weinstein 2006; Elisabeth Wood 2003; and

others). In particular, context plays a significant role in explaining the emergence, escalation and demobilization of insurgencies. As Sidney Tarrow (2007) summarizes succinctly, PBEC highlights how “individual incentives for violence intersect with larger political and organizational processes” and “the mechanisms and processes present within insurgencies” (588). One of the most crucial insights of PBEC is that insurgencies and other subnational groups in a conflict setting function to a great degree with their own *localized political-economy dynamics* which are distinct from—but influenced by—the dynamics at the national (central) level.

In a sense, when highlighting the distinct political-economy dynamics operating at the subnational/local level, PBEC literature is also highlighting the deficit of state’s influence in these areas. Fragile and conflict-affected situations are often characterized as having weak state penetration not only due to weak state capacity, but also due to weak functional authority and political legitimacy of the central state (Teskey et al.2012). In such situations local communities very often function as distinct polities with a high degree of autonomy. However, this is not to say that they are wholly disconnected from the state either. Instead, national-level dynamics are likely to interfere with local-level dynamics and *vice versa*. Our model assumes the relationship between national-level polity and the subnational-level polity to resemble the relationship Joel Migdal (1988) identified in his *Strong Societies and Weak States* theory with state leaders trying to impose a uniform set of rules across society and social organizations trying to apply more localized rules. The parallel our model draws in conflict situations is the state leaders

fostering national cohesion versus subnational groups promoting more localized group loyalty.

However, PED suggests to us that in social organizations the agency lies with key stakeholders. In essence, by tying PED's emphasis of *stakeholders* to the PBEC's emphasis on *distinct national and subnational polities*, the interaction that Migdal identified becomes a bargaining relationship between national-level elites and subnational-level elites. We build our generalizable framework on the above, viewing the interaction between polities as a two-level bargaining game between the inter-level elites. In effect, this framework provides a lens to understand how the shift in stakeholder incentives during decentralization may interact with dynamics of conflict, in terms of the emergence, escalation, and demobilization of insurgencies. *The main premise of this essay is that decentralization outcomes—especially relating to conflict—should be interpreted in terms of the institutional choices that central elites make in engaging local societal structures.* In developing the framework, we go beyond formal incentive-structures and recognize structural and institutional variables embedded within society, and utilize the logic offered by Bruce Bueno de Mesquita and his co-authors' *selectorate* theory of political survival to capture their impact. The application of the *selectorate* model in a disaggregated manner to the central and local levels separately would be a novel contribution of this essay.

This essay also plans to illustrate the application of the proposed framework by using its intuition to examine the dynamics of the decentralization in the Republic of Yemen under Ali Abdulla Saleh (during the period 2000-2008) and in Burkina Faso under Thomas Sankara (during the period 1983-1987). However, it is important to note that this essay is a theoretical exercise, which proposes to develop the alternative framework by applying game theoretic logic to relationships already identified in the empirical literature. Additional research to identify further relationships between decentralization and conflict and/or to test the robustness of the framework is beyond the scope of this essay and will be the focus of future work.

Unpacking the elite compact

In addition to providing insights to better understand the relationship between decentralization and conflict, this framework also provides a unique perception to understand the dynamics between the constituent elements of an ‘elite compact’ as articulated by North, Wallis and Weingast (2009). To maintain social order in ‘Natural States’, North, Wallis and Weingast (2009) refer to an ‘elite-compact’ among the violence specialists who become entitled to special privileges in return for desisting from violence. In their book *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*, the authors argue that no society can completely eliminate violence and that, at best, what they can do is to simply contain or manage

episodes of violence. Various social orders achieve this in different ways. In what they call the “open access social orders” violence is contained through strong institutions that deter violence by stipulating punishment for its use.³ On the other hand, in “limited access social orders”, violence is contained by forming an ‘elite compact’ among the violence specialists who are promised special privileges in return for desisting from violence.⁴ “By limiting access to these privileges to members of the dominant coalition, elites create credible incentives to cooperate rather than fight among themselves” (North, Wallis, and Weingast 2009, 18). The elites—in this sense—generally consist of individuals enjoying significant influence in the spheres of military, political, religious, social and economic activities in society. The authors claim such social orders to be the default pattern for human interactions and call it the “Natural State”. As helpful as this formulation is to understand this specific social order—where over 85% of the world’s population live—this argument is somewhat deficient in its failure to factor in any dynamisms associated with the ‘elite compact’. In its current form, the argument seems to suggest a static group of elites who continue to be critical the social order overtime.

However, one could argue that relevance of elites for a particular social order may change over time. Some elites may lose their leverage over the constituents while new elites may emerge overtime. Most of these changes would be driven by the internal dynamics of the particular subnational group. Such changes in their relevance would also

³ Open Access Orders have powerful and consolidated military and policy forces which are subservient to a political system, which is constrained by a set of institutions and incentives, which in turn requires the support of the broader economic and social interests.

⁴ The basis for Limited Access Orders happens to be personal relationships—especially among the elites. “Elites...agree to respect each other’s privileges, including property rights and access to resources and activities” (North, Wallis and Weingast 2009, 18).

imply a change in their value to the elite compact. The elite compact in a natural state can be extremely fragile producing a delicate *double balance* “between the distribution and organization of violence potential and political power on the one hand, and the distribution and organization of economic power on the other hand” (North, Wallis and Weingast 2009, 20). Changes to the relevance of any member of the elite compact therefore have to be met with a corresponding change in their payoffs. However, if these changes are not carefully calibrated it could prompt defection undermining the credible incentives holding the elite compact together and thereby heightening tensions and the threat of violence. Significant disruption and the substantial dissipation of payoffs of individual elites would—one could argue—lead to the breakdown of the elite compact and the intensification of the threat of conflict.

But what our framework shows is that the leverage of the elites within the compact is not necessarily constant. While their entitlement to privileges are supposed to be directly commensurate to their ‘violence potential’, there is no guarantee that their violence potential would remain the same. As we discuss in relations to our case study on Yemen, the constituency behind a member of the elite (thereby their violence potential) can fluctuate based on intra-polity dynamics. And what the current framework highlights is the dynamic nature of this relationship and how the institutional strategy employed by the center in engaging local elites could in turn impact the relationship between such elites and their constituents. Therefore unless the ‘elite compact’ has in-built mechanisms to calibrate privileges of members based on such fluctuations, the shifts

in the violence potential of individual members can become highly destabilizing to the ‘double-balance’ of the ‘elite compact’. Therefore the current framework offers a lens to interpret the degree of dynamism of the relevance (i.e. violence potential) of elites and their value to the ‘elite compact’ introduced by North, Wallis and Weingast (2009).

Definitions

Before embarking upon the task of developing various sections of the overall framework, it is important to move away from broad (catch-all) definitions often given to terms like ‘decentralization’ and ‘conflict’ to agree on sharper and more focused definitions. The label of ‘decentralization’ has been used quite liberally to allude to most kinds of spatial distribution of power ranging from mere administrative deconcentration to significant self-determination. Similarly the term ‘conflict’ has often been used to mean very different situations ranging from social tensions to civil wars to interstate conflicts. The definitions developed below will apply throughout the essay unless otherwise stated.

Generally three types of reforms fall under the banner of ‘decentralization’ (Rondinelli, 1980). They are;

- 1) *Deconcentration*: shifting the workload to regional administrative units for the sake of efficiency. This the least extensive form of decentralization as no decision making power is transferred to the local level and as local level officials are appointed by the center—not elected. This arrangement is seen as a means of enhancing state penetration into the regions rather than a way to increase local autonomy or participation.
- 2) *Delegation*: shifting managerial power to the local level for specifically defined functions. Typically, the organization to which such power is transferred is also provided semi-independent authority to perform their responsibilities. Therefore, this kind of decentralization is considered to be more extensive than deconcentration.
- 3) *Devolution*: where power is shifted to subnational levels of government to exercise extensive authority over clear and legally recognized geographic units. This is the most extensive form of decentralization with elected governments at the sub-national level exercising high degree of political autonomy.

In using the term decentralization, the current essay implies shifting a significant degree of power to the local level as envisaged by the third category above. Transferring significant autonomy to the local level would be inherent to the logic of expecting decentralization to influence conflict by meaningfully introducing local-preferences into the decision making process. The mere creation of administrative units to expand central

state's authority into the peripheries does not provide the space for local preferences to influence policies.

Similarly, the sense in which the term 'conflict' is used in this essay needs to be clarified. The database of conflicts built by the Peace Research Institute in Oslo, Norway and the Uppsala University in Sweden, identifies 416 armed conflicts since 1946 which include 332 "intrastate" conflicts, 63 "interstate" conflicts", and 21 "extrastate" (colonial liberation) conflicts. Of these many types of conflicts not all can be influenced by decentralization. The World Development Report 2011 specifically identifies conflicts that could be influenced by decentralization as center-periphery conflicts, which are either political or sectarian in nature. According to the Uppsala Conflict database above, such conflicts would invariably fall under their definitions of either "intrastate conflict"⁵ (with or without foreign involvement) or "armed conflict"⁶ —which are generally alluded to as subnational conflicts (Parks, Colletta and Oppenheim, 2013).

Louis Kriesberg (2003) offers a theory of conflict dynamics presenting a 'conflict cycle' with distinct and discrete stages of conflict. The *first stage* of conflict involves the emergence of underlying conditions (i.e. bases), which may or may not lead to conflict. These underlying conditions could vary from 'internal factors' such as human nature,

⁵ "A conflict between a government and a non-governmental party..." (The Uppsala Conflict Data Program).

⁶ "An armed conflict is a contested incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths in one calendar year" (The Uppsala Conflict Data Program).

social-psychological responses, and social groups; to ‘systemic contexts’ such as culture, scarcity, power distribution and consistency/stability; and to ‘relational factors’ such as inequality, differences in preferences and dynamics of integration etc. In the *second stage* potential adversaries realize their incompatible goals and realize they are in fact adversaries (i.e. manifestation) while in the *third stage* different adversaries attempt to pursue their incompatible goals (i.e. escalation). The *fourth stage* sees the de-escalation of conflict before the eventual resolution of it in the *fifth stage*. Kreisberg’s theory makes a clear distinction between ‘conflict’ and ‘violence’ with violence only manifesting during specific stages of a conflict.⁷ Kriesberg’s argument offers a useful framework to interpret the ebb and flow of a particular conflict and the relationship between different stages within the conflict cycle. However, his theory seems to assume that conflict dynamics can be clearly isolated from other dynamics operating in society.

However, the current essay proposes to keep the definition of ‘intrastate conflict’ somewhat open, reflecting Sathis Kalyvas’s (2003) concern that the cleavages between different types of conflict cannot be neatly split nor conflict drivers could be easily separated from broader societal dynamics. “Civil wars are typically described as binary conflicts, classified and understood on the basis of what is perceived to be their overarching issue dimension or cleavage: we thus speak of ideological, ethnic, religious, or class wars. Likewise, we label political actors in ethnic civil wars as ethnic actors, the

⁷ In protracted conflicts, Kriesberg acknowledges that parties may move between the escalation and de-escalation stages multiple times. He also shows how the new conditions created under conflict resolution in the fifth stage could eventually become a ‘base’ for a new conflict in the future.

violence of ethnic wars as ethnic violence, and so on. Yet such characterization turns out to be trickier than anticipated, because civil wars usually entail a perplexing combination of identities and actions” (476). This essay uses the term conflict broadly to mean a general lack of social cohesion. Therefore, the focus of this framework is not on how decentralization (or power devolution) interacts with specific incidences of violence, but more broadly on how it influences social cohesion or—to borrow from a recent World Bank study “Societal Dynamics and Fragility”—how it impacts the “*convergence across groups* that provides an overarching structure for collective life and helps ensure predictability and certainty” (Marc et al. 2013, 3). In this sense, if the Tamils in Northern Sri Lanka continue to feel marginalized and discriminated despite the creation of the Northern Provincial Council that would amount to a situation where decentralization has failed to mitigate conflict.

It is also important to note that this essay uses the terms ‘local’ and ‘subnational’ and ‘central’ and ‘national’ interchangeably—as in ‘local-level elites’ and ‘subnational-level elites’ and ‘central-level elites’ and ‘national-level elites’ etc. This is done to indicate that the local-level does not necessarily indicate a spatial proximity. A local-group in this context could also imply a subnational identity groups (like the African-Americans in the US or Dalits in India) that is spread across society and not necessarily concentrated geographically.

Going forward, this essay will proceed as follows. Chapter two will start with a quick overview of the empirical literature on decentralization and conflict and a survey

some of the more commonly cited frameworks of PED and PBEC analyses. Then the essay will compare the two bodies of literature to identify contextual factors that overlap both the spheres of decentralization and conflict. The third chapter will then go on to develop the generalizable framework as an interactive game between inter-level elites as formulated by Daniel Triesman (1999). As mentioned previously, the essay will borrow from the logic of the *selectorate* theory of political survival introduced by Bruce Bueno de Mesquita and his co-authors. The fourth chapter will illustrate the new framework in action by applying its intuition to explain the challenges that Yemen and Burkina Faso faced in trying to decentralize during very specific phases in their respective histories. The fifth chapter will bring the discussion to a close by highlighting the overall contribution of this framework and its value-addition to the current understanding of the relationship between decentralization and conflict.

CHAPTER 2: Theory and Structure

As discussed previously, the empirical evidence on the impact of decentralization on conflict is not fully settled. Some scholars find decentralization directly contributing towards mitigating conflicts while others see decentralization leading to conflict intensification. Looking at the relationship between various facets of decentralization and ethnic and civil conflict, Siegle and O'Mahony (2006) conclude that decentralization has a highly varied impact on conflict. This variation can span across space or time. For instance, looking at the experience in Uganda, Green (2008) argues that decentralization helped reduce conflicts at the national-level while intensifying them at the local-level. Brancati (2009) meanwhile found decentralization mitigating ethnic conflict in the short-term by giving various groups control over their immediate welfare, while reinforcing regional political parties and ethnic identities—thereby encouraging centrifugal forces in the long term.

Similarly, studies focusing on the impact of specific measures also report mixed results. For instance, some studies find measures like proportional representation at the local level, indirect election of Mayors, and the barring of traditional authorities from political office etc. contributing towards conflict mitigation, while measures such as

enhanced local revenue autonomy and legal provincial autonomy contributing towards intensification of conflict (Hartmann 2008; Siegle and O'Mahony 2006).⁸ The common for-and-against arguments in the literature with regard to decentralization's impact on conflict are as follows.

Decentralization's conflict-mitigating effects

1. Allowing for broader political inclusion and participation

Decentralization tends to disperse the power that is monopolized at the center into the peripheries. Having a local and accountable government that is closer to the people allows for more active participation in politics for all segments of the society. "Decentralization may allow participation by minority groups, often excluded from power at the national level, in political processes in their immediate environment, thereby potentially reducing conflicts" (Schou and Haug 2005, 17). Therefore, decentralization can become a useful tool to mitigate conflict where tensions are around issues of access to political decision-making. Such participation tends to be much more meaningful with regard to their direct welfare, going beyond what minorities could expect through representation at the central level (Hartmann 2008). Dawn Brancati (2009) agrees concluding that decentralization can mitigate ethnic conflict by giving sub-national groups direct control over their political, social and economic affairs. Yash Ghai (2000)

⁸ Siegle and O'Mahony (2006) argue that local-level revenue collection contributes to increased inter-regional tensions while decentralized legal autonomy provides local elites greater leeway in accentuating ethnic distinctions.

arrives at a somewhat similar conclusion based on a qualitative comparison across a dozen countries, arguing that the reconfiguration of group identities during spatial distribution of power tend to provide the space to accommodate unique rights of sub-national groups within a broader framework of the state.

2. Signals moderation by the majority

Dispersing political power is generally viewed as a concession granted by the center. Therefore, David A. Lake and Donald Rothchild (2005) argue that decentralization could be a useful instrument in mitigating conflict in the short-run as it signals moderation by the country's majority who typically dominate political power at the center. Such perceived moderation of the majority can then lead to conciliatory gestures by minorities in return, thereby leading to a more collaborative atmosphere overall and mitigation of conflict. However, looking at the Bosnian experience, William Fox and Cristine Wallich (1997) offer a somewhat different explanation arguing that decentralization helps lessen the points where disagreement exists. They view interdependencies (such as fiscal transfers) between central-level and local-level institutions as an opportunity to build relationships and trust between different levels of government over time, leading to a mitigation of conflict in that manner.

3. Creating vertical checks and balances

Another positive of decentralization with regard to conflict is seen as the new avenues that decentralized institutional structures offer marginalized groups to hold the central government accountable. In other words, genuine decentralization would offer communities in the peripheral regions an institutionalized avenue to air their grievances without resorting to conflict to attain their demands (Hartmann 2008). Moreover, when autonomy arrangements are guaranteed by intergovernmental institutions and independent dispute settlement mechanisms, lower tiers of government will be able to hold the central government accountable (Ghai 2000).

4. Strengthening state legitimacy

“In most fragile environments, access to formal justice mechanisms is meager. In geographically remote regions or areas where the state has lost legitimacy, there may be very little state presence for conflict resolution, and partly as a result, legal processes may enjoy very little legitimacy” (Marc et al. 2013, 171). Decentralization attempts to enhance state legitimacy by strengthening local-level state institutions to play a more representative and responsive role. The underlying logic is that local institutions will have better access to local-level information and will be able to respond to local preferences better. Such introduction of local-level understanding of the problems and solutions into the decision-making process will strengthen the legitimacy of state institutions in the eyes of local communities. This creates a more stable political equilibrium between the center and the periphery providing different actors greater incentives to participate and cooperate in the political process (Hartman 2008).

5. Harmonizing policies and strengthening rule of law

The increased legitimacy that the state may enjoy among communities as a result of decentralization would allow the state to penetrate further into peripheral regions. This would allow the formalization of relationships between national governments and sub-national institutions guaranteeing “the application of (the central government’s) rules in a more consistent way thereby creating a more equal relationship to all of its citizens (Hartman 2008, 174). Decentralization can also help mitigate conflict directly by providing an institutional framework for managing tensions at the local level. Based on a comparative case study of Poso and Donggala districts in the island of Sulawesi in north-eastern Indonesia, Diprose and Ukiwo conclude that “Discourses centered around cross-cutting identity groups, and efforts to manage tensions and disengage in conflict, create a context in which regional autonomy can have positive effects on local communities” (2008, 17).

Decentralization’s conflict-intensifying effects

1. Empowerment of polarizing actors

Brancati (2009) argues that decentralization can reinforce regional political parties and ethnic identities in the long term thereby encouraging centrifugal forces. Since decentralization creates the space for new political forces to take control at the sub-

national level decentralization can lead to a more polarized political atmosphere. Especially, new tensions may emerge around the power relations between local majorities and national majorities where accountability to local constituents would lead to polarizing and uncompromising political platforms at the local level (Schou and Haug 2005).

2. Local elite capture

Citing evidence from Indonesia and Nigeria, Diprose and Ukiwo (2008) argue that decentralization can intensify tensions by stimulating demographic changes and creating incentives for local elites to compete for power and resources by mobilizing group identities. For instant, Bob Searle (2011) observes a complete lack of implementation of the revenue collecting power of Sierra Leone's local councils due to conflicts with traditional chiefs. Prior to decentralization, the traditional chiefs had taken upon themselves to collect taxes from community members (without any accountability to either the government or the communities) and viewed the transferring of revenue collecting power to the Councils as encroaching upon their privileges. Green (2008) argues that the concentration of local power at the district level in Uganda has led to struggles—among local elites—over district leadership positions. Decentralization also tends to alter relations between local ethnic groups by changing the number of new districts (Green 2008). And reworking the authority and responsibilities of traditional authorities who are generally responsible for mediating local-level conflicts can also further aggravate conflicts (Turner et al. 2011).

3. Intensifying regional differences

Diprose and Ukiwo (2008) find the key predictor of whether or not decentralization can mitigate conflict to be its impact on horizontal inequalities (between groups). Especially in situations with high disparity in natural resource endowments between regions, Hartmann (2008) argues that allowing for local level discretion in decision making could create relative deprivation, grievance and instability. “Some areas might be rich in natural resources, and decentralization will invariably challenge the existing distribution of benefits among central and local governments (Hartmann 2008, 176).

The varied nature of the relationship between decentralization and conflict highlights the significant role that contextual factors play in determining the relationship. In some contexts, as the above discussion demonstrates, devolving power to the local level can result in increased participation and trust between communities while in others it can create new network structures and lead to increased distinction and separation between groups. And in some contexts, decentralization can reinforce interdependence and cooperation between communities while in others it can fuel inter-regional rivalries. With lot of these differences driven by context, the current essay argues that in trying to devise a generalizable framework on decentralization and conflict, considerable attention should be paid to the role of context. It is for this reason that this essay urges for the

comparison of PED and PBEC—the relatively more context-sensitive explanations of decentralization and conflict.

Political Economy of Decentralization (PED)

The recognition of the inadequacy of specific measures in explaining reform outcomes—especially relating to accountability and service delivery outcomes—has led to the emergence of Political Economy of Decentralization (PED)—a body of literature specifically focusing on issues outside the immediate technical design of decentralization reforms. This body of literature looks primarily at *incentives* of stakeholders and interest groups in supporting or opposing decentralization reforms and the ways in which such stakeholders influence reform outcomes.

In his seminal book *The Political Economy of Democratic Decentralization* (1999) James Manor approaches this problem by asking the question why some countries decide against decentralization even when evidence clearly suggests that decentralization would be in the interest of the country. In this regard, Manor identifies interference by ‘high-level politicians’ and ‘bureaucrats’ who fear the loss of powers due to decentralization. He identifies the near-universal preference of governments to monopolize power at the center to be a legacy of the efficient manner in which countries involved in World War II projected their power with ‘such spectacular results’. “Those

(nations) which were on the winning side naturally emerged from the conflict with great faith in the efficacy of the commandist modes of governance” (Manor 1999, 17). By a ‘commandist’ mode of governance, Manor implies a highly centralized system of governance with substantial power concentrated in the public sector. He explains how this motivated developing countries to adopt highly centralized modes of governance in their eagerness to imitate the West. In that sense, Manor argues, decentralization is viewed as somehow detracting from this primary objective. In addition, he also identifies ‘necessary conditions’ for effective decentralization and the important role that historical legacies play in determining decentralization outcomes. “The inheritance from the past has a powerful impact on politics and social dynamics in the present, and can either impede or facilitate decentralization” (Manor 1999, 58). Specifically, the author highlights the distinct role that British and French colonial legacies play in allowing decentralization reforms to take root in certain countries in Africa—with a penchant for local councils among former British colonies and more centralized arrangements in former French colonies.

Meanwhile, Bernard Dafflon and Thierry Madies take a slightly different approach (in what they call the ‘European Approach’ to PED analysis) when they identify the promises and limitations of decentralizations along four key dimensions. In an edited volume titled *The Political Economy of Decentralization in Sub-Saharan Africa* (2013) the authors analyze the decentralization experiences in Burkina Faso, Ghana, Kenya, and Senegal by looking at their decentralization achievements and comparing it

against the announced objectives. The authors then go on to categorize the areas of variation into temporal variation, spatial variation, conflict between economic goals and conflict with noneconomic goals. As temporal variations, the authors identify the changes in expectations overtime due to the evolution of preferences and technology. As spatial variations, they identify changes that take place due to “mobility of individuals across subnational territories, most often to urban centers” (16). Meanwhile, conflicts between economic goals occur due to inconsistencies in local and central governments’ views on areas of redistributive and macroeconomic policies while conflicts between noneconomic goals occur due to inconsistencies in inter-governmental views on issues of autonomy, solidarity and protection of minority interests etc. The authors argue that this framework offers a useful blueprint to identify the issues and stumbling blocks for decentralization reforms in any country.

In their book *The Political Economy of Decentralization Reforms: Implications for Aid Effectiveness* (2011) Kent Eaton, Kai Kaiser and Paul J. Smoke, review the literature relating to PED and attempt to generalize the common political and behavioral patterns to offer “a framework for bringing political economy into the analysis” (xiv). The authors look at the political and institutional dynamics of national actors, intergovernmental relations, and development partners that are associated with the reform effort. In this regard, attention is given to incentives that drive key actors involved in the design and implementation of the reforms—specifically politicians, bureaucrats, and donors. This approach also looks at the initial context for decentralization and the shifts

in incentives during the reform process. More specifically their framework looks at 1) incentives of politicians, bureaucrats, and donors associated with reforms; 2) institutional dynamics (such as the tendency for national agencies to centralize); 3) initial context leading to decentralization reforms; and 4) shifts in these incentives and dynamics as the reform process progresses.

Process-based Explanations of Conflict (PBEC)

In their famous ‘greed and grievance’ study Collier and Hoeffler (2004) found a strong association between conflict and economic variables—which they interpreted as a proxy for the feasibility of rebellion. However, several other scholars have argued that most of the conflict drivers are deeply embedded within society and are more than simply a function of mere economic expediency. As we mentioned previously, Louis Kriesberg (2003) identifies several bases for social conflicts. He identifies internal factors, (such as human nature, psycho-social responses, and social groups), systemic contexts (such as culture, scarcity, power distribution and consistency/stability), and relational factors (such as inequality, differences in preferences and dynamics of integration) driving social conflicts. Meanwhile, Marc et al. (2013) argue that conflict is driven by a host of “societal dynamics”, including factors relating to how people and groups mediate across divisions of identity, gender and inter-generational relations, unresolved trauma, state-society relations and interactions between formal and informal/traditional institutions,

etc. Despite the lack of consensus on the exact set of variables, it is clear that an increasing number of conflict-studies have emphasized the need to pay greater attention to contextual factors in understanding conflict “...digging deeper into historical contexts; taking seriously the variety of dispositions of the people they encounter; relating their struggles to their structural situations; focusing on the interactions among insurgents, governments, and host communities; and demonstrating how the conflicts themselves produce new incentives, alignments, and outcomes” (Sidney Tarrow 2007, 587).

Most of the other literature in the PBEC tradition focuses on incentive-structures operating around an insurgency. In his book *Inside Rebellion: The Politics of Insurgent Violence*, Jeremy Weinstein (2007) looks at incentives operating around the recruitment, control, governance, violence, and resilience of an insurgency. He sees insurgents as rational actors who make a calculated (utility-maximizing) decision to join an insurgency. He goes on to categorize insurgents into two types based on their level of commitment to the cause—i.e. high commitment ‘investors’ or low commitment ‘consumers’. *Investors* are highly dedicated to the cause and willing to take high-risks for relatively low short-term gain but anticipate high rewards in the future. Such insurgents also try to build close relations with resident population employing violence very selectively simply to further goals of the insurgency. *Consumers*, on the other hand, are opportunistic insurgents who seek high short-term returns but are less committed to the cause long term and are not willing to take high risks. Such insurgents are generally likely to commit indiscriminate violence and engage in predatory behavior over the resident population. “Factors that

raise or lower the barriers to organization by insurgent leaders—in particular whether material resources to finance warfare can be easily mobilized without civilian consent—shape the type of individuals who elect to participate, the sort of organizations that emerge to fight civil wars, and the strategies of violence that develop in practice...rebel groups that emerge in environments rich in natural resources or with the external support of an outside patron tend to commit high levels of indiscriminate violence; movements that arise in resource-poor contexts perpetrate far fewer abuses and employ violence selectively and strategically” (Weinstein 2007, 7).

In her 2003 book *Insurgent Collective Action and Civil War in El Salvador*, Elisabeth Wood asks a more fundamental question about why some resident populations may voluntarily support a local insurgency at great risk to themselves and their families even when the material gains may be relatively small. She argues that the disproportionality between the potential risk and personal gains suggest something beyond the standard explanations of class struggle, political opportunity, solidarity among communities, and social networks is motivating their action. Through an extensive ethnographic study of *campesinos* (peasants) that supported the FMLN guerrillas during the 1980-92 period, in El Salvador, she arrives at an alternate explanation in which she suggests some degree of emotional and moral motives driving their actions. She identifies an endogenous and path-dependent process where *campesinos* were motivated by the pleasure of agency, participation and defiance based on their proximity to the insurgent forces and past violence by the state’s military. In

other words, participants developed an emotional and moral commitment to the cause and viewed their participation as a way of honoring that commitment and defying the government authority to express their moral outrage at the social injustice. She also saw this process as being highly endogenous and evolving over the period of conflict.

In his 2003 essay “The Ontology of ‘Political Violence’: Action and Identity in Civil Wars”, Stathis Kalyvas challenges the general tendency in conflict studies to look exclusively at macro-level conflict drivers and to consider identity groups as being monolithic with local-level actors operating as mere ‘replicas’ of central-level actors. Instead he highlights a ‘disjunction between central and local cleavages’ with the local-level having their own unique trajectories “although master cleavages inform and motivate local dynamics to a varying degree” (Kalyvas 2003, 481). He provides examples from around the world including from Philippines under Japanese occupation, from the French revolution (especially how it played out in the provinces), and current developments in Afghanistan to conclude that “...the salience of local cleavages is ubiquitous in ground-level description of civil war and holds for societies that are sharply polarized in terms of class, religion and ethnicity” (479). In his 2006 book *The Logic of War: Violence in Civil War*, Kalyvas builds on these ideas further to argue, “Civil war often transforms local and personal grievances into lethal violence; once it occurs, this violence becomes endowed with political meaning that may be quickly naturalized into new and enduring identities. Typically, the trivial origins of these new identities are lost in the fog of memory or reconstructed according to the new politics fostered by war”

(Kalyvas 2006, 389). Therefore, he argues the link between the central and local level is not necessarily an overarching cleavage but a set of ‘alliances’ between actors who happen to have overlapping interests (though their actual motives could be very different). He also places significant emphasis on the important role that these ‘alliances’ play in determining conflict outcomes arguing, “civil war is a process that connects the collective actors’ quest for power and the local actors’ quest for local advantage” (Kalyvas 2006, 383).

Connecting PED and PBEC: Inter-level elites and societal dynamics

PBEC highlights the distinction between national level dynamics and the subnational level dynamics and the need to treat them as distinct polities. In doing this, PBEC is also highlighting the weak state penetration in society, which is a common characteristic associated with fragile and conflict affected situations. This also goes to show why PED analyses discussed above are deficient in failing to disaggregate incentive structures between national/central-level and subnational/local-level actors. In offering their ‘framework to bring political economy into the analysis’, Eaton, Kaiser and Smoke (2011) go on to admit this deficiency stating “(In the framework) we have not focused on local level political and bureaucratic dynamics beyond how certain local actors interact with the national level in shaping the overall intergovernmental system, but we must recognize that that they can be extremely important. Understanding the positions,

attitudes, and opportunities of local level actors may provide important insights, including in cases where development partners might be more influential by focusing on subnational or nongovernmental interventions when the scope for meaningfully influencing decentralization reforms defined by the central government is limited” (Eaton et al. 2011, xx).

Such disaggregation makes sense not only with regard to conflict but in interpreting other outcomes of decentralization under the concept of ‘long route of accountability’ which argues that decentralization results in new accountability relationships between ‘citizens and local policy makers’ but also between ‘central-level and local-level policymakers’ with direct implications for reform outcomes (Ahmad et al. 2005). For instance, the above paper find evidence to suggest that empowering traditionally disadvantaged groups at the local-level via decentralization can lead to unique dynamics in different localities with such groups pushing for public goods benefiting that particular group. The paper goes onto cite a study by Chattopadhyay and Duflo (2003) in West Bengal and Rajasthan in India, where villages with mandated political reservations for women in their governing bodies seem to invest more on water, fuel and roads (i.e. public goods preferred by women) than on education. This goes on to highlight the unique imperatives and distinct political-economy dynamics that can exist at the local-level. This leads to the first assumption of our framework.

Assumption 1: *The central-level and local-levels function as distinct—but interrelated—polities with their own stakeholders and political-economic/conflict dynamics.*

A concept that is inherent to the idea of distinct central-level and local-level polities is the need to interpret stakeholder incentives in a disaggregated manner. This is already done in the PED literature where inter-level dynamics are often articulated as outcomes of diverse incentives operating at different levels. For instance, Eaton et al. (2011) allude to the bargaining that takes place between the center and the periphery on the degree of autonomy at the design stage of decentralization reforms—with peripheries generally demanding more autonomy and the center trying its best to resist. Similarly, during the implementation stage, the center-periphery dynamic often takes the form of a principle-agent relationship. Therefore, the inter-level relationship envisaged under a disaggregated PED framework is similar to the bargaining relationship that Joel Migdal (1988) observes between ‘state leaders’ and ‘local leaders’ in the former group’s attempt to penetrate the peripheries. In his *Strong Societies and Weak States* theory, Migdal 1988 sees this relationship characterized by the conflict between ‘state leaders’—who seek to impose a uniform set of rules across the state—and leaders of other social organizations—who seek to apply rules unique to their localities. In fragile and conflict-affected states, the subject of the current essay, where state penetration is weak and local communities very often function with a high degree of autonomy this relationship takes added significance. Therefore, as our second assumption, we consider the fragile and

conflict affected societies we study in this essay to be characterized by the relationship between state-leaders and group-leaders identified by Migdal.

***Assumption 2:** The relationship between elites of distinct inter-level polities is characterized by the central-level elites seeking to impose a uniform set of rules across the state and local-level elites seeking to apply rules unique to their localities.*

We build on this basic premise in developing our framework in Chapter 3. However, before we go on to discuss the nature of the interaction between central-level and local-level elites, we need to highlight the main currency that underpins this interaction—i.e. societal dynamics.

Societal Dynamics

Societal dynamics determine the incentive structures on which the interaction between central-level and local-level elites is premised. Therefore, problematizing the relationship between decentralization and conflict as an outcome of the relationship between inter-level elites also increases the emphasis of the role of societal dynamics in the inquiry. The state can mobilize significant amounts of human and material resources, but it needs to enjoy a degree of legitimacy among the population to be able to exercise

any meaningful social control. As Joel Migdal (1988) argues, true social control entails the state becoming a real and symbolic aspect of day-to-day survival strategies of people. And as he goes on to point out, the biggest challenge states face in this regard are the informal/traditional (i.e. societal) organizations already operating in local communities. Migdal (1988) argues that as the state's influence wanes into the peripheries, the number and salience of such informal organizations will also increase. Similar to formal organizations, societal organizations also have their own sanctions and rewards systems (both material and symbolic) and their own elite and leadership structures (i.e. incentive structures). Therefore, in taking a disaggregated view, societal dynamics would have to figure prominently in the discussion especially in defining incentives at the local level.

So what are some of these societal dynamics? Without trying to be exhaustive, we mention below a few societal dynamics that are often mentioned in the context of conflict and have a direct bearing on decentralization reforms. These societal dynamics can be seen as being logically and empirically *prior* to incentives, which are the main referents of standard PED and PBEC. Societal dynamics temper incentives and create the basis for credible commitments (i.e. accountability) and legitimacy, shared preferences (values) and loyalty norms.⁹ The previously mentioned World Bank flagship study *Societal Dynamics and Fragility: Engaging Societies in Responding to Fragile Situations* defines societal dynamics as describing "...how people interact with each other, how they form

⁹ In exploring the link between ethnic diversity and public goods provision, where ethnic homogeneity is associated with better public goods provision, James Habyarimana and his co-authors (2007) found that the mechanism operational there to be the ability to enforce commitments by being embedded in the same social network.

collective efforts, and the material and non-material exchanges that result from these relationships. They include, among many others: the way people and groups mediate across divisions between identity; gender and generational relations; and interactions between formal and informal institutions” (Marc et al. 2013, 13-14). The main argument of this essay is that—given the relevance of decentralization in influencing conflict— incentives of stakeholders considered in PED and PBEC should be interpreted within the context of these societal dynamics.

Identity: According to Louis Kriesberg (2003) ‘identity’ is one of the main components that need to be minimally manifested for a social conflict to emerge.¹⁰ While individuals become parties to an inter-personal conflict, a collective identity is considered as mandatory for broader social conflicts. Decentralization measures have a direct impact on collective identities within a society which may, therefore, have implications on social conflicts. One of the biggest dilemmas that decentralization reforms face in this regard is how to accommodate sub-national identities within a broader national identity—especially when the sub-national identities have political salience. Stepan Linz et al. (2011) categorize states into three broad groups based on how narrower identities coincide with the state identity, namely; nation-states, state-nations, and multicultural states. In ‘nation-states’ the boundary of the state tends to coincide more or less with a uniform identity, while other sociocultural differences do not have any political salience. Therefore, nation-

¹⁰ The four necessary components are; 1) Identity 2) Grievance 3) Forming contentious goals, and 4) Believing redress is possible

states tend to be assimilationist and typically attempt to erase ethnic or cultural diversities. France is considered a classic example of a nation-state. On the other hand, ‘state-nations’ and ‘multicultural states’ try to encompass multiple narrower identities within a broader national identity. In ‘state-nations’, sub-national identities are regionally concentrated, like in India, Spain, Nigeria or Sri Lanka while in ‘multicultural states’ the narrower identities are spread across the state without any regional concentration—like in the US for instance.

Linz et al. (2011) argue that the different types of ‘states’ above require adopting very different kinds of policies. For instance, the best strategy for state-nations—with regionally concentrated sub-national identities—is to foster a broader national identity while at the same time reinforcing narrower regional identities. Instead, if state-nations choose to follow an assimilationist policy like a nation-state, Linz et al. (2011), estimate that it would lead to conflict. Similarly, they predict conflict when state-nations foster regional (narrower) identities without simultaneously nurturing broader polity-wide loyalties.¹¹ Decentralization plays a pivotal role in furthering these various policies. It becomes clear how assimilationist tendencies of the central state could undermine meaningful power devolution—especially in ‘state-nations’. Sri Lanka’s hesitation in devolving power to its Northern Province, as discussed previously, is a clear case in point. In fact, Neil DeVotta (2004) identifies the root

¹¹ Certain local authorities that allow only indigenous people (and not settlers) to run for local office are examples where the local identity is promoted at the cost of loyalty to the broader state (e.g. Nigeria’s local and provincial governments).

cause for Sri Lanka's conflict to be a 'state-nation' structure choosing to follow 'nation-state' (i.e. assimilationist) policies.

Informal Institutions: Another set of societal dynamics that decentralization has to deal with is often the parallel functioning of informal (including traditional) institutions without being properly synchronized with the formal system—especially at the local level. Such parallel institutions are often encountered around the areas of rule-of-law, economic activity, and service delivery. For designers of decentralization reforms, such parallel institutions can present challenges relating to alternate sources of legitimacy and mechanisms of accountability. However, Sue Unsworth and Mick Moore (2010) argue that such informal institutions should not always be viewed only as problems of governance but also as “part of the solution”. They highlight how sometimes the interaction between formal and informal institutions can create credible commitments where formal property rights and contract enforcement are weak and how such informal networks can play a more effective role in influencing policy outcomes than the formal participatory mechanisms provided by the state.

In discussing the decentralization experience in Burkina Faso, Eric Champagne and Ben Mamdou Ouegraogo (2011) demonstrate how traditional chiefs try to undermine decentralization reforms using misinformation and old narratives to reawaken old-

rivalries in an effort to undermine the legitimacy of elected representatives. This is in response to the fear of losing power in areas where they previously enjoyed control. The authors also highlight how the chiefs often deliberately refuse to participate in consultations to avoid validating the formal process. This, coupled with the lack of capacity of local level officials in interpreting rules and regulations is clearly seen by the authors as the main reason for setbacks in decentralization reforms in Burkina Faso. As the authors observe, “the spirit of the clan often prevails over the spirit of the local government and as a consequence can hinder the process of decentralization” (314). Similarly, in Sierra Leone, Bob Searle (2011) observes a complete lack of implementation of revenue assignments on the ground due to resistance from traditional chiefs. Prior to decentralization, the traditional chiefs had taken upon themselves to collect taxes from community members and viewed the transfer of this power to the Councils as encroaching upon their privileges. Therefore, Bob Searle concludes that the primary roadblock for decentralization reforms in Sierra Leone is pushback from traditional chiefs over issues of local-level revenue collection.

Historical legacies: Shared memories of trauma and other collective experiences can act as a strong social mobilization tool. It can influence social relations and trust, behavioral norms (e.g. legitimizing violence), group identities (us vs. them), state-society relations (perceptions of the state) and economic wellbeing of groups. Therefore, decentralization reform measures that fail to pay attention to historical

legacies run the risk of worsening the negative fallout in society. Failure to acknowledge and address the impact of such legacies may lead to the state being viewed as indifferent or complicit in exacerbating the sense of social injustice while undermining the legitimacy of the state and its institutions with strong implications for social tensions and conflict.

In discussing Albania's readiness to adopt market reforms, Marta Muco (1997) highlights certain 'political and mental barriers' presenting daunting challenges to the reform effort. In that essay, she highlights the political instability of the 1990s brought about by the sudden transition from a 45 year-old communist rule (with 4 back-to-back government changes between December 1990 and March 1992) and the overall volatile situation in the Balkan region at the time with the war in former Yugoslavia in particular. She also cites several "mental barriers" among Albanians including paternalistic expectations from the state as residual effects of socialist rule. Muco goes on to explain that as a result of the communist legacy "there is a tendency for a new wave of centralization and control of decisions, especially over the state enterprises sector, on wages, on partial privatization of their assets, on the use of profits, on the nomination of the board of directors, etc., as well as on other aspects of relations between the center, ministries and local government" (Muco 1997, 66).

Intersubjective meaning: Local-level preferences are a reflection of the shared common subjective understanding (intersubjective meaning) among local actors about the nature of the problems they face, and the possible solutions to those problems. As Michael Woolcock et al. (2011) argue, intersubjective meanings are heavily conditioned by societal dynamics (e.g. historical experience, cultural norms etc.).¹² These dynamics tend to be most potent at the local levels where formal authority is at its weakest. Therefore, the redistribution of political power to the local level—as envisaged by decentralization—would invariably mean increasing the influence of local intersubjective meaning in policy making. This would not only introduce the local-level understanding of the problems and solutions into decision-making but also introduce local-level prejudices and mechanisms of accountability into their enforcement.

Being integrated into the society, public servants invariably share societal prejudices with the rest of the community. Therefore, decentralization would increase the opportunities for local-level sensitivities to temper incentives. For instance, in a study of the opinions of local government leaders of 17 countries, de Vries (2002) found the ‘ethos’ of politicians and top public administrators being influenced by the number of social problems and deep divisions they perceive in their communities. In

¹² “Intersubjective meanings are concepts, arguments, beliefs and judgments that cannot be attributed to individuals; rather, they are the shared property of groups of human beings. The reason that they cannot be the property of a single individual is that they are not abstractions inside one’s head (as in, for instance, a picture one might have of heaven), but are rooted in the rules that govern social practices. They both arise from and are constitutive of coordinated social action, and would not exist in the form that they do were it not for the particular forms of coordination that prevail in a society” (Woolcock et al, 2011, 6).

this study, more problems and greater divisions in the community were seen to make public servants less likely to tell the truth to the public. And with these findings closely correlating among public administrators from the same city hall, the study seems to confirm that these opinions are socially and culturally driven. An anthropological study by David Butterworth (2010) in Timor Leste found the fundamental organizing principles of Timorese social life reflected in its civil service. One particular aspect, known as ‘precedence,’ implied a greater degree of responsibility borne by those closer to a conceptual origin (usually the family but in the case of civil servants the state) towards those further away from it, which created relationships of reciprocal obligation in the public service, which could be viewed as corruption or nepotism in a meritocratic system. Meanwhile, research conducted by Lily L. Tsai (2007) in rural china suggest that such local level sensitivities maybe most potent in influencing local officials when solidary groups (groups based on shared moral obligations as well as shared interests) are both *encompassing* and *embedding* since this would allow such officials to acquire moral standing among the local constituency.

Intersubjective meaning can also influence the society’s perception of public organizations, which, in turn, may influence their performance. For instance, in examining ‘pockets’ of effective institutions in countries with ‘weak governance’ environments, Leonard (2010) found that effective organizations are associated with interests groups in society “that have a conception of the state as a public good,

rather than simply as a target of predation or a tool for gaining advantage over others” (98). This was also reflected in the above mentioned study by David Butterworth (2010) of the Timorese civil service where he saw the antagonistic state-society relationship that evolved since independence in 2000 translating into one of compensation owed by the state and of high expectations in terms of service delivery. When the state failed to meet these expectations, however, societal perceptions transformed into a very low opinion of the civil service thereby feeding into weak performance. “When public institutions are not functioning effectively and efficiently there tends to be a vicious circle of poverty and inequality in distribution of scarce resources: when government waste the scarce public resources, officials in the public service in some developing countries have little incentive to do their jobs well with their low (and often irregularly paid) salaries” (Hellsten and Larbi, 2006, p. 138).

In addition to the above, dynamics around the movement of people due to migration, internal displacement and refugees can have implications relating to tensions between hosting communities and the migrant population. Additionally, conflicts between youth and elders can occur when new ideas and opportunities cannot be fully reconciled within existing social traditions. Similarly, new roles that women are required to play in a changing economic and social climate can impose stresses on gender relations (Marc et al. 2012). All these dynamics have huge implications for decentralization both as input to reform measures as well as potential outcomes of reforms. Bevir and Rhodes

(2010) argue that societal beliefs and traditions play a role even in influencing policies of advanced democracies like the US and UK with significant implications on public sector reforms. For instance, the authors argue that certain reform measures that may work in the UK might not succeed in the US due to the latter's strong tradition of limited-government. If beliefs and traditions can differ to such an extent even in two advanced democracies, it should come as no surprise that these dynamics play such a potent role in more traditional societies.

Decentralization reforms which fail to factor-in prevailing sensitivities at the local-level and which try to impose logics and practices that is external (or unfamiliar) to them run the risk of failure as they would be at odds with local-level understanding leading to issues of non-compliance or distortion. This would particularly be the case in traditional societies where the local-level interests, incentives and values are heavily influenced by traditional structures (tribes, clans, castes etc.) and traditional authorities (sheikhs, elders, imams etc.). Decentralization experiences around the world are replete with instances where unanticipated influences from societal dynamics have led to setbacks in reforms. The detailed examination of specific reform measures and their connection to various societal dynamics—while interesting—is beyond the scope of this essay. For the purpose of this essay it is sufficient to realize that societal dynamics are an important set of variables to consider in determining decentralization reform outcomes—especially with regard to conflict.

As the above discussion highlights, societal dynamics and structures can influence decentralization and conflict outcomes in multiple ways. Traditional elites can act as spoilers, can attempt to capture the reforms on the ground, or could influence the incentives of public officials or the perception of the state etc. Though discussed separately, it is important to note that these societal dynamics are not mutually exclusive and often operate together. Very often historical legacies feed into societal perceptions, which in turn influence the values of the civil servants and so on. The close interplay between societal dynamics and public organizations carry important implications for decentralization reforms especially in fragile and conflict-affected societies. Therefore, in this essay, the need to include societal dynamics in interpreting the relationship between decentralization and conflict is emphasized not with any normative bias in favor of or against traditional/customary practices but only to highlight an important missing link that could play a vital role in explaining divergent outcomes with regard to the relationship between decentralization and conflict.

CHAPTER 3: Developing the Alternative Model

The New Framework

We start developing the new framework by re-stating the assumptions we have made in this essay thus far.

***Assumption 1:** The central-level and local-levels function as distinct—but interrelated—polities with their own stakeholders and political-economic/conflict dynamics.*

***Assumption 2:** The relationship between elites of distinct inter-level polities is characterized by the central-level elites seeking to impose a uniform set of rules across the state and local-level elites seeking to apply rules unique to their localities.*

Ribot (2002), citing de Valk (1990) and Conyers (2000), explains that while decentralization devolves power to the periphery, it can also paradoxically increase state control in the peripheries in several ways. In particular, by enticing secessionist groups back into the fold, reinforcing and reconstructing affected regions after conflict or social unrest, strengthening ruling party's influence at the local-level, and enhancing broader

state legitimacy by winning popular support. Donald Rothchild (1994) observe this phenomenon among authoritarian regimes as well and explains; “a number of authoritarian systems in Africa have called for and actually implemented decentralization measures, largely reflecting their desire to increase their ability to ‘penetrate’ the periphery politically and administratively and to reduce the burden on the political center by off-loading a set of costly responsibilities upon local actors” (2). The “decentralized despotism” Mahmood Mamdani (1996) identified in Africa under Colonial rule seems to operate on the same principle. Mamdani argues that the so-called “indirect rule” (first imposed by the British and later by the French) was actually despotism administered through customary rule via a state appointed native authority. However, Catherine Boone (2003) sees this center-periphery relationship to be a bit more nuanced with significant variation in the center’s chosen institutional strategy. She identifies these ranging from 1) power sharing with local structures; 2) usurpation of local authority; 3) non-incorporation of local structures into national politics (i.e. neglect); and 4) mere administrative or military occupation of local communities. In effect, the center-periphery relationship can be interpreted as a bargaining game between the inter-level elites.

In his essay titled “Political Decentralization and Economic Reform: A Game-Theoretic Analysis”, Daniel Treisman (1999) sets up a simple two-level game to model the dynamics of central level and local level officials in decentralization. Using this game-theoretic model of inter-level politics, he demonstrates that the level of cultural division between the center and the periphery can have contrasting implications on the

impact of public good provision—leading to “virtuous cycles of growth and increased revenues and state capacity” in culturally homogenous states and negative cycles of “higher redistribution, economic inefficiency, and political instability” in culturally divided states. Notwithstanding this very important insight, Treisman’s model also offers a useful formulation of the interaction between central-level and local-level elites. This essay will adopt the same formulation—two-level bargaining game—to interpret the interaction between inter-level elites as the third assumption of the models.

***Assumption 3:** This framework views the relationship between central-level elites and local-level elites as a simple two-level bargaining game.*

However, Treisman’s model focuses exclusively on formal rules such as tax rates and fiscal transfers. But as North, Wallis and Weingast (2009) argue, the elite compact is based more on informal rents than formal rules. Therefore, while adopting Treisman’s two-level game—for the purposes of this essay—there’s a need to go beyond the distinction of formal and informal rules to understand the relationship in terms of elite incentives. In this regard, this essay adopts the formulation used by Bueno de Mesquita and his co-authors (2003), in defining the selectorate theory of political survival. This theory articulates incentive of elites purely in terms of political survival. Since, very similar policies have dramatically different impact on a ruler’s tenure under different institutional structures, Mesquita and his co-authors (2003) argue that the ruler’s

preference for a particular policy can be interpreted in terms of their perceived impact on the ruler's tenure. In effect, survival in office becomes the fundamental denominator among the many incentives that influence the decisions of a ruler. And political survival is seen as a function of the mix of *public* vs. *private* goods provided by leaders (i.e. elites), which in turn, is contingent upon selection institutions within that polity. However, before elaborating on the implications of the full model, a quick summary of the general intuition of the selectorate theory will be useful.

The selectorate theory

According to the selectorate theory, residents within a polity are conceived of as representing a series of co-centric circles in terms of their relevance to the leader's tenure. Polities will have an incumbent ruler and another individual who could potentially challenge the incumbent. The outermost circle around the ruler would obviously represent all residents within a polity. A subset within them, represented by a smaller circle, will have the formal right to select the leader—known as the selectorate. There is yet another subset of individuals, from within the selectorate, whose support will be essential to the leader. This subset—represented by a circle immediately around the ruler—is known as the winning coalition (see figure below). Meanwhile, social organizations (blocs) play an important role in the model as it determines the affinity of selectorate members towards the leader. Blocs (ethnic groups, tribes etc.) make affinity

lumpy in its distribution and leaders only need to reward bloc leaders to maintain the support of the whole bloc. Therefore, in polities with lot of blocs, by definition, though the nominal size of the winning coalition maybe high the effective size will be low.

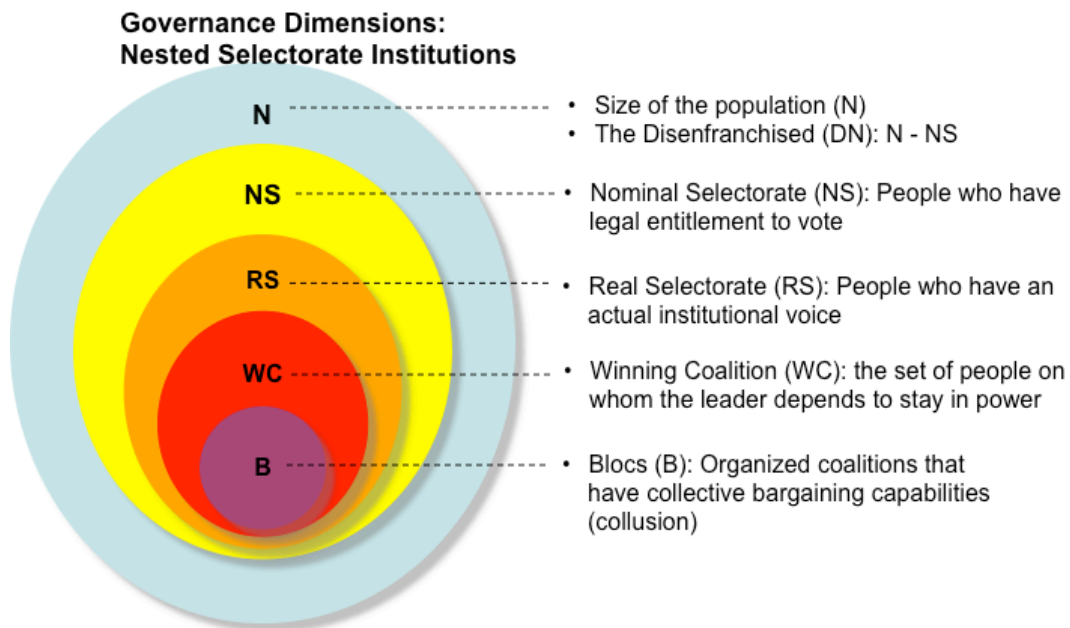


Figure 2: Nested selectorate institutions

The prevailing rules within the polity ensure that the winning coalition controls resources vital to the political survival of the incumbent and that its members enjoy a degree of influence over other members of the selectorate. If the winning coalition decides to channel these resources towards a challenger, the incumbent would lose. Therefore, to stay in power, it is vital that the ruler maintains favor with winning coalition members. To attract winning coalition members, the selectorate theory argues

that the ruler distributes political goods among them. These political goods can be of two kinds—either *private goods* or *public goods*. Public goods (such as security, infrastructure development, and economic growth opportunities etc.) benefit all residents within the polity while private goods (such as special social privileges, access to graft, tax concessions, favorable contracts, and judicial favoritism etc.) benefit only the recipient members of the winning coalition.¹³ Meanwhile, these rewards are financed through tax revenue and income from natural resources.

The fundamental insight of the selectorate theory is that the ruler's incentive to provide a particular balance of public and private goods is determined by the *selection institutions* within that polity i.e. institutions available for selecting rulers. Institutions that leave that power disproportionately in the hands of a very narrow winning coalition (authoritarian system) will see a higher degree of private goods provision. However, when the winning coalition is large (i.e. the power to select the ruler is distributed among a broader segment of the selectorate –e.g. democracy), given the resource constraints, the ruler will not have sufficient funds to reward all members adequately with private goods to prevent defection. In such situations, a better strategy for survival in power would be to provide public goods more broadly. Therefore, the institutional arrangement that determines how the ruler is selected (selection institutions) will determine the optimal

¹³ The selectorate model does not consider the ruler as providing either public or private goods exclusively. Instead the estimated quantity of the theory is the relative weight between the mix of goods provided.

mix of public and private goods provision within a polity for the ruler to survive in power.

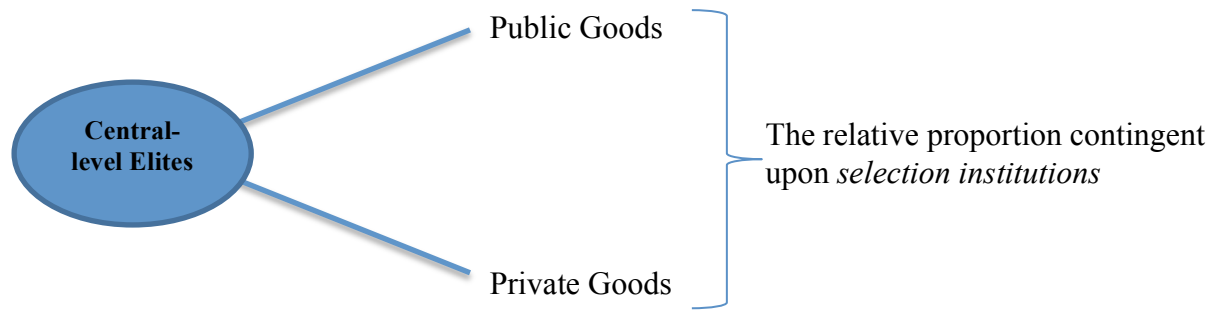


Figure 3: The choice of the central-level elites

Meanwhile, the selectorate theory interprets conflict as an attempt by the disenfranchised members within a polity to depose the ruler and the selectorate. In such instances, the model predicts that members of the selectorate would defend the status quo. The model further predicts that polities with large winning coalitions will be invulnerable to civil wars as the revolutionary leader cannot hope to improve the current situation of the selectorate. Smaller winning coalitions on the other hand are highly vulnerable to civil wars because there are many disenfranchised members from which to draw revolutionaries. The same applies when the selectorate is small because of the large numbers of disenfranchised. However, even when the selectorate is large, if the winning coalition is still small, the chances of conflict can be still high because the members of the selectorate will have little reason to defend the system and may even defect to join the revolutionaries.

The proposed framework of conflict and decentralization will accept the intuition of the selectorate model in its entirety but with one additional assumption to better reflect dynamics of decentralization. This would lead to the fourth and final assumption of this framework.

Assumption 4: *The intuition of the selectorate model applies to the dynamics within the local-level polity in its entirety except for a relatively relaxed budget constraint due to fiscal transfers from the center.*

Said otherwise, the new framework considers the central and local levels as distinct polities with their own unique winning coalitions and selectorates, but which are at the same time closely interrelated. For the purpose of devising the new framework, the current essay assumes that the dynamics of the selectorate theory applies *mutatis mutandis* to the local-level, with the important caveat that unlike at the central-level, where the amounts of private and public goods are constrained by revenue earned from within the polity, local-level elites will have a discretionary resource stream by way of fiscal transfers which they will not be held accountable at the local level. Additionally, the local level will have a relatively larger number of blocs, which will increase the salience of social groups (Migdal 1988).

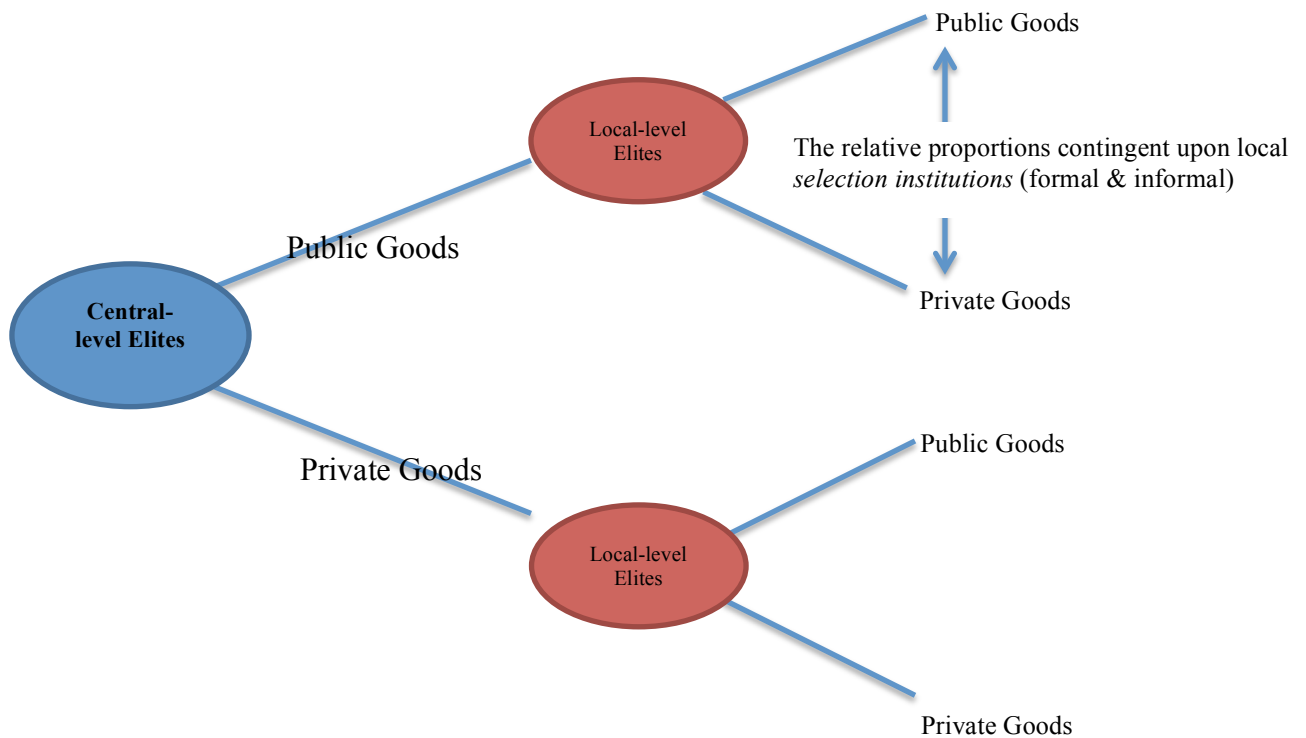


Figure 4: The Interaction between inter-level elites

Taking a disaggregated view of center-periphery incentives provides important insights for decentralization reforms as the optimal mix of public vs. private goods for survival in power for local-level elites could be different to that of central-level elites (or at another local level for that matter). Setting the game up in this manner allows for the study of the interactive dynamic between different levels of government (inter-polity) as well as within each level (intra-polity) throughout the initiation, design, implementation, and modification stages of reforms. Such insights will be a powerful addition to the analytical knowledge base on decentralization and conflict. Also, by articulating incentive of elites purely in terms of political survival, the new framework goes beyond

the formal and informal distinction to look at overall constraints and opportunities facing elites. This provides the space to introduce informal norms and traditional dynamics into the analysis. Regardless of whether elite incentives are driven by formal rules (such as electoral rules or party loyalty) or whether they are driven by informal motivations (such as tribal norms or common values) this framework is able to capture all that when interpreting the overall incentive structures of elites.

Technical discussion

The game shown below is derived from the logic Bueno de Mesquita and his co-authors (hereafter BDM) use in articulating the selectorate theory. However, only sections from the selectorate theory that are specifically relevant to the current argument are discussed below. For a complete elaboration of the selectorate theory, please see the technical appendix of Chapter 3 of *The Logic of Political Survival* (Bueno de Mesquita et al. 2003, 106-126).

As we discussed previously, the selectorate theory divides the population within a polity into a series of co-centric circles based on their relevance to the tenure of its leader. The innermost circle—the winning coalition (W)—consists of members of the polity whose support is indispensable to the leader. The circle immediately outside—which is

called the selectorate (S)—consists of polity members who have a right to participate in selecting the leader. $\therefore (W \in S)$.

The incumbent leader ensures the support of the winning coalition by promising a mixture of public goods (x_L) and private goods (g_L) to members of the polity in return for a particular tax rate (r_L). Meanwhile, members of the selectorate hold the incumbent leader accountable for the promised mixture of public and private goods provision in part thanks to a second individual within the polity who acts as a challenger. Failure of the incumbent to live up to her promises would result in members of the winning coalition defecting towards the challenger's winning coalition (W_C). The challenger also promises a mix of public goods (x_C) and private goods (g_C) against a particular tax rate (r_C).

To remain in power, the incumbent leader's winning coalition (W_L) *has* to be equal to W . The challenger's winning coalition (W_C), meanwhile, will be by definition less than W . The mix of public and private goods and the tax rate that the challenger promises are calculated to entice members of the winning coalition away from the incumbent's winning coalition. If the challenger manages to entice enough winning coalition members where W_C becomes equal to W , the challenger then replaces the incumbent.

However, the challenger faces a unique commitment problem because of the probabilistic nature of future promises. Whereas the incumbent can be more convincing by drawing upon a track record (perhaps). This makes the process of enticing winning coalition members away from the leader's winning coalition a little bit more 'stickier' than the theory would suggest. This problem is even more acute with regard to private goods, which are not easily transferable between individuals due to their excludability (i.e. only benefits the recipient). The selectorate theory calls this the incumbency advantage.

In the selectorate theory, the 'stickiness' of the winning coalition members is termed as 'loyalty'. The theory considers the loyalty norm to be determined by the size of the winning coalition in relation to the selectorate. If the winning coalition is significantly smaller in relation to the selectorate, the loyalty will be high. Said differently, a member of a narrow winning coalition will be so highly privileged in relation to others that it would be difficult to entice such a member away from the incumbent's winning coalition. This also reduces the cost the incumbent has to incur to keep the winning coalition intact.

This can be shown as below.

$$Loyalty\ norm = \frac{W}{S}$$

(also the probability of a selector being in the winning coalition)

- (i) When size of the Winning Coalition decreases;

$$\frac{W \downarrow}{S} = \text{Loyalty increases}$$

(reduces the amount incumbent has to pay to maintain loyalty)

(ii) When size of the Winning Coalition increases;

$$\frac{W \uparrow}{S} = \text{Loyalty decreases}$$

(increases the amount incumbent has to pay to maintain loyalty)

Additionally, special bonds between a leader and followers can make the winning coalition ‘sticky’ as well. The selectorate theory terms such bonds as ‘affinity’. In societies with many subnational groups (blocs), affinity towards the leader can be lumpy in its distribution. In other words, the affinities among bloc members could be highly correlated. In such situations, leaders only need to reward bloc leaders to earn the support of the entire group. Therefore, by definition, correlated affinities (blocs) suggest a higher loyalty norm ($\frac{W}{S}$) as, even though the nominal size of the W maybe high, the effective size becomes low as only bloc leaders need to be rewarded.

Meanwhile, each individual within a polity divides his/her activities between economically productive activities and leisure (l). Therefore, the economic productivity of individual ‘ i ’ is $(1 - l_i)$. The economic activity of the entire economy with N individuals (entire population) will be: $\sum_{i \in N} (1 - l_i)$. Therefore, the equilibrium state (feasibility) in which the incumbent would continue in power is as below.

$$r_L \sum_{i \in N} (1 - l_i) - p x_L - |W_L| g_L > r_C \sum_{i \in N} (1 - l_i) - p x_C - |W_C| g_C \quad \textbf{(Equation: A)}$$

N – Population

l – Leisure

r_L – Tax rate of the Incumbent

x_L – Public Goods provided by Incumbent

g_L – Private goods provided by Incumbent

W_L – Incumbent's Winning Coalition

r_C – Tax rate proposed by the challenger

x_C – Public Goods promised by the challenger

g_C – Private goods promised by the challenger

W_C – Challenger's Winning Coalition

Citizen's payoffs

Citizen's receive payoffs from: public goods(x), private goods(g), returns from economic activity(y), and leisure(l).

If each individual's utility function = $V(x, g, y, l)$

- $V()$ is an additively separable, twice-differentiable function that is increasing and concave in each component

Then the utility under the incumbent is = $V(x_L, (l_{WL,i}) g_L, (1 - r_L)(1 - l_i), l_i)$

- $(l_{WL,i})$ is an indicator function on winning coalition membership $(l_{WL,i}) = 1$ if member and $(l_{WL,i}) = 0$ if not.

The incumbency condition

The incumbent will match the challenger's best offer to prevent winning coalition members from defecting to the challenger's coalition.

$$V(x_L, g_L, (1 - r_L)(1 - l), l) + \delta Z_{L,i} = V(x_C, g_C, (1 - r_C)(1 - l), l) + \delta Z_{C,i}$$

Where; $\delta Z_{L,i}$ = the value of the leader continuing in the next round

$\delta Z_{C,i}$ = the value of the challenger depositing the incumbent in the next round

$$Z_{L,i} = \frac{1}{1 - \delta} V(x_L, (1_{\{1, \dots, W\}, i}) g_L, (1 - r_L)(1 - l), l)$$

δ – discount factor for each round

$(1_{\{1, \dots, W\}, i})$ – indicator function if 'i' is member of winning coalition (yes = 1; no = 0).

$$Z_{C,i} = \frac{1}{1 - \delta} \left(\frac{W}{S} V(x_L, g_L, (1 - r_L)(1 - l), l) + \left(1 - \frac{W}{S} \right) V(x_L, 0, (1 - r_L)(1 - l), l) \right)$$

(Equation: B)

$\frac{W}{S}$ – the probability of 'i' being a member of winning coalition

The incumbent can credibly promise private goods for the members of the coalition, while the challenger can only do so probabilistically.

Key result: when $i \in \{1, \dots, W\}$, $Z_{L,i} > Z_{C,i}$

Applying the intuition of the selectorate model to the local-level

Often, when applying the selectorate theory, the entire state is considered as one polity. Peripheral communities are considered as constituent parts of the central polity and local actors are characterized as belonging to the statewide winning coalition, selectorate etc. However, fragile and conflict-affected situation often tend to have local dynamics, which are considerably autonomous from dynamics at the center (Marc et al. 2013; Migdal 1988). Therefore, local-level sources of legitimacy, elites structures, accountability mechanisms and selection institutions too could be very different to those at the center. In terms of the selectorate model this would mean local-levels having their unique selectorates and winning coalitions and optimal distribution of *public* vs. *private* goods. However, as discussed previously, given the interaction with the central-level the local-polity will also have certain features that are not typically presented in the formulation of the baseline model. The following discussion presents the formulation of the selectorate theory to the local level. Throughout this essay, referents to local-level dynamics will be accentuated by the prime symbol (').

Therefore, as we discussed before, the current model assumes that the local level has its own winning coalition (W') and selectorate (S') and leadership structures and

selection institutions. This will entail a unique mixture of public goods (x'_L) and private goods (g'_L) provision in return to a particular local tax rate (r'_L). The tax rate here implies what applies at the local level. However, in polities governed by informal/traditional norms, this could also be payment in the form of agricultural produce or personal labor etc.¹⁴ Similar to the center, the current model also assumes that the local-level has accountability structures that hold the local incumbent leader accountable to the constituents. This too takes the form of having a potential local challenger who could replace the incumbent with an alternate configuration of public goods (x'_C) and private goods (g'_C) provision against a particular local tax rate (r'_C). However, one respect in which local-level dynamics would differ from the center would be having central-level dynamics play an exogenous influence on local level dynamics. For instance the central level public goods (x_L) and private goods (g_L), transferred to the local-level via fiscal transfers, would constitute an extra stream of resources to the local elites for which the local constituents would not be able to hold them accountable. Therefore, we can reformulate ‘Equation A’ as follows.

$$\begin{aligned} & \left(r'_L \sum_{i \in n} (1 - l_i) + \alpha'_L(|W_L|g_L) + \frac{n}{N}(px_L) \right) - px'_L - |W'_L|g'_L \\ & > \left(r'_C \sum_{i \in n} (1 - l_i) + \frac{n}{N}(px_L) \right) - px'_C - |W'_C|g'_C \end{aligned}$$

¹⁴ Customary rules (adat) in Aceh, Indonesia requires fishermen to share a part of their daily catch with the traditional authority (Panglima Laot or “Sea Commanders”) who is in charge of administering the use of coastal resources according to traditional rules (Marc 2013). In the sense of the selectorate model, therefore, such payment would constitute a local tax.

(Equation: A')

n – Population at the local level

r'_L – Tax rate of the local Incumbent

x'_L – Public Goods provided by local Incumbent

g'_L – Private goods provided by local Incumbent

W'_L – Local Incumbent's Winning Coalition

r'_C – Tax rate proposed by the local challenger

x'_C – Public Goods promised by the local challenger

g'_C – Private goods promised by the local challenger

W'_C – Local Challenger's Winning Coalition

α'_L – proportion of central – level private goods available to local level leader

The inclusion of transfers from the center (both public goods and private goods) into the equation is the main difference between Equation A (central-level) and Equation A' (local-level). These become additional resources available to the local elites to distribute as political goods within the locality. Central level private goods are allocated to the local leader based on a specific proportion (α'_L) related to her value to the elite compact. However, such private goods are exclusive to the recipient i.e. only accessible for the person intended, and therefore, not available to the local challenger. This has serious implication for the accountability structures at the local level. We will discuss this further in detail when examining Yemen's decentralization experience in Chapter 4.

Similarly, we can reformulate Equation B to the local level as follows:

$V'(x', g', y', l)$ - The utility function of a local individual

$V'(x'_L, (l_{WL,i})' g'_L, (1 - r'_L)(1 - l_i), l_i)$ - *the utility function under the incumbent*

$(l_{WL,i})'$ - is an indicator function on winning coalition membership $(l_{WL,i})' = 1$ if member and $(l_{WL,i})' = 0$ if not.

$$Z'_{C,i} = \frac{1}{1-\delta} \left(\frac{W'}{S'} V'(x'_L, 0, (1 - r'_L)(1 - l), l) + \left(1 - \frac{W'}{S'} \right) V'(x'_L, (1_{\{1,...,W\},i})' g'_L, (1 - r'_L)(1 - l), l) \right)$$

(Equation: B')

$$Z'_{L,i} = \frac{1}{1-\delta} V'(x'_L, (1_{\{1,...,W\},i})' g'_L, (1 - r'_L)(1 - l), l)$$

$\delta Z_{L,i}$ = *the value of the leader continuing in the next round*

$\delta Z_{C,i}$ = *the value of the challenger deposing the incumbent in the next round*

δ - *discount factor for each round*

In the baseline model, we showed that the outcome of the above equation (Equation B) depends on the loyalty norm $\frac{W}{S}$ i.e. the probability of 'i' being a member of the winning coalition. We also argued that since the incumbent can credibly promise private goods for the members of the coalition, while the challenger can only do so probabilistically, the result of this equation is typically $Z_{L,i} > Z_{C,i}$. However, when applying this equation to the local level, due to the higher incidence of blocs (societal structures) at the local-level, the outcome may not be that consistent. Traditional loyalties may triumph those based on public goods provision. This phenomenon played a prominent role in Burkina Faso's failed attempt to decentralize under Thomas Sankara's

leadership during the 1983-87 period. We would examine this experience at more length using the alternative PED framework in the next chapter.

An important caveat: This essay has build on the intuition of the selectorate theory fully aware of some of the criticisms that has emerged recently against some of the measures used in the *Logic of Political Survival* book (Kennedy 2009; Clarke and Stone 2008). We are also aware of the rebuttal provided in this regard by James Morrow, Bueno de Mesquita et.al (2008). However, we would like to underscore that most of the criticism is leveled at the empirical results of the original model—crude measures and omitted variables etc.—whereas this essay exclusively focuses on the logical intuition of the model.

CHAPTER 4: Applying the Framework on the Ground

Mahmood Mamdani's (1996) identification of a style of governance via a system of 'decentralized despotism' is considered one of the first attempts at generalizing the seemingly unstructured governance environment in weak states—especially in Africa. His model of governance characterizes a weak central state expanding its authority by coopting 'native authorities' in the peripheries to function as agents of the center. Mamdani sees this as the method of choice adopted by the European colonizers in Africa—first the British and then the French—to control areas outside their direct authority. As we discussed previously, Catherine Boone (2003) goes onto nuance this framework by arguing for the need to contextualize the center-periphery relationship a bit further. She sees the 'decentralized despotism' model as being too general and identifies significant distinctions in the patterns of center-periphery relations. She argues "that there are significant regional (subnational) variations in the political capacities and interests of rural societies and rural notables, and that much of the variation we observe in regimes' strategies in governing the country-side is attributable to this fact. How power is distributed between center and periphery, and how these imbalances are institutionalized, are partly artifacts of the organization of power within agrarian society itself" (Boone 2003, 2).

In this regard, Boone categorizes the different institutional strategies the center could employ to engage local structures into four types. They are; 1) power sharing with local structures; 2) usurpation of local authority; 3) non-incorporation of local structures into national politics (i.e. neglect); and 4) mere administrative or military occupation of local communities. The most powerful aspect of Boone's argument is how she associates these various strategies with specific contextual factors operating at the local level—including factors like the availability of extractive resources and the structure of societal hierarchies in local communities etc. She goes on to argue that “the more hierarchy, the greater the rural elites' bargaining power,” and “the greater rural elites' reliance on the market as a mechanism of surplus extraction and labor control, the greater their potential for political independence vis-à-vis the state and thus for confrontation with regimes bent on centralizing power. Greater dependence upon the state creates structural conditions conducive to collaboration between rural elites and the center” (Boone 2003, 23).

In other words, Boone's argument suggests that hierarchical communities with strong self-preservation mechanisms at the local level (i.e. with strong blocs) have more bargaining power against the center as opposed to communities that rely heavily on the center's support for survival. Invariably as weak states attempt to decentralize, they will always face questions about how to expand their authority into the peripheries. They will have to pick from a menu of institutional choices very similar to the ones presented by Mamdani and Boone i.e. they could either co-opt the local elites, share

power with them or decide to marginalize them. And Boone would argue further that the level of hierarchical structures at the local level and the availability of extractive resources would play a big role in determining this choice. Regardless of its cause, the eventual choice will have significant impacts on how decentralization reforms are implemented. The inability of standard PED frameworks—with their focus on politicians and bureaucrats at the center—to capture such dynamics represents a huge drawback in understanding decentralization outcomes in weak and conflict-affected states. The main premise of this essay is that decentralization outcomes—especially relating to conflict—should be interpreted in terms of the institutional choices that central elites have in engaging local societal structures. This essay provides a lens to view and interpret such center-periphery dynamics and to understand the incentive structures driving the center’s eventual institutional choice. It also provides a framework to study situations on the field more systematically to nuance these relationships further and to potentially add to the menu presented by Mamdani and Boone.

In this chapter, we plan to demonstrate the utility of the proposed framework by relating it to specific dynamics observed under two particular decentralization experiences—namely the 2000-2008 decentralization effort in Yemen and the 1983-87 decentralization effort in Burkina Faso. As we noted earlier, this is done purely for the purpose of illustrating the functionality of our framework and therefore only dynamics relating to the institutional choices underlying center-periphery relationship are examined. This is done with the explicit understanding that though decentralization

unleashes a host of other dynamics beyond those relating to the center's institutional choice, most such dynamics are of secondary importance to dynamics of conflict and/or national cohesion. Therefore this framework is presented here to capture dynamics of conflict as a complement to standard PED frameworks. For the purposes of this chapter, therefore, we do not intend to conduct comprehensive case studies of the decentralization experiences examining the full range of dynamics unleashed by each reform process. Instead, our inquiry will be limited to dynamics around the center-periphery relationship and the institutional choice of the center.

Both decentralization experiences discussed here are generally considered as failures—but due to very different reasons. Additionally, both countries (Yemen and Burkina Faso) have relatively weak central states operating against the backdrop of very strong traditional structures. In trying to expand state authority, Yemen's Ali Abdullah Saleh decided to go the 'decentralized despotism' route by using decentralization reforms to co-opt traditional authorities. Thomas Sankara of Burkina Faso, on the other hand, chose to do the exact opposite by trying to breakup a prevailing system of 'decentralized despotism' using parallel structures to marginalize traditional authorities. The specific point in history that each country found itself as they tried to decentralize played a critical role in the center's institutional choice. With the effects of colonization across Yemeni society having been relative light (with the British protectorate limited to Aden and its surrounding areas and the effective control of the Ottoman rulers limited to big cities) President Saleh had the political space to introduce a system of 'decentralized despotism'

in his effort to expand state authority. Burkina Faso on the other hand, having suffered under ‘decentralized despotism’ from colonial times, was fully aware of the consequences and readily welcomed Sankara’s efforts to repudiate the system. However, despite the polar opposite institutional choices made by the center, both decentralization efforts resulted in the same eventual outcome—failure. The following discussion uses the current framework to demonstrate why.

Yemen

Decentralization became a priority for Yemen soon after the civil war in 1994. Decentralization was seen as a way to accommodate the South’s demand for greater autonomy within a framework of a united Yemen. The “Document of Pledge and Accord” signed in February 1994—immediately before the breakout of war—by the country’s northern and southern leaders called for political, administrative and fiscal decentralization. However, it took the breakout of the civil war (May–July, 1994) and more than six years of public debate for the decentralization law, the Local Authorities Law (Law/4/2000) to be enacted. The Law provides the basic legal framework for decentralization and contains important provisions for local elections — which took place in 2001 and 2006. The Law was a major step in providing Yemen’s lowest level of government, the Local Councils, technical control over budget allocations and authority over local branches of key ministries.

However, the actual implementation of the Law has been slow and inefficient and has eventually led to the complete control of local authorities by the central-level agencies. Romeo and Mensi (2011) approximate the following reasons for the failure of Yemen's decentralization Law. They are; 1) ambiguities in the language of the Law (providing local councils the right to 'supervise' local administration while emphasizing that they were an integral part of the 'state authority'), 2) the local authorities being conceived of as an extension of the central authority with only upward accountability (without room for local interpretation and adjustment of policies), 3) the highly constrained fiscal autonomy of local authorities (95% of all intergovernmental transfers earmarked for recurrent expenditure), and 4) the severe shortage in human resource capacity (allowing representatives of the central-level ministries to control the formulation of local budgets etc.). However, Daniel Egel (2009) adds another factor to this list by highlighting the undue influence exerted by tribal elites on Local Councils. He argues that the decentralization law left enough gaps at the local level for local authorities to be captured by tribal elites. According to Egel's assessment, such capture was possible due to; 1) the over-reliance on the tribal elites by the Supreme Election Commission (SEC) in drawing up electoral districts; 2) the weakness of the voter registration process (arbitrary disqualification of voters, duplicate and false registrations, and ability to vote in multiple locations etc.) providing enough room for tribal elites to manipulate outcomes; and 3) the tribal elites dominating local election committees which are responsible for accepting or rejecting candidate nominations. In the final analysis, therefore, Yemen's

decentralization Law can be seen as having simply concentrated even more power at the central level while acting as an instrument for the center to penetrate the localities via co-opted local tribal leader—i.e. ‘decentralized despotism’.

How could a decentralization Law that was designed with the lofty goal of providing genuine power devolution as a means to reduce tensions in the country’s South go so wrong so quickly? Interestingly, looking at the details of the Law these problems cannot be seen as wholly unexpected. The design of the Law seemed to have deliberately set it up for failure from the beginning. For instance, issues like ambiguities in the language, skewed fiscal transfer formulas, and the space allowed at the local-level for tribal capture etc. have relatively straightforward technical solutions if there were genuine efforts—and the political will—to fix them. This raises the question if these flaws were accidental oversights or deliberate measures adopted by Saleh’s regime to expand its authority into the peripheries via local tribal elites. Such an effort by President Saleh will not come as a surprise to anyone who is familiar with his governance style in general.

Saleh’s style of governance concentrated political power in the hands of tribal sheikhs, military officers, and Northern businessmen—in what Robert Burrowes (2005) called the tribal-military-commercial complex. His regime offered tribal leaders senior positions in the military, which afforded them greater access to lucrative government contracts and other commercial ventures. This system created a very narrow set of

political elites with overlapping roles in the military, tribal, political, and commercial arenas. As Paul Dresch (1995) describes “high-ranking army officers and a few great merchant families all had their hands in each other’s pockets. Between them they had the state in their control” (34). Meanwhile, the functioning of traditional norms in parallel to formal laws, with their overlapping jurisdictions, created confusion about prevailing rules, feeding further into the highly personalized and discretionary system and reinforcing the power of the sheikhs still more.

However, having said that, we should also acknowledge that there were compelling reasons for Saleh to opt for this particular governance style. With its predominantly rural and dispersed population and challenging physical terrain, rulers of Yemen have always had difficulties projecting their authority consistently throughout the periphery. Tribes are culturally homogenous units, at times enjoying significant autonomy within their areas of control, and even constituting ‘states within a state’ (Nadwa Al-Dawsari, 2012). They are also known to defend their autonomy fiercely. The tribal identity has always been strong and tribes often operated as independent entities, only loosely affiliated to a central authority. Even ancient Kingdoms, like the Ma’ien Kingdom in 14th century BC, were based on a delicate alliance between the monarchs and the tribes (Manea 1996). During the Ottoman period, the Ottomans only exercised their authority within the cities that they had their garrisons. The rest of the country was under tribal control. And the Mutawakkilite Kingdom, established under Imam Yahia in 1918, had to employ a combination of bribes and coercive tactics to ensure the support of

tribes (Manea, 1996). This relative strength of tribes' vis-à-vis Yemen's central authority is reflected to this day in the level of independence enjoyed by tribes—especially in the north.

The military-led revolution of 1962 transformed northern Yemen from a state governed by an Imam to a modern nation-state with a constitution, an elected President, and a Parliament. However, the secular governments, which followed the Imamate, were all short lived, and failed to significantly exert state control over tribal areas. Indeed efforts at strengthening state institutions at the expense of tribes were generally met with stiff (and sometimes violent) resistance. For instance, President Ibrahim al-Hamdi—who came to power in 1974 through a military coup d'état—had to pay with his life for trying to end tribal loyalties and proclaiming all Yemenis as equal when he was assassinated in 1977. In this context, President Ali Abdullah Saleh who came into power soon after in 1978, is believed to have been keenly aware of the level of autonomy enjoyed by the tribes. Therefore, without challenging their authority directly, he chose to negotiate tribal support using a combination of bargaining tactics including co-optation, manipulations, bribes and coercive tactics.

Instead of strengthening state institutions to project power into tribal areas, President Saleh decided to buy-in tribal cooperation by offering tribal leaders access to patronage. He used the Department of Tribal Affairs to provide regular stipend to at least

4-5000 tribal sheikhs throughout the country. Sarah Phillips (2008) estimated that generally a tribal sheikh received anywhere between \$100 to \$500 as a monthly stipend. In addition to cash transfers, tribal leaders were also entitled to in-kind benefits such as “vehicles, business deals, salaries for (sometimes fictional) guards, and houses... sometimes patronage simply involves turning a blind eye to corruption and banditry” (Phillips 2008, 105). The President’s ability to withhold these benefits at his discretion served as a control against defection. For instance, his regime was sometimes known to hold possession of the ownership papers of houses given as gifts so that any disobedient sheikhs could be promptly evicted (Phillips 2008). In that context, there is a real possibility that Saleh viewed the call for decentralization as an opportunity to penetrate further into the local level. Given his governance style, it would by no means be a stretch of imagination to think that he deliberately left the gaps in the Law for tribal elites to capture Local Councils. In effect, he would have seen this as an instrument for him to co-opt local tribal elites. Similarly, re-concentrating power back at the center cannot be an accident either.

In hindsight, however, it seems as if Saleh did not really think through the full consequences of his governance style. The co-optation of tribal sheikhs and the resulting increase in their power vis-à-vis the tribe members unleashed its own ‘unintended’ set of dynamics at the local level. The disproportionate strengthening of the power of tribal elites put them outside the traditional accountability mechanisms. The World Bank’s *Societal Dynamics and Fragility* flagship study (2013) explains this transformation as

follows. “In 2000, the Government of Yemen enacted a comprehensive reform of its governance system aimed at decentralizing the administrative apparatus and delegating authority and power to locally elected representatives. This system formally preserved the rule of the sheikh, as most local level positions are now held by tribal leaders...This co-optation into the state’s patronage system has changed the relationship of tribesmen with their sheiks. Traditionally a tribal sheikh has often needed the support of and consensus from tribal members to assume his leadership. He was often regarded as a first among equals, and his function as a sheikh entailed this devotion to the tribe and its needs. This is clearly expressed in the tribal proverb “the master of the people is their servant.” With co-optation, tribal sheiks are no longer exclusively dependent on their tribes for their influence and often live in the capital Sana’a away from their own constituency” (Marc et al. 2013, 100).

As a consequence, a widening “trust gap” has been created between tribal sheikhs and their constituents. As Nadwa Al-Dawsari argues “although they (tribal sheikhs) remain involved in resolving conflicts in their communities, there is growing feeling among locals that tribal sheikhs use their positions to serve their personal interests rather than those of their communities” (2012, 11). Therefore, in an ironic twist, the very tactics that were used by Saleh to provide prominence to tribal leaders ended up actually weakening the cohesion of the tribes. With state institutions already weak, this deprived local communities even the use of traditional self-preservation mechanisms. The

resentment triggered by this chain of events played no small role in fueling the ‘Arab Spring’ demonstrations of 2011, which ultimately led to the ouster of President Saleh.

How could the disproportionate strengthening of tribal elites end up undermining tribal cohesion? A quick look at the basis of Yemen’s tribal structure provides insights into this. “A tribe in Yemen...can be defined as a social organization that gains its legitimacy from a set of traditional rules that constitutes a social contract among the tribe’s members as well as between them and their sheikhs and other tribes. This social contract, or Customary Law, governs public affairs, protects common interests, and extends protection and economic support to tribal members” (Nadwa Al-Dawsari 2012, 5). Therefore, the tribal structure can be seen as being non-hierarchical and instead based on “accountability of tribal leaders (sheikhs) to their communities”. “The status of a sheikh is not automatically passed from father to son, and a person’s efforts to be a sheikh are not necessarily respected by tribesmen or other tribes...Instead, sheikhs gain their legitimacy and accreditation through their ability to resolve conflicts and safeguard the tribe’s interests without resorting to coercion” (Nadwa Al-Dawsari 2012, 4).¹⁵

The co-optation of the tribal sheiks by the center disturbed the delicate balance between the tribal sheiks and tribe members. Instead of being accountable to tribe

¹⁵ Given their distinct resource endowments and historical legacies it is important to distinguish between the social structures in the north and the south. The fertile land in parts of the south and in the areas of Ibb and Ta’izz led to social relationships based, to a significant degree, on settled land ownership, with the southern sultanates taking a semi-feudal character with the people cultivating the land belonging to the sultan. Meanwhile, the aridity in the North made it unsuited for agriculture and forced tribes to organize themselves more along warlike alliances ‘tribal conferences’ for survival (Saif 2001).

members, the sheiks were now accountable to the central regime, which controlled the stream of private goods coming their way. It also interrupted the dynamism of the tribal structure where tribe members could easily replace errant sheiks. Instead the co-optation ‘locked’ the incumbent tribal sheik in place and converted the non-hierarchical tribal structure into a hierarchical one.

Yemen’s case is therefore a classic case of collusion between central-level elites and local-level elites—similar to Country B in our hypothetical example in Chapter 3. The framework predicts such an outcome in societies with a large number of ‘blocs’ like the tribes in Yemeni. Our framework allows us to look at the dynamics co-optation creates within the tribes (intra-polity). Let’s restate **Equation: A'** from Chapter 3.

$$\begin{aligned} & \left(r'_L \sum_{i \in n} (1 - l_i) + \alpha'_L (|W_L| g_L) + \frac{n}{N} (p x_L) \right) - p x'_L - |W'_L| g'_L \\ & > \left(r'_C \sum_{i \in n} (1 - l_i) + \frac{n}{N} (p x_L) \right) - p x'_C - |W'_C| g'_C \end{aligned}$$

As we discussed in Chapter 3, the above represents the equilibrium at the local level. The left side of the equation defines the resources available to the incumbent leader at the local-level (the incumbent tribal sheik) while the right side defines the resources available to the challenger. As far as the right side is larger than the left, the incumbent

remains in power. In addition to local economic returns (taxes), the incumbent has private goods and public goods transferred from the center to reward his winning coalition. The challenger meanwhile will only have the economic returns and the public goods from the center to entice winning coalition members away from the incumbent. The key term here is the value of private goods transferred to the incumbent from the center (shown in bold). This is an extra source of funds available to the incumbent to reward his winning coalition at the local-level. By definition, the exclusionary nature of private goods does not make these resources automatically available to the challenger (on the right side) to sweeten his offer to winning coalition members. The highly skewed nature of the equation suggests that the challenger will not be able to pose a credible challenge to the incumbent. This would provide the incumbent the leeway to enjoy a high degree of discretionary power and impunity at the local level.

However, it is important to realize that—unlike private goods—the challenger would still be able to claim the value of public goods on the right side of the equation due to the non-exclusionary nature of public goods. This carries important implications for the impact of the center's intervention in the peripheries. If the relationship between central-level elites and local-level elites are based on the transfer of public goods it does not seem to affect the accountability mechanisms at the local level very materially. Such empowerment, therefore, does not amount to co-optation and tend to preserve the local social structures to a greater degree. This has significant policy implications for how

traditional structures should be incorporated into the formal system. Chapter 5 would discuss this further.

Burkina Faso

It is important to emphasize that the decentralization attempt discussed below is just one among several made by Burkina Faso. The dynamics discussed here are those relating specifically to the decentralization attempt that coincided with the Burkinabe Revolution during the 1983-1987 period. However, the country started its decentralization process as far back as the colonial period (1926-1958), through the era of independence (1960-1982), and continues to this day under the democratic renewal initiative that started in 1991. Each of these decentralization attempts unleashed their own unique set of dynamics. Similarly, each decentralization effort also unleashed multiple dynamics besides how the center engaged local authorities. However, this essay argues that the most pivotal decentralization dynamic in relation to conflict and national cohesion to be the center's institutional choice in engaging local authorities i.e. the relationship between central-level and local-level elites. Therefore, as this essay focuses on the relationship between decentralization and conflict, this chapter looks specifically how Burkina Faso's 1983-87 decentralization efforts impacted the relationship between central-level and local-level elites.

The significant role that the mood of the revolutionary period played in Sankara's decision to marginalize the local elites cannot be overstated. This was a time marked by explicit rejection of the country's colonial heritage, which was seen as being at the root of the country's many problems. Prior to colonization, Burkinabe tribes constituted their own political system based on lineage, village and state (Koussoubé et al. 2014). The predominant tribe—the Moss—constituted a well-organized and autonomous society, which was capable of managing its own affairs without support from the state. They were also a "...highly hierarchical society, with the Mogho Naba at the top, the Emperor of the Mossi" (Koussoubé et al. 2014, 2). However, French colonization severely destabilized the self-sustaining social structure. The French administration co-opted traditional chiefs and made them part of the colonial administration. As Koussoubé et al. (2014) explain, "...the colonial administration will manipulate and use traditional leaders, removing chiefs who questioned its authority and creating new, artificial chieftaincy and installing puppet leaders, etc." (3).

This led to the creation of an entrenched political class around traditional chiefs and local elites, which the post-colonial military rulers continued to patronize after gaining independence in 1958. As per Tyler Dickovic (2009) "(a)longside religious hierarchies, these (traditional elites) were the essence of rural social organization. The chiefs were the state's official representatives in rural areas, which remained largely unincorporated by an underdeveloped central apparatus that could only scarcely broadcast power beyond the capital" (524). As such, local elites were viewed as a symbol

of colonial rule and the general oppression that the country had suffered under successive rulers.

Inspired by Cuba's "Che Guevara", Sankara's revolution was grounded on a Marxist ideology that rejected hierarchical social structures.¹⁶ Therefore, he was quite hostile towards artifacts of the Colonial legacy. He even changed the country's colonial-era name of Upper Volta to Burkina Faso (the country of upright men) immediately after taking power. He was also quite vocal in his criticism of traditional elites calling them 'feudal' and 'imperial lackeys' and abolishing some of the economic and political privileges they enjoyed by virtue of their social status (such as free electricity and the right to receive tribute payment and obligatory labor etc.) soon after taking office (Dickovick 2009). Calling his regime the National Council of the Revolution (CNR) Sankara created local cells called Committees for the Defense of the Revolution (CDRs) to govern the localities. He called upon regular peasants to volunteer for these committees and provided them with power to rival that of the traditional authorities. "The development plan of Sankara's regime self-consciously discarded the state–chief alliance in favor of a new alliance between the state and the peasantry, as mediated by the CDR organs" (Dickovick 2009, 526).

¹⁶ Sankara is often referred to as "Africa's Che Guevara".

In creating the CDRs consisting of peasant volunteers, Sankara expected to create a parallel structure at the local level strong enough to undermine the traditional authorities. Therefore, he delegated significant authority to CDRs including the election of a council to manage the functions of departments and the election of Mayors (Harsch 2013). Also CDRs "...involved many people, especially among the poor, who previously had never taken part in any political or associational activity. With few other means of expression available to them – in societies where traditional power relations accorded formal authority to elders and family patriarchs and denied younger age-sets any real say over basic life decisions – youths especially flocked to the CDRs. Lower castes or those of other subordinate status also found in the CDRs new opportunities to assert themselves" (Harsch 2013, 366). Similarly, CDRs functioned within "a hierarchy of command capped by an appointed National General Secretariat, headed by two military officers" (Harsch 2013, 367).

Therefore, by both stacking CDRs with members who are outside the local basis for leadership and subordinating them to a central authority, Sankara placed CDRs outside any local accountability mechanisms. However, this undermined the capacity for collective action among local communities, as CDR members were not viewed as legitimate. This proved costly to Sankara's decentralization experiment. It provided the space for the beleaguered traditional chiefs—who still owned the narratives at the local-level—to launch an effective counter-attack against the reform efforts. Sankara tried to retaliate by creating a 'Burkinabe National Peasant Union' (UNPB) to give a uniform

identity to the rag-tag and dispersed CDR members and pull them under the protection of an overarching national entity. But Sankara's efforts came too late after the local-level cohesion had been undermined quite significantly and the messages of the traditional chiefs had started gaining ground at the local level. "...the Burkinabe peasantry was insufficiently organized, at least in the short term, to provide the pillar of support the President would need" (Dickovic 2009, 529).

Having said this, it is important to keep in mind that the fallout between CDRs and traditional chiefs were not the only reasons for the failure of Sankara's decentralization effort. For instance, Dickovick (2009) highlights the role that increasing tension between Sankara and the urban trade unions played in this regard. But, as we discussed previously, this chapter only focus on this particular relationship, as it is the most relevant to the question of national cohesion and conflict. In any case, Sankara was killed in October 1987 during a coup d'état organized by his erstwhile comrade Blaise Compaoré. And upon taking office Compaoré quickly reversed many of Sankara's policy reforms including his attempts at decentralization.

Let's try to show the dynamics that took place in the localities of Burkina Faso using the framework of this essay. As we discussed in Chapter 3, the loyalty norm within a polity is shown as below. Where ' w ' is the size of the winning coalitions and ' s ' is the size of the selectorate.

$$\text{Loyalty norm} = \frac{W}{S}$$

Meanwhile, as we discussed in Chapter 3, the local citizen's payoffs can be shown as follows;

$$Z'_{L,i} = \frac{1}{1-\delta} V'(x'_L, (1_{\{1,\dots,W\},i})' g'_L, (1-r'_L)(1-l), l)$$

$V'(x', g', y', l)$ - The utility function of a local individual

$V'(x'_L, (l_{WL,i})' g'_L, (1-r'_L)(1-l_i), l_i)$ - the utility function under the incumbent

$(l_{WL,i})'$ - is an indicator function on winning coalition membership $(l_{WL,i})' = 1$ if member and $(l_{WL,i})' = 0$ if not.

$$Z'_{C,i} = \frac{1}{1-\delta} \left(\frac{W'}{S'} V'(x'_L, 0, (1-r'_L)(1-l), l) + \left(1 - \frac{W'}{S'}\right) V'(x'_L, (1_{\{1,\dots,W\},i})' g'_L, (1-r'_L)(1-l), l) \right)$$

(Equation: B')

$$Z'_{L,i} = \frac{1}{1-\delta} V'(x'_L, (1_{\{1,\dots,W\},i})' g'_L, (1-r'_L)(1-l), l)$$

$\delta Z_{L,i}$ = the value of the leader continuing in the next round

$\delta Z_{C,i}$ = the value of the challenger deposing the incumbent in the next round

δ - discount factor for each round

$(1_{\{1,\dots,W\},i})' g'_L = 0$ (as 'i' will not be part of the formal local leaders' winning coalition)

$$Z'_{C,i} = \frac{1}{1-\delta} \left(\frac{W'}{S'} V'(x'_L, 0, (1-r'_L)(1-l), l) + \left(1 - \frac{W'}{S'}\right) V'(x'_L, (1_{\{1,\dots,W\},i})' g'_L, (1-r'_L)(1-l), l) \right)$$

Key result: when $i \notin \{1, \dots, W'\}$, $Z'_{L,i} < Z'_{C,i}$

The important point here is how members of the local polity view themselves. As we discussed previously, local preferences are a reflection of the shared common

subjective understanding (intersubjective meaning) among local actors about the nature of the problems they face, and the possible solutions to those problems. As Michael Woolcock et al. (2011) argue, intersubjective meanings are heavily conditioned by societal dynamics (e.g. historical experience, cultural norms etc.). And it goes without saying that these dynamics will be most potent at the local levels where formal authority is at its weakest. This would not only introduce the local-level understanding of the problems and solutions into decision-making but also introduce local-level prejudices and mechanisms of accountability into their enforcement.

Reform measures which fail to provide space for such local-level intersubjective understanding and which imposes a logic that is external (or unfamiliar) to local understanding run the risk of failure, as they would be at odds with local-level sensitivities leading to non-compliance or distortion. This would particularly be the case in traditional societies like in Burkina Faso, where the local-level interests, incentives and values are heavily influenced by traditional structures and traditional Chiefs. Therefore, Sanakara's erection of parallel structures—by way of CDRs—is of no use if the local constituents cannot relate to such structures. This goes into the root of how community members relate to the state, their traditional authorities and how they see their rights and responsibilities as citizens. As we demonstrate above, when alien parallel structures are erected, members of the local community will fail to relate to them and identify themselves as part of the new structure's winning coalition. Instead their loyalty norm with traditional chiefs (the challenger) will be greater. When the loyalty norm exceeds

any discount factor caused by the probabilistic nature of the challenger's offer the equilibrium outcome favor the traditional chief (challenger) coming into power. Thus the equilibrium outcome of the baseline model (Equation B') is reversed.

CHAPTER 5: Conclusion

Despite the absence of solid empirical evidence in support, decentralization is often touted as a surefire way of mitigating conflict. However, this is often done without a clear understanding of exactly how decentralization interacts with conflict. This is one reason why political leaders in Sri Lanka were able to claim establishing the Northern Provincial Council as one of their main reconciliation measures, while at the same time tweaking certain provisions to undermine the degree of power devolved. What harm could the omission of a couple of provisions do against many others that ensure devolution? Unfortunately, decentralization and conflict do not seem to enjoy a linear relationship. Dialing down the degree of devolution by a couple of notches does not simply reduce the conflict-potential proportionally. Instead some measures seem to be extra sensitive to conflict dynamics than others. However, if Sri Lankan leaders did in fact assume a linear relationship between decentralization and conflict, they cannot be really faulted because even the scholarly literature fails to provide consistent guidance in this regard. In this essay, we try to address this gap by proposing a generalizable framework to better understand how decentralization interacts with dynamics of conflict.

Our survey of empirical literature provided no consistent evidence of one-to-one correspondence between specific decentralization measures and conflict drivers. A particular measure that seems to pacify conflict drivers in one context may very well aggravate them in another. The only ‘take-away’ from our review of the literature was the significant role that contextual factors play in determining outcomes. Therefore, ‘context’ became our main point of departure. We started by looking at context-sensitive explanations of both decentralization and conflict. We found context-sensitive explanations of *decentralization* in the body of literature generally themed as Political Economy of Decentralization (PED) and context-sensitive explanations of *conflict* in the literature themed as Process-based Explanations of Conflict (PBEC). The literature on PED highlights the importance of key stakeholders and their incentives in determining decentralization outcomes. Meanwhile, the literature on PBEC highlights how subnational groups (including insurgent groups) function with a unique set of internal dynamics—with their own stakeholders, incentive structures, and accountability mechanisms—which are only tangentially connected to those at the national-level. We build on these arguments to make the first assumption of our framework that the political economy dynamics in conflict settings operate between the national and the subnational levels in a distinct and disaggregated manner.

However, though distinct, subnational polities are also not wholly independent of national dynamics either. Instead, dynamics within the subnational level often impact dynamics at the national level and *vice versa*. In this essay, we assume the relationship

between the national and subnational polities to resemble the relationship that Joel Migdal (1988) observed between ‘state leaders’ and other social organizations in the state’s quest for social control. This is the second assumption of our model. Migdal found this relationship to be characterized by state leaders trying to impose a uniform set of rules across society while social organizations try to apply different rules in parts of society. In this sense, the interaction between national-level elites and subnational-level elites suggests a bargaining relationship over the degree of authority that national-level elites enjoy throughout society. Mahmood Mamdani’s (1996) and Catherine Boone (2003) argue that this bargaining relationship resembles the different institutional choices that national-level elites could adopt in engaging subnational-level elites. The menu of institutional choices they identify include co-optation, power sharing, usurpation, neglect or administrative/military occupation. In that regard, decentralization becomes one mechanism (albeit an important one) available to national-elites to adopt their chosen institutional strategy. They can employ a combination of various decentralization measures to support their preferred strategy. *Therefore, the current framework interprets the primary impact of decentralization on conflict to be an outcome of the chosen institutional strategy of the national-level elites in engaging subnational-level elites and the resultant internal dynamics it would unleash at the sub-national level.*

The fundamental insight of the current framework and the primary intuition that can be generalized across different contexts is that, in conflict situations, subnational groups function subjected to their own localized political-economy dynamics. While

these dynamics may interact with those at the national-level, they operate relatively distinctly. Obviously, the stakeholders and incentive structures prevailing at each level determine the respective political economy dynamics of that level. Decentralization reforms tend to directly impact these dynamics. Therefore, this essay argues that, decentralization's interaction with conflict should be interpreted in terms of how decentralization measures influence stakeholders and incentive structures operating at various levels. In that sense, the real impact of the Northern Provincial Council on Sri Lanka's ethnic conflict will not depend on the inclusion or the omission of specific reform measures but on how all the measures (and omissions) taken together contribute towards influencing the incentive structures of inter-level stakeholders. Therefore, in the context of Sri Lanka, attempts by the Rajapakse regime to share-power, co-opt, usurp, neglect, or occupy administratively or militarily the Tamil community will unleash entirely different internal dynamics within the Northern Province leading to very different conflict-related outcomes. In other words, conflict is a result of the bargaining relationship between national-level elites and subnational-level elites, which decentralization reforms would mediate.

To model the bargaining relationship between national-level elites and subnational-level elites, this essay borrows from the formulation that Daniel Treisman (1999) offers in capturing the interaction between central level and local level officials in decentralization. Accordingly, as the third assumption of this model, we view the relationship between national-level elites and subnational-level elites as a simple two-

level bargaining game. However, Treisman's model focuses exclusively on formal rules such as tax rates and fiscal transfers in understanding the inter-level dynamics. But as we highlighted in our discussion about societal dynamics, informal actors and rules *do* play a critical role in influencing decentralization and conflict outcomes. Therefore, while adopting Treisman's two-level game between national-level and subnational-level elites to disaggregate incentives, this framework goes beyond the distinction of formal and informal rules by adopting the logic of Bruce Bueno de Mesquita and his co-authors (2003) in defining the selectorate theory of political survival. As our fourth and final assumption, we consider the logic of the selectorate theory applying—subjected to some caveats—to the subnational-level as a distinct polity. Said otherwise, we consider the internal dynamics within each polity (at national and subnational level) to be driven by the mixture of private vs. public goods resulting from the interaction between inter-polity elites.

We embarked on this essay purely as a theoretical exercise seeking to devise the broad parameters of a generalizable framework based on secondary literature and game theoretic logic. But the essay did apply the basic intuition of the model to two different country experiences—namely, the failed decentralization reform efforts in Yemen and Burkina Faso. The current model accurately predicts the outcomes of the decentralization experiment in these two countries, based on the national-level elites' chosen institutional choice in engaging subnational-level elites. Yemen's Ali Abdullah Saleh adopted a strategy of co-opting subnational-elites while Burkina Faso's Thomas Sankara adopted

one of marginalizing/usurping them. In both countries, not only did the strategies of the national elites interfere with local-level accountability structures but also blunted the effectiveness of decentralization reforms thereby making the centers' efforts to expand its authority backfire. These lessons carry significant policy implications. Obviously, co-optation of traditional leaders by bestowing them with private goods—as in Yemen—did not help the center's efforts to penetrate deeper into the peripheries. Similarly, the usurpation of the authority of traditional structure by creating parallel structures—as in Burkina Faso—was also not helpful. Before, looking at other institutional strategies for solutions, we need to understand the exact mechanism through which these two strategies failed.

In Yemen, by allowing tribal sheiks to dominate the nomination process for Local Council members, President Saleh clearly provided them the space to capture local councils. Also by vesting standing committees within local council the sole responsibility of identifying community needs and conducting local-level planning and budgeting, he also seemed to have intended local councils to become the enforcer of the authority of local tribal sheiks. By leaving the discretion over the selection of projects and beneficiary communities (as well as contracting) with tribal sheiks, President Saleh provided them the room to maneuver without much accountability to local communities. In other words, we can argue, that the concessions provided to local tribal sheiks clearly took the form of private goods (excludable and rivalrous). By stacking local councils with loyal followers and using projects and contracts to reward supporters, tribal sheiks lost little time in

reinforcing their arbitrary authority over communities. The disproportionate strengthening of their power quickly put them outside the control of traditional accountability mechanisms. In Burkina Faso, on the other hand, the CDRs created by President Sankara to usurp the authority of traditional chiefs were outside the traditional accountability mechanisms to begin with. They were external structures alien to the traditional understanding of local communities. In fact, some CDRs included peasants, youth and other members of the community who were not viewed as suitable for leadership roles. This directly offended the sensibilities of local communities and provided a convenient opening for the beleaguered traditional chiefs to delegitimize CDRs and thereby the authority of President Sankara.

As we discuss below, the above findings have important policy implications. However, these implications are just the tip of the iceberg derived by studying just two specific decentralization efforts. While this initial success is encouraging in demonstrating the framework's versatility, more rigorous testing would be needed to fully understand the potential of the framework. A systematic study retrofitting the framework to various other decentralization experiences and how such reforms were used by central-level elites to engage local-level elites would reveal much more lessons. Similarly, fieldwork and ethnographic research in conflict areas that have adopted decentralization, as a reconciliation mechanism would help us refine the framework still further with a more nuanced understating of the interaction between national-level and subnational-level dynamics. These will be the focus of future work. A more fully refined

framework will provide a very simple and parsimonious instrument to interpret the relationship between decentralization and conflict. Specifically the framework will have the following advantages over the current understanding of this relationship.

1. Provide a lens to interpret the relationship between decentralization and conflict at a more granular level thereby widening the scope of inquiry. The center-periphery disaggregation allows the framework to consider the dynamics of distinct selectorates, winning coalitions, selection institutions etc. operating at the subnational-level as well. Therefore, the framework moves away from the top-down explanations of conflict (ethnic conflicts, sectarian conflicts, ideological conflicts etc.) to provide a more nuanced understanding of insurgent groups. Without considering such groups as monolithic entities, this framework allows for a disaggregated analysis of their internal dynamics. This is important in understanding the evolution of such groups and their recruitment and survival strategies.
2. Another advantage of the current framework is its ability to go beyond the formal vs. informal distinction in looking at factors influencing decentralization and conflict bringing societal dynamics into the analysis as well. This allows the inquiry to move away from the state-centric view of dynamics to also factor-in alternate sources of legitimacy and authority.

However, at the same time, the framework also presents a set of challenges to its users. One of the biggest would be the challenge of measurement. Finding definitive measures for some of the variables such as legitimacy of leaders and cohesion of groups etc. are always likely to pose unique challenges. However, systematic events data and field-ethnographic research (such as perception surveys) are likely to be useful in this regard. Another challenge would be the dynamic nature of the interactions considered in the model. For instance, the relationship between inter-level politics would invariably evolve over time. Therefore, a legitimate concern could be raised whether treating the relationship, as a static two-level bargaining game would be sufficient overtime. This essay accepts these shortcomings (challenges) and look forward to addressing them in the future refinements of the model.

Policy implications

Practitioners have felt the need for a generalizable analytical framework to understand the relationship between decentralization and conflict for sometime. As we saw in the recent Sri Lankan experiences, countries tend to ‘decentralize’ in an ad hoc manner with the hope of mitigating conflict without necessarily understanding the specific aspects of decentralization that may address the root causes of conflict. As the empirical literature has demonstrated time and again, when decentralization actually does mitigate conflict, it happens primarily due to a host of context-specific factors operating

together. Therefore, simply mimicking the arrangements of a successful experience does not guarantee similar results in another context. In that regard, a standardized framework to understand the dynamics around decentralization and conflict—as devised in this essay—would be of immense help to guide context specific interventions more systemically.

One of the main lessons we gleaned when applying our framework to the two country case studies is how much local-level decision-making is driven by the local understandings of the nature of the problems and possible solutions—this included local-level prejudices. As we discuss in chapter 2, local-level understandings or the intersubjective meanings, are heavily conditioned by shared historical experiences, cultural norms etc. (Woolcock et al. 2011). These meanings also happen to be most potent at the local levels where formal authority is relatively weak. As we discussed, in Burkina Faso, the decentralization experience failed because the CDRs could never really challenge the legitimacy of the traditional chiefs at the local-level despite the sponsorship of the central state. President Sankara’s attempt to make CDRs inclusive, even including peasants, youth and others who were not locally viewed as capable of holding leadership roles, offended the local-level sensibilities and provided the space for traditional chiefs to manipulate the narrative in their favor. Therefore, in a conflict mitigation sense, using decentralization to marginalize traditional leaders or to usurp their authority does not seem to be an optimum strategy. The legitimacy of traditional leaders is often deep-rooted within the understandings of the local-level communities and parallel structures

that are generally external to the local understanding are often hard-pressed to rival that. Therefore, our framework suggests that, the better strategy in decentralization is to engage traditional leaders positively allowing them to participate in the emerging system of governance at the local-level constructively.

The second important lesson from our two empirical cases was the significant impact that decentralization reforms have on traditional accountability mechanisms operating at the local-level. The only way local communities can hold their leaders accountable is if another member of the community can mount a credible challenge to their position. Even in traditional societies—as we discussed with regard to Yemeni tribes—leaders face the threat of replacement if they are unable to address the needs of the community adequately. The center’s institutional choice in engaging peripheries will have a direct impact on this mechanism of accountability—i.e. the ability of a local rival to challenge the incumbent. If the institutional choice of the center confers *private goods* to the incumbent leader at the local-level (where the transfers are not transparent and where local-level elites are given a lot of personal discretion in their use—as we saw in Yemen) that would diminish the credibility of any challenger as they will not be able to make a more attractive counter-offer to local constituents. This is because the excludable and rivalrous nature of private goods will prevent the challenger having access to the private goods the incumbent receives from the central-level. On the other hand, if the center channels *public goods* via the incumbent (where the transfers are transparent and local elites are bound by checks-and-balances), the challenger will also be able to include

them in their counter-offer due to the non-excludable and non-rivalrous nature of public goods. This will allow the local level accountability mechanisms to persevere.

Therefore, from the menu of institutional choices that Mahmood Mamdani (1996) and Catherine Boone (2003) presented, it is clear that using decentralization to either co-opt or usurp traditional leaders at the local-level are not viable options in a conflict mitigation sense. Looking at our two cases through the lens of our framework, it is apparent that the center should definitely engage the traditional leaders but do so by simply channeling public goods through them. But how can the center always know the exact extent to calibrate the engagement with local-elites and how to ensure only public goods are channeled through them? As we mentioned previously, our case studies are limited and do not provide information on the full array of interactions between central-level and local-level elites and the full range of modalities available. Much more rigorous testing of the model will be required to map different measures with various outcomes. But we will try to make an informed guess based on the preliminary findings of the study. However, before we do that, it will be useful to briefly look at the experience of a third country—Uganda—which seemed to have managed this relationship much better than our two case study countries.

When Uganda's current President Yoweri Museveni took power in 1985 the country was still reeling from the disastrous policies of its previous two rulers of Idi

Amin and Milton Obote. Similar to Burkina Faso's Thomas Sankara, President Museveni also converted his rebel force into Revolutionary Councils (RCs)—quasi-military watchdogs—to form the backbone of his regime (Dickovick 2009). Then under a decentralization process called the National Resistance Movement (NRM) he started redefining the relationship between RCs (which later became Local Councils-LCs) and the traditional leaders, the *kabaka*. Dickovick (2009) see this more as a re-construction of state-society relations (in line with Boone's institutional choice of 'power sharing') than a co-optation or a marginalization of traditional elites. At times, Museveni seemed to have strengthened powers of the LCs and the tribal chiefs simultaneously, establishing "...a set of relations between two forces – the councils and the chiefs – that are complex in practice, rather than simply adversarial. In some cases, village chiefs become council representatives at the lowest level, and council representatives have conversely been known to seek chieftaincies" (Dickovic, 2009, 531).

That said, we should also remember that the country Museveni inherited was somewhat different to what Sankara did. The regimes that preceded him had not only destroyed the state apparatus but also laid waste to societal structures. Therefore, President Museveni pretty much started on a clean slate where he had the freedom to create new relationships between the state and tribal structures. "In Uganda's political vacuum, Museveni moved to consolidate his regime through partial integration of traditional rulers that ran parallel to efforts to build up the RCs. The initial effects of the RC system were to place limitations on abuses of power by the chiefs, who served as de

facto tax collector, police, judge, juror and jailer...accountability to the RCs destroyed chiefs' arbitrary authority. However, to consolidate the regime, Museveni soon ensured the nominal restoration of customary privileges" (Dickovic 2009, 527).

Upon closer examination of Museveni's *modus operandi* in engaging traditional leaders we can see that he managed to shrewdly channel the legitimacy of the traditional elites into his RCs (i.e. the state) while at the same time creating a series of checks-and-balances against arbitrary power of the tribal elites. Could this then constitute the 'gold standard' in engaging traditional elites 'just right' and in ensuring only public goods are channeled through them? While the jury is still out on Uganda's experience (with some parts of the country continuing to be unstable) we can confidently say this much. There is indeed something to say about engaging traditional elites in a way to leverage their legitimacy to bolster state institutions. At the same time, the state can also play a role in placing checks-and-balances against the arbitrary use power by traditional elites. However, our mathematical model demonstrates that the relationship between local-elites and the community tend to evolve overtime. As the legitimacy of state institutions increase overtime, the legitimacy of the local elites may fade for instance. Therefore, would creating an oversight role for the state over the traditional leaders, tantamount to institutionalizing a relationship that could well be a just a 'snapshot-in-time'? If so, it would undermine the dynamisms of the process and create new networks of power. Mathematically, we can show this dynamism as follows.

In our model ‘loyalty’ is determined by the size of the winning coalition in relation to the selectorate. If the winning coalition is significantly smaller in relation to the selectorate, the loyalty will be high. Said differently, a member of a narrow winning coalition will be so highly privileged in relation to others that it would be difficult to entice such a member away from the incumbent’s winning coalition. This also reduces the cost the incumbent has to incur to keep the winning coalition intact. We repeat the discussion we had in chapter 3 below.

$$Loyalty\ norm = \frac{W}{S}$$

(also the probability of a selector being in the winning coalition)

(i) When size of the Winning Coalition decreases;

$$\frac{W \downarrow}{S} = Loyalty\ increases$$

(reduces the amount incumbent has to pay to maintain loyalty)

(ii) When size of the Winning Coalition increases;

$$\frac{W \uparrow}{S} = Loyalty\ decreases$$

(increases the amount incumbent has to pay to maintain loyalty)

We can summarize the above as follows, as the size of the winning coalition increases the loyalty to the incumbent will reduce. Providing public goods would increase the size of the winning coalition (more benefits to more people) while providing private goods would reduce the size of the winning coalition (more benefits to an exclusive group of people). Therefore, if traditional leaders at the local level were forced to provide

public goods this would increase the size of the winning coalition. According our framework, as we demonstrate above, this would also mean reducing loyalty to them. Therefore, overtime, members of the local community members may cease to view the traditional leaders as their legitimate leaders. In that sense, legitimizing the role of traditional leaders (providing the with an automatic quota of seats at the local councils or specialized functions) runs the risk of institutionalizing a relationship that may change overtime. This may leads to a unique set of challenges in a future time period.

Therefore, this essay argues that the best way to ensure that only public goods are channeled through local-elites would be to place these controls in the hands of the members of the community—i.e. have the community playing the oversight role over traditional leaders as well as other members of the local council. This is the role that central state can play in this regard. It can create awareness among local communities, set up grievance redressal mechanisms, strengthen civil society organizations etc. to play an oversight role of the local council generally. By empowering the community in this way, we can ensure that the leadership structure at any given time reflects the prevailing state-society relations at any given time. Therefore, as policy implications, our model also encourages engaging with local-level traditional leaders constructively. However, with regard to ensuring the provision of public goods, the model suggests the need to empower community members to be the judge of that.

APPENDIX

(VITA of external reader)

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