Launching decentralisation reforms
to enhance state resilience

Jörn Grävingholt

OECD Seminar “Implementing Decentralisation and Deconcentration Reforms in Ukraine“
Kyiv, 26–27 January 2017
The challenge in global perspective

- Global rise of populism (Europe, U.S., Latin America, Philippines...)
  - democratic values challenged

- Global rise of violent conflict and concomitant displacement
  - basic human rights challenged

- Increasing insecurity about national governments’ ability to tame detrimental effects of global capitalism on environment and social fabric
  - legitimacy of governments challenged

States and governments need to be better capable of:

- ... delivering critical services to the people
- ... creating support or preventing its erosion (maintain legitimacy!)

⇒ ... building up “resilience”
What makes a state resilient? 3 basic features

- Resilient statehood is all about state–society relations

<table>
<thead>
<tr>
<th>Authority:</th>
<th>state</th>
<th>society</th>
</tr>
</thead>
<tbody>
<tr>
<td>control of violence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity:</th>
<th>state</th>
<th>society</th>
</tr>
</thead>
<tbody>
<tr>
<td>provision of basic services &amp; administration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legitimacy:</th>
<th>state</th>
<th>society</th>
</tr>
</thead>
<tbody>
<tr>
<td>acceptance of rule</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- All three dimensions need attention
Reforms! – And yet...

- Governance institutions key to maintaining resilient statehood
- Political, economic and social instability indicate need for governance reforms...
  - ...but at the same time call for stabilisation
- Stabilisation and reform: contradiction in terms?!
  - ...yet both needed for a resilient state
- Primarily contradiction between short-term individual interests and society’s long-term perspective
  - Exclusive focus on short-term risks tends to run counter interests of general public
5 elements of a “resilient” state

- **Legitimate Politics:**
  inclusive political settlements and conflict resolution

- **Security:**
  establish and strengthen people’s security

- **Justice:**
  ensure everyone’s fair and equal access to justice

- **Economic Foundations:**
  generate employment and improve livelihoods

- **Revenues & Services:**
  manage revenue and build capacity for accountable and fair (non-corrupt!) service delivery
What local governments can contribute

- Improving people’s security begins locally
- Providing basic services, infrastructure and administration
- Promoting economy and employment to secure livelihoods and reducing one-sided dependencies
- Contributing to state legitimacy: Shared responsibility for success and failure reduces exclusion and increases resilience

Capable local governments in a functioning decentralised setting are a major source of resilient statehood!
Challenges differ with the details of the context:

- Economy rent-based (redistribution) or diversified (competition)?
- Society & economy homogenous or divided along territorial lines?
- Starting from scratch or building on rich previous experience?

Some risks not unique to DeLoG reforms

- Risks of corruption, embezzlement etc. obvious...
- ...but not limited to support of decentralisation/local governance
Crafting “DeLoG” reforms: pitfalls & risks II

➢ Sequencing important – yet no magic bullet
  – Mechanistic sequencing misses complexity of politics
  – “Gradual” approach: progress step-wise on “all fronts” (political, administrative, fiscal)
  – ... but lock in full reform to avoid distortions of “partial reform”

➢ Risk of missing the right moment for reform
  – Intuition: stabilise first, then divide competences and accountability
  – Lessons: Who defines when moment is right?
    “Stability first” risks putting off the “right moment” endlessly
Crafting “DeLoG” reforms: entry points for support

➢ Political decision making
  – Political participation, inclusion, accountability
    ⇒ strengthen (“input”) legitimacy
  – Conceive of political crises as windows of opportunity (!)

➢ Administrative implementation
  – Local capacities to “cope” in crisis (resilience!) and perform after reform
    ⇒ strengthen (“output”) legitimacy

➢ Mobilisation of revenue and reform of domestic finance
  – Less dependence, state-society “contract”, resilience
Crafting “DeLoG” reforms: lessons for support

➤ Challenged statehood = governance failure
  – no resilience without governance reform; local gov-s often key

➤ Avoiding risks of DeLoG reforms by avoiding DeLoG altogether?
  – Consider “risk of non-action”

➤ “Business as usual” will fail
  – Needed: flexible approaches, close monitoring, readiness to adapt

➤ Fundamental (!): Adequate analytical / monitoring capacities
  – Support adequate country systems

➤ **Bottom line:**
  – Encourage broad-based domestic decision-making process
  – Help smoothen hardships of transition, but with clear exit plan
Thank you for your attention!

joern.graevingholt@die-gdi.de

@JGraevihngolt