State and governance

The limits of decentralisation

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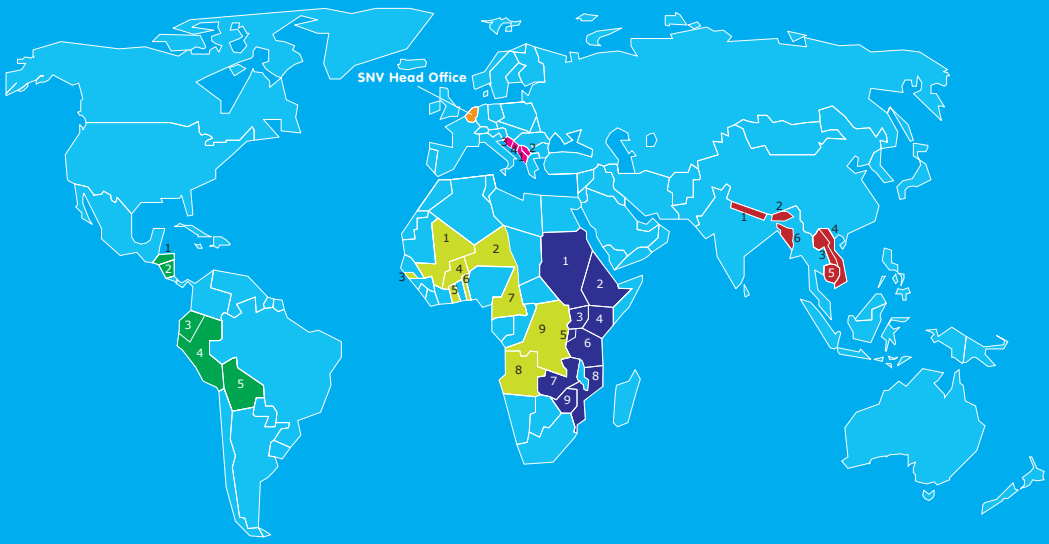

Latin America

1 Honduras
2 Nicaragua
3 Ecuador
4 Peru
5 Bolivia

West and Central Africa

1 Mali
2 Niger
3 Guinea Bissau
4 Burkina Faso
5 Ghana
6 Benin
7 Cameroon
8 Angola
9 DR Congo

East and Southern Africa

1 Sudan
2 Ethiopia
3 Uganda
4 Kenya
5 Rwanda
6 Tanzania
7 Zambia
8 Mozambique
9 Zimbabwe

Balkans

1 Albania
2 FYR Macedonia
3 Bosnia Herzegovina
4 Montenegro

Asia

1 Nepal
2 Bhutan
3 Lao PDR
4 Vietnam
5 Cambodia
6 Bangladesh

Table of contents

1 Introduction

There is growing awareness within donor circles in the West that the lack of development in post-colonial Africa is connected with the political, and not just economic, situation on the continent. After a decade of transitions, of which the most notable is the near universal move to multi-party competitive elections, there is still little evidence that African governments can achieve the aims outlined in the NEPAD document, even less the Millennium Development Goals.

The present debate about the role of decentralisation draws on the assumption that devolved governance is better able to achieve what central government cannot manage to do. There is, of course, much political theory to support that view. There is also evidence from the experience of a number of Western countries that such can be the case. Insofar as decentralisation entails an increase in the legitimacy of local government and enhanced accountability to the local population, then it is potentially an improvement in governance. But the question remains: is decentralisation always of benefit? And in particular, how much is it likely to contribute to faster and more sustainable development?

I do not propose here to enter into an abstract discussion of the definition and merit of decentralisation. Nor do I want to offer an opinion on the processes of decentralisation currently taking place in East Africa – if only because there is as yet too little research on how it is working. [It is one of the aims of this SNV conference to generate the evidence that will help us understand more clearly how devolution of power may contribute to better local governance].

Instead, what I would like to offer today is a reflection on the relationship between State and governance in Africa – and this for two reasons. The first is that I believe it is difficult to understand what has happened on the continent since independence without making sense of the evolution of the postcolonial State. The second is that that the historical record outside Africa, suggests that *the success of decentralisation ultimately rests on the quality of State governance*.

If my reading of history is correct, then it means that we need to pay close attention to the evolution of the State in Africa. The supposition that less State means more development, which reached it apogee in the late eighties and early nineties, had a strong influence on donor thinking and led to a policy of support for what was all too readily called 'civil society'. Today, in the face of gradually more compelling evidence that such course of action did not result in any dramatic improvement, there is growing concern that the State has become too weak. Even the World Bank now recognises that without a functioning State there is very little prospect of development.

My lecture is in two parts. The first will give a brief account of the postcolonial State in sub-Saharan Africa. The second will address the issues of the relationship between the State and 'good' governance.

2 The postcolonial State in historical perspective

It is encouraging that present-day donor thinking has finally come around to the view that the State is crucially instrumental to development (as we now know it was in Asia, for example). However, policy must be framed by the realisation that in Africa the State, whether strong or weak, is seldom what it appears to be. So that the assessment of how it works must derive from an analysis of what it is – as opposed to what we would like to think it is.

The postcolonial State should be conceptualised as overlapping layers of what can best described as formal and informal spheres of power and influence. (Calling them 'informal' is only designed to mark them out from the official and not to pass value judgement on their intrinsic merit.) The former corresponds to the bureaucratic structures that are on paper (that is, constitutionally) similar to those of the Western model from which they derive. The latter embodies the clientelistic ethos rooted in the political practices that have informed the ways in which rulers and ruled have been linked since pre-colonial times.

This African political order, as it were, is one in which rulers are 'patrimonial' – meaning simply that they are primarily accountable to their followers and that their legitimacy derives from their ability to deliver resources to them. Consequently, politicians and bureaucrats are expected to behave in office as representatives, that is patrons, of their clients. There is, and can be, no meaningful distinction between the public and private realms. As is immediately apparent, the logic of such a system is entirely at variance with that of the impersonal public bureaucratic apparatus that is designed to preside over the destiny of all citizens and work for the improvement of the general well-being of the country.

A functioning neo-patrimonial State, such as was to be found in a number of African countries in the sixties and seventies – of which the paradigmatic example was probably Houphouët-Boigny's Côte d'Ivoire – managed to blend the logics and integrate the workings of the formal and informal spheres successfully. What this meant in practice was that the ruler and his officials ensured the bureaucracy operated as efficiently as was compatible with the demands of the informal political order.

Government, firmly controlled by the presidential single party, would seek to balance the clientelistic demands of the widest possible constituency – with a marked preference, nevertheless, for the incumbent's own – and the rigours of State responsibility. Thus, the State would endeavour to maintain a minimal working infrastructure and sustain reasonable health, education as well as a modicum of social provisions. The one-party configuration of power required of the ruler that he seek to placate a wide range of ethnic, regional, religious and economic interests. The most successful politicians – of whom Houphouët-Boigny probably was the epitome -- used the relatively efficient operation of the bureaucratic (formal) State to deliver wisely to the largest possible numbers the resources afforded by presidential control.

It is important to understand that the success of the neo-patrimonial State was measured *domestically,* by both rulers and ruled, in terms of how well it performed according to the criteria relevant to the workings of the informal political sphere. *Outside* Africa, however, achievement was gauged in terms of how the State performed

according to the criteria applied to its modern Western equivalent. Whilst African politicians attempted to placate both domestic and foreign (particularly donor) constituencies, their ability to do so rested on their being able to fulfil utterly divergent demands. To secure their legitimacy as rulers they used the revenues garnered by the State to deliver benefits to their clients. To obtain the resources they needed, they had to meet the donor's criteria of 'good' government – broadly defined as the capacity to operate a State along Western management, bureaucratic and financial lines. So long as such criteria could be met, donors usually turned a blind eye to the informal practices taking place – especially since within the Cold War context, Western countries often sought African States as ideological allies, or clients.

But the demands of formal and informal governance were ultimately incompatible and neo-patrimonial governments reached their limits once State resources began to decline. Unable to put in place policies that would foster economic growth and favour long-term productive investment, African politicians were locked into an ever more frantic search for revenues. By and large, they were limited to three possible sources: exporting mineral or primary (largely agricultural) products; taxing the agricultural sector; and foreign aid. All three were used but, in practice, the most easily available was the third one.

This meant that African rulers became increasingly dependent on donors, whose programmes varied according to the vagaries of Western domestic politics and changes in international relations. Once the Cold War was over, the scope for foreign aid diminished drastically and the ability of the West to impose stricter control on meeting the goals for which aid was given grew. Since by then foreign debt was out of control (in part because borrowing was so easy in the late seventies and early eighties), aid became predicated upon tough packages of structural adjustment.

Diminishing resources spelled the end of the functioning neo-patrimonial State, which made it impossible for politicians to continue successfully to balance the demands of the formal and informal politics. While officially, African States continued to behave according to the norms of the former, in effect the informal came to predominate. This had serious consequences. State capacity was

reduced, corruption increased, and competition between politicians for power grew more acute. Politics became an increasingly violent zero-sum-game in which the aim was to exploit the resources of the State before rivals did. In this context, the move to multi-party politics and the privatisation of State (or parastatal) enterprises contributed further to the frenzied use of the formal sphere for informal purposes.

Although there is today in Africa some considerable difference between the better (Botswana) or worse (Liberia) States, there is generally an overall process of decay. All countries suffer from the same problems, to a greater or lesser extent, when it comes to the overall decline in resources and the inability to induce higher rates of economic growth. The recent 'success' stories – chiefly Ghana, Uganda, Mozambique – are countries that had all but collapsed and where progress today, though rapid, has not yet made up for the consequence of previous breakdown. Undoubtedly, some countries like Mali and Benin have also made headway, but again only relative to very dire antecedents. Overall, however, there is no gainsaying the overall trend of a decline in State efficiency.

The issue of whether there is any prospect that the State in Africa will be restored to some better 'working order' is, therefore, of great practical significance. Whilst there was a period in the nineties when Western economists offered a vision of the future in which the market would propel growth forward (in Eastern Europe as well as in Africa), the historical precedents for such a scenario did not exist. There is quite simply no example in the twentieth century of any country having achieved high rates of economic development other than under strong State direction. Indeed, the remarkable recovery in Europe that followed the Second World War largely came about as a result of State planning and control. It is now often forgotten that these were the very reasons that induced many officials in the newly independent countries to launch ambitious programmes of State-directed economic development.

3 State, governance and development

It is useful at this stage to summarise briefly which aspects of the State are most relevant to economic growth and development. There has long been debate about whether the role of the State is that of 'enabler' or 'manager'. Although there is now a consensus about the failure of communist and socialist models – that is, State planning as the sole agency for growth – there is less agreement about the history of those countries that have successfully developed in the last hundred years. The American and British experiences suggest a limited role for the State; the Scandinavian, southern European and Asian ones a more central one.

Whatever the case, there is little doubt that there are some minimal features of the State that are necessary for the upkeep of a society in which economic activities can take place that are likely to contribute to development. These are to be found across the globe, from Asia to South America, even, and this is important, in countries where political systems differ widely, from democratic to authoritarian. The point here, therefore, is that such features are not the specific attributes of any particular system but, rather, those that matter more generally for the purpose of spurring investment and sustainable growth.

Of these, the most important include the following.

- The State must guarantee a minimal degree of order and peace, other than strictly by repressive measures and uphold the rule of law, which requires a functioning legal framework and a working independent judiciary.
- It should maintain a basic administrative organisation capable, at the very least, of underpinning the regulatory and enabling mechanisms that make it possible for economic activity to develop over time.
- It needs, either directly or indirectly, to ensure that there is in the country sufficient, and sufficiently operational, infrastructure – of which the most important components are: communication, transport, electricity and fuel.
- It ought to provide, or make possible, the provision of basic health,

social and education and, if possible, the expansion of appropriate higher, and particularly technical, training – now recognised, at least in the experience of Asian countries, as being crucial to economic growth.
- Finally, the State needs to ensure that there is in the country a financial and banking infrastructure, able to make and implement business decisions other than for political reasons.

It will be immediately apparent that these features are in the main the hallmark of the modern bureaucratic State – many of which did characterise the colonial State – *and* that these are the very features that have been seriously eroded in Africa today. What is less obvious, but perhaps equally important, is that these characteristics do no not depend on the political ideology of the State. They are to be found, admittedly in unequal measure, in countries such as Sweden, Switzerland, Singapore and South Korea – countries ranging from social democracy to authoritarian presidential systems. They constitute what I would call 'good' (meaning here *efficient* rather than morally palatable) government.

Because of this, it would seem to me possible to draw a few lessons from the experience of those countries that have achieved the highest rates of economic development in recent decades: the so-called Asian Tigers. These lessons are relevant to the discussion of 'good governance'. The first is that a strong State (meaning here an efficient government) is fundamental to economic growth. The second is that State directed investment is critical. The third is that successful access to the world market is important in several aspects: achieving comparative advantage in trade and sharpening the economy's competitiveness. The fourth is that economic growth depends heavily on investment in human capital. The final is that culture is important – although not always in obvious : for instance, over the years, Confucianism has been identified as a pro- and anti- development 'belief system'.

I have explained above why the State has declined. I now discuss what this means for the future of African countries. The long first decade after independence (1960-73) can in retrospect be seen as a model of the functioning neo-patrimonial State. Because during that period the post-colonial State worked with some degree of efficiency

and because world market prices for primary exports were relatively high, a balance could be maintained between the formal and informal. Although a number of African governments managed to discharge many of the functions identified above as being critical to a developmental framework, there was very little sustainable economic growth. Why?

Some analysts stress external factors, arguing that the structure of African economies and their place in world trade made them vulnerable to the vagaries of the market and impeded the long-term growth required for development. Others point to the structural weakness and political instability of African polities. The latest thinking identifies the failure of the State as the primary reason for the current situation. Whatever one may think for the reasons of State decay, there is ground for thinking that such decay may be even more serious than at first imagined.

Here, there are two factors at play. The first is that State decline does not have gradually negative effects: below a certain threshold the efficiency of the State falls off rapidly, until it ceases to have much operational role, other than strictly clientelistic. The second is that such decline is more than mere administrative corrosion. It means the domination of the informal over the formal, thus contributing to the ever more rapid destruction of the modern bureaucracy so pain-stakingly established at independence. I discuss these two points in some detail, since they seem to me to be particularly relevant to donor policy.

There is frequently an assumption in aid circles that (de- or re-) institutionalisation is merely a technical, or administrative, question. It is clear, in fact, that such would only be the case in a situation where there is still relatively 'good' or efficient governance. Here, one can conceive of forms of practical assistance that would help to improve bureaucratic efficacy. Where, however, State decline has gone through a *threshold* of minimal 'efficiency', there may no longer be scope for repairing the damage by 'technical' means. Whatever its formal appearance, the State is then liable to cease existing as bureaucratic organisation, insofar as it is no longer able to uphold the operation of those areas identified above as critical. Below a given threshold, therefore, it is not just a question of the State working less

well; it no longer works. It simply no longer serves any substantive administrative, technical or regulatory purpose. The functions it used to discharge either come to an end or they become the arbitrary preserve of individuals and groups.

The second process at work is that the informal fully invests, or takes over, the formal structures of the State. What this means in concrete terms is that politicians and functionaries increasingly neglect their formal duties in order to exploit the State for their own particularistic, clientelistic, ends. In effect, this entails the plundering of public resources for patrimonial purposes. When this happens, there is a rapidly accelerating and self-reinforcing spiral of State decay, which results in the increasing inability of governments to discharge its functions. In extreme case, bureaucrats begin to 'privatise' the business of dispensing public services, charging 'fees' for performing their duties.

Politicians, for their part, seek above all to appropriate transfers from outside, which become in this way a rent on their holding office. In this enterprise, of course, they must do battle both with their domestic competitors and with foreign donors, who insist on attaching conditions to the disbursement of aid. But here, those who control the State have an immense advantage over all others: they clutch the symbols of sovereignty. Since on the whole foreign donors and businesses must continue to conduct their affairs with the official representatives of the State – in part because of their own domestic (legal and political) constraints – they have no choice but to go through local political leaders.

The above discussion is not intended to demonstrate that all African States have reached such extremes but principally to explain how the process of State decline changes *qualitatively* once it goes through a particular threshold. Above the threshold, it is still possible to seek to sustain or strengthen the formal, bureaucratic, workings of the State – or to aim to improve 'governance'. Below, the State is deprived of any substance and may actually need rebuilding, virtually from scratch.

Moreover, and perhaps even more importantly, perceptions of the State also change dramatically. In addition to the threshold of *efficacy*

discussed above, there is also what I would call a threshold of *expectations.* At independence, and for some time after that, Africans believed that the State was able to perform both its informal and formal functions – meaning that it actually served a purpose beyond clientelism. This meant they expected it had achieved some administrative usefulness, that it supported the legal framework and sought to maintain the infrastructure and services, which the colonial State had provided. In some cases, this is still true. In many others, however, State decline set in by the eighties and has not been reversed since.

Again, what matters here is the process whereby the bulk of Africans grew to see the State merely as a predatory body, from which they could expect nothing but trouble – except for those ever dwindling numbers who continued to benefit from the patrimonial largesse of the politicians in place. The key point is that once a sufficiently large proportion of the population loses expectations that the State can be anything other than informal, they rapidly abandon hopes of its modernising and development potential. This is one of the reasons why so many ordinary Africans, though desperate for an improvement in their lives, take a cynical view of the possible benefits of democratic reforms or decentralisation.

The consequence of this situation is that the unravelling of the State beyond a certain (administrative and psychological) threshold has a whole range of political effects, which make the prospect of the restoration of 'good' government remote. Pushing back up through the threshold in order to resume relatively efficient governance is likely to prove far more difficult than is often credited, and this for a number of reasons, ranging from the technical to the subjective. I cannot explore the many, and complex, ramifications of such a process, for which we have few historical precedents. I want instead to focus on the type of problems that arise, so that donors can assess where, and how, they can assist.

The first point to make, and this is one that is increasingly understood by Africans and outsiders alike, is that it is imperative to try to avoid State decay beyond the thresholds I have discussed. There is, of course, no precise indicator of where such limits lie – assessments are eminently empirical – but there is no mystery either to the process

whereby the State begins to fail to discharge the responsibilities outlined above and the local population begins to lose faith in the potential benefits of politics. As point of fact, this is an area where foreign expertise and local knowledge ought to rejoin.

Any civil servant coming from a donor country with some knowledge of Africa should quickly be able to gauge administrative effectiveness. For their part, ordinary Africans too are well able to tell those who want to listen how useful or efficient the State is. The starting point here would be for aid organisations to listen to what people say without let or hindrance: simple enough to do but unusually rare because most outsiders come with an agenda and report with a purpose.

Equally, there ought to be no great difficulty in identifying those leaders who are genuinely concerned to avoid State decline, regardless of their motivation, because they will be prepared to maintain, or improve, State effectiveness. It is important in this respect to repeat that a functioning neo-patrimonial system *requires* a minimally operational formal State sector. Houphouët-Boigny long employed French civil servants in key administrative positions for that very reason. To give only the most notable examples, both Rawlings and Museveni were obviously intent on strengthening State capacity and, with large-scale foreign aid, made quite good progress on this score. Whatever the case, the point here is to stress the importance of identifying those politicians who are actually committed to, and can deliver on, more efficient government – fickle as their predicament may turn out to be in the long run.

In Ghana or Uganda, there always remained a potential pool of competent administrators, however ineffective State bodies had become. In Guinea-Bissau and Zaïre, on the other hand, there never was much bureaucratic capability, even when outside transfers flowed generously into the country. Although it would be naïve to take this reasoning too far, as there are notable exceptions, it still seems to be the case that the more 'efficient' colonial government was, the more solid the bureaucratic foundations for the post-colonial State were. In this respect, as in many others, it is simply the case that some countries were much better endowed than others at independence. Yet the situation is not that simple.

Even well organised States post-colonial States have achieved levels of dereliction that render them utterly useless. The situation in Côte d'Ivoire today is perhaps the most striking example of the collapse of a functioning State and there is doubt as to whether it can ever recover from its current predicament. This example also shows beyond doubt that political strife, blinkered clientelism, corruption and straightforward incompetence are the root causes of State failure on the continent. On the other hand, the case of Mali, a country that was very poorly endowed at independence, demonstrates that where there is political will, 'better' government, or at least a more efficient State, can emerge. In the end, leadership does matter.

What these examples show, therefore, is that the key determinant of State governance is the way in which power is exercised. The history of post-colonial Africa demonstrates that neo-patrimonialism is compatible with a minimally functioning formal government but that the dynamics of informal politics eventually weaken the State. The ensuing rivalry between competing political elites, particularly within the ambit of a multiparty electoral system, can easily precipitate State decline below the two key thresholds discussed above.

Donors must realise, however, that even where aid contributes to maintaining State effectiveness above such thresholds, it will necessarily continue to be used to sustain the clientelistic networks that are at the heart of political legitimacy and accountability on the continent. Preventing State decline is a worthwhile aim because the consequences of failure are dire for the bulk of the population. Propping the neo-patrimonial State, however, will do little to bring about sustained development or reducing poverty until there is sufficient pressure in the countries concerned to move from neo-patrimonial to developmental politics.

The extent to which decentralisation will contribute to better aid delivery and enhanced development must ultimately rest on the quality of 'governance' – that is, the efficiency of central government. The lessons of the experience of those countries where decentralisation has had a positive impact suggest that devolution of power and the control of resources at the local level can only work to improve conditions when the State itself is committed to

development. Commitment to development, however, is not measured by official statements; it is demonstrated in practice by the continuous efforts to improve State efficiency – which in the end is the only way in which politicians can improve the legitimacy of the State and demonstrate accountability to their own people. In my view, the impact of decentralisation is likely to be proportional to the quality of State governance.

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