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Introduction

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For much of the twentieth century, many developing countries were governed by insulated, unaccountable, and often corrupt officials in their capital cities. It was clear that, at least in part, anemic economic growth and woeful provision of public services were attributable to poor performance by these governments. Thus many academics and policymakers welcomed the trend toward fiscal and political decentralization at the end of the twentieth century as part of a potential solution to the twin challenges of poor governance and lagging economic development. Aid agencies sought ways to strengthen and support decentralization initiatives around the world.

The intuitive appeal of decentralization was simple. Ideally, after breaking the central government's monopoly on authority and resources, heterogeneous populations could choose policies to fit local preferences and circumstances. Corrupt or lazy officials could be monitored and punished by local citizens at the voting booth, through local social sanctioning, or by moving.

However, it quickly became clear that decentralization in practice bore little resemblance to optimistic theories from welfare economics. It turned out that there were a variety of ways in which local officials could ignore local demands and avoid accountability from local voters and from higher-level governments. Academics and practitioners began to learn a variety of lessons about clientelism, patronage, and capture by powerful local interests. They discovered that under some conditions, decentralization frees up dominant local groups to take the lion's share of resources for themselves and to exclude traditionally oppressed groups. It became clear that the structure of taxation and intergovernmental finance shapes officials' incentives in powerful and often unfortunate ways. It turns out not to be so simple to rely on local citizens, who face a basic collective action problem and often profound resource constraints, to monitor local officials, especially when responsibilities and fiscal flows are opaque. All of these challenges are even greater in the presence of social heterogeneity and a recent history of conflict.

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For the past two decades, the academic literature on decentralization in developing countries has been grappling with these and related issues, and trying to answer a series of vexing questions about the political economy of multilayered governance. Meanwhile, local governments and intergovernmental relations have become crucial to much of the work being done by international agencies such as the United States Agency for International Development (USAID), the World Bank, the Department for International Development (DFID), and many others. For many aid programs, the difference between success and failure often lies in issues like local capture, clientelism, corruption, and weak incentives for monitoring and accountability. This is most obviously true for governance projects, but it is increasingly clear that these same challenges are central for any attempt to improve health, education, legal, and policing systems, as well as regulatory environments for local businesses. In short, key features of local governance condition the efficacy of a large share of donor programming.

Thus academics and aid practitioners have considerable potential gains from exchange. University-based researchers are making advances in theory, measurement, data analysis, and causal inference that can be applied to the questions of interest for aid practitioners. Aid agencies have immeasurable experience working with central and local governments as well as civil society groups and local citizens in developing countries around the world. They are also often in a position to assemble data that would be extremely valuable to researchers, and to build experimental or quasi-experimental features into their programming. Increasingly, donors and academics are engaged across these shared interests, but considerable room for improvement remains.

Collaboration and information exchange between aid agencies and academics in the fields of public administration and public policy have a long pedigree. In studies of decentralization, the research output has often taken the form of analytical case studies of specific countries. More recently, political scientists have become deeply engaged in studies of decentralization and governance. This is quite natural, since many of the vexing challenges facing aid agencies and the governments and citizens with whom they partner are political in nature. As in the field of development economics, political scientists working in this area have come to embrace a largely quantitative approach to evidence, and have developed a strong focus on causal inference.

At the same time, aid practitioners have been seeking to move beyond an exclusive reliance on analytical narratives and case studies and to build a base of knowledge about decentralization from quantitative studies. Moreover, aid agencies have become active participants and collaborators in many of these studies. In our view, much of the best research on decentralization over the past two decades has come from close collaborations between university-based researchers and institutions like the World Bank and USAID. Sometimes this takes the shape of cooperation in designing studies using quantitative observational data or qualitative field research. Increasingly, it also involves

collaboration between academics, development agencies, and governments on experiments and quasi-experiments that are built into the design of decentralization programs from the beginning. This work sets out not to replace but rather to supplement the familiar analytical case studies of the past.

Given that the volume and quality of this collaborative research have increased in recent decades, the time is right to review what we have learned about decentralized governance from this literature, and to assess how these lessons might inform future programming. As studies have become more exacting and careful in their approach to causal identification, they can also become more context-dependent. For instance, a decentralization program might appear to produce positive health outcomes in Uganda, while a largely similar program in Ghana produces no discernable results. The development community and academics alike are left wondering whether the difference stems from small tweaks or mistakes in the design of the program (or the evaluation), or whether there is something distinctive about each context. In light of existing research, can we say anything beyond the bromide that "context matters"?

The answer, as provided by these chapters, is a resounding "yes." In developing this volume, we worked in close collaboration with USAID's Center of Excellence on Democracy, Human Rights and Governance (DRG Center) to identify the most important thematic questions for both academics and development professionals. The DRG Center sought this thematic input as it begins the process of revising its strategy on decentralization. We hope this thematic approach serves the interests of policymakers and note that it distinguishes this book from the more common case study approach in edited volumes.

After settling on these key themes, our strategy was to recruit some of the most successful empirical researchers working on political and fiscal aspects of decentralization, with the hope that they would step outside the usual research process, think bigger thoughts from a distinctive angle, and reflect on the past and future of the lines of inquiry with which they have engaged. Empirical researchers in political science and economics do not generally face incentives to address the difficult questions that plague the policy world. They face incentives to write rigorous papers drawing on a particular context that will withstand the exacting process of peer review. Beyond the need to write a perfunctory literature review, they are not often asked to make thoughtful assessments of the "big picture" in their line of inquiry. Thus, we encouraged the authors not only to be reflective, but more important, to be prospective in a way that would help shape the agenda for future aid programming and research. More broadly, the authors assess whether scholars are asking the right questions and designing studies suited to answer them.

The authors pay special attention to the prospects for enhanced collaboration between academics and aid agencies in carrying out an innovative quantitative research agenda. As such, their reviews are less attuned to important work in applied policy research than some might like. We recognize this approach has a

cost, but we note that many of the chapters draw extensively on reviews of relevant policy research. While our approach is distinctive, our goal is to supplement the insights of other broad contributions to the study of decentralization and development, including Connerly, Eaton, and Smoke (2010), Dickovick and Wunsch (2014), and Fauget and Pöschl (2015). We hope that what we sacrifice in disciplinary coverage we gain in analytical insight.

The ten substantive chapters cover some of the most crucial intellectual terrain for researchers and practitioners alike. Some of the topics have been at the center of the literature for years: fiscal decentralization, the integrity and efficacy of local elections, post-conflict peace building, social accountability, and local economic development. Others are just as crucial but have not yet received the academic attention they deserve: for instance, the proliferation of subnational jurisdictions, the infrastructure needs of booming cities, and the important role of traditional leaders in local governance.

To balance the academic voices, three excellent applied researchers from RTI International – Derick Brinkerhoff, Anna Wetterberg, and Gary Bland – provide a concluding chapter, appropriately titled a "practical postscript." The authors place the volume in the broader history of engagement between USAID and academics, particularly in the area of decentralized governance, and outline the challenges and opportunities to link evidence and policy action.

In the thematic chapters, each author has attempted to extract lessons not only about the practice of decentralization, but wherever possible, also about the involvement of aid agencies and other multilateral institutions. They have also been asked to look for areas in which the collaboration between academics and practitioners might be improved. In some of these cases – i.e., booming cities – there is a great deal of donor programming, but little academic research to guide it; in other cases – i.e., traditional leaders – there is an emergent body of academic research, but as yet, little donor programming. We hope to draw attention to both types of lacunae and to promote work on both sides of the donor/academic partnership. In what follows, we briefly review some of the key substantive lessons, which we have clustered into five categories, and conclude with some lessons about ways to improve the partnership in the years ahead.

THE EFFECT AND EFFICACY OF LOCAL ELECTIONS

The earliest proponents of political decentralization emphasized local elections as a means to promote accountability. Initially, however, claims of the superiority of local elections (versus the appointment of local officials by higher-level authorities) largely rested on untested claims and faith. At this point, we have a good deal of evidence on the pros and cons of elections as a mechanism to select local officials. As Grossman discusses in Chapter 3 of this volume, local elections appear to generate better outcomes than appointment, particularly in environments with extensive political competition, a robust

media market, low levels of social and economic inequality, and strong national political parties. There are some narrow conditions under which the appointment of local officials may have advantages – such as when the success of national officials is closely tied to local output and a corporate party structure can induce yardstick competition via promotions and retention – but the overarching message is that local elections often do provide stronger incentives for local officials to be responsive.

At the same time, there are many conditions under which local elections may not live up to their potential. As León and Wantchekon explain in Chapter 10 of this volume, the integrity of decentralized elections is often threatened by clientelistic practices, i.e., the targeting of public resources to citizens in exchange for their votes. Where clientelism is pervasive, it favors short-term benefits at the expense of broad policy considerations. This has important costs to social welfare, transparency, and accountability.

Researchers have learned a good deal about the processes that underpin clientelism. Poor voters are more responsive to clientelistic appeals. For clientelistic exchange to work, parties have to be able to monitor how voters (or groups of voters) vote. Additionally, local vote brokers are crucial intermediaries between parties and voters/clients. Clear attention to the institutions and incentives that produce clientelism also provides some insight into tools for reducing it. First, election monitoring can help by limiting the extent to which parties can compromise the privacy of the vote. Second, meritocratic appointment and promotion procedures and forceful, transparent central oversight of key public resources can limit officials' ability to use them to engage in patronage politics. Third, local policy deliberation that involves citizens can help commit politicians to postelection policy agendas at the expense of patronage politics. Other factors that shape the incentives for clientelism, such as the institutional rules at work within political parties, are usually beyond the purview of practitioners working on decentralization, but they are important nonetheless.

The chapters by Grossman, León and Wantchekon, and Dunning point out ways in which practitioners, in collaboration with academics, might pay closer attention to the key details of electoral and party institutions' structures. Grossman points to key features of elections – partisan versus nonpartisan contests, "at-large" versus single-member districts, and term limits – where we have some accumulated insights from developed democracies but a dearth of evidence from decentralized settings in the developing world. León and Wantchekon emphasize how careful attention to the role of local citizens in decentralized settings could enrich what we know about the demand side of clientelism. Dunning points to the role of hierarchical links within political parties that mobilize local politicians as part of their own national-level electoral strategy. Program designers and academics alike should focus on how the hierarchical organization of parties shapes local officials' incentives to be responsive to local citizens versus clientelistic machines.

LOCAL FORMS OF ACCOUNTABILITY

For many, decentralization is desirable to the extent it promotes local accountability, and most attention has focused on the formal institutions of decentralized governments. Yet as Baldwin and Raffler make clear in Chapter 4 of this volume, in many settings – and particularly where the state is weak – traditional tribal, religious, and caste leaders play a crucial role in local governance. Though many practitioners and academics have voiced skepticism about traditional leaders, Baldwin and Raffler point to growing evidence that such leaders are often socially accountable, have long time horizons and serve as "development brokers." Particularly where they are politically and socially embedded in their communities, they can have incentives to govern well even in the absence of elections.

Indeed, Christia's chapter in this volume (Chapter 9) shows that the support of traditional leaders is one of the crucial ingredients of successful post-conflict community-driven development and decentralization initiatives. Given the importance of traditional leaders, and our growing body of knowledge about the conditions under which they face good incentives, donors may wish to give them a more prominent role as they develop programming strategies in some societies with strong traditional leaders.

One key message from the Baldwin and Raffler chapter is that the social context in which traditional leaders are embedded has important implications for the quality of local governance. Reflecting on social accountability programming, Wibbels's chapter in this volume (Chapter 2) emphasizes the importance of understanding local context through the lenses of social and political networks. While donor programming and accompanying impact evaluations focus resources on mobilizing civil society and "social accountability" so that citizens might become better participants in politics, they are rarely systematically designed with the diverse capacities and organization of decentralized communities in mind.

Yet local citizens live in highly varied social contexts even in a single city or county. Experiences with social accountability theory and programming to date suggest several recurring weaknesses, such as overreliance on transparency, poorly specified theories of change, and lack of attention to local context – weaknesses that could be at least partially addressed by paying more attention to research on social networks. Such research provides a rigorous means of thinking about and measuring social capital, the density of civil society, social trust, information diffusion, social coordination, and collective action – and therefore the conditions under which social accountability initiatives are likely to work and how they might be precisely tailored to specific local contexts. There are exciting opportunities for collaboration between academics and the aid community in conducting rigorous explorations of social networks.

SOCIAL HETEROGENEITY AND CONFLICT

The chapter by Thad Dunning focuses on the impact of decentralization in societies that are divided by strong ethnic, religious, or other social cleavages, and the chapter by Fotini Christia examines the extent to which decentralization might be part of the solution in the aftermath of conflict generated by such divisions. Both authors argue that the success of decentralization, and much of the aid and donor programming related to it, depends on ethnic geography, the salience of ethnicity, and the ways in which parties and political institutions shape the incentives of elites.

The presence of geographically segregated social groups is often part of the basic logic of decentralization, which can allow different local groups to offer their desired forms of religious or language training to schoolchildren, for example, rather than forcing a "one-size-fits-all" policy. Yet decentralization does not often take place in settings where each district or village is internally homogenous. In fact, decentralization often takes place in areas that are locally heterogeneous, e.g., the Indian villages and towns discussed by Dunning and the large urban centers discussed by Carter and Post (Chapter 8).

These chapters begin to address important questions about how local officials deal with ethnic and social heterogeneity. Under what conditions might long-standing patterns of discrimination and social exclusion by dominant groups be upended? Under what conditions might migration to urban city centers lead to a decline in ethnic identities, and under what conditions might these identities serve as building blocks for urban political entrepreneurs? Among other things, Dunning argues that the answers often lie in the structure of political parties, and the ways in which central-level partisans from the government and opposition attempt to bring local elites into their own networks of patronage and clientelism. Pierskalla (Chapter 6) also points to the role of changing jurisdiction structures in overturning time-honored patterns of dominance by certain local groups over others.

Christia examines scenarios in which decentralization is viewed as part of a potential post-conflict settlement. She points out a number of constraints facing reformers, including the demands of those whose positions have improved through war, and the incentives of those who hope to profit from skimming funds to ex-combatants. Unfortunately, post-conflict decentralization is often a form of gamesmanship, and does little to forestall the return of fighting. She pays special attention to the role of foreign aid in post-conflict environments, which is often distributed at the local level. She reviews evidence suggesting that aid is most successful when there is a negotiated settlement in which all parties have a stake in decentralization, and where the means exist to build capable and accountable local governments. She argues that donors must find a way to align the interests of the central government, local government, and traditional authorities.

Christia further provides a careful assessment of post-conflict community-driven development programs. She reviews a cluster of studies that demonstrate relatively consistent positive effects of such programs on service delivery, but weaker effects for socioeconomic well-being, no long-term effects for governance, and very context-dependent effects regarding the return of violence.

THE STRUCTURE OF JURISDICTIONS

One of the striking dynamics across the developing world is the proliferation of local governance units in many countries. Pierskalla's chapter makes clear that this often occurs through the splitting of districts or counties, but as Carter and Post explain, this also results from the proliferation of often-overlapping special-purpose districts in burgeoning cities across the developing world. There are reasonable arguments in favor of making decentralized governments small. Most important, they can provide representation for marginalized, geographically concentrated groups who otherwise might struggle to find influence in larger districts. But as Pierskalla explains, this increased representation often comes at the cost of weakened administrative capacity and more corruption, and the logic that typically drives district proliferation derives from political-strategic considerations rather than concerns with minority representation or the efficiency of the public sector. While academics have considerable work to do in order to understand the causes and consequences of proliferating units of governance, donors and implementers should be aware of this trend, and the potential role of the aid community in contributing to it.

This point is reinforced in the chapter by Carter and Post, which explains that while much of the empirical work on decentralization in developing countries focuses on rural villages, cities are growing rapidly and face distinctive challenges associated with land titling, urban infrastructure, pollution, service delivery, and slum management. They review a largely policy-based body of work on urban public finance and public administration and explain that overlapping jurisdictions and the proliferation of special-purpose districts are an obstacle to coordination and accountability. These special-purpose districts, often designed to overcome or avoid popular opinion, serve to multiply the number of actors involved in the provision of services, which in turn makes it difficult to solve many urban problems, like infrastructure, environmental protection, and property regulation, that are inherently cross-sectoral.

On a more positive note, Carter and Post summarize studies showing that political competition, independent fiscal resources, and strong civil societies facilitate more democratic outcomes following decentralization to municipal authorities. They conclude that decentralization can help urban citizens to pressure more effectively for inclusion and access, but can also make it more

difficult for policymakers to address metropolitan-level or long-run concerns regarding investments in basic infrastructure that are complicated by overlapping jurisdiction or lack of salience for voters.

FISCAL FEDERALISM AND ECONOMIC DEVELOPMENT

Part of the intuitive appeal of decentralization is the argument that local decision makers are in a better position than higher-level officials to tailor taxing and spending decisions to specific local circumstances and thereby promote local development. The chapter by Malesky (Chapter 7) explains that one of the biggest challenges in developing countries is the construction of a vibrant private sector in which business owners feel comfortable making long-term investments. Malesky explores the role of local governments in facilitating (or undermining) a good investment environment in developing countries, but he also shows that in many settings the underlying endowments are such that local development is very difficult to promote. He argues that economic geography is crucial. Decentralization often enhances local and regional inequality as labor and capital migrate to those few localities with labor market opportunities, wealthier consumers, and better services. The classic core-periphery dynamic emerges quite naturally. Rural-to-urban migration patterns and regional inequality introduce thorny challenges for governments and aid agencies.

Local-level inequality is reflected in the huge variation in decentralized governments' ability to collect taxes. A great deal of research and development programming has focused on local revenue mobilization. As Rodden shows in his chapter (Chapter 5), we now have a growing base of evidence that own-source revenues, as opposed to intergovernmental grants, are associated with less waste and better service provision. Nevertheless, the prospects for substantially improving the performance of the local public sector via enhanced local revenue collection are probably quite modest, above all because local tax bases are often extremely thin, especially in rural areas. Moreover, many typical decentralized taxes (e.g., head taxes and property taxes) are politically unpopular. And as explored in Dunning's chapter, revenue decentralization in some unequal and culturally heterogeneous settings can actually exacerbate conflict.

Thus, for the foreseeable future in many decentralized governments, central transfers will remain the most important source of local revenue, and the design of those transfers and their corresponding implications for local incentives needs more attention from both academics and policymakers. Moreover, Rodden's chapter reviews a set of recent collaborations between academics, donors, and governments that have potential to reveal basic insights about the impact of different types of taxes and transfers. This literature is only in its infancy, but it shows considerable potential.

CONCLUSIONS: ACADEMIC AND POLICY WORK IN THE SERVICE OF LEARNING

We believe the most crucial lesson from these chapters is that traversing the borders between practitioners and academics yields impressive benefits. Many of the significant advances in what we know about decentralized governance have emerged from the joint efforts of academics and development practitioners over the past two decades. These collaborations typically began in an ad hoc way, and the merging of the two cultures and institutional environments has been challenging. But experience is loosening the boundaries, and both sides of the relationship are better positioned than ever to work with the other.

From the experiences of the contributors to this volume we can cull a few basic principles that emerge from academic involvement in applied development work. Both Chapter 9 by Christia and the concluding chapter by Brinkerhoff, Wetterberg, and Bland provide additional details on a number of these points.

First, when designing programs, it is necessary to carefully articulate a program theory linking specific interventions to specific measurable outcomes. As noted in what follows, from the point of view of donors and implementers, clearer program theory often implies unbundling complex, multifaceted programs into smaller, better motivated, and more evaluable parts. Academics can help practitioners at this stage by stating their own theories clearly and helping to translate them for the policy world. This is particularly true of academic research on governance, where much of the theorizing is too vague and informal, and where academics have a responsibility to clearly state the key actors, the strategic environments in which they operate, and the scope conditions governing theoretical claims.

Second, the evaluation agenda must be considered as early as possible in the process of program design in order to find the clearest possible link between specific interventions and specific outcomes. Early coordination and careful pre-analysis planning are crucial. There are many successful cases in which academics, implementers, and donors coordinated rigorous evaluation late in the game, but we also know many cases of failure, i.e., when the interests of implementers and external evaluators have failed because evaluation was not considered in the technical design of projects. The USAID DRG Center's "clinics," whereby academics join country mission officers over several days to brainstorms projects with an eye toward evaluability, is an excellent model. Unfortunately, even as academic organizations like J-PAL and EGAP have helped greatly increase the salience of rigorous evaluation, our own sense is that rigorous monitoring and evaluation still play a starring role in the vast *minority* of development projects on decentralized governance.

Third, the ongoing evaluation agenda requires less complex program designs. This can be achieved by slicing off a smaller piece of a broader multiyear, multipronged project and providing a rigorous design and implementation that