

**The Role of Participation and Partnership in
Decentralised Governance:
A Brief Synthesis of Policy Lessons and Recommendations of
Nine Country Case Studies on Service Delivery for the Poor**

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¹ For the more detailed case studies, please visit <http://magnet.undp.org>, click on the Decentralised Governance Programme and then go to Case Studies. For a longer version of the synthesis please visit <http://www.undp.org>, click on Democratic Governance, then click on Decentralisation.

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I - Introduction: Human Development and Decentralised Good Governance: A conceptual entry point

Decentralised Governance, carefully planned, effectively implemented and appropriately managed, can lead to significant improvement in the welfare of people at the local level, the cumulative effect of which can lead to enhanced human development.

UNDP defines human development as “pro-people, pro-jobs, and pro-nature. It gives the highest priority to poverty reduction, productive employment, social integration, and environmental regeneration.” Human development is development that not only generates economic growth but also distributes its benefits equitably, that regenerates the environment rather than destroys it, that empowers people rather than marginalizes them. (UNDP, Human Development Report 1996).

Human development and good governance are indivisible. Governance is the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. The core characteristics of good governance include participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision. Inter-related, these core characteristics are mutually reinforcing and cannot stand alone. For example, accessible information means more transparency, broader participation and more effective decision-making. Broad participation contributes both to the exchange of information needed for effective decision-making and for the legitimacy of those decisions.

Through broad-based-consensus-building processes, societies need to develop their own visions of good governance and aim to define which of the core features are most important to them and what the best balance between the state, the market and society is for them. The challenge for all societies is to create a system of governance that promotes, supports and sustains human development to realise the highest potential of everyone and the well being of all, thus eliminating poverty and all other forms of exclusion.

Decentralised Governance

As part of the overall governance system of any society, decentralised governance offers important opportunities for enhanced human development. However, if improperly planned or poorly implemented, decentralised governance can also be a challenge that may easily frustrate local efforts to enhance human development.

Organisationally, decentralised governance, refers to the restructuring of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels.

Conceptually, decentralisation relates to the role of, and the relationship between, central and sub-national institutions, whether they are public, private or civic. Improved governance will require not only strengthened central and local governments but also the

involvement of other actors from civil society organisations and the private sector in partnerships with government at all levels. Building capacity in all three domains of governance - state, civil society and the private sector - is critical for sustaining human development. Generally speaking, there are four major forms of public sector decentralisation arrangements that are often included in the discussions on decentralisation. These include:

Administrative Decentralisation

Administrative decentralisation aims at transferring decision-making authority, resources and responsibilities for the delivery of a select number of public services from the central government to other lower levels of government, agencies, field offices of central government line agencies. This transfer implies two basic types with different implications on accountability for resource mobilisation and management and for service delivery.

- **Deconcentration:** transfers authority and responsibility from one level of the central government to another while maintaining the same hierarchical level of accountability from the local units to the central government ministry or agency which has been decentralised. Deconcentration can be seen as a first step in newly decentralising governments to improve service delivery.
- **Delegation:** redistributes authority and responsibility to local units of government or agencies that are not always necessarily, branches or local offices of the delegating authority. While some transfer of accountability to the sub-national units to which power is being delegated takes place the bulk of accountability is still vertical and to the delegating central unit.

Political Decentralisation

This normally refers to situations where political power and authority have been decentralised to sub-national levels. The most obvious manifestation of this type of decentralisation are elected and empowered sub-national forms of government ranging from village councils to state level bodies.

- **Devolution** is considered a form of political decentralisation, involving a full transfer of responsibility, decision-making, resources and revenue generation to a local level of public authority that is autonomous and fully independent from the devolving authority.

Fiscal Decentralisation

Cutting across all forms of decentralisation, some level of resource reallocation is made to allow local government to function properly. Decentralising responsibilities and authority and accountability without assignment of adequate levels of resources to the decentralised units does not work.

Divestment or Market Decentralisation

This form of transfer of government responsibilities and authority is done in favour of non-public entities where planning and administrative responsibility or other public functions are transferred from government to voluntary, private, or

non-governmental institutions with clear benefits to and involvement of the public.

UNDP uses the term decentralised governance to describe a situation of power sharing between the central and local government that is based on the principle of subsidiarity and that transcends government to also include the private sector and civil society. UNDP seeks to promote such a governance arrangement that significantly enhances service delivery to the local population in an equitable, cost-effective manner while observing the tenets of good governance and striving to reach SHD.

II - The Research Framework and Methodology

The Management Development and Governance Division of the Bureau for Development Policy (MDGD/BDP) of the United Nations Development Programme (UNDP) sponsored a series of case studies that examined the impact of participation on local governance in nine developing countries. National research institutions in Brazil, Honduras, India, Jordan, Pakistan, The Philippines, Poland, Uganda and South Africa conducted the research, with the assistance of the Massachusetts Institute of Technology (MIT). The conceptual framework for the research and an outline of the final report were developed during April and May of 1997 in consultation with the researchers.

The primary question of the research was: “Under what conditions, with regard to what aspects and through which mechanisms, processes or procedures does decentralisation successfully contribute to key elements of good governance and the achievement of SHD goals, particularly poverty eradication, equity building in gender, and environmental improvement?”

The research focussed on local cases of relative success in each country. Good performance was defined as those instances in which decentralisation activities have:

- Enhanced inclusiveness in decision-making processes;
- Improved the quality of services delivered by local governments (in terms of quantity, quality or cost);
- Increased local revenue generation;
- Resulted in greater equity in the distribution of services;
- Raised public satisfaction with local governments, etc.

While none of these types of results guarantee longer-term poverty alleviation and other broader SHD goals, they can begin to move the system in the right direction and raise the probability that the longer-term SHD goals will be attained eventually.

It is important to keep in mind that the context in which the various decentralisation successes have developed is quite different. First, systems differ in the number of levels of government that exist and the constitutionally and legislatively mandated relationships they have among each other. Second, local authorities differ in their degree of political decentralisation and grassroots legitimacy. Third, local authorities differ in their degree of autonomy in revenue raising and expenditure decision-making. Fourth, local authority

systems differ in the typical degree of fiscal capacity relative to service responsibilities. Fifth, the decentralisation experience of most of the countries studied is fairly recent.

These contextual realities point to the complexity of the relationship between decentralised governance and SHD. The results of the research and the findings discussed in this overview should be interpreted with these realities in mind.

III - Brief Summary of Case Studies²

Improved Health Services in Belo Horizonte, Brazil

The Brazil study examines how the municipality of Belo Horizonte successfully implemented a unified health system. The municipality has been able to expand its basic network of health services and to undertake innovative localised outreach programs. These activities resulted in increased efficiency and broader access to health services, particularly for the poorest segment of the population. These achievements are attributed in part to the decentralisation of decision-making and management of health service provision, including control of the budget, to the municipal government, and in part to the participation of the community through representation in the newly created Municipal Health Council. The exercise of oversight by the Council reduced the fraudulent transactions that have historically plagued health service provision in Brazil, assured more rational use of funds, improved access of the poor to services, and reduced formerly chronic payment delays to private health service providers. Partnerships between different levels of government and between public, private, and civil society also have contributed to improved provision of unified health services in Belo Horizonte.

Improved Municipal Service Delivery in Sinuapa, Honduras

This study examines how the municipality of Sinuapa has realised improvements in the provision of local services despite its limited level of economic development and serious budgetary constraints. Central to its success has been the establishment of an institutional mechanism that allows for a dynamic interaction between neighbourhood associations and the municipal council. This interaction provides a mechanism for citizens to learn to express their demands and for government to learn how to respond to them at both local and higher levels. This study also highlights the role of the mayor as a consensus builder among key players within communities and as a mediator/negotiator with higher-level authorities on which the local government depends for resources and technical support.

Successful Project Implementation in Jamunia Tank Gram Panchayat, India

This study examines how a disadvantaged rural (third tier) local government, Jamunia Tank Gram Panchayat, has been able to undertake new development activities successfully in recent years. This particular local government is reserved for a backward class and is headed by a female Sarpanch (head of the Gram Panchayat). Collective efforts among local community members, voluntary development organisations (VDOs),

² The full texts of the cases were published earlier and are available on MDGD's internet website MagNet at the following address: <http://magnet.undp.org/>

the Sarpanch, Panchayat members, and District officials have been instrumental in planning and implementing several successful projects, including a literacy program, school upgrading, building of low-cost latrines, and construction of a village drainage system. These activities, which have primarily benefited disadvantaged segments of the population, have been undertaken with critical support from an NGO and higher-level governments.

Improved Education Services in Ma'n and Irbid, Jordan

This Jordanian case involves successful service provision by deconcentrated units of the Ministry of Education in the governorates of Ma'n and Irbid in Jordan. Service delivery in Jordan is highly centralised, with only limited delegation of authority in decision-making on financial matters and policy making. In many cases, the role of deconcentrated units is limited to implementation of policies and projects determined by a central ministry. Education in Jordan, however, is much more decentralised than other services, and the research results indicate that residents of Ma'n and Irbid perceive education to be more effectively delivered than other services. The relative success of education is attributed to the delegation of authority and responsibilities by the Ministry of Education to the governorates, the participation of communities, and the involvement of non-governmental organisations (NGOs) and the private sector. Although the successes to date are real, the study notes that much remains to be done in strengthening co-ordination between these different institutional actors in providing local educational services; in increasing funding allocations to improve the quantity and quality of educational services; and in developing and upgrading the performance of local staff, particularly in remote and outlying areas.

Upgrading Squatter Settlements in Pakistan

This study considers how a provincial government agency, the Sindh Katchi Abadis Authority (SKAA), initially performed poorly, has been successful in regularising and improving squatter settlements. SKAA streamlined its procedures for lease grants by opening lease camps in squatter settlements and by decentralising its review and approval authority to the camps' team leaders. The reorganised agency also mobilised the involvement of the target communities, NGOs, and the private sector in all aspects of development work from needs identification and prioritisation to implementation and monitoring. The reformed processes have led to an expansion in the coverage of leases, a reduction in time for lease application and approval, substantial development cost savings, and significant improvement in service coverage. A survey conducted for the research found that 62 percent of surveyed households in Karachi and over 53 percent of those in Sindh have been awarded leases under the new system. In Karachi, an additional 30 percent of households have gained access to piped water and 51 percent to sewerage. Over time, the SKAA has become a viable self-financing agency using its income from lease operations to finance overhead and upgrading settlements.

Improving Health Services in Three Cities in the Philippines

This paper documents the development of programs undertaken by three municipalities in the Philippines -- Irosin, Balilihan, and Surigao City -- that have been successful in providing an improved range of basic services to their communities by working with community organisations and NGOs. The three municipalities started strategically with

providing basic primary health care (PHC) services and subsequently expanded the range of services provided to the communities. Both the quality and quantity of services delivered increased substantially under these efforts. The strong role of NGOs and the active involvement and financial support of the local governments are said to account for the success of these programs. The initiative for the service delivery innovations, however, differed among the three success cases, as do the specific mechanisms adopted.

Generating Local Economic Development in Three Polish Cities

This study focuses on successful cases of local government promotion of local economic development. Three Polish municipalities -- Bilgoraj, Ilawa, and Tarnovo Podgorne -- used their newly acquired authority to make strategic decisions in the creation of public infrastructure investments and the support of local businesses. While these municipalities are located in different regions with diverse historical backgrounds and development conditions, some common patterns cut across the three cases. In each case, success can be attributed to strong partnerships between public authorities and the local business community and to the mobilisation of financial contributions from local communities. These achievements are reflected in improvements in housing supply, employment, and infrastructure provision that are above the national average. Bilgoraj, a relatively poor region, has experienced dramatic increases in the number of its private foreign and domestic enterprises. In Ilawa, sizeable investments have been made to improve pavements, sidewalks, and public spaces, as well as to establish an industrial zone. Tarnovo municipality has attracted more than \$300 million of foreign capital.

Improved Revenue Generation in Ivory Park, South Africa

This study considers the case of a poor South African township, Ivory Park, which was successful in convincing its residents to pay for municipal services. Most families in the township live in informal settlements, and formal sector unemployment is very high, although there is extensive informal business activity. Given this economic context, a low rate in payment for municipal services among residents might be expected. In fact, payment for municipal services increased rapidly after municipal elections, from 3.2 percent in June 1996 to 80 percent in August 1997. Such performance stands in stark contrast to the dismal payment rates in many other townships, where a boycott of service payments has prevailed for almost a decade. The high payment rate in Ivory Park can be attributed to the participation of various stakeholders in the determination of their service needs, which resulted in improved service delivery in the township. The participation of stakeholders is facilitated through their representation on local committees and through consultations during development plan formulation at the metropolitan council level.

Improved Market Services through Private Partnership in Jinja, Uganda

The Uganda case evaluates how the formation of a public-private partnership to oversee the Central Market in Jinja led to improved revenue collection, better market management, enhancements in the sanitary condition of the market, better market security, and substantial increases in the level of market user satisfaction. Improved performance can be attributed to private sector management of the market and greater participation of vendors in decision-making about market administration and management. Also important was the enhancement of accountability through a clear delineation of duties, obligations, and rights of the different stakeholders, supported by a

system of checks and balances. A formal partnership between the local council, the vendors association, and the private management firm has been a key factor in the improved performance of the Jinja Market.

IV – Main Thematic Findings

The salient thematic findings that collectively emerge from these case studies reflect the complexity of the relationship between SHD and decentralised governance. These findings relate to the inter-related themes of:

- Enhancing the broader enabling environment for decentralisation;
- Developing innovative institutional structures to support decentralisation;
- Broadening and deepening community and neighbourhood participation;
- Creating formal multi-actor partnerships to support and/or manage various aspects of decentralisation;
- Providing initiative from different levels to begin the reform process and move it forward; and
- Developing adequate technical assistance and support mechanisms—procedures, sources of finance, capacity building—to operationalise and sustain reforms.

Table 1 relates the various developmental objectives intended by, or resulted from, the decentralised governance activities undertaken in each of the cases. Table 2 describes the cases in relation to good governance principles.

Table 1: Brief description of the objectives of the case studies as they relate to SHD objectives

<i>Country</i>	<i>Sector</i>	<i>Objective</i>	<i>Implementing Agency</i>	<i>Partners</i>
Brazil	Municipal health	Enhanced access to basic health services	Local councils through municipal health councils	Ministry of health and local health services suppliers
Honduras	Municipal planning	Improved overall municipal planning	Local council and in particular the Mayor	The central government
India	Local Panchayats	Improved service delivery	Local Panchayats	Community based organisations and the private sector
Jordan	Education	More effective management of education at the local level	District education directors and school principles	Ministry of Education
Pakistan	Squatter settlements normalisation	Reduction in illegal squatting and improved conditions in squatter	Specialised agency for squatter settlements	The central Government and the private sector

		settlements		
Philippines	Village health services	Enhanced access to local health services and reduced maternity risks	Local government	Community based civil society organisations
Poland	Private partnerships	Enhanced municipal services to attract investments and job creation	Local government	The private sector and the central Government
Uganda	Privatisation of market services	Improve market services	Local government	The private sector and a vendors association
Uganda	Local tax collections	Enhance local tax collection	Local government	The private sector
South Africa	Participatory budget preparation	Enhanced local tax collection	Local government	Community Based Organisations

Source: UNDP 1999

Table 2: Relation of case studies to good governance principles

Case	Participation	Partnership	Transparency	Equity
Brazil municipal health	Open community level forums with management.	Some public, limited private Good CBO	Public reporting of expenditures	Improved delivery of affordable public services
Honduras municipal planning	Open participation of civil society at the municipal level	Partnership potential with all sectors	Public reporting and accountability is strong	Increased equity through local participation
India local Panchayats	Active public leadership in participative approach	Opportunity for partnerships is open	Public reporting and accountability is provided for	Equity only occurs where Panchayat leadership is exercised
Jordan education	The Local Parental Council and the committees of Educational Development	Limited collaboration between public education and that offered by NGOs and private institutions.	Funding is centrally controlled and allocated with limited expenditure authority at the local.	Generally felt that remote and less fortunate areas are not prioritised
Pakistan squatter settlements normalisation	Squatter settlement participation in planning, improving and managing their own services.	Government in partnership with NGO Training Institute, and squatter community CBO.	Community plans and implements many of its own improvements.	Leasing of public land to qualified squatter communities who chose to participate.
Philippines village health services	Local village health committees planning, education and implementation.	Local Government Units partnerships with local health committees.	Committees focus on leveraging wise use of available resources,	Primary health care in the hands of local people.
Poland municipal associations	Municipalities negotiate agreements—represented by their Mayors.	Municipalities horizontal co-operation with central gov't vertical co-operation	Public reporting and accountability for use of funds.	Same quality of service goes to all municipality members and the households in them.
Poland private partnerships	Local participation in planning new services.	Tax incentives, public investment and spatial planning in partnership with private enterprise	Public accounting for revenues and expenditures	Increased tax revenues from new business applied to social service and housing for the poor.
Uganda privatisation of market services	Market vendors association sub-committees open to 18,000 vendors	Partnership with government contracted management firm	Increased revenues reapplied to municipal services	Market services, improved for the millions who use the market.
South Africa participatory budget preparation	Community based stakeholder participation	No partnership involved	Open participation in budget preparation	Aimed at through system of local tax collection

1. Enabling environment for decentralisation and good local governance

The enabling environment was a key factor in the improved performance at the local level. In all of the cases, the improved performance occurred in at least partial response to efforts by some level of government to change the environment under which local governments and community groups worked.

The variety of experience is substantial. In some cases, changes to the enabling environment were pivotal, while in other cases they were really just background activities that played no direct critical role in good performance. In most cases the enabling environment substantially emerges from broad policies and pronouncements at the central level.

The cases show evidence that there is a direct correlation between the extent of devolution and the margin for action at the local level. Devolution translates to greater empowerment than deconcentration as was evident in the contrast between the more devolved governance systems in the Philippines and Uganda and the deconcentrated system in Jordan. Devolution to the municipal level is the most effective, provided the community is significantly involved in the planning and implementation process.

The legal, constitutional basis is, indispensable in providing the framework for the devolution of political power, fiscal powers, administrative authority and leverage for social mobilisation of people and stakeholders to participate in the governance processes. This is confirmed by the Philippines study that found that the Local Government Code provided a window of opportunity for local officials to provide leadership in accelerating participatory processes and programme activities, as well as in the Brazil, Honduras, Poland and South Africa cases. For example, the Honduras study observed:

The amendment to the constitution to empower the Panchayat Raj institutions and related legislation have played three critical roles in decentralisation in India:

- Providing a mandate that is the basis for legal restructuring to maximise democratic participation from all segments of society. This mandate is essential for peaceful change to occur in society. It provides the basis for collaboration, partnerships and negotiation of differences.
- Providing a framework that is the basis for fiscal resource allocation and generation that benefits equitably all segments of society. This framework must deal with the fiscal means for authority and responsibility to be exercised.
- Providing guidelines that are the basis for the cultural transition and that educate all segments of society. People at all levels must understand both how participatory processes work and why they are essential to society's health.

However, such legal frameworks, although necessary, are not sufficient by themselves. For example, the critical role that local leadership plays is illustrated in the

case of Brazil. A broader national decentralisation initiative embodied in constitutional and legal reform was initiated at the central level; however, a proactive role for the local government of Belo Horizonte allowed it to register notable success in implementing the decentralisation of basic health services through the Brazilian Unified Health System (SUS). By advocating for and supporting popular participation, engaging various types of partners including civil society and the private sector, and enhancing its capacity to develop its own plan while integrating them with national objectives and goals, Belo Horizonte expanded access to its basic health coverage and succeeded in securing an increasing stream of resources from the SUS and from users. While the legislative environment played an enabling role, it was proactive leadership at the local level that made the difference.

The case of Poland, on the other hand, focuses on enabling activities undertaken by municipalities to promote economic development such as the removal of administrative barriers to help develop local entrepreneurs in Bilgoraj, provision of infrastructure to support tourism and industry in Ilawa, and the formulation of a spatial plan to attract investors to Tarnovo.

2. Service Delivery and Institutional Structures

Many of the cases involved the creation of new institutional mechanisms to support successful decentralisation activities. In some cases, such as Brazil and South Africa, these mechanisms were essentially initiated at the national level. In other cases, such as Honduras and India, they emerged primarily from lower tiers. In some cases, the mechanisms were highly formal, in other cases, primarily consultative. In all cases, these mechanisms broadened the decision-making and/or managerial base, sometimes through community participation, at other times through even broader partnership coalitions.

Decentralisation, through the institution of innovative institutional structures, contributes to service delivery improvement, as measured by: extended coverage (e Brazil and the Philippines), cost effectiveness (Pakistan), increased payment rates for utilities (South Africa), or by subjective measures such as community perceptions. In the Philippines, for example, the Balilihan Countryside Action Program (BCAP) used puroks (neighbourhood associations) extensively in addressing sectoral concerns. In Irosin, citizens have participated in the Integrated Area Development Program (IIADP)

Enabling Environment

Laws are necessary but not sufficient. The following factors played an important role in making local participatory governance work in India (and elsewhere):

- Effective devolution of power through legislation, policies and implementation
- A partnership approach involving all stakeholders
- Building the capacities of all stakeholders to do their part in local development
- Local leadership that mobilises the population to participate and leads them in addressing issues and creating synergy among all the parties involved.
- The mobilising role of an experienced and empowering NGO.

through their membership in the municipality's 18 special local bodies and through representation in the Municipal Development Council and the Municipal Agrarian Reform Council. These local bodies have allowed national government representatives, municipal officials, and citizens to work together in the planning and implementation of anti-poverty programs within the IIADP context. Both the Philippine cases reported show marked improvement in health, nutrition, agricultural productivity and land reform as a result of people's participation in programme design and implementation.

Centralised bureaucratic procedures are unlikely to succeed in the delivery of local services at the neighbourhood and settlement levels. In Pakistan, for example, the Sindh Katchi Abadis Authority (SKAA), attempted to reverse its bad performance, by terminating its partnership with ineffective local government councils and taking direct responsibility for the regularisation and improvement of squatter settlements. The agency simplified its complex procedures for processing lease applications by setting up lease camps in target squatter settlements to serve as outreach posts for project beneficiaries, with authority delegated to mobile or camp team leaders to review and grant leases through a "one-window" operation.

Quality and quantity of services depend on interaction between stakeholders especially local government and civil society.

A holistic people-centred approach leads to greater effectiveness. In addition to the Philippine and Brazilian cases described above, the South Africa experience provides another illustration of a people-centred approach to development initiatives at the local level. Broad-based involvement in local government activities has been facilitated through the creation by Ivory Park of a Steering Committee that has engaged officials, residents, and interest groups in the determination of service needs. As a result, Ivory Park succeeded in convincing its residents to pay for municipal services that eventually led to the development of the township.

Service Delivery and Institutional Structures

1. Decentralisation contributes to service delivery improvement and impact.
2. Centralised bureaucratic procedures are unlikely to succeed in the delivery of local services at the neighbourhood and settlement levels.
3. Quality and quantity of services depend on interaction between stakeholders, especially local government and civil society. Holistic people-centred approaches lead to greater effectiveness.

3. Participation

All of the co-ordinating institutional mechanisms discussed in the section above tried to broaden stakeholder participation. In each case, there were specific attempts to involve local businesses, communities and neighbourhood groups in the

Participation

1. Participation is efficient when practised through institutionalised channels or through clearly legitimate, though informal, mechanisms.
2. Effective commitment to participation and organised movement produce positive results.

process of local planning, decision-making and implementation.

The degree to which participatory decision-making was institutionalised or formalised varied from one case to the other. Moreover, distinction is made between direct participation and representative participation. In this regard the situations in India, the Philippines and Uganda appear comparable to formally constituted local community governance units with elected members and delimited mandates. In Jordan the village councils are appointed by the governor. In both Brazil and Honduras local neighbourhood associations apparently have no legal or constitutional bases, but they provide and are regularly utilised as informal mechanisms for involving local communities in some form of participation in the municipal decision-making processes. In Pakistan and Poland local communities seem to be consulted on an ad hoc basis in issue-specific contexts.

Participation is efficient when practised through institutionalised channels or through clearly legitimate, though informal, mechanisms such as neighborhood associations. In Brazil, for example, the government created decentralised health councils to implement the restructuring of the health sector. The Municipal Health Council of Belo Horizonte (CMS-BH) plays an important role in providing “voice” for health users and in advocating for health service reforms, including the organisation of a popular movement for improvement of basic health care services for the lowest income groups. In Honduras, all communities in the municipality of Sinuapa have organised neighbourhood associations that engage in dialogue with CODEM, the coordinating municipal-level body. Consultations between the associations and CODEM provide a basis for allocation of municipal resources and the provision of services by central state bodies in education, health care, and environment.

Effective commitment to participation and organised movement produce positive results. In India, the rural local government, Jamunia Tank Gram Panchayat, focuses on community-level participation, involving local residents in a wide variety of activities from which they were formerly excluded or only marginally involved, e.g., site selection, identification of target beneficiaries and actual building of low-cost latrines. Residents also provide labour and financial contributions for construction of a village drainage system and for adult literacy classes. This community participation developed a sense of unity among those involved, strengthened their capacity and skills in negotiating with higher levels authorities, and increased their confidence in managing local affairs.

While local participation is a nascent concept in Poland, it is emerging as an increasingly important factor in improved local development. Tarnovo formed citizen committees, which have played an important role in the financing and implementation of municipal infrastructure projects. Local residents have provided substantial financial contributions to a host of investment projects, including gas lines (41%), development of the telephone network (77%), and water supply systems (48%). The municipal budget and subsidies from the central government covered the balance of the investment requirements. In Bilgoraj, about 10 voluntary local committees are involved in the development of infrastructure, including water supply and sewerage systems, street lighting, and road construction.

4. Partnerships

Many of the institutional and participatory reforms discussed above have involved some degree of broadening of the set of actors involved in service planning, financing, and/or delivery. Partnership can be a one-off affair confined to a specific issue or situation, or it can be a regular practice. It can also be a matter of policy to foster partnerships with all stakeholders across the board in all matters in all sectors.

Partnerships between and among different levels of government, the private sector, civil society and other stakeholders can contribute to successful decentralization. Jordan's educational system reforms in Ma'n and Irbid involved a three-way dynamic interaction of institutional actors at central and local levels. The Ministry of Education played a vital role in implementing a more decentralised process of decision-making and capacity building through delegation of authority, upgrading of the performance of the Ministry staff, curricula modernisation, and interactions with the local community. Local Parent Councils and Committees of Educational Development have had substantial roles in organising citizens' participation in planning, implementing, and evaluating the educational process. Moreover, the involvement of the private sector, NGOs and other civic and religious organisations has also been crucial in the successful decentralisation of the education sector.

In Poland, partnerships between public authorities and the local business communities have been the cornerstone of the successful municipalities in Poland. In addition to improving the business operating environment, the Polish cities have all privatised or contracted out various types of public facilities, and there have also been some instances in which partnerships were developed with higher levels of government, both in the delivery of services and in the promotion of local businesses.

Partnerships

1. Partnerships between and among different levels of government, the private sector, civil society and other stakeholders can contribute to successful decentralization.
2. Clear delineation of complementary roles and responsibilities contributes to effective partnerships.

Clear delineation of complementary roles and responsibilities contributes to effective partnerships. Perhaps the best example among the current cases is Uganda. When the Jinja Central Market was previously under the control of the Jinja municipality, it was plagued by poor and inefficient revenue collection, high recurrent expenditures, unsanitary conditions, and poor security. The relationship between vendors and local authorities was often acrimonious. With the passage of a decentralisation act in 1993, the Jinja Central Division (a sub-county—Local Council Level 3 or LC3) took over the administration of the Jinja Central Market. The LC3 then decided to transfer the responsibility for revenue collection from local authorities to GOKAS, a private entity. The present arrangement emphasises co-management of the market by a broader coalition of stakeholders, including the municipality, the LC3, GOKAS, and the vendors, with the delineation of responsibilities clearly specified from the outset. The municipality sets service delivery standards, while the LC3 is responsible for ensuring that revenues are

collected and that selected services, such as garbage removal, are provided. GOKAS manages the collection of dues and provides and maintains key services, including water, electricity, and sanitation. Finally, the vendors are responsible for security in the market premises and settlement of inter-vendor disputes. These changes in market management have contributed to higher revenue collection without rate increases, a reduction in recurrent expenditures, and improved hygiene and security.

5. Initiative and Leadership

Most of the cases examined were successful because of the initiative taken by some person or group willing to do things differently. The enabling environment discussed earlier is clearly important, but unless some strategically placed actor is willing to take the initiative to implement new possibilities creatively, there is no guarantee that provisions of new laws and regulations will be implemented. Such initiative may come from the centre, but in many of the cases examined here it comes from a local actor—a mayor, an NGO, etc.

Initiative and Leadership

1. Role of local leadership is critical.
2. Celebration of Success helps sustain mobilisation of resources and efforts.
3. NGOs/CBOs should guide and not substitute the community.
4. Promotion of good participation works best when advocacy targets mayor and citizens.
5. A change agent – close to the people – helps in the introduction of new programmes

Participation is a social and political activity that requires awareness, organization and mobilisation for it to become an effective, reliable and predictable mechanism of decision-making and action. Individuals in key positions and voluntary organisations often play a crucial role in activating, initiating or mobilising public participation in issue-specific activities, interest-based initiatives or institutional mechanisms of governance. In the studies, this phenomenon is variously referred to as change agents, catalysts, windows of opportunity, or leadership.

The critical role of leadership in creating opportunities for people's participation and partnership with stakeholders that can help transform communities is evident in several of the studies. The Honduras study highlighted the leadership of the mayor in Sinuapa, performing the role of consensus-builder among key players within the communities and of mediator with departmental, national or international assistance bodies on which the local government depends for resources and technical support.

In India, a relatively informal coalition of local actors, led by a dynamic local NGO, put pressure on the Department of Public Health and Engineering (PHE) to improve the performance of local projects. In the Philippines, all three success cases involved strong

leadership by an individual in a key position, whether public sector or civil society. NGOs and community groups have taken the critical initiative to bring about the successful reforms in the provision of primary health care services.

Leadership has also been cited as important in most of the other cases under review. In Brazil, community leaders worked together to ensure that the new health committee system would work properly in Belo Horizonte. Additionally, local councilors played a critical role in pursuing issues of equity and universality and in ensuring that these were addressed in fora where there was strong competition for scarce resources by the stakeholders represented. The reform-minded Minister of Education in Jordan pushed forward with some decentralisation efforts that were radical in the context of that country. In Pakistan, there was a change in leadership of SKAA. The new Director General was heavily influenced by Orangi pilot project, an internationally known shelter innovation in Karachi, and he was further motivated by the cessation of funds from the provincial government. Enlightened and energetic local leadership is portrayed as extremely important in all of the successful municipalities in Poland.

Thus, some catalyst—in the form of strong leadership, NGO initiative, a crisis that threatens the viability of the local institution—is often a critically important factor in stimulating successful reform. It is important to keep in mind, however, that decentralisation policy makers and practitioners should be concerned less with the catalysts themselves and more with the replicable actions that the catalysts took to bring about productive change.

6. Operationalising Reforms: Routine Procedures, Finance, and Capacity Building

Most of the cases involved innovations in routine operating procedures that brought in new actors, increased transparency, and created incentives for better performance, in some cases simplifying complex bureaucratic procedures. In the Brazil, Jordan and Philippines cases, standards for sector-specific services were developed and new ways of delivery experimented with. Procedural innovations were also made in the multi-sector approaches undertaken in Honduras and India. The SKAA in Pakistan completely changed the way to approach its core business of upgrading squatter settlements, allowing bureaucrats more flexibility in meeting their responsibilities. The Polish municipalities changed their procedures and mechanisms for developing infrastructure and in interacting with the private sector, and the South African local government developed new mechanisms and incentives to improve revenue collection. The Uganda case focused on the innovative partnership arrangement for managing the Jinja market, but the procedures that were developed to implement and sustain this arrangement were equally important.

Operational Aspects

1. **Most of the cases involved innovations in routine operating procedures.**
2. **The mobilization of adequate resources for the local communities to pursue their goals effectively is a major challenge in decentralization.**
3. **Focus on capacity building is essential for building more effective decentralized governance.**

The mobilization of adequate resources for the local communities to pursue their goals effectively is a major challenge in decentralization, particularly since the requisite fiscal powers are seldom devolved on a significant scale. The majority of the cases also involved innovations in financing that brought either new resources from higher levels or cost sharing among various partners. The Philippines presents the clearest evidence of the transfer of a significant level of resources to local levels (40 % of internal revenues) and the devolution of some fiscal powers. Moreover, the primary health care innovations in the Philippines have been financed from various sources, including the municipality's share of the internal revenue, appropriations from sectoral departments, contributions from neighbourhood members, and revenues from income-generating projects. **Service-specific decentralisation** in Brazil and Jordan brought both new resources and cost sharing among partners. In Honduras and India, local resource mobilisation was enhanced and additional resources from higher levels of government were tapped. The SKAA in Pakistan was forced to raise revenue from its activities and to become financially independent when the resources provided by the central government were cut. The Polish cases all involved substantial local cost recovery and mobilisation of capital from the private sector. In South Africa, local communities dramatically increased contributions to finance local service delivery. Finally, in Uganda, the partnership approach to managing the Jinja market led to substantial increases in market fee yields.

In all of the cases examined, there has been some type of technical assistance, training and or capacity building. In Brazil, educational programs were developed to stimulate community interest and participation in the health service reforms. Similar efforts were also required in the Honduras and India cases to more fully involve residents unaccustomed to or disinterested in working closely with the local governments. In Ivory Park in South Africa, the local authority made substantial efforts to inform and communicate with citizens, and there were also educational campaigns financed by the central government.

V - Lessons Learned

1 - The broader enabling environment for decentralisation, including government policies and attitudes about local governments, is typically important for reform, but the degree of significance varies.

All of the cases under review here were involved for at least some period of time in decentralisation and local governance efforts considerably broader than the specific innovations studied in the cases. A strong national enabling framework, however, clearly does not guarantee successful decentralisation. Many other elements need to be developed to facilitate success in decentralisation, e.g., effective participation, equitable partnerships, capacities at the local and central levels, innovative leadership, sufficient resources and others.

2 - Carefully crafted new institutional structures that go beyond the common "business-as-usual" approach and alleviate the resistance of existing institutions to change can play an important role in supporting decentralisation.

The form of institutional innovation to support decentralisation can vary with local circumstances but there is evidence that innovative local government can, in partnership with local communities, be more effective in delivering services than central bureaucracies. Additional lessons specific to service delivery are:

First, there are contradictions in attempts to involve the formal private sector in service delivery to people living in poverty, as the Brazil study clearly articulated: The principal contradiction facing SUS is in financing the higher cost of professional care needed by the very young and the ageing. When there is a lack of funds from central governmental sources, negotiations are marked by controversies and political confrontations in attempts to change the distribution of funds. This, coupled with the fact that private medical professionals resist the hardship involved in working in rural areas, poor communities and accepting lower compensation, leaves SUS engaged in a no-win battle to provide the level of professional services needed by the poor.

Second, in the area of local economic development the Poland study confirmed the lesson learned elsewhere that infrastructure development and land use planning are more important factors in attracting investment than tax break incentives.

Third, the Uganda study observed the lesson that the success of a decentralization and privatization strategy is contingent on:

- Democratic organisational structures and processes
- Clear distribution of duties, obligations and rights under a legitimate framework
- Complementary and compatible interests, roles, rights and obligations.

Fourth, the participation of people and partnership with all stakeholders facilitate a holistic approach to development management in which it is no longer adequate to deal with narrow sectoral concerns in isolation from other factors with which these are closely interrelated.

Fifth, a holistic people-centred approach to service delivery leads to greater effectiveness in the achievement of well being values.

3 - Enhanced community and neighbourhood participation, if appropriately structured and implemented, are often critical in improving successful local government activities.

Mechanisms for community participation must be credible and must include marginalized groups in a meaningful way in order to be effective. Innovative local leaders and civil society organisations have a vital role in stimulating participation around issues, interests, causes and visions that engage people in civic life. There is no automatic recipe, but it is clear that appropriately conceived participatory mechanisms can more fully connect people to their local governments and make local officials more accountable to local residents. Five additional lessons can be further articulated with regard to participation.

First, decentralized decision-making facilitates community involvement in the planning and execution of service upgrading schemes and emphasising cost-effectiveness by specification of affordable standards of service provision. (Pakistan)

Second, public management with the participation of society helps foster an atmosphere of mutual trust and a culture of co-operation. This leads to greater awareness and responsiveness, legitimacy, and improvement of services. (Brazil)

Third, apathy and paternalism to civil society has been accustomed combined with the institutional resistance on the part of the bureaucracy together form a major obstacle to decentralisation and citizen participation. (Honduras)

Fourth, the possible negative effects of administrative and professional shortcomings in a municipal administration can be reduced when civil society participates in advising and monitoring the performance of a municipal corporation. (Honduras)

Fifth, the following lessons learned with regard to the role of leadership are suggested by the Honduras, India and Philippine studies:

- The promotion of citizen participation must include both influencing the mayor to adopt participatory management practices and the facilitation of greater involvement of civil society in municipal management.
- The role played by local leadership is critical for effective grassroots change.
- In the initiation of programmes that involve the people, a change agent with whom the people can identify must be able to organise the people and enable them to plan and implement their own programmes.

4 - Appropriately designed partnerships among different interested parties can lead to major improvements in the way local governments do business.

The actors to be included and the degree of formality in the relationship may vary with circumstances, but it is clear that each partner must know their responsibilities and be held accountable to perform if the partnership is to work well. Additional lessons:

- Vertical co-ordination is needed to deal with the conflicts that can develop when there are several levels of relative autonomy within the same national system. Weakness in the performance at the state level in the organization and co-ordination of a network of regionalized, hierarchic, innovative health services may put at risk any improvements achieved by the municipality. (Brazil)
- There is an inherent dilemma in the segmentation of the health system into public and private systems. The providers of public services face critical financial barriers in acquiring the qualitative services that are generally only available to and affordable by private enterprise. Another aspect is the differentials in remuneration between public and private personnel. (Brazil)
- An external development organization (NGO in the case of Honduras) with sufficient economic resources may usurp the leadership role of the local civil society and the mayor by forming temporary alliances to develop its own plans and organise citizens to achieve its objectives. This may result in an improvement in the provision of services, but does not result in a sustainable process because of the excessive dependence on an element from outside the community.

5 - Decentralisation is normally thought of as a central government undertaking, but motivated actors from various levels of government and society can play a crucial role in initiating and/or energising decentralisation and local government reforms.

Although the impetus for decentralisation and good local government performance can come from the centre, this is not always the case. Local governments took largely independent major initiative in Honduras, India and Uganda. Individual persons were credited with substantial responsibility for driving success in a few cases, such as the mayors in Honduras and one of the Philippines cases. NGOs took the lead on reforms in two of the Philippines cases and were integral in the Pakistan case. Leaders at various levels—local government and community, public sector and private sector—if aware of opportunities, properly motivated and adequately informed, can play an important role in stimulating important decentralisation reforms. Indeed, the political will on the part of a local leader, mayor or director of a corporation, to create opportunities for participation and partnership is a critical factor in determining the actual extent and quality of participation that is realized. The role of mayors and other local leaders in several of the studies – Brazil, Honduras, India, Pakistan, Philippines, Poland – demonstrates this.

6 - Decentralisation reform programs need to integrate key components of local governance and service delivery systems rather than focus on single dimensions.

Improving technical capacity cannot guarantee better decentralised governance if political consultation mechanisms are not also developed to determine the preferences of the people. Simply developing new political mechanisms is not necessarily going to lead to greater accountability if local governments do not have the technical capacity to deliver what the local people want. Neither improved local government technical skills nor innovative ways of consulting communities will result in good performance if the financial resources required to deliver services are not available. In the Brazil, Honduras, and Philippines cases, for example, there was some attention given to improving skills, improving governance, and raising adequate resources.

7 - Certain vital support components are required to operationalise and sustain decentralisation reforms.

No matter what the level of motivation and the suitability of institutional arrangements, certain types of support functions and reforms are needed to decentralise and strengthen local governments. Basic operating procedures consistent with the objectives of reforms are required. This often involves simplifying and consolidating status quo bureaucratic procedures, improving their transparency, allowing greater flexibility, and developing incentives for good performance. Although access to funds is no guarantee of good performance, mobilising adequate sources of revenue is another key concern. This often involves some sort of partnership among levels of government, and/or NGOs and/or private firms, and a degree of local contribution seem to “connect” people to local activities. Finally, it is necessary to provide appropriate technical assistance, training, capacity building and information. In situations where democracy is evolving and people are not used to expecting much from local governments, higher levels of government and NGOs may have to educate local people about their rights and responsibilities as local government constituents.

8 - Decentralisation is often seen as a goal or an output, but in fact, successful decentralisation is a process--of gradually and strategically building capacity and trust.

Local governance institutions need to be nurtured to mature as fast as possible, but they need time to be able to develop their capacities and to develop a “tradition of democratic and effective” governance practice. Imposing standards of effectiveness and efficiency that are not fully mastered by central government institutions after decades of training and practice on fledgling local institutions is not only unrealistic, but undercuts the latter’s confidence and motivation. In all of the cases under consideration here, the success did not come about immediately, and those driving the reforms did not try to do everything at once. In Brazil and Honduras, for example, the multi-actor committees took some time to develop and make operational, and all of the actors had to learn to think about service delivery and their respective roles in a different way. In the Pakistan case, substantial failures led to increasingly more radical and increasingly effective experimentation with new ways of doing business. In the Philippines case, the reforms began with a focus on one sector and gradually incorporated other sectors. Thus, decentralisation reforms are best started in a limited and strategic way. If success with less complex tasks can be demonstrated early on and well marketed, reformers can use the foundation of good performance, however modest, to build on. Developing the capacities of a governance system to function as a whole requires that a development perspective and systems approach to capacity development be taken. Learning by doing is the basic mode of capacity acquisition, complemented by creating demand-driven opportunities to accelerate learning. Finally, the whole system of governance must function on the basis of people-centred values and principles through community-led strategies, creating enabling environments at every level for optimal performance and progress on the ground.

9 - Decentralisation can help to achieve SHD goals, but this is a long-term process.

Many of the decentralisation innovations seem to lead to improved service delivery, but the extent to which this genuinely increases the incomes of the poor and better integrates them into society is a longer-term concern. Even in the short term, however, the cases examined have made some demonstrable progress in the right direction. Providing the poor with better access to basic services may not guarantee that their incomes will increase in the near term, but it does improve the quality of their daily existence and increase their chances to lead more productive lives. In addition, some of the process and political reforms undertaken in these cases have at least begun to incorporate marginal members of society more fully into the way public decisions are made. This type of empowerment can lay the foundation for more engaged citizens to gradually take greater control over their own lives. Ultimately, however, there is a need to ensure that there is adequate local economic growth to ensure that SHD goals can be achieved.

10 - All of the actors involved in decentralisation—from communities to local governments to central governments to international donors—must make an effort to learn from experiences to date.

The cases provide some lessons that can be used to improve performance in the future. Central governments need to understand the potential importance of setting a national

climate conducive to good governance and supporting lower levels of government and civil society as they move forward with reform. Local governments need to realise that they can independently take some important actions to improve governance and local government performance—they do not have to stand by idly until the centre moves forward. NGOs and citizens should see that they need not wait for the public sector to act—there may be steps they can take to pressure the government to move forward with reforms. At the same time they need to be careful not to substitute communities but rather work with them. Donors need to accept that decentralisation is a long-term process and requires a great deal of national consensus building. **At the community level,** intensive outside promotion of decentralisation may sometimes be counterproductive if those who resist the process become middle agents, provide misinformation to a passive civil society, substitute the community and benefit from the process. (Honduras). All actors should recognise that they must work together in creative and mutually supportive ways to make local governments more effective.

VI - Policy Implications and Recommendations

General Policy Implications

- There is a need for a clear and specific legal framework for decentralized governance that includes the constitutional devolution of political, financial and administrative powers to lower level units.
- A long-term developmental perspective on good local community governance should be encouraged that allows adequate time frames for learning-by-doing supplemented with demand-driven capacity development rather than the imposition of central standards and supply-driven training.
- Decentralization must take the subsidiarity principle into account and involve commensurate transfers of fiscal resources and powers to ensure continued quality, coverage, and sustainability of service delivery.
- In creating effective decentralizing policies, strategic decisions relative to cost effectiveness and the extent of delegation of responsibilities need to be taken in a manner that ensures quality service delivery and accountability.
- Policies are needed for local government to have a stronger basis to increase transparency and improve accountability, e.g., indicators and standards for performance measurement, guidelines for internal managerial controls, and expanded role of oversight institutions.
- Capacity building is needed for all stakeholders, including training in participation and partnership methods and skills.
- Local leaders should play an active role in harnessing government resources for the local programmes and services.
- A successful innovative approach should be quickly replicated in order not to create demands that cannot be met by the innovative system and to ensure equity in service delivery.

- UNDP and other donors could increasingly play the role of promoting the process of decentralisation by supporting appropriate district and municipality-based policy reforms and decrease the traditional central government sectoral support. This could facilitate overcoming the constraints imposed by the traditional and bureaucratic political power structures that favour centralism.

Policy Implications relating to Participation

Systems of decentralized governance should make explicit provisions for the institutionalisation of people's participation.

Devolution of powers to local communities to manage their own affairs should include a realistic formula for ensuring that they have adequate resources for these purposes.

Policies aimed at creating the enabling environment for empowering local communities need to incorporate serious measures for strengthening capacities for participatory decision-making, planning, management and monitoring.

Strategies are needed to overcome the obstacles to effective participation. The Honduras study articulated the need for a strategy to achieve political and cultural changes that will help civil society regain confidence and raise the level of citizen participation.

While supporting the role of NGOs as change catalysts, policies should ensure that NGOs and CBOs do not create or perpetuate dependencies but empower local communities instead. Civil society organisations should be considered as partners of, and not substitutes for, local community governance institutions.

Development agents should support the strengthening of good local community governance that has clearly identified and sustained participatory decision-making processes. This involves improving mechanisms and processes for transparency, horizontal accountability, effective management and leadership pursuing a shared vision and common goals of equity.

NGOs, CBOs or other civil society organisations should have the community's explicit support but should be accountable to a community governance mechanism that will monitor their performance in a clearly defined and regular manner.

Associations of local leaders should be encouraged and assisted to promote participation.

Policy Implications relating to Partnerships

A collaborative approach building vertical partnership among the layers of governance institutions is necessary and important in avoiding conflict and achieving coherence and consistency in service on a countrywide basis. (Brazil and South Africa)

The private sector goals of profitable operations and the public sector goal of universal coverage need to be managed by policies that do not penalise the poor. (Brazil)

Accountability structures and roles for the different partners should be clearly defined in order not to jeopardise the sustainability of the partnership.

Policy Implications relating to Service Delivery

One of the most effective mechanisms for reducing urban poverty is the improvement of squatter settlements. Squatter settlements can be regularised and the leasing income used for service upgrading in a largely self-financing and sustainable manner. (Pakistan)

There is a need to address inherent dilemmas in the privatisation or outsourcing of services under strict market conditions for meeting the needs of local communities, promoting local self-governance and realising such societal values as equity and universality of well being.

A holistic people-centred approach to service delivery can increase the effectiveness of these services significantly and results naturally from the participation of people and the empowerment of communities.

Summary policy implications specific to each actor

1. Government

- 1.1. Make a deliberate shift towards governance that is people-centred rather than one that is driven solely by economic growth or efficiency.
- 1.2. Create governance systems with constitutional and statutory devolution of powers to sub-national units according to principles of subsidiarity, effective empowerment and equitable sharing of responsibilities and resources.
- 1.3. Ensure a wide participation and consensus in the formulation and implementation of the decentralisation policies and strategies.
- 1.4. Reengineer administrative systems to reflect the devolution of power in the governance system so as to ensure that they can respond effectively and are accountable to local communities.
- 1.5. Empower local government through the legal frameworks, capacity building and resources.
- 1.6. Enhance the capacities of the central bureaucracies and local government to better manage their partnerships.
- 1.7. Create an enabling legal and regulatory environment for both civil society and private sector organizations to become effective partners in governance.
- 1.8. With regard to outsourcing and privatisation, take account of the role of the informal private sector in providing cost-effective, affordable local services and develop appropriate instruments that are not formal market-biased.
- 1.9. Ensure that the accountability system that governs local government respects the right of the local communities to full transparency while meeting the national auditing and accountability requirements.
- 1.10. Make participatory decision-making and partnership with stakeholders core principles of the operation of the governance system at all levels.
- 1.11. Institute citizen charters to provide regular feedback on indices of good governance at all levels and reward units for meeting public expectations.
- 1.12. Adopt a systems framework with the necessary policies, mechanisms and processes for generating and sustaining dynamic synergy for progress towards the society's vision that should be independent of the government of the day.

2. Civil Society

- 2.1. Consider themselves as partners of, rather than surrogates for, local community governance institutions.
 - 2.2. Foster participatory development by coaching, and encouraging learning-by-doing rather than continuing to do things for people in communities. Adopt a more empowering approach that leads to self-reliance and sustainability.
 - 2.3. Adopt a policy of cooperation and partnership with government. Focus on people-centred partnerships in which government resources can be more effectively mobilized to address same issues such as poverty.
3. The Private Sector
- 3.1. Face up to the contradictions that are inherent in its core values when it becomes involved in service delivery to less advantaged markets. Unless it can make an effective shift from profit-centred values and operating principles to people-centred ones its potential as a partner in good governance will be limited and its contributions unstable and short-lived.
4. Donors
- 4.1. Encourage a systems approach to good governance and decentralization and avoid piecemeal actions while encouraging pilot approaches to decentralization and participatory development especially where there is a clear commitment on the part of the government to take these initiatives to scale in the whole system.
 - 4.2. Recognize local communities that are empowered with sound democratic governance institutions as the basic building blocks of good people-centred governance systems and encourage governments to design and implement decentralized governance systems that recognize this.
 - 4.3. Give priority to building local capacity at municipal or district level and below, insisting on demand-driven learning.
 - 4.4. Develop a practice of participatory development support for programme interventions, entrusting design and implementation to actual players.

VII – Conclusion

The case studies covered in this synthesis vary widely in the range of issues that they covered and the particular aspects on which they focused. The contextual realities are also widely different covering areas such as deconcentration with limited popular participation to devolution with wider and more effective participation. The studies support the initial hypothesis posited in the research framework regarding a positive relationship between effective service delivery at the local level and decentralised governance.

Decentralized governance can contribute to SHD. The evidence is primarily for “first round” effects, such as instances of participation of previously excluded groups and the extension of basic services to them. Such results suggest at least modest improvements in the quality of life for people at the local level. More time and experience is required to

understand whether and how such results eventually affect aspects of poverty alleviation related to sustainable development, such as income generation.

Effectiveness of service delivery at the local level is highly enhanced and can only be sustained if certain conditions are met by the decentralised system of governance. These include a range of parameters including institutional structures, resources, skills and capacities both at the central and local levels, participation, partnerships as well as local leadership, among others.

Centralized bureaucratic procedures are unlikely to succeed in the delivery of local services at the neighbourhood or settlement level. Centralisation precludes recognition of local needs and preferences, stifles local participation and slows response to changing situations. Cost effectiveness is impaired and cost recovery possibilities are diminished because beneficiaries are not owners and stakeholders in the process. Bureaucratic approaches to service delivery that rule out community involvement are unable to tap the considerable human and financial resources of the beneficiaries and maintain the status of dependency of the recipients. Deconcentration is an important first step in policy formation.

Decentralisation can help to create an enabling environment for a holistic people-centred approach to development management. In all of the cases, decentralisation was critical to the broadening of local participation in many aspects of local development—planning, design, implementation, monitoring and evaluation. Many of the cases show how involving the community in these activities can help to improve the performance of local governments. Some of the cases also provide evidence that local people were more satisfied with the decentralized decision-making processes than with the systems they replaced, suggesting a degree of empowerment and improved governance.

Policy provision for the partnership approach of government with local development actors helps to facilitate positive initiatives for development as different stakeholders complement each other to obtain better results. The more diverse the partnering the more comprehensive the outcome and impact will be. Additionally, central governments that provide a mandate for legal restructuring to maximize democratic participation from all segments of the society also provide the basis for peaceful change to occur in society and the basis for participation, partnerships and transparency in decision-making that promotes negotiation of differences in the process.

The provision of mechanisms for citizen participation through legal frameworks is essential but not always sufficient. The leadership style of the mayor or other local leaders and on their readiness to open up opportunities for promoting citizen participation is also critical. When civil society has not evolved its capacities enough to leverage the opportunity to participate, dynamic leadership helps in securing popular participation.

With regard to sustainability, the studies present clear evidence of the positive relationships between people's participation and the likelihood that improvements will be sustained. Sustainability in financial terms can be achieved by focusing simultaneously on issues of cost-effectiveness and cost-recovery.

Decentralisation does not always result in a more participatory approach to development management, nor does it always foster greater partnership with other stakeholders, nor

does it always leads to more effective service delivery and hence to an improvement in the quality of life of people at the grassroots. However, the **right combination** of all these elements strongly tends to result in more effective meeting of the needs of people at the local level and in improvements in the quality of their lives.

Thus it can be concluded that where there is clear devolution of decision-making powers combined with sharing of commensurate resources and other enabling environment policies, decentralisation is most likely to make a positive difference at the local level.

This probability in turn will be much increased if these features of decentralized governance are combined with strong capacity building measures, both at the central and local levels, effective co-ordination mechanisms, clear accountability to all stakeholders as well as dynamic local leadership that mobilises effective participation and equitable partnerships with all key stakeholders. Under these circumstances the probabilities are strong that service delivery quality and quantity will improve and that there will be measurable impacts in terms of the improvement of the quality of life of people.

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