Participatory Governance and the Millennium Development Goals (MDGs)

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FOREWORD

In evaluating the implementation of development targets such as the Millennium Development Goals, it is increasingly clear that success will require an approach which redefines the relationship between the government and civil society. In particular, there has been a growing need for more inclusive approaches to development which involve the participation of all involved stakeholders in the formulation of public policies and in the decision-making process particularly those that impact on social services and pro-poor development. In recognition of this increasing necessity and in the context of deepening citizens' participation in attaining good governance, the Division for Public Administration and Development Management (DPADM) of UNDESA has focused much effort into a programme of "engaged governance," through a comprehensive examination of pro-poor governance strategies at the national and sub-national levels as well as in the promotion of tools for self-empowerment by civil society partners in the governance process. DPADM has carried out a number of expert group meetings, regional workshops and international conferences, research and publications under this programme to identify and examine various tools, innovations, best practices and possible areas of cooperation needed to strengthen the capacities of governments and civil society groups for a participatory approach to governance and to the implementation of the MDGs.

This publication, *Participatory Governance and the Millennium Development Goals (MDGs)*, is an output of the Expert Group Meeting (EGM) organized by UNDESA on Engaged Governance: Citizen Participation in the Implementation of the Developmental Goals including the Millennium Development Goals, which was held at the United Nations Secretariat, New York, from 1-2 November 2006. The EGM convened leading experts on the subject, with the goal of providing a platform for dialogue and exchange of insights and experiences on pertinent issues relating to the role of engaged governance and participation in the implementation of development goals. The meeting covered topics including the pre-conditions for effective participation, the impacts of engaged governance and civil society participation, the efficacy of community engagement in the attainment of the MDGs, and the lessons learned from case studies in community participation.

Chapter 1 of the publication presents an overview of the concept of governance and explores the complex interlinking between state, civil society, and the citizen stakeholders which participatory approaches to governance necessitate. Chapter 2 examines the effects of political institutions and regime type on issues of human development, including economic growth, education, health, and social inclusion. Chapter 3 focuses on cases studies involving innovations in participatory governance, particularly at the local

level of government. Chapter 4 addresses the possible pitfalls of pursuing a one-size-fits-all approach to participatory development. Finally, Chapter 5 examines issues of participatory governance with respect to the achievement of the Millennium Development Goals (MDGs) targets, linking improvements in good governance and participation practice with efforts to strengthen governmental capacity to address poverty issues and empower developing countries.

This publication represents a useful resource on citizen participation in governance and its role in effective realization of the internationally agreed development goals encapsulated in the MDG targets. The discussion contained herein should provide impetus for further dialogue among both government and civil leaders on this increasingly relevant and important topic.

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Abbreviations and Acronyms

ADB	Asian Development Bank
AKRSP	Agha Khan Rural Support Program
ARD	Associates in Rural Development
CBD	Community-Based Development
CC	Citizen Committee
CD	Community Development
CDD	Community-Driven Development
CIDADE	*Centro de Assessoria e Estudos Urbanos* (Center for Urban Studies)
CIP	Community Impact Project
COP	*Conselho do Orçamento Participativo* (Participatory Budget Council)
CRDA	Community Revitalization through Democratic Action
CV	*Comité de Vigilancia* (Vigilance Council)
DDCP	Democratic Development and Citizen Participation Project
DPADM	Division for Public Administration and Development Management
DTI	Democratic Transitions Initiative
EGS	Education Guarantee Scheme
FMLN	*Frente Farabundo Martí para la Revolución Nacional* (Farabundo Martí National Liberation Front)
GDP	Gross Domestic Product
GAPLAN	*Gabinete de Planejamento* (Budget Planning Office)
GOLD	Governance and Local Development Project
GOMP	Government of Madhya Pradesh
HDM	Human Development Network
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HRM	His Royal Majesty
IDEAL	Intensive District Approach to Education for All
IFI	International Financial Institution
JFM	Joint Forest Management Scheme
LDAP	Local Development and Assistance Program
LG	Local Government
LGC	Local Government Code
LGU	Local Government Unit
MEA	Municipalities in Action
MDGs	Millennium Development Goals

MKSS	*Mazdoor Kisan Shakti Sangathan* (Organization for the Power of Laborers and Farmers)
MNR	*Movemiento Nacionalista* (National Revolutionary Movement)
NATO	North Atlantic Treaty Organization
NCPC	Naga City People's Council
NGO	Non-Governmental Organization
NSAC	Nepal South Asia Centre
OECD	Organisation for Economic Cooperation and Development
OP	*Orçamento Participativo* (Participatory Budget)
OTB	*Organizaciones Territoriales de Base* (Grassroots Organization)
PB	Participatory Budget
PPL	Popular Participation Law
PRSP	Poverty Reduction Strategy Paper
PT	*Partido dos Trabalhadores* (Worker's Party)
RTI	Research Triangle Institute
SGMB	Socio-economic Governance and Management Branch
OTI	Office of Transitional Initiatives
UAMPA	Union of Neighborhoods
UK	United Kingdom
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Program
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States
UPPAP	Uganda Participatory Poverty Assessment Project
USAID	United States Agency for Development
WP	Workers Party

Chapter 1

Participatory Governance: An Overview of Issues and Evidence

Siddiqur R. Osmani[1]

1. Introduction

The idea of participatory governance has gained enormous popularity in recent times, both in academic discourse and actual practice. Analysts have used theoretical constructs such as 'deliberative democracy' and 'empowered participatory governance' to scrutinise the scope and limitations of people's participation in the process of governance.[2] At the same time, some high-profile examples of successful participatory governance such as those of Porto Alegre in Brazil and the states of Kerala and West Bengal in India, and to a lesser extent South Africa, have aroused great expectations among activists and policymakers all over the world.

More generally, the recent emphasis on good governance as the foundation for sustained and equitable development has generated widespread interest in participation in the development circle, as effective participation by all stakeholders, especially at local levels of government, has come to be viewed as a necessary condition for promoting good governance.[3] In the developed world too, people's participation in social decision-making processes is increasingly being emphasized as a means of combating a range of social malaise, including the problems of social exclusion, political apathy and so on. Finally, in post-conflict, post-transition and other fragile societies, broad-based participation in public affairs is being promoted as a means of creating the social capital necessary for building a cohesive society (e.g. Brown 2006).

A huge burden of expectation is thus being placed on the slender shoulders of participation, which almost inevitably has begun to produce a backlash; so much so that some have even begun to speak of the 'tyranny' of participation (e.g., Cooke and Kothari, 2001). Yet the fact remains that for all the enthusiasm being shown in its support, examples of genuinely effective participation by all the relevant stakeholders, especially by the marginalised, socially excluded and disadvantaged groups, are still more of an exception

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[1]   University of Ulster, UK, 2007.
[2]   The idea of deliberative democracy has been explored extensively in a number of recent contributions, which include Bohman & Rehg (1997), Elster (1998), Freeman (2000) & Conover *et al.* (2002). For an authoritative account of the notion of Empowered Participatory Governance, see Fung & Wright (2003a).
[3]   Mansuri & Rao (2004), Hickey & Mohan (2005) and Bardhan & Mookherjee (2006) contain detailed discussion of recent experience.

than the rule.[4] Social action that is necessary to turn the idea of effective participation into reality is only beginning to emerge in most parts of the world. No less importantly, much of the analytical work that is necessary to guide that social action – in terms of clarifying the relevant conceptual issues and distilling the lessons of experience – also remains to be done, even though a good deal of work has already been done. The present chapter seeks to make a contribution towards this analytical task, by building on the work that has been done so far.[5]

The chapter proceeds by clarifying some conceptual issues related to the rationale of participation and varieties of its manifestation in Section 2. Section 3 discusses the evidence for the claimed benefits of electoral participation at national level, by drawing upon the burgeoning literature on democracy and development. Sections 4 and 5 examine the evidence on participation at local levels of government, focussing on the links between participation and decentralization. Section 4 is concerned with the efficiency effects of participatory decentralization, while Section 5 is concerned with the equity effects. Section 6 attempts to draw some lessons for effective participation based on the evidence discussed in the preceding sections. This discussion identifies three gaps – called the capacity gap, the incentive gap and the power gap – which must be bridged by appropriate social action and institution-building for effective participation to be possible. The chapter ends by offering some concluding observations in Section 7, drawing particular attention to the need for fostering synergies between the pre-conditions for effective participation and the practice of participation.

2. The Rationale and Varieties of Participation: Some Conceptual Issues

Participation is valued for both intrinsic and instrumental reasons. The intrinsic value refers to the idea that the act of participation is valuable in itself, quite apart from any value it may have in helping to achieve other good things. Amartya Sen's forceful exposition of the idea of 'development

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[4]   We define 'effective' participation as one in which all the relevant stakeholders take part in decision-making processes and are also able to influence the decisions in the sense that at the end of the decision-making process all parties feel that their views and interests have been given due consideration even if they are not always able to have their way.

[5]   In particular, the paper draws heavily upon a number of background papers written for the Division for Public Administration and Development Management (DPADM) of the United Nations Department of Economic and Social Affairs' (UNDESA) Expert Group Meeting on Engaged Governance: Citizen Participation in the Implementation of the Development Goals including the Millennium Development Goals November 1-2, 2006 and chapters in this volume – viz. Blair (2007), Commins (2006), Manor (2006), Platteau (2007) and Przeworski (2007).

as freedom' clearly recognises the intrinsic value of participation in the development process (Sen 1999). In this perspective, development consists of the expansion of a range of freedoms to do and to be the things that human beings have reasons to value, and the freedom to participate meaningfully in public affairs is seen as one of those valuable freedoms.

Sen (2002) makes a distinction between the opportunity aspect and the process aspect of freedom that is especially relevant in this context. The opportunity aspect refers to the freedom to achieve valuable outcomes - such as the ability to lead a life free from hunger, disease, illiteracy and so on, while the process aspect refers to the manner in which these outcomes are achieved - in particular, whether people have the freedom to influence the process that leads to the valuable outcomes. Development consists in the expansion of both these aspects of freedom because people attach value not just to the final outcomes but also to the process through which these outcomes are achieved.

The freedom to participate is related to the process aspect of freedom, and as such it is very much a constituent of development, not just a means of achieving it. As a constituent it may be valued just as much as the final outcomes. For instance, while people value freedom from hunger, they are not indifferent to the process through which this outcome is achieved. In particular, they have reason to value a process in which they have the freedom to participate actively in the choice of pathways leading to freedom from hunger as compared to a process in which this outcome is gifted to them by a benevolent dictator. This value of the freedom to participate in the process is distinct from and in addition to any value people may attach to the outcomes that may be achieved through participation. The intrinsic value of participation derives from the value people attach to this process aspect of freedom.

The argument that the freedom to participate in the development process is a valuable freedom in its own right has not remained confined to the philosopher's domain. The force of the argument has been recognised, for example, by the international human rights discourse, in which the right to participate is enshrined alongside rights to other civil-political and socio-economic freedoms. This recognition is quite explicit in the Declaration of the Right to Development adopted by the United Nations in 1986, which says: 'The right to development is an inalienable human right by virtue of which every human person and all peoples are *entitled to participate in*, contribute to and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realised.' (UN 1986, Paragraph 1 of Article 1; italics added) It is evident from this statement that the right to development is to be seen not simply as a right to 'enjoy' the fruits of development, but also as a right to participate in the process of realizing them.

The right to participate is not limited, however, to the context of development. It's a very general right that has a bearing on all spheres of public affairs, and as such it is equally applicable to developed as well as developing countries. This is evident from the following excerpt from Article 25 of the International Covenant on Civil and Political Rights: 'Every citizen shall have the right and the opportunity … *To take part* in the conduct of public affairs, directly or through freely chosen representatives …' (italics added). Thus the universality of the right to participate has been recognized beyond dispute, underlining the intrinsic value of participation in all spheres of public life.

It's a welcome bonus that in addition to being intrinsically valuable, participation can also be a powerful instrument for achieving a range of valuable outcomes. In particular, participation has the potential to achieve more efficient and equitable outcomes in many different contexts of decision-making, such as allocation of budgetary resources among alternative uses, management of common property resources, delivery of community services, and so on.

Both allocative and technical efficiency can be enhanced through participation. Crucial to the achievement of allocative efficiency is success in ensuring that resources are allocated in accordance with the preferences of the people concerned. But ascertaining what the preferences are is not a simple task. Markets have their own ways of eliciting information on preferences (even though it can sometimes go awry), but this can be a seriously tricky affair in non-market spheres such as bureaucratic decision-making processes, which may have no reliable mechanism for revealing the preferences of those likely to be affected by the decisions. Decisions based on wrong perceptions of what people actually want can result in wastage of scarce resources – that is, in the loss of allocative efficiency. This is one of the pitfalls of top-down bureaucratic decision-making. By contrast, participation by relevant stakeholders in the decision-making process may make it easier to achieve allocative efficiency by facilitating the process of preference revelation. When people are able to exercise their voice in the conduct of public affairs, they will have an opportunity to reveal their true preferences. Only participation can allow this exercise of voice.[6]

Technical efficiency – which refers to the efficiency with which resources are used for a given end[7] – can also be improved through participation

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[6]   As we shall see in Section IV, participation does not guarantee that allocations will be made on the basis of true preferences; for various reasons, distortion of preferences can occur even in participatory processes. All that is being claimed here is that participation makes allocation based on true preferences more likely than would otherwise be the case.

[7]   Strictly speaking, this definition is somewhat broader than what economists call technical efficiency as it also includes the related but distinct concept of X-efficiency.

in a number of ways. One of them hinges on the notion of informational asymmetry and another on the idea of accountability. Informational asymmetry is a common problem in the typical top-down procedures of designing and implementing community-level projects, where those in charge of the projects may not possess some relevant information that local people may have. Two types of problems can follow from such asymmetric information – known as 'hidden information' and 'hidden action' problems respectively. Both of them are relevant in the present context.

The 'hidden information' problem arises because the bureaucrats and technocrats responsible for the projects do not often have access to the details of local-level information that may be necessary for proper design and implementation of projects. Local people may possess the necessary information, but if the project is to achieve efficient outcomes, this information needs to be harnessed and used in tandem with the technical knowledge possessed by others. Thus in principle the problem of hidden information can be solved by a co-operative decision-making framework that involves all those who possess relevant information. Participation of local people in the design and implementation of community-level projects is essential for this purpose.

Participation can also help deal with the 'hidden action' aspect of informational asymmetry that often stands in the way of the efficient execution of projects. In a top-down bureaucratic framework, implementation of local-level projects will typically involve local people working for remuneration. If these workers choose to be negligent in their duties, this will have an adverse effect on the outcome of the project, but the bureaucrats may find it hard to detect the offenders through the arm's length monitoring methods they typically employ. Nor is it always possible to detect negligence ex post by observing project outcomes, because even if the outcomes happen to be poor, the bureaucrats may not have the information necessary to decide whether it is the workers' negligence or some extraneous factors that are responsible for poor outcomes. This is a typical moral hazard problem – one that entails loss of efficiency through harmful hidden action. Participation of the local community in all stages of the project cycle can help circumvent this problem in at least two ways. First, the community may employ the method of 'peer monitoring' to prevent negligence, which has a greater likelihood of success than the arm's length method employed by the bureaucrats. Secondly, the sense of ownership that participation can bring may itself act as a deterrent – after all people don't normally cheat in the tasks they consider their own.

The other route through which participation can improve efficiency is by strengthening the institutions of accountability. Politicians and government officials who take decisions and implement them - supposedly for the benefit of the people - are often subject to pressures that might conflict with the goal of serving the public interest. However, the more accountable they are for their actions, the less likely they are to succumb to those pressures and the greater the likelihood of more efficient outcomes.

There are many different ways of ensuring accountability. Some of them are quite formal – for example, administrative and judicial procedures for scrutinising the performance of government officials and holding periodic elections for politicians. The latter is one of the channels through which people can participate in accountability procedures. If elected representatives do not perform to the satisfaction of the voters, the latter have the option of removing them from office in the next election. It is because of this account-ability-enforcing property of elections that democracy is sometimes claimed to be more conducive to development than its alternatives such as autocracy. There are, however, arguments on the other side as well, and the relation-ship between development and the type of government remains a matter of lively debate.[8]

Election in any case is a rather blunt instrument for holding politicians accountable for specific actions. This is partly because of the long time lag between successive elections, and partly because of the fact that elected representatives are expected to perform many different tasks some of which they might do rather well while failing in others. Elections can, however, be supplemented by other participatory mechanisms with more direct and immediate impact on accountability – for example, by holding a village meeting in which the elected officials are required to explain to the public how they spent the money entrusted to them for the benefit of the villag-ers. As a supplement to the standard administrative procedures for ensuring accountability, these participatory mechanisms can help strengthen the over-all institutional framework for holding the duty-bearers accountable for their actions, and thereby improve the likelihood of efficient outcomes.

In addition to encouraging more efficient use of resources, participa-tion also has the potential of improving the likelihood of more equitable outcomes. Efficiency and equity are both qualities that are worth aspiring for, but unfortunately in most cases of public policy one has to face a trade-off between the two. For instance, while carrying out redistributive policies that transfer resources from the rich to the poor, some efficiency may have to be sacrificed for the sake of equity. In reality, there are not too many policy instruments that can improve efficiency and equity at the same time. Fortunately, participation is one of those rare instruments than can poten-tially do so.[9]

In fact, some of the pathways through which participation can lead to higher efficiency are also the ones that can lead to more equitable outcomes. For example, when people exercise their voice to reveal their preferences over alternative outcomes and policies to achieve them, it not only helps

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[8]   The evidence on the relationship between democracy and development is examined in section III.

[9]   Section 4 reviews the evidence on the efficiency effect of participation. The equity outcomes of participation are examined in section 5.

improve allocative efficiency but also creates an opportunity for the weaker and marginalised groups of the society to press for their interest in a way that is seldom possible in the standard practice of governance. The same principle applies to the pathways that allow participation to strengthen the institutions of accountability. While helping to achieve technical efficiency, participatory mechanisms of accountability also provide an opportunity to the weaker segments of the society to ensure that the duty-bearers cannot get away with policies and practices that are unjust and unfair towards them. As a result, when it comes to taking policy decisions with distributive consequences, such as how to use the resources at the disposal of the local government or how to choose beneficiaries of services to be delivered by the government, participatory mechanisms are likely to achieve more equitable outcomes compared to non-participatory ones.

The instrumental role of participation can be further clarified by examining its relationship with two other concepts - namely, empowerment and social capital. These two may be thought of as intermediate variables through which participation promotes efficiency and equity.

The causal link between participation and empowerment is quite straightforward. In normal processes of governance, in which decisions are taken by an elite coterie consisting of politicians, bureaucrats and technocrats, ordinary people are powerless to influence the decisions that may have far-reaching consequences for their lives and livelihoods. Even if those decisions happen to be favourable to them, the fact remains that they are at the mercy of a distant group of decision-makers over whom they have very little control. Participation can change all that. The very presence of ordinary people at the discussion table will give them some power to influence the decision-making processes and their outcomes – even if they are not always able to participate on equal terms with the elite decision-makers. One would thus expect participatory mechanisms to be more empowering than non-participatory ones, even though the degree of empowerment may well vary depending on circumstances.

Participation also has obvious implications for the formation of social capital, which consists of the networks of relationships between different individuals and groups operating outside the market sphere. Through the very act of bringing people together and allowing them to interact with each other in the course of decision-making activities outside the market, participatory governance gives people an opportunity to strengthen these networks and build new ones. The result is an expansion of social capital – both the 'bonding' type that ties people from similar social status and the 'bridging' type that allows people from different stations in life to get closer to each other.

These effects of participation - namely, empowerment and expansion of social capital - can in turn have salutary effects on the efficiency and equity of the outcomes that decision-making processes are meant to achieve. Both

of them can enable people to express their preferences better and to make them count, thereby enhancing allocative efficiency; to improve the accountability of those who are responsible for implementing decisions, thereby improving technical efficiency; and to ensure that the interests of those suffering from marginalisation and social exclusion are not ignored or trampled over, thereby promoting the cause of equity.

Of course, it is not guaranteed that participation will always be able to achieve these desirable outcomes, and even when it does so the degree of success can vary widely. Much will depend on the extent to which participation can actually lead to greater empowerment and stronger social capital. However, that in turn will depend, among other things, on the initial levels of empowerment and social capital that different social groups bring to the process of participation. The higher the initial endowments of these two entities, the more potent will participation be to engender further empowerment and social capital, and thereby to achieve more efficient and equitable outcomes of decision-making processes. It is indeed arguable that participation can achieve very little in a situation where the endowment of empowerment and social capital is practically non-existent to begin with. One of the concerns of this paper will be to examine the strategies and actions that can be help enhance these initial endowments.

However, the point that needs to be emphasised at this stage is that there exists a synergistic relationship between participation on the one hand and empowerment and social capital on the other – they can mutually reinforce each other, thereby engendering a virtuous cycle.[10] An important implication of this point is that there is no need to wait for a very high level of empowerment and social capital to emerge before participatory governance can be allowed to proceed. All that may be necessary is to cross a critical minimum threshold of these two endowments beyond which the synergy mentioned above would be able to render participation a self-reinforcing process. This will of course have to be supplemented by an appropriate institutional framework for participation so that the self-reinforcing process can achieve its full potential.[11]

The actual practice of participatory governance varies enormously in its form and effectiveness, depending on the initial endowments and the quality of the institutions for participation. One way of making sense of this diversity is to compare the varieties of practice along two dimensions, namely the scope and the intensity of participation. In terms of scope, participation can in principle encompass four distinct types of activities, which together might be said to constitute the act of governance – namely (a) ascertaining people's preferences over alternative social outcomes and alternative processes of

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[10]   The issue of synergy is discussed more fully in section 7.
[11]   Some of the most important classes of actions that are needed to ensure success of participatory processes are examined in details in section 6.

achieving those outcomes, (b) formulation of policies, rules and institutions based on those preferences, (c) implementation of the proposed policies, rules and institutions, and (d) monitoring, evaluation and ensuring account-ability of policy formulation and implementation.[12] Participation can be said to be the most extensive in scope when it occurs in each of these phases. Such comprehensive participation is, however, rare in real life; most instances of participatory governance cover a subset of the four phases (Blair 2007).

The scope of participation is not of course an adequate measure of the effectiveness or quality of participation, as it also depends on the intensity of participation. In each of the four phases, the intensity of participation can vary from the superficial to the deeply engaged form of involvement by the relevant stakeholders. The degree of intensity is in turn a function of the institutional framework within which participation is embedded. The institutional framework embodies the rules of the game that determine, for example, who will be allowed to participate in decision-making process, how they will express their preferences, how the preferences of different stake-holders will be reconciled, and how they will be involved in the processes of implementation, monitoring, evaluation and accountability. It is the qual-ity of these institutional processes that ultimately determines the quality of participation.

Thus although intuitively participation would appear to be a simple idea, its institutional manifestation can be quite complex. Its scope can vary widely depending on which of the four stages of policy cycle it happens to encompass, and its intensity can span a wide spectrum depending on the institutional framework that defines the rules of the game for participation in each phase. One consequence of this complexity is that participation cannot be seen as an 'all or nothing' affair – rather it is a matter of degree, reflecting variations in both scope and intensity. This also means that if the quality of participation in some specific instance falls short of whatever one thinks to be the 'ideal type', that is not necessarily a reason for despair. What matters is whether the existing form and structure of participation makes for a qual-ity of participation that is good enough for the purpose at hand.[13] Once a minimum threshold of quality is ensured, the self-reinforcing property of participation discussed earlier can be expected to take over.

Yet another consequence of the complexity mentioned above is that the institutional details of participation cannot be expected to be identical everywhere, even if the immediate objective of participation is the same (for

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[12]   In the context of specific policies, these may be seen as four phases of the policy cycle. See Osmani (2002).

[13]   This is not an argument for being complacent with the status quo or against trying to improve things further, but a reason for not resigning oneself to nihilism at the first sight of imperfection – a point that resonates with Merilee Grindle's idea of 'good enough governance' (Grindle, 2004).

example, providing a particular type of service to a community, or deciding on the pattern of resource allocation at the level of local government). The same objective may call for different forms of participation in different contexts, and this is true in both positive and normative senses. The positive sense is that the institutional structure that is most likely to emerge to foster participation in a specific context would vary depending, among other things, on the 'initial conditions' – that is, the number and quality of the people involved, the balance of forces between different social groups, the overall socio-political environment, the level of economic development, and so on. The normative sense is that the structure of participation that may be deemed appropriate for a specific purpose may also vary depending on these initial conditions. The context-specificity of the structure of participation is, therefore, an inescapable fact of life. Any attempt to transfer lessons of successful participation from one context to another ought to be conscious of this fact.

3. Electoral Participation in National Governance: The Instrumental Value

Participation is expected to achieve many good things, but what is the evidence in this regard? One of the problems of assessing the evidence is that participation can occur in many different forms and in many different contexts, and its effect can also vary accordingly. Making sense of the evidence, after allowing for the contextual differences, is therefore not a simple task. Some of the most rigorous analysis of the evidence carried out so far relates to the effect of participation as embodied in the nature of political regimes that govern the nation states – a body of literature that has come to be known as the 'democracy and development' debate. The issue in question is whether democracy promotes development better than autocracy and the answer is sought by comparing the experience of countries with different political regimes.

The relevance of this debate in the present context is that democracy represents a basic form of participation by ordinary people in the act of governance, while autocracy represents its absence. Any evidence in favour of democracy can, therefore, be adduced as evidence in favour of participation. In most democracies, however, people participate only indirectly through elected representatives; as such, a democratic political regime governing at the national level can be said to embody participation only at a minimum level of intensity. Still it is interesting to know whether even this minimalist type of participation has any instrumental value in promoting development. If the answer is yes, that would provide at least a prima facie case for the view that more intense types of participation at national and local levels would promote development even better.

Development of course has many dimensions and it is conceivable that the effect of democracy might be different for different dimensions. The dimension that has been investigated most extensively is the rate of economic growth, and yet the evidence accumulated so far is by no means conclusive.[14] During the second half of the twentieth century, democracies as a group have enjoyed a slightly faster rate of growth of per capita income than autocracies as a group. But even this small difference disappears when one controls for the different initial conditions and extraneous influences under which different political regimes have operated. Thus on the average democracy does not seem to have any edge over autocracy in terms of economic growth.

However, this result does not necessarily imply that the nature of a political regime has no causal influence on economic growth. What is more likely is that democracy and autocracy have their respective strengths and weaknesses, with each having some positive and some negative effects on growth, and that on average the net effects do not differ very much. It may be true for example, that autocracies use the coercive state power more ruthlessly to depress consumption so as to extract more savings and thereby accumulate more capital than democracies can manage to do. On the other hand, it's possible that by being more accountable through periodic elections, democracies do better in curbing growth-retarding rent-seeking activities than autocracies do. On balance, these effects may cancel each other out.

The average picture also hides the fact that compared to democracies autocracies differ more widely amongst themselves in terms of growth performance. The best of the growth miracles (e.g., in East Asia) and the worst of the growth disasters (e.g., in sub-Saharan Africa) are both to be found almost exclusively in autocracies, while democracies are on the whole characterised by middling performances, with the result that on the average the two regimes do not seem to perform very differently.

Democracy and autocracy do not seem to differ much in terms of income distribution either – the income share of the bottom quintile is found to be similar in the two types of regimes, after controlling for per capita income and other contextual factors. Thus democracy does not seem to have an advantage over autocracy in terms of ensuring higher incomes for the poorest segment of the population. However this is the average picture, encompassing both rich and poor nations. Focussing only on the countries at low levels of income, one does find a significant difference – the poorest quintile of the population enjoys a higher level of income in poor democracies as compared with poor autocracies. As the problem of absolute poverty is

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[14]   Most of the findings reported in this section are drawn from the comprehensive review of the recent literature by Przeworski (2007). For further analysis of the links between democracy and development, see, among others, Sirowy & Inkeles (1990), Przeworski & Limongi (1993), Sen (1999), Przeworski *et al.* (2000), Tavares & Wacziarg (2001), Varshney (2002), Lee (2003), Keefer & Khemani (2005), Ross (2006), Persson & Tabellini (2006) and Sinmazdemir (2006).

concentrated mostly in the poorest nations of the world, this finding suggests that democracy may have an advantage over autocracy in handling the problem of absolute poverty, so long as the countries remain poor. Since, as noted above, the two regimes do not differ much in terms of rates of growth, this advantage presumably derives from the greater propensity of democracies to adopt either redistributive policies in favour of the poor or more pro-poor growth policies, or a combination of the two.

The pro-poor edge of democracy is evident even more when one considers acute deprivation, for example as manifested in the occurrence of famines, and dimensions of poverty other than income. As Amartya Sen has famously observed, famines never occur in independent well-functioning democracies endowed with free media and a vibrant political climate that allows for public debate and political opposition.[15] As an imminent famine looms large, the media, civil society and political adversaries begin to demand immediate remedial action by the government, which in a democracy the rulers can ignore only at their peril in the next election. Two attributes of democracy are at work here – namely, the scope for open debate as an accountability-demanding mechanism and the presence of election as an accountability-enforcing mechanism. The possibilities of demanding accountability through a free media, and then enforcing it through election together ensure that democratic politicians cannot allow famine to reach a stage where it would cost a huge number of lives. In the absence of similar mechanisms for demanding and enforcing accountability, autocratic regimes can, by contrast, easily let a nascent famine get out of control.

This contrast is most strikingly evident in the comparative history of India and China in the second half of the twentieth century. Before gaining political independence from the British in 1947, India was repeatedly ravaged by famines, the latest being the Great Bengal famine of 1944 that cost two to three million lives. However, since independence, democratic India has not endured a single famine, although the threat of famine did emerge several times. On every occasion that such a threat appeared, the pressure created in the arena for public debate was strong enough to spur the government into immediate action to avert the famine. This is in sharp contrast to the behaviour of the communist rulers of China. They had used their autocratic power to great benefit of the poor Chinese by meeting their basic needs in normal times, and yet allowed a temporary food scarcity caused by the Great Leap Forward of 1958 to degenerate into the most devastating famine of the twentieth century. In the absence of the accountability mechanisms afforded by democracy, they faced no compulsion to take remedial measures, and indeed were probably not even aware of the magnitude of the problem

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[15]   One of his earliest analyses of the relationship between democracy and famine can be found in Sen (1983); the argument is elaborated and illustrated more fully in Dreze & Sen (1989, 1995).

until it was too late. And once they did become aware, their instinctive reaction was to hide the tragedy from the rest of the world instead of pursuing all options to save lives, including seeking help from outside. The consequence was the tragic loss of close to thirty million lives! The absence of democratic accountability has seldom been so expensive in the history of mankind.

The spectacular success of democracy in averting famines is unfortunately not mirrored in the fight against chronic but relatively mild hunger, although as noted earlier the problem of absolute poverty is probably somewhat less severe in poor democracies as compared to poor autocracies. The superior, if unspectacular, performance of democracy in dealing with the problem of chronic deprivation in nutrition and healthcare is also reflected in the better survival chances of the people living in democracies. Cross-country evidence shows that democracies in general perform better than autocracies in reducing the infant mortality rate. This is especially true about the poorer countries of the world. For all income levels below $15,000 per capita, democracies have on the average lower infant mortality rates than autocracies. Democracy, evidently, can save lives not just in the face of short term crisis of famine-threats, but also in the long haul by lessening chronic deprivation in nutrition and healthcare. To put some numbers to the extent of this success, it has been estimated that after controlling for other factors that have a bearing on the survival chances of infants, democracy makes a difference of 4.6 fewer deaths per thousand as compared with autocracies (Navia & Zweifel, 2003).

One obvious problem with this kind of binary comparison between democracy and autocracy is that it ignores variations within each type of regime in the degree of participation and their consequences. Not all autocracies, for example, are characterised by complete absence of participation; some of them do allow periodic elections, even if they are usually non-competitive. On the other hand, democracies, which do allow competitive elections, differ amongst each other in terms of the proportion of the electorate who actually participate in voting. One of the most interesting findings of recent research is that such variations in the degree of participation can matter for the well-being of the people. In the countries in which at least half the electorate cast their votes, higher rate of electoral participation is associated with both faster growth of per capita income and higher share of income for the bottom quintile of the population. These results hold after controlling for differences in per capita income, which implies that among countries that are at similar levels of per capita income those with higher levels of electoral participation suffer from lower levels of absolute poverty.[16]

Significantly, this relationship between the extent of electoral participation and poverty holds regardless of whether or not the elections are com

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[16]   For evidence, see the literature reviewed in Przeworski (this volume).

petitive, that is, regardless of whether elections are held under democratic or autocratic dispensations. Evidently, even though autocrats who allow elections do so without any fear of being forced out of office as a result, they tend to adopt more pro-poor policies in response to greater participation by the people in the electoral process, as do the democrats. This, along with the evidence on the pro-poor edge of democratic regimes discussed earlier, suggests that even the minimalist type of participation that is embodied in electoral participation at the national level can indeed be beneficial for the poor.

4. Participation in Decentralized Governance: The Efficiency Effect

Electing representatives for running the government at the national (or provincial) level is an essential part of people's participation in the conduct of public affairs. However it is an indirect and infrequent mode of participation. A much more continuous and engaged form of participation is possible in running the affairs at community and local levels. Both top-down decentralization of administration and bottom-up growth of community organizations, often occurring in tandem with each other, can open up such possibilities of engaged participation. A growing body of evidence shows that when this happens, participatory institutions managing service delivery and common property resources at the community level can perform better in terms of both efficiency and equity compared to alternative institutions such as market mechanism and bureaucratic management.[17]

Community participation has been known to have improved the efficiency of irrigation systems in many parts of the world by making use of local knowledge on soil conditions, water velocity and shifting water courses (e.g., Chambers, 1988; Ascher & Healy, 1990; Ostrom, Lam & Lee 1994); of water and sanitation projects, by ensuring that these are sited where they are most likely to be used (Manikutty 1997, 1998); and of public work projects, by utilizing local knowledge about safety hazards and vandalism (Adato et al., 1999). The World Development Report 1994 on infrastructure reported that in a study of 121 completed rural water supply projects, financed by various agencies, projects with high degree of local participation in project selection and design were more likely to enjoy good maintenance subsequently than those with more centralized decision-making (World Bank, 1994).

Water Aid's work with communities around Hitosa in Ethiopia is a nice illustration of the efficiency-enhancing power of participation. The programme involved thirty-one communities that worked together to

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[17]   Much of the evidence is discussed in Crook & Manor (1998), Manor (1999), Cooke & Kothari (2001), Ribot & Larson (2004), Mansuri & Rao (2004), World Bank (2004), Ahmad *et al.* (2005), Hickey & Mohan (2005) and Bardhan & Mookherjee (2006). See also Commins (2007).

operate and maintain water tap stands and pipeline, with each community providing two representatives for the area Water Management Board. The standard of maintenance improved significantly as participation resulted in high community motivation, better design of solutions appropriate to community resources, and quick response to emerging problems (Silkin 1999). In the same vein, a study of water supply projects in Indonesia, India and Sri Lanka has found that community participation in designing and execution of projects led to higher level of community satisfaction with the project (Isham & Kähkönen 2002a, 2002b), thus confirming the results obtained by Katz and Sara (1997) based on a broader set of countries.

Participation can also improve efficiency by ensuring better monitoring and verification. The Education Guarantee Scheme (EGS) implemented in the Indian state of Madhya Pradesh is a shining example. Madhya Pradesh has long been one of the most backward states of India in terms of human development, with the literacy figure being appallingly low even by the low standard of the all-India average. In recognition of this problem, the State Government of Madhya Pradesh introduced in January 1997 the innovative Education Guarantee Scheme with a view to ensuring universal access to primary education in the shortest possible time. The scheme involved both a guarantee on the part of the government and a compact between the government and local communities for sharing the cost and managing the programme.

Under the Scheme, the government guaranteed the provision of a trained teacher, her/his salaries, training of teachers, teacher-training materials and contingencies to start a school within ninety days, wherever there was demand from a community without a primary schooling facility within one kilometre, and provided this demand came from at least twenty five learners in case of tribal areas and forty learners in case of non-tribal areas. The community in turn had to identify and put forward a teacher and also provide the space for teaching-learning. Local management committees were set up for taking responsibility for day-to-day management of schools, and in particular for ensuring regular attendance on the part of both teachers and students. By all accounts, the Scheme has proved to be an overwhelming success. In the first year of its operation, more than forty new schools opened each day, and after eighteen months, the State could boast universal access to primary education. A good deal of work remains to be done in terms of improving the quality of education offered by these schools, but at least in terms of ensuring access to education the Scheme clearly demonstrates the power of the participatory approach (GOMP 1998).

The efficiency effect of community participation in the provision of educational services is also evident in the Intensive District Approach to Education for All (IDEAL) project in Bangladesh. The project has institutionalized participation of the community in two crucial stages – namely, school catchment area mapping and school planning. At the mapping stage,

the community helps in the identification of all primary age children in the catchment area, enrolled and otherwise. In the planning stage, the community takes part in all decisions related to creating conditions for better enrolment and retention, improving the quality of education, mobilizing local resources and allocating available resources. The outcome of this participatory approach has been a significant improvement in the enrolment and retention of students and in the quality of education (Mozumder & Halim 2006). Similarly, King and Ozler (1998) found in Nicaragua that students attending schools under community management achieved better test scores than students attending other schools.

Yet another way in which participation can enhance efficiency is by reducing costs and by augmenting resources in ways that are not available to outsiders. The cost-saving potential is demonstrated by the experience of Social Funds in Malawi. Communities operating these Funds were able to convince participants to accept lower wages than those officially sanctioned, with the savings being devoted to the construction of additional physical assets (Narayan 1998). This resource-augmenting potential is demonstrated by two studies in Nepal and Uganda. Participatory water management projects in Nepal have given the incentive to water users to contribute generously towards project costs (NSAC 1998). Nearly three-quarters of the beneficiaries contributed cash and/or labour for farmer managed irrigation projects. The Ugandan example comes from the Uganda Participatory Poverty Assessment Project (UPPAP) undertaken in the districts of Kumi and Kapchorwa (Owomugasho et al. 1999a, 1999b). The respondents of both districts felt that one of the greatest advantages of participatory management was the ease of mobilizing local resources for local use. Since people felt confident that locally mobilized resources would be used mainly for the benefit of local people, and according to the preferences of local people, they claimed to be more inclined to pay taxes to local governments than they otherwise would.

As for participatory management of common property resources by the users themselves, there are many examples of such institutions from around the world that have worked very well over a long period of time.[18] Their existence belies the notion popularized by a famous paper by Hardin (1968) that as a result of rapid economic growth and population pressure common property resources are inexorably being destroyed all over the world. This notion was misleading in an important sense. What is actually inexorable is the eventual disappearance of 'open access' commons, that is, those common property resources to which access is not regulated one way or the other. But historically, most of the local commons (as distinct from global commons,

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[18]   A small but rich sample of such studies includes McKay & Acheson (1987), Wade (1987), Ostrom (1990), Bromley (1992), Knudsen (1995), Baland & Platteau (1996) and Berkes (1998).

such as the ozone layer) were subject to well-defined rules of access and use that evolved over many centuries of trial and error. There is no inevitability about the demise of these commons; it all depends on how well the age-old institutions can be adapted to the changed circumstances.

The possibility of creating and sustaining participatory institutions for managing local commons depends of course on the feasibility of co-operation among the users. Economists have traditionally been sceptical of the possibility of such co-operation in view of the scope for free-riding that is inherent in this situation. But recent advances in game theory have convinced them that it is possible for a group of self-interested individuals to find free-riding an unattractive option and to spontaneously devise institutions for co-operation, when they have to interact with each other repeatedly over a long period of time.[19] Such institutions are self-enforcing in nature, in the sense that once in place their rules are adhered to by the users out of self-interest – no external enforcement is needed. Many of the participatory institutions that exist in the real world are of this nature. But there are also other types that are based on mutual enforcement and peer monitoring, and still others that are based on hierarchical enforcement that is, those that are enforced by local leaders with the consent of all. In short, there are a variety of mechanisms - namely self-enforcement, peer monitoring, and hierarchical enforcement - through which users can in principle overcome the free-rider problem and devise viable participatory institutions.[20]

However, the important question is whether there is any reason to believe that these institutions are more efficient than alternative institutional arrangements, in particular bureaucratic management. At least one large-scale study suggests that it can be. In a comparison of a large number of community-managed and government-managed irrigation institutions in Nepal, the community-managed projects were found to be more efficient in terms of a number of criteria – such as crop yield, cropping intensity, and so on (Ostrom & Gardner 1993; Ostrom 1994).

The main reason for this difference lay in the superior ability of community-managed systems to resolve the tensions surrounding allocation of water among different users in the dry season. The study found that a higher percentage of community-managed systems were able to get abundant water to both the head and the tail of their systems across all the seasons. Since water availability may depend on a number of physical factors that have little to do with institutions, Ostrom and Gardner (1993) carried out a statistical analysis to isolate the effect of these factors and still found community management to be the superior institutional framework. They concluded that

[19]   In the game-theory literature this proposition is known as the 'folk theorem'. The classic exposition can be found in Fudenberg & Maskin (1986).
[20]   The analytics of these mechanisms for institution-building have been discussed, among others, by Ostrom (1990, 1992) and Bardhan (1993).

'farmer-managed systems are more likely to reach bargaining solutions about their own operational rules that more effectively take tailender interests into account.' (p. 104)

The value of participation for common property resource management is also highlighted by the experience of the Indian state of Madhya Pradesh and Nepal. Participatory management of forests instituted under the Joint Forest Management Scheme (JFM) initiated in the early 1990s has begun to yield hope of halting the age-old process of forest depletion. For a long time, the forest people themselves were partly responsible for resource depletion as they overexploited the forest resources for their immediate economic gain. JFM has sought to counter this tendency by vesting ownership of forest products to the local people so that they can perceive a stake in its long run preservation and by actively involving them in forest management. For this purpose, Village Forest Committees have been set up for rehabilitation of degraded forests, and Forest Protection Committees have been set up to protect the well-wooded forests. By all accounts, these efforts have begun to have a visible impact on the State's forest resources (GOMP 1998).

Something similar has happened in Nepal. In the early 1990s, the government undertook a project to hand over forest management to user groups within the framework of Community Forestry Projects. The Forest Act of 1993 recognized forest user groups as 'autonomous and corporate institutions with perpetual succession' with rights to acquire, sell or transfer forest products. A large number of user groups soon emerged being encouraged by this Act, and in 1995 the Federation of Community Forestry User Groups was founded with the purpose of mobilizing and articulating the interest of these groups. Evaluations have shown that this participatory approach to resource management has been much more successful than earlier top-down approaches in which the Forest Department had held supreme power, although the benefits may not have always been enjoyed equitably (NSAC 1998; Agrawal & Gupta 2005).

The preceding analysis suggests that there is no dearth of examples from around the world to support the hypothesis that community participation in development processes at the local level can improve efficiency in multiple ways. There, is, however, one methodological problem that often makes it difficult to draw any firm conclusions. When community participation is found to be associated with more efficient outcomes, it may not necessarily be right to conclude that participation contributed to higher efficiency, even if the association was found to hold after controlling for other possible influences on efficiency. The problem is that the observed positive association between participation and efficiency may reflect reverse causation – namely, that the communities chose to participate only in those cases where the projects were already known to be efficient or at least promised to be so. Technically, this is known as the endogeneity problem – community participation is said to be endogenous when the decision to participate is

contingent on the community's evaluation of the likely outcome. In order to ascertain whether participation indeed contributed to efficiency, it is first necessary to know whether the problem of endogeneity existed in the particular case under investigation, and if it did, to isolate this effect. This is a technically demanding exercise, which is theoretically possible to do, but it requires additional information of a kind that does not always exist or is very difficult to obtain.

Fortunately, a recent study was able to deal with this problem while analyzing the effects of participation in public works programmes in South Africa (Adato et al. 2003).[21] Soon after South Africa's democratic transition in 1994, the new government launched a large-scale public works programme with multiple objectives: namely, to create jobs in response to extremely high levels of poverty and unemployment; to build or rehabilitate infrastructure in backward areas or to improve the natural environment; to provide job training that would enable workers subsequently to find formal sector employment; and finally to build the capacity of communities to control their own development through participation in public works projects. Although the projects were executed by government agencies with the help of private contractors, the community was involved in most of these projects at various stages – e.g., project design, project management and hiring of workers. Through careful econometric analysis that isolated the endogeneity effect, Adato et al. (2003) have found that participation indeed had an efficiency-enhancing effect. Higher levels of community participation were found to have a statistically significant, positive effect on the proportion of project budget spent on labour, the number of days of work created, the number of training days undertaken, and the percentage of employment going to women. It also reduced the cost of creating employment and the cost of transferring income to the poor.

Notwithstanding the evidence cited above, it should not be assumed that decentralized participation automatically and necessarily enhances efficiency. Participation may sometimes be injurious to technical efficiency, if people do not have the capacity to make informed judgments on technical matters. Thus, a study in Pakistan found that while greater community participation in non-technical decisions was associated with higher project outcomes, in technical decisions it actually led to worse outcomes (Khwaja 2004). Participation may also harm efficiency by diffusing control and authority in management. For example, in a study of water tanks in South India, Mosse (1997) observed that the tanks were not necessarily better managed in co-operative frameworks. In some areas, at least, management seemed to be better when order and discipline was imposed among users by a strong caste authority.

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[21] See also Isham *et al.* (1995) on the question of establishing causality between participation and performance.

Participation may also fail to achieve allocative efficiency that is, to allocate resources in accordance with true preferences of the people, because there may be circumstances in which people, or those who claim to speak for them, have the incentive to distort information about preferences. This is especially true of donor-funded projects, in which the potential participants may deliberately express preferences which they think are more in line with the preferences of the donors rather than of their own, in the hope of improving their chance of receiving the funds, but there are also other circumstances in which such distortion may happen.[22]

Since these failures of participation occur due to factors that are endogenous to the logic of community participation rather than to exogenous forces, these have been described as examples of 'community imperfection', by analogy with the concepts of market imperfection and government imperfection (e.g. Platteau & Abraham 2002). The general point here is that just as both market and government may fail to function efficiently due to factors that are endogenous to their workings, so can community. The possibility of such community failure should warn us against entertaining the naïve view that all problems of governance would be solved simply by involving the community in decision-making processes. It is conceivable that some decisions are best taken in a non-participatory manner; and in any case, when communities do get involved certain complementary measures may have to be taken for them to function efficiently.[23]

5. Participation in Decentralized Governance: The Equity Effect

It was argued in section 3 that democracy at the national level is likely to be associated with more pro-poor policies compared to autocracies, and there is some evidence to suggest that this is indeed the case. A similar argument applies at the local level as well. If allocative decisions at the local level are taken directly by people themselves or their democratically elected representatives, the weaker groups should be better able to influence allocations in their favour, compared to the mode of decision-making by unaccountable bureaucrats or traditional village elite. The argument rests on the presumption that in participatory decision-making processes, even the weaker groups would be able to express their preferences and hopefully make them count.

But this presumption may not hold in the presence of community imperfection, which is potentially an even more serious problem for equity than it is for efficiency. For understandable reasons, there is a great deal of skepticism about whether participation on its own can ensure an equitable

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[22]   Platteau (this volume) offers an insightful analysis of the causes and consequences, as well as actual instances, of such information distortions in participatory activities.

[23]   Section VI is concerned with identifying the most important of these measures that are likely to have a general applicability.

outcome in an otherwise unequal world. There is also a good deal of evidence to support such skepticism.

For example, a recent study of the poverty alleviation effects of the Ecuadorian Social Fund found clear signs of unequal outcomes of participation in an unequal society (Araujo et al. 2006). The Fund offered a choice between two types of projects – local public goods (which were accessible to all) and excludable private goods meant mainly for the poor. The most important private good provided was latrines built in plots belonging to community members with no previous access to toilet facilities, that is, basically the poor. The choice between the two types of projects was made in a participatory manner. Rigorous statistical analysis of these choices showed that, after controlling for the effect of poverty, the more unequal communities opted more for local public goods than for the private good meant for the poor. Similar instances of mismatch between participatory outcomes and the preferences/needs of the weaker groups of the communities have been found in the case of the Peruvian Social Fund (Paxson & Schady 2002) and the Jamaican Social Investment Fund (Rao & Ibanez, 2001).

Despite these and other instances of so-called 'elite capture' of participatory activities[24], it would be wrong to suggest that the outcome of participation in unequal societies would inevitably be unequal.[25] A number of recent experiments in participation at local-level governance have attempted to overcome the natural disadvantage of the weaker groups with the help of innovative institutional design and supportive social action, and a few of them have met with spectacular success.[26]

Two such experiments have attracted widespread attention – namely participatory budgeting in Porto Alegre in Brazil and participatory planning for local development in the Kerala state of India. Though the success of these experiments may be difficult to replicate fully elsewhere in view of some special circumstances that have blessed them both[27], they still offer valuable lessons about the kind of actions that any exercise in participatory governance can take and implement to their benefit. For this reason, the workings and outcomes of these two projects are discussed at some length below.[28]

The city of Porto Alegre, the capital of the industrialized and relatively wealthy state of Rio Grande do Sul, enjoys high social and economic indi-

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24   For more on the phenomenon of 'elite capture', see Platteau (this volume).
25   See Molinas (1998) for an empirical investigation of the relationship between inequality and co-operation at the community level.
26   For a systematic analysis of some of the more important experiments, see Blair (this volume).
27   Heller (2001) offers a perceptive analysis of the commonalities of circumstances that contributed to the success of Porto Alegre and Kerala.
28   We focus on the workings and the outcomes of these experiments in this section; the lessons are discussed in the next.

cators, with its life expectancy (72.6 years) and literacy rates (90 percent) well above the national average. However, at the same time, like much of the rest of Brazil, the city represents a highly unequal society. Until recently almost a third of its population lived in irregular housing – slums and illegal structures – which fanned outward from the city centre, with the poorest districts generally the farthest from downtown. The result was a segregated socio-geographic configuration, generating geographically distinct economic and social zones throughout the city.

Within this unequal setting has emerged one of the most successful experiments in participatory governance in the contemporary world. When an electoral alliance headed by the Workers Party (PT) achieved victory in the mayoral elections in 1989, one of its first actions was to respond to a longstanding demand of The Union of Neighborhood Associations of Porto Alegre (UAMPA) for a participatory structure involving the municipal budget. The new city administration developed a set of institutions that extended popular control over the municipal budget in a way that has by now become a classic in participatory budgeting.

The *Orçamento Participativo* (OP), or the participatory budget, has evolved over the years into a highly structured process in which citizens participate as individuals and as representatives of civil society groups at different stages of the budgetary process. They deliberate and decide on projects for specific districts and on municipal investment priorities, and then monitor the outcome of the projects. The process consists of a sequence of steps, beginning with regional assemblies in each of the city's sixteen districts, in which all residents of the district are invited to participate. These regional meetings have two functions: namely to elect delegates to represent specific neighborhoods in subsequent rounds of deliberations, and to review the previous year's projects and budget. The mayor and staff of the municipal council attend these meetings to reply to citizens' concerns about projects in the district.

In the next step, the delegates elected by regional assemblies join delegates elected by neighbourhood associations and other social groups in a series of meetings in each district. The objective of these meetings is first to learn about the technical issues involved in demanding projects and then to identify and prioritize the district's needs as well as to deliberate on projects that affect the city as a whole. At the end of this process, the regional delegates vote to ratify the district's demands and priorities and elect councilors to serve on the Municipal Council of the Budget. These elected councilors in conjunction with members of the administration finally reconcile the demands from each district with available resources and approve an agreed budget.[29]

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[29]   In addition to preparing the budget, this group amends the scope and rules governing the process itself, e.g., increasing the range of activities covered by participatory budgeting, and changing the criteria for allocating resources among the districts.

This complex combination of direct and representative democracy has allowed citizen participation not only at all stages of the budgetary process – from preference revelation to monitoring and verification, it has also given participation a cutting edge by strengthening the channels of accountability. In the higher tier of the participatory structures, namely the Municipal Council of the Budget, the district representatives act as intermediaries between municipal government and regional activists, bringing the demands from districts to central government, and justifying government actions to regional activists, while themselves being accountable to the general citizenry through the regional assemblies.

There is both qualitative and quantitative evidence that the experiment has succeeded singularly in making urban improvements in the lowest-income areas.[30] The percentage of the public budget available for investment has increased to nearly 20 percent in 1994 from 2 percent in 1989, while the proportion of municipal expenses in service provision to expenses in administration has also improved. On the whole, investment in the poorer residential districts of the city has exceeded investment in wealthier areas as a result of these public policies. By the end of 2000, almost 98 percent of all residences in the city had running water, up from 75 percent in 1988; sewage coverage had risen to 98 percent from 46 percent; and the number of functioning public municipal schools had increased to 86 from 29. In the years between 1992 and 1995, housing assistance increased phenomenally, with the housing department offering housing assistance to 28,862 families as against just 1,714 families for the comparable period of 1986–88. In all these cases, investments have been redistributive in the sense that districts with higher levels of poverty have received significantly greater shares of investment.

This redistributive effect has been achieved through a careful institutional innovation that was designed to accord higher weight to the poorer districts. Investment allocation is guided by a pre-specified weighting system (also called a 'budget matrix'), which reconciles potentially conflicting preferences of residents from different districts by using 'statistically measured need' (the degree of previous access in relation to need, e.g., proportion of streets unpaved, housing units lacking sanitary water, etc.) and population size. The whole system is quite complex and requires a good deal of technical support from the municipal executive office to function properly.

This rule-based system of investment allocation, supported by strong accountability mechanisms, has successfully replaced the traditional patron-client structure in which citizen loyalty went upward and political largesse came downward, by a budget system based on neighborhood preferences and objective needs. In order to assess whether this reflects merely a change from

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[30]   For systematic analysis of the evidence, see Santos (1998), Baiocchi (2003) and Koonings (2004).

the old type of patronage-based governance to a new one in which patronage is lavished on supporters of the ruling party, Baiocchi (2003) looked for statistical correlation between the distribution of Workers' Party's voting strength and geographical investment patterns, but could not find any.

The success of Porto Alegre has been impressive enough to encourage widespread emulation all over the world. In Brazil itself, over 100 municipalities as well as several states have taken up participatory budgeting practices. Similar experiments have been initiated in other Latin American countries such as Chile, Costa Rica, Guatemala and Mexico, as well as in such diverse countries as Ireland, Mauritius and Indonesia.

In terms of sheer scale and intensity of people's participation in the development process, there is perhaps no parallel to the 'People's Campaign for Decentralized Planning' – or just the Campaign, as it has come to be known – launched in the Indian state of Kerala in 1996. The left-wing government that came to power in that year took full advantage of the scope for deep decentralization and an unprecedented level of fiscal devolution that was permitted by the constitutional amendments of the preceding years. As much as 35-40% of the state development budget was devolved to elected local government institutions, conditional on the requirement that they must prepare local development plans based on extensive participation of the citizens. Every year since then, local governments throughout the state of Kerala have formulated and implemented their own development plans prepared through participatory democracy.[31]

As in the case of Porto Alegre, participation takes place through a multi-stage process of deliberation between elected representatives, local and higher-level government officials, civil society experts and activists, and ordinary citizens. The initial deliberation takes place in open local assemblies, called grama sabhas, in which participants discuss and identify development priorities. These assemblies then form so-called 'Development Seminars', which are entrusted with the task of developing more elaborate assessments of local problems and needs. These assessments form the basis of concrete projects prepared by a number of sectoral task forces, which are supported by technical experts. These projects are then submitted to local elected bodies (*panchayats*) that formulate and set budgets for local plans, which are presented back to *grama sabhas* for discussion and approval. The approved local plans are then integrated into higher-level plans (blocks and districts) during which all projects are scrutinized for technical and fiscal viability.

As a participatory process of local-level planning, the Campaign was guided by two basic principles. The first was that instead of serving simply as a conduit of delivering services on behalf of state and national level governments, local governments should function as fully-fledged governing institu-

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[31]   For authoritative accounts of the Kerala experiment, see Isaac (2000) and Isaac & Heller (2003).

tions with financial and administrative autonomy, based on the principle of subsidiarity: that is, what can best be done and decided at local level should be done there. The second principle was that the traditional structures of representative democracy should be complemented by more direct forms of democracy, so as to make elected representatives continuously, rather than just periodically, accountable to the citizens. A great deal of effort was put into social mobilization and institutional innovations so that ordinary citizens could play an active role in the selection, design, and implementation of local development plans.

Quite apart from making democracy a more immediate and meaningful experience for ordinary citizens, the Campaign has already begun to bear fruits in terms of furthering the cause of equity in Kerala, which was already famous for its welfarist and pro-poor policies. The equity impact has in fact improved with the passage of time. In the first year, financial devolution was based on a simple per capita formula that did not take levels of inter-regional poverty into account. Even this was an improvement, however, over the skewed patterns of patronage-driven allocation of the past (in which the relatively underdeveloped northern Kerala was systematically discriminated against). In subsequent years, the redistribute effect improved further as the devolution formula has progressively incorporated additional weights for poverty and underdevelopment.

Apart from regional distributions, other aspects of resource allocation also bear testimony to the redistributive potential of participatory planning. First, compared to the pre-Campaign experience, the plans prepared in the post-Campaign period have accorded much greater priority to basic needs such as housing, drinking water, and sanitation. At the same time, the pattern of expenditure on productive sectors has shifted discernibly toward activities undertaken mainly by the poor, e.g. animal husbandry, garden crops, and minor irrigation. Both these changes have redistributive implications favouring the poor. Second, in contrast to past patterns, priorities have been accorded to special plans for scheduled castes and tribes, traditionally the most disadvantaged groups in India.

Although special plans for these communities have existed in Kerala since the mid-1980s, they received a strong boost after the Campaign was launched. It has been estimated that as a result of the Campaign real resources earmarked for these plans have increased by 30 to 40 percent (Isaac & Heller 2003). Furthermore, in the post-Campaign period local bodies have emphasized projects that could be specifically targeted for individual beneficiaries from these communities such as housing, latrines, and income-producing animals. Similarly, the Campaign has grappled with the problem of entrenched gender discrimination, first by implementing the policy for reservation for women in local governments more rigorously than in any other state in India, and secondly by laying aside at least 10% of plan outlay for the Women's Component Plan designed specifically to benefit women.

While Porto Alegre and Kerala are special cases, the evidence for participation's ability to enhance equity is not confined to them. Several investigations of the panchayat system of decentralized democracy in the rest of India also offer corroborative evidence in this regard. In a well-known study, Rosenzweig and Foster (2003) formulated a model built on the idea that democracy would allow the numerical strength of the poorer groups to be reflected in favourable outcomes for them. A key prediction of the model is that in villages with democratic governance, an increase in the population share of the landless should result in outcomes that are more favourable to them – for example, there should be more expenditure on road construction or improvements (which are relatively labour-intensive) and less on public irrigation infrastructure (which benefits the landed households more). The prediction was vindicated by the analysis of a panel data set from 250 villages in rural India. It was found that increases in the population weight of the poor enhanced the likelihood of receiving pro-poor projects only in villages with elected village councils (panchayats). When more traditional leadership structures prevailed, no such effect was observed.

In another attempt to examine how local-level democracy affects the ability of the disadvantaged groups to implement their preferred options, Chattopadhyay and Duflo (2004) looked at the impact of reservation policy under the *panchayat* system in India. This policy stipulates that one-third of all positions of the chief of the village councils in India are to be reserved for women. An interesting question that arises in this context is whether participation of women as leaders in community affairs works to the advantage of the womenfolk in the community as a whole. Based on a survey in two states of India (West Bengal and Rajasthan), the authors found that it does. Women were found to be more likely to participate in the policymaking process if the leader of their village councils happened to be women, and women leaders of village councils tended to invest more in the kind of infrastructure that conformed better to the interests of women, e.g., drinking water, fuel, and roads, and so on.[32] Similarly, Pande (2003) has shown that when disadvantaged groups (lower castes, tribal groups and landless people) in India are able to elect their own representatives at the local level where allocation decisions are made, a larger share of available governmental resources accrues to them.

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[32]   A potential endogeneity problem, analogous to the one discussed in the context of efficiency, also exists here. It's conceivable that women's leadership is endogenous in the sense that women aim for leadership positions only in those communities where they are more likely to participate and to be assertive in community affairs. In that case, the positive association between women's leadership and favourable outcomes for women cannot necessarily be attributed to the fact that women happen to be in the position of power. However, this kind of endogeneity problem did not arise in the present case as the law requires that the village *panchayats* in which leadership is to be reserved for women are to be chosen on a random basis rather than on the basis of community characteristics.

These studies suggest that democracy at the local level can be beneficial for the poor and other disadvantaged groups, in the same way that democracy at the national level tends to be. However, one of the difficulties of rigorously assessing the equity impact of participation is that there is seldom any direct evidence on the distribution of costs and benefits at the household level. There are only a few studies that have been able to use household level information for this purpose. In one of them, Galasso and Ravallion (2005) examined the targeting impact of the participatory food-for-education programme in Bangladesh. In this programme, funds were allocated by the central government, but identification of beneficiary households within a community was typically made by local school management committee consisting of parents, teachers, education specialists and school donors. Using data from a nationally conducted household survey in 1995-96, the study found that poor households received benefit proportionately more than the non-poor. Moreover, the degree of intra-community equity achieved by participatory targeting was found to be higher compared to the inter-community equity achieved by central allocation of funds.

In a more recent study, Besley et al. (2005) examined the association between participation and equity in the functioning the Panchayat system in India. Under this system, village-level elected bodies known as *Gram Panchayats* have been entrusted with wide-ranging responsibilities, including selection of beneficiaries for the distribution of the BPL (below poverty line) card, which entitles a household to a number of benefits (e.g., subsidized food). The study sought to examine whether the quality of targeting was enhanced by regular holding of *gram sabha* or village meetings, in which village community get the opportunity to air their demands and to hold the elected officials to account. Using a large data set drawn from four southern states of India, the authors concluded that holding of *gram sabha* did have a significantly positive effect on equity in the sense that targeting of the disadvantaged groups was more intensive in villages that held the meeting. Thus, illiterate and landless people and individuals from the lowly scheduled castes and tribes were more likely to receive the BPL card in villages that held the meeting compared to their counterparts in villages that did not.

The evidence is thus quite clear that, contrary to the claims sometimes made, participation in unequal societies is not 'programmed to fail' to advance the goal of equity.[33] Nor is success guaranteed, however. Conditions of success must be created by conscious design. We now turn to a discussion of what those conditions are and how they might be created.

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[33]   The characterization of participation as being 'programmed to fail' to deliver its lofty goals in an unequal society is due to Kumar & Corbridge (2002).

6. The Three-Gap Analysis of Effective Participation

While participation has great potential to be instrumentally valuable in promoting efficiency and equity, this potential is not always realized in the real world. Although there are some spectacularly successful examples of participatory governance in some parts of the world, they are far outnumbered by cases of failed and spurious participation. Even the successful cases are not uniform in terms of either the details of institutional design or in the degree of scope and intensity of participation. This lack of uniformity is often a consequence of contextual differences among participatory experiments, which makes it difficult to hold up any particular experiment, however successful, as the ideal model. What is important, however, from the point of view of learning from experience is that there are certain commonalities that bind the successful cases together and distinguish them from the failed ones. Careful analysis of the existing experiments in participatory governance suggests that success depends largely on how well a society can deal with three distinct but inter-related gaps that stand in the way of effective participation. These may be called the capacity gap, the incentive gap and the power gap.

The *capacity gap* arises from the fact that meaningful participation in the process of governance requires certain skills which common people, least of all the traditionally disadvantaged and marginalized segments of the society, do not typically possess. These include such general skills as the capacity to work in a team composed of people from different social strata and the ability to articulate one's views in a manner that would hopefully convince others, many of whom may view the world through a completely different lens, as well as more specific skills related to the tasks for which people are participating in a collaborative exercise. Some of these tasks – such as managing a local resource or delivering a community service – may be relatively simple and people may already have some experience in them. But others, more ambitious ones – such as budgeting for the local government or planning for local development – would often require a level of knowledge and skill that would be beyond even the educated elite.

This capacity gap must be bridged if participation is to be effective. General skills such as the ability to work in a team and to be able to articulate one's views rationally can only be developed through practice over a long period of time. In the real world, this practice typically happens through the intermediation of civil society organizations and social movements, which mobilize common people into groups for various purposes. This didactic aspect of social mobilization is of enormous importance for laying the foundations for participatory activities. It is no coincidence that the most successful experiments in participatory governance around the world have all been underpinned by years of social mobilization. In most cases, the actual motivation of such mobilizations was different from that of preparing people for the particular participatory experiment that followed. They each had

their own agenda, but the didactic value of mobilization nonetheless acted as a positive externality to the benefit of the subsequent experiment.

As for the specific skills required for addressing the participatory enterprise, there is often no substitute for specialized training. What is needed for this purpose is imaginative institutional innovation that enables common people to receive knowledge from technocrats and experts, but without being beholden to them. If in the process of imparting knowledge the technocrats and experts come to acquire a dominant relationship vis-à-vis common people, the whole purpose of participation would be defeated. The transfer of knowledge must take place in a setting of fundamental equality and mutual respect between the providers and recipients of knowledge. In recognition of this imperative, the architects of both Kerala and Port Alegre experiments gave a lot of thought to designing institutions that would allow transfer of knowledge in a non-dominating mode. In particular, they ensured that at the end of the learning process the decisions of the common people rather than those of the experts would prevail. Institutional design for knowledge transfer was one of the crucial factors behind the success of these experiments.

The *incentive gap* stems from the fact that participation in public affairs is not costless and most people would not be keen to participate actively unless they perceive the potential gains to be large enough to outweigh the costs. The costs of participation are of various types. There is first the opportunity cost of the time and effort that people would have to put into participative activities. This cost is especially high for women, who are said to suffer from the 'triple burden' of devoting time to the conduct of public affairs in addition to the traditional double burden of engaging in productive as well as reproductive activities. It is not surprising that women are found to participate proportionately less even in the most progressive environment as in Porto Alegre or Kerala. There is also the psychological cost of speaking up in public, especially for those who are low in self-confidence, and the general hassle of having to deal with matters that many people feel officials are being paid to do anyway. Finally, for the subordinate groups living in hierarchical societies, there is the probable cost of retribution from the dominant classes who may not take kindly to the idea that the lower classes should come together to delve into matters that have traditionally been the preserve of social superiors.

In suggesting that people would weigh these costs against potential benefits in deciding whether or not to participate, we are not imputing a narrowly utilitarian calculus to them. Most people would surely value participation for its own sake, whatever additional value they may attach to the tangible instrumental benefits of participation that might accrue to them. What is being claimed here, however, is that consideration of this intrinsic value alone may not suffice to override the consideration of costs in all cases. In that event, the instrumental value will also have to be factored in. The incentive to participate will exist only if the totality of intrinsic and instrumental

value exceeds the costs of participation in the judgment of an individual. This argument implies that in situations where the costs of participation are especially high, the instrumental value may well be the decisive factor.

The force of this argument has been recognized both by theorists and successful practitioners of participatory governance. In formulating the theoretical construct of Empowered Participatory Governance, Fung & Wright (2003) have enunciated three general principles, one of which is 'practical orientation' - that is, a focus on specific, tangible problems.[34] Underlying this principle is the recognition that participation in the abstract may not be a terribly attractive idea. People would be more inclined to participate if they focus on a problem they can all identify with as being important for their day-to-day lives. Since the solution of a tangible problem will yield tangible benefits, participation is more likely to occur when it has a 'practical orientation'.

When the problem in question relates to allocation of budgetary expenditure as in Porto Alegre or formulation of a local development plan as in Kerala, it helps if the resource base is large enough so that large tangible benefits can accrue to the participants as an outcome of their efforts. It has indeed been suggested that one of the reasons for the spectacular success of Porto Alegre is that it happens to be one of the most resourceful cities in Brazil. When the same practice of participatory budgeting has been applied to other, poorer cities of Brazil and elsewhere, it has not been equally successful. In the case of Kerala, it has been argued that a very substantial fiscal devolution at the very outset of the process of participatory decentralization has played a key role in its success (Isaac & Heller 2003). Normally, fiscal devolution occurs at a late stage of the decentralization process on the grounds that until the structures of administrative decentralization are firmly established, entrusting local governments with large fiscal resources might lead to wastage, mismanagement or out-and-out corruption. This conventional wisdom was stood on its head in Kerala, where the state government deliberately transferred unprecedented amount of resources into the coffers of local governments up front, even before the practice of participatory planning had taken firm roots. The intention was clearly to close the incentive gap for the potential participants, by raising the expected pay-off from participation though a pre-commitment of large fiscal devolution. By all accounts, the device worked wonderfully well.

Of the three gaps mentioned above, the *power gap* is perhaps the most pernicious of all. It arises from systematic asymmetries of power that is inherent in unequal societies. In a society where there exists a wide gulf between the rich and the poor, where entrenched social hierarchies have led to a rigid demarcation between the elite and the commoners, and where age-old norms

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[34]   The other two principles are bottom-up participation and deliberative solution generation.

of discrimination against specific social groups – defined in terms of gender, ethnicity, religion, and so on – have long been internalized by the oppressors and the oppressed alike, it is very likely that the dominant groups will use participation merely as a ruse to further their own ends. Participation in such unequal societies is likely to be unequal too, with members of dominant groups wielding superior power to further their own narrow interests.

The subordinate groups in these societies suffer from a 'power gap' relative to the dominant groups, and one way or the other this gap must be closed or at least narrowed down substantially, if they are to participate on an equal footing. This can only be done by creating some countervailing power in favour of the subordinate groups so as to compensate for the power gap they otherwise face.[35] Theory and practice suggest a number of ways in which this countervailing power can be created.

The theory of deliberative democracy, conceived as an approach to collective decision-making, offers one such way. Any participatory enterprise must follow some rules of collective decision-making. Furthermore, if participation is not to degenerate into a way of simply legitimizing the exercise of unequal power by the dominant groups, these rules must ensure that the preferences and interests of the weaker segments receive due consideration. In other words, the rules must have the property that the very adherence to them would afford some countervailing power to the weak and the disadvantaged groups, so that their preferences and interests cannot be trumped by those of the dominant groups simply by virtue of their superior power. The idea of deliberative democracy is concerned with devising such rules of collective decision-making. It seeks to do so by positing the power of 'reason' as a counterweight to the traditional sources of power.

There are several alternative ways in which collective decisions may be taken in a participatory enterprise. One possibility is that the participants come to the table with their respective preferences and bargain with each other with a view to achieving the best possible outcomes for themselves. Since the distribution of pay-offs of this process would depend on the relative bargaining strengths of the parties concerned, this procedure is almost certain to be detrimental to the interests of the weaker groups. It might be supposed that the alternative procedure of democratic decision-making based on the majority rule would serve them better, but this is not necessarily so. As is well known from the experience of democracy in grossly unequal societies based on patron-client relationships, the minority of patrons may easily manipulate the majority of clients by using their traditional leverages of power. If for some reason, they cannot manipulate and override the majority, the powerful groups at least have the option of 'exiting' that is, refusing to participate in the collaboration, which might then jeopardize the whole

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[35]   For an excellent discussion of the need for and forms of countervailing power relevant for participatory governance, see Fung & Wright (2003b).

participatory enterprise. So, while democracy is certainly essential, the rules of decision-making must be such that neither can the weaker groups be easily manipulated nor are the powerful groups easily attracted to the option of 'exit'. The issue of institutional design is crucial in this context. As discussed in Section 2, there is no unique formula for institutional design that would be applicable under all circumstances – the details of design will have to vary depending on the specificity of the context. The objective must be the same, however – to ensure a fair and equitable decision-making process.

This is precisely what deliberative democracy seeks to achieve. It requires that the participants come to the table not primarily to engage in strategic bargaining, nor merely to place their preferences on the table to be aggregated by some mechanical formula (such as majority voting), but to present the reasons for the views they hold and for the actions they suggest. As Cohen and Rogers (2003) explain: 'Briefly, to deliberate means to debate alternatives on the basis of considerations that all take to be relevant; it is a matter of offering reasons for alternatives, rather than merely stating a preference for one or another, with such preferences then subject to some rule of aggregation or submitted to bargaining. The exchange of reasons that a deliberative democracy puts at the center of collective decision-making is not to be confused with simple discussion, or the revelation and exchange of private information. Any view of intelligent political decision-making sees such discussion and exchange as important, if only because of initial asymmetries in the possession of relevant information. What is distinctive about a deliberative view is that the processing of this information is disciplined by the claims of reason – that arguments must be offered on behalf of proposals, and be supported by considerations that are acknowledged to provide relevant reasons, even though there may be disagreements about the weight and precise content of those considerations.'

It is the requirement of offering a generally acceptable reason for what one proposes that acts as a countervailing force against the manipulative and coercive methods that the powerful groups might otherwise adopt in order to pursue their narrow self-interest.[36] However, the critiques of deliberative democracy have questioned, quite plausibly, whether the exchange of reason is potent enough to safeguard the interests of the weaker groups in the face

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[36]   Using reason as a force to offset the asymmetry of entrenched power is not the only rationale of deliberative democracy, although it is the most relevant one in the present context. Political theorists who have expounded the theory of deliberative democracy have done so from several different perspectives. In the Aristotelian tradition, reasoned deliberation as a means of reaching collective decisions is seen as an intrinsic good. From a consequentialist perspective, Habermas (1987) justifies it as a necessary tool for discovering rational laws that will promote justice and the common good, while Rawls (1993) finds it necessary for giving legitimacy to political institutions. For an illuminating discussion of alternative perspectives, see, among others, Freeman (2000).

of entrenched social inequalities. Some have worried, for example, that the emphasis on the articulation of reason implies that the process may work to the advantage of the 'laryingically gifted', and there is no reason to suppose that the socially disadvantaged groups are especially well endowed with this gift. On the contrary, there is reason to fear that in a hierarchically divided society people at the bottom rungs would not have the confidence and courage to articulate their reasons forcefully in the presence of social superiors, even if they had a good understanding of the reasons behind their views and were articulate enough to express them in their own way.

While these fears are entirely reasonable on a priori grounds, only empirical evidence can show how well grounded they are in reality. In this regard, the experience of the actual practice of deliberative democracy is quite encouraging. We have already mentioned two classic cases of deliberative democracy in the contemporary world – namely, the Porto Alegre experiment in participatory budgeting in Brazil and the Kerala experiment in participatory planning in India. In both these cases, citizens at large engage in reasoned deliberation – both directly and through elected representatives – at several stages in the decision-making process. In both cases, there is ample evidence that the traditionally voiceless people have been able in engage in meaningful deliberation, undeterred by pre-existing asymmetries of power.

The experience of Port Alegre is described thus by Baiocchi (2003): 'There is no evidence, however, that lack of education or gender pose insurmountable barriers to effective participation … Ethnographic evidence from district-level meetings did not show any pattern of women or the less educated speaking less often or conceding authority to educated men. A survey question about how often a person spoke at meetings painted a similar picture. Responses to the question: 'Do you speak at meetings?' (Always, almost always, sometimes, never) showed that there was parity between the poor and non-poor, and between the less educated and the rest.' Moreover, we have already seen that all this was not mere empty talk, because these deliberations led to a decisive shift towards redistributive measures in favour of the poor.

The Indian experience of decentralized governance (*panchayat*) is also instructive in this regard. The panchayat system of representative democracy at the local level has existed in India for many decades, but without being terribly effective, however. It was only when local-level elections were supplemented by the holding of effective village assemblies (*grama sabha*) in states like Kerala and West Bengal that the system began to yield benefits for the poor and for disadvantaged social groups such as women, and scheduled castes and tribes. The scope for deliberation offered by these village assemblies enabled these groups to press their case and to hold the elected officials accountable in a way that was not possible before, resulting in a systematic move towards redistributive measures. It is significant that in Besley et al's (2005) study of local governance in the southern states of India, policies were found to be more pro-poor in those villages where grama sabha was

regularly held, compared to villages where it was not, which clearly suggests that deliberations in village assemblies empowered marginalized groups to influence decisions in their favour.

It is clear, however, that creating the institutions for deliberative democracy by itself will not be enough to generate all the countervailing force that is necessary to make participation effective. Other types of countervailing force must be created at the same time to complement the power of reason so that people from all strata of society can deliberate on a more equal footing.

The first and the most basic of these complementary forms of countervailing power consists in the self-confidence that comes with education and economic security. Poor illiterate people, whose livelihoods are insecure and whose very survival depends on maintaining an obsequious humility in the context of patron-client relationships, are not very likely to participate independently or assertively in the conduct of public affairs. To the extent that they do participate, they will do so mainly to lend their numerical strength in support of their patron's interests. This type of participation will only help reproduce existing social inequalities instead of redressing them. If participation is to act as part of a transformative process designed to fundamentally alter the balance of power in the society, then the poor and the weaker groups must be able to participate in support of their own cause, even if it goes against the interests of their patrons. But lack of education and economic security prevents them from doing so. Any programme for deepening democracy through participatory approaches must, therefore, accompany simultaneous efforts to spread basic education and to ensure at least a minimum level of economic security so that the weaker groups do not have to fear that independent participation might cost them their livelihoods (Osmani 2001).

A second and broader way of creating complementary countervailing force is to empower the poor and the weak by implementing the full range of human rights, including both civil-political and socio-economic rights. The fulfillment of basic socio-economic rights (such as right to food, right to education, etc.) will create the countervailing force in the manner describe above, by giving the weaker groups the self-confidence to assert their independence. But this needs to be supplemented by the fulfillment of civil-political rights as well - because without them assertion of independence in the participatory process will be either impossible or pernicious for the weaker groups.

It is obvious that for participatory deliberation to be possible, people at large must enjoy the rights to free speech and rights of association and free assembly. At the same time, the right to information must be fulfilled so that people can access the information necessary for making informed decisions and also for holding the officials (elected or otherwise) accountable for their actions. Without relevant information, accountability will be impossible to achieve, which of course gives the officials every incentive to

withhold information whenever possible; but without accountability participation will be an exercise in futility. It is, therefore, essential to establish the right to information, which can be used by the people to pierce the veil of secrecy with which officials tend to shield relevant information from the public arena. Finally, people must enjoy the right of equal access to justice, so that the weaker groups may protect themselves from any attempt by the powerful members of society to intimidate and victimize them. Without the confidence that the justice system of the state machinery can be relied upon for protection against vengeful retribution, the weaker segments of the society may not have the courage to assert their independence in any participatory enterprise.

Finally, countervailing power may be generated through social mobilization. It has not escaped attention of careful observers of successful participatory experiments, such as those of Porto Alegre, South Africa, Kerala and West Bengal, that in all these cases the ground for effective participation was created by years of social and political activism by progressive political parties aimed at mobilizing the weaker segments of the society in a wider enterprise in social transformation. Although creation of participatory democracy was not necessarily the initial objective of such activism, the act of social mobilization that the political parties performed nonetheless created positive externalities in favour of the participatory enterprise they eventually embarked upon.

Two such externalities are worthy of note. First, social mobilization helped resolve the problem of collective action that stems from the possibility of free riding by self-interested individuals. It did so by creating and strengthening 'bonding' social capital among the weaker segments, which in turn engendered the mutual trust and confidence that is the foundation of any participatory enterprise.

Second, the act of mobilization endowed the weaker segments with a countervailing power against the dominant groups of the society. This was partly the power that comes from unity and partly the power that comes from the knowledge of being backed by a larger social force. Whatever the source, the consequence of possessing this power was that the participatory enterprise that was built on the foundation of previous social mobilization was resilient enough not to fall prey to the all-too-common phenomenon of 'elite capture'.

7. Concluding Observations: Fostering the Synergies

Creating conditions for effective participation by common people in the conduct of public affairs is a complex task. It requires the adoption of a multi-pronged strategy involving state, civil society, and the common people. The state in particular must play a very important role on a number of fronts – by ensuring free and fair electoral participation for governance at the

national level; by creating a legal framework that devolves and decentralizes decision-making power at local levels, where the scope for direct participation by the people is the greatest; by providing basic education, guaranteeing minimum economic security and implementing the whole range of human rights so that the weaker segments of the society can participate confidently and independently in the presence of entrenched asymmetries of power; and by providing the space for civil society and social movements to mobilize and educate common people for participatory enterprises.[37]

The existence of strong political will and competent leadership is essential for this purpose. The civil society too must play an important role. On the one hand, it must engage with the state to ensure that the latter actually does what it needs to do for effective participation to be possible, and engage with the common people on the other to gain their trust and confidence and to mobilize them into a potent force for participatory governance. The common people for their part must be willing to devote the time and energy needed to take control of the development process in their own hands instead of leaving it completely to others.

The inter-relatedness of these multi-dimensional conditions may seem to make the task too daunting for the goal of participatory governance to be anything other than an abstract utopia. Effective participation cannot occur without committed state support, but given the tradition of centralized decision-making processes in most parts of the world, the state's commitment to diffuse power through people's participation in governance is unlikely to be forthcoming without persistent and overwhelming pressure emanating from civil society and social movements; yet civil society and social movements can only function if the state creates the enabling conditions for them to operate in the first place. Similar cyclicity as opposed to linearity of causal connections exists in other spheres as well. For instance, one of the objectives of participation in the development process is to ensure efficient and equitable delivery of basic services to all, but it has been argued at the same time that the poor are unlikely to be able to participate effectively without prior access to basic education and a minimum level of economic security. Similarly, participatory governance is expected to empower people and yet is it clear that certain amount of empowerment must exist to begin with for the weaker segments of the society not to be overwhelmed by the dominant groups in the conduct of deliberative democracy.

This kind of cyclicity of causal connections may at first sight seem like a reason for despair, but it need not be. For cyclical causality also implies the existence of synergies – between different pre-conditions for effective participation and also between pre-conditions and practice of participation. Existence of these synergies implies that the practice of participation can be

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[37]   Manor (2007) gives a cogent explanation of why government must play the most critical role in promoting effective participation.

self-reinforcing in nature. Once a participatory process is set in motion, even if imperfectly, the very practice of participation will help improve some of the pre-conditions; the resulting improvement in one set of pre-conditions may then induce improvement in others, which turn will enhance the effectiveness of participation, thereby unleashing a virtuous cycle.[38]

Evidence for the existence of these synergies does exist in the real world. In Kerala, for instance, the participation of scheduled castes, scheduled tribes and women was below their population share in the first year of the Campaign, but the percentages increased in subsequent years, as the confidence and the knowledge that came with practice emboldened them to come forward more (Isaac & Heller 2003). Porto Alegre has had a similar experience. In the initial years, women and less educated men participated less in the various rounds of deliberation compared to educated men, but this difference disappeared with accumulation of experience over time. Once the years of experience crossed a minimum threshold, there remained no significant difference between men and women reporting participation, or between persons with or without formal schooling (Bairocchi 2003). In their study of the targeting performance of the participatory food-for-education programme in Bangladesh, Galasso and Ravallion (2005) found some evidence for elite capture in the early years of the programme, in so far as targeting was found to be worse in villages with larger land inequality and in remote locations. However, targeting improved as the programme expanded, suggesting that the programme itself shifted the balance of power in favour of the poor. All this points to the existence of a mutually reinforcing relationship between empowerment and the practice of participation.

Similar synergy is found between participation and social capital. It is generally recognized that the existence of social capital facilitates the emergence and sustainability of participatory institutions (e.g., Krishna 2002). It is equally true, however, that the very practice of participation can contribute to the strengthening of social capital. One example is the emergence of Neighbourhood Groups in Kerala below the tier of village assemblies (*grama sabha*), which is formally the lowest tier of participatory process devised by the Campaign. These new Groups have emerged as the *grama sabha* turned out to be too large and too distant an entity for most people given the dispersed nature of habitats in rural Kerala. These Groups have begun to function as mini-grama sabhas that discuss local issues and priorities, review plan implementation, and select beneficiaries. They have also taken up other activities such as conflict resolution, after school educational programs, health clinics,

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[38]   Dreze & Sen (2002) make a similar point in the specific context of Indian democracy. After noting that many of the deficiencies of India's democracy stem from its deep-rooted social inequalities, they go on to argue that the very practice of democracy would help offset some of the effects of those inequalities, thereby rendering democracy a self-reinforcing process.

cultural activities and thrift schemes. As Isaac and Heller (2003) note, 'The crowding-in effect that the Campaign appears to be having on associational life in Kerala is also manifest in the proliferation of a variety of self-help groups, particularly women's micro-credit schemes.'

In Porto Alegre, Baiocchi (2003) has noted that as people became deeply involved in negotiations and became acquainted with other persons in the district through the process of participatory budgeting, they developed lasting bonds with activists from other districts and developed solidarities. Through this process, many new associations in civil society have emerged, which has added a new zeal and vibrancy to the civil society in Porto Alegre. This catalytic effect has been so strong that some have even described the Porto Alegre experiment as a 'school of deliberative democracy'. 'Observers of the process, such as Gildo Lima, one of the architects of the participatory structures in the first administration, argue that civil society has indeed become less locally focused as a result of the PB, and that a new form of mobilization has emerged.' (Baiocchi 2003).

Another kind of synergy – one between local participation and broader political changes – can be seen in places as diverse as Rajasthan (India) and Bolivia. In one of the poorest regions in the Indian state of Rajasthan, ordinary rural people engaged in a participatory exercise in social auditing to check whether the local government (panchayat) expenditures were made according to the plan. The leading actor was a mass-based organization called *Mazdoor Kishan Shakti Sangathan* (MKSS; translated as Movement for the Empowerment of Peasants and Workers), which mobilized the common people against severe odds, as the exercise was going to expose corruption of powerful people. One of the main problems MKSS faced in this task was in eliciting relevant information from official records, which was necessary to hold the corrupt people accountable on the basis of solid evidence. It took nearly seven years to prepare the documentation that made a prima facie case that corruption was widespread. This experience inspired MKSS to launch a broader campaign for the fulfillment of people's right to information. As the campaign gathered momentum, other organizations joined forces both within and outside Rajasthan, and eventually forced the Indian government to legally recognize the right to information.[39]

Bolivia launched its Popular Participation Law in 1994 mainly to give opportunities for democratic participation to the indigenous people whose rights had long been neglected. A large-scale reform at administrative and fiscal decentralization allowed these people to take part in governance and developmental activities for the first time through a number of channels.[40] These channels also became avenues for expressing local grievances, and as

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[39]   For perceptive analyses of the Rajasthan movement, see Jenkins & Goetz (1999) and Goetz & Jenkins (2001).

[40]   See, among others, Blair (2000 & this volume) and Grindle (2000) for insightful analyses of the Bolivian experience.

the practice of expressing grievances became widespread it led first to small movements, which soon snowballed into larger ones. Thus, local grievances among cocoleros (coca growers) in the *Chapare* region led to a small grass-roots party winning control of 11 municipalities in the 1995 elections. Evo Morales, an indigenous leader, transformed this movement into a nation-wide campaign against privatization of water provision and energy resource policies, which set in motion a series of political events that eventually led Morales to assume the office of the Presidency of Bolivia in 1995. As Blair (2007) rightly observes: 'It would not be too great a stretch to say that the Popular Participation Law of 1994, intended to stimulate grassroots participation among a long neglected indigenous population, quickly became so successful that an indigenous movement gained control of the national government itself.'

These examples of synergy between local-level participation and larger political changes help address one worry that is sometimes expressed about the fall-out of excessive emphasis on decentralized participation. Questions have been asked as to whether success in community participation at local levels might not jeopardize efforts to make the state function better at all levels. For example, there is a fear that deep engagement of people in local level democracy might create apathy towards democracy at the national level, or that emphasis on accountability at the local level might weaken accountability mechanisms at the national level (sometimes expressed as the trade-off between the short route and the long route to accountability[41]), or that the spirit of collaboration between different social strata imbibed by community participation at local levels might sap the force of adversarial social movements (such as trade unions) that seek to combat social inequalities on a larger scale, and so on. In short, the fear is that success of participation in the local arena might create negative externalities for the larger arena.

Examples can be found where one or other of these fears has indeed come true, but the examples of synergy we have discussed above (and many more that we haven't) clearly indicate that there is no inevitability about them. Nor is it a matter of chance whether the relationship between local and larger arenas turns out to be one of synergy or one of negative externalities. It is the nature of human agency that makes the difference. Just as the success or failure of participation itself depends on human agency – namely, how well various actors like the state, civil society and people themselves take measures to bridge the capacity gap, the incentive gap and the power gap, the relationship between local and larger arenas also depends on human agency – namely, how conscientiously these same actors try to foster potential synergies. It should not come as a surprise that the role of human agency should be pre-eminent in determining the success or failure of what is after all a social institution.

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[41]   On this and other issues related to accountability, see Goetz & Jenkins (2004).

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Chapter 2

Democracy, Social Inclusion, and Development

Adam Przeworski[42]

1. Introduction

This chapter reviews the current knowledge concerning the impact of democracy on economic growth and other aspects of human development. Section 1 summarizes comparisons of human development, specifically of economic growth, educational enrolments, and infant mortality under democratic and non-democratic regimes. Section 2 examines the effect of political regimes and of electoral participation on social inclusion, especially on poverty and poverty reduction. Section 3 is focused on the differences between young and old democracies. Finally, Section 4 considers in broader terms the impact of political institutions on development.

A note of caution is required at the outset. The pace of research in the political economy of development, and more narrowly, on the impact of political institutions on development, is extremely intense and new results are generated almost every day. With regard to topics that have been subject to widespread scrutiny, there is sometimes consensus, even if never unanimous. With regard to newer questions, results are often disparate, and some time will pass before the reasons for different views are understood. Moreover, even the results that appear solid often raise new, deeper, questions. Hence, the reader will find below as many questions that remain open as answers.

2. Democracy and Development

Introduction

The very notion of 'development' as a possibility facing all peoples and all countries is recent. Colin Clark's book, 'Conditions of Economic Progress' (1939), was perhaps the first to pose the idea that economic development is a universal process, applicable to all peoples, not just a privilege of the 'civilized' nations. This notion entered into the policy realm with the Joint Allied Declaration of 1941, which spoke of 'freedom from fear and want' on a universal basis. The Dumbarton Oaks (1943) declaration referred to 'higher standards of living, full employment, and conditions of economic and social progress and development' for all. Yet what is 'development'?

Following the seminal article of Rosenstein-Rodan, published in 1943, the growth of average income was seen as a sufficient criterion of development. However, in the early 1960s it was noticed (Singer 1965) that

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[42] Department of Politics, New York University, 2007.

economic growth is not inconsistent with rising unemployment, increasing inequality, and increasing poverty – thus, growth can be 'immiserating.' Hence, these sort of criteria were adopted in evaluations of development. The focus was placed on 'social development', and by 1977 the World Bank specifically defined the goal of development to be the eradication of poverty. Yet even this focus was considered by some as too narrowly confined to the economic aspects of peoples' lives. Development, the argument went, must cover all the 'basic needs,' including gender equality, political freedom, and absence of discrimination.

While the list of such needs grew longer and longer, Sen's (1988) conceptualization of development as the capacity of individuals to realize their potential allowed made it more open ended. Incomes, even if properly measured, indicate at best all the consumption possibilities people have, but they do not incorporate the value people attach to being able to choose the lives they want to lead - their 'capability sets.' Whether thinking in such terms allows us to compare degrees or levels of development remains controversial. Nevertheless, the Human Development Index, developed by the UNDP, which combines ranks of countries on per capita income, infant mortality, and education, is an attempt in this spirit.

Given this way of thinking, one could draw a sharp distinction between the narrowly defined process of economic growth - understood simply as the evolution of national income, and development - seen as a multifaceted process of structural transformations of the economy, society and politics. One result was that economists concentrated on studying growth, leaving development to the attention of other academic disciplines. For economists, as Lucas (1986) once remarked, 'Growth is what we understand, development what we do not.' Yet, following seminal work of Romer (1990) and Lucas (1988) himself, over the last twenty years it has became clear that to understand 'growth', we must understand 'development.'

As early as 1960, Schultz emphasized the role of education as capital formation. Since then we learned that growth depends on income distribution, on the evolution of different kinds of knowledge, on the health of the population, on political institutions. Endogenous growth is development.

The question examined in this section is whether political regimes, dichotomized as democracies and non-democracies ('autocracies,' 'dictatorships,' 'authoritarian regimes') affect three aspects of human development, namely, income, education, and infant mortality. The focus is on the growth of incomes, reflecting the attention that scholars have devoted to how these aspects affect this issue.

Economic Growth

Over the past ten years or so, a consensus has emerged that political regimes do not affect the rate of economic growth. About fifteen years ago, Sirowy

and Inkeles (1990) as well as Przeworski and Limongi (1993) reviewed the empirical studies conducted until that time and found that the results were not robust. Since then, the topic has been subject to an intense scrutiny. The results do depend on the samples, inclusion of different control variables, and estimation methods, so that some studies find democracy to have a positive effect on growth (see, for example, Papaioannou and Siourounis 2005).

Yet Doucouliagos and Ulubasoglu (2006), who recently analyzed 470 estimates from 81 papers, concluded that democracy has no direct effect on economic growth. The relevant numbers are shown in Table 1.[43] Between 1951 and 2000, the average rate of growth of total GDP was somewhat higher in autocracies than in democracies. Democracies, however, had a lower rate of population growth, and the per capita income grew somewhat faster in democracies. However, one should not make too much of these small differences. Democracies and autocracies existed under different conditions and once these conditions are taken into account, the already small difference in the rate of growth of total GDP diminishes. Note, however, that population appears to grow faster in autocracies even when we consider a panoply of factors that may influence its growth.

Table 1 Descriptive Statistics

Democracies			
Variable	N	Mean	Std. Dev.
Rate of growth of GDP	2460	3.684027	4.731187
Rate of growth of population	2462	1.351386	1.159132
Rate of growth of GDP/cap	2460	2.333330	4.719955
Autocracies			
Rate of growth of GDP	2702	4.271786	7.700029
Rate of growth of population	2719	2.378495	2.289827
Rate of growth of GDP/cap	2702	1.850636	7.672969

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[43]   The economic data are based on a merger of Penn World Tables release 5.6 and 6.1. They are expressed in 1995 purchasing power parity dollars. Regime classification extends the Przeworski et al. (2000) data set.

While the conclusion that the two types of regimes grow at more or less the same rates seems unassailable, it flies in the face of so many good arguments that it needs to be disaggregated. There are good reasons to expect that democracies should promote economic growth: (1) Under democracy, rulers face the test of periodic elections, which should induce them to pursue policies that enhance economic welfare and to abstain from extracting excessive rents (Keefer 2005), (2) Democracies foster the accumulation of human capital, which in turn accelerates growth (Tavares & Wacziarg 2001), (3) Democracies admit more information into the public sphere, which allow governments as well as private investors to choose better projects and faster correct their mistakes (Sen 1981, Besley & Burgess 2002), (4) Democracies pay higher wages (Rodrik 1998), which induces a more efficient use of labor (Przeworski et al. 2000).

But there are equally plausible reasons to think that autocracies would generate higher growth. Most importantly, they can repress demands for current consumption and mobilize resources for investment (Galenson 1959, DeSchweinitz 1959, Huntington and Dominguez 1975, Tavares and Wiaczarg 2001). Furthermore, there is a controversial issue to which we return below, namely whether political rights protect or threaten property rights (Przeworski & Limongi 1993).

With good reasons in favor of both sides, it may well be that several of these arguments are true, and the effects cancel each other out. It may be true for example that autocracies mobilize more savings but, because their leaders are not accountable, they extract higher rents or engage in bad projects. Or it may be true, as Tavares and Wiaczarg (2001) argued, that democracies promote the accumulation of human capital but retard the accumulation of physical capital.[44] Overall, it seems that political regimes may affect development through different channels, with some positive and some negative effects, so that their net difference is small.

It may also be true that the categories used to characterize political regimes are simply too broad. Democratic institutions come in several types and several scholars, notably Persson and Tabelini (2003), have found that there are distinct differences between parliamentary and presidential democracies, and across electoral systems. In turn, Gandhi (2004) as well as Przeworski & Curvale (2005) found that autocracies differ significantly in their degree of institutionalization and that institutionalized dictatorships – those with legislatures and political parties – grow faster than pure autocracies. Several researchers have pointed out that the differences among autocracies are much higher than among democracies (Przeworski et al. 2000, Quinn & Woolley 2001, Mobarak 2005). Note that the standard deviation

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[44]   Note, however, that Przeworski et al. (2000) found no support for the hypothesis that authoritarian regimes invest at a higher rate in poor countries.

of growth rates, shown in Table1, is almost twice as large among autocracies than among democracies. Indeed, any list of economic miracles and disasters will be occupied almost exclusively by autocracies.[45]

Since there is a reasonably clear conception of democracy, all regime classifications, dichotomous as well as polychotomous, take democracy as the standard, and treat other regimes as residual categories, such as 'dictator- ships,' 'autocracies,' 'authoritarian regimes,' or simply 'non-democracies.'[46] Hence, one might think that the higher variance among autocracies is due simply to the fact that they are more heterogeneous. Yet this would be an erroneous conclusion. In fact, the differences between the mean rates of growth of continuous spells of particular regimes are only slightly higher among autocracies. In turn, the variation of growth rates within the par- ticular spells is more than three times higher in autocracies.[47] Furthermore, Thomas (2006) shows that while a change of the chief executive has a much larger effect on growth rates in autocracies, the variation of growth rates dur- ing the tenure of each leader is still more than twice as large in autocracies.

In sum, most democracies just plod along at a similar stable pace, while autocratic spells differ more one from another, exhibit much higher variation during each spell, and much higher variation even under the same chief exec- utive. Again, there are many explanations for this observation. Sen (1981, 1989) has claimed that free public opinion provides a feedback mechanism that informs democratic governments about impending disasters, and this is why they avoid famines. Thomas (2006) focuses on the role of veto players - since decisions under democracies require consent from several branches of government, any status quo is likely to be more stable.

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[45]   For example, autocracies occupy eight places on the list of countries growing fastest as of 1988 (the two democracies were post-1988 South Korea and Malta). But they also appear eight times on the list of economic disasters (democracies in this list are the post-1984 Nicaragua and the post-1980 Peru). This list concerns average rates of growth of regimes that existed as of 1988. Democratic disasters were more frequent in the post-communist period, about which below. Only regimes that lasted at least ten years are included.

[46]   Democracy is treated either as a dichotomous category, identified by competi- tive elections, as in Przeworski et al. (2000), or as some kind of a scale, typically based on the ratings by Freedom House or Polity. While the measurement of democracy invokes heated polemics, all these scales are highly correlated and, except for some quirks in the Polity data set, conclusions about the effect of democracy on develop- ment do not seem do depend on its measurement.

[47]   Spells are continuous periods during which a country had a particular regime. For example, Argentina had a spell of democracy between 1946 and 1954, followed by a spell of autocracy between 1955 and 1957, another spell of democracy between 1958 and 1961, and so on. Note, however, that as long as a country does not experi- ence a democratic spell the years of autocracy are treated as a single spell even if the autocrats and sometimes the entire structure of the regime changes, as in Iran.

My own view relies on the fact that democratic governments must obtain and maintain the support of some majority. Suppose that a government has some limited amount of resources that can be allocated to three projects. In autocracies, the rulers can pick a single project which they see as most promising and allocate to it all the resources. Under democracy, different groups may have conflicting preferences about these project and, to build a majority coalition, the government may have to divide the resources among at least two out of the three projects. Since the return to each project is uncertain and not perfectly correlated, when uncertainty is lifted, autocrats have big wins or losses, while democrats generate more moderate gains and losses.

The fact that democracies exhibit much lower variation of growth rates has a number of consequences. If people are risk averse, then lower mean-preserving spread enhances their welfare - if the output grows at the same average rate under the two types of regimes but with higher annual variation under autocracy, people living in democracies experience higher utility. Moreover, it may be true, as Mobarak (2005) argues, that lower volatility has a positive effect on the growth rate. If investors are risk averse, then they should fear autocratic volatility. In particular, since growth rates differ significantly when autocrats change, political instability is costly to growth in autocracies. In turn, changes of democratic chief executives, which are tightly regulated and routine events, do not affect growth rates. Indeed, while several researchers (Alesina et al. 1996) have claimed that political instability has a negative effect on development, Przeworski et al. (2000) found that this is true only of autocracies.

Finally, the volatility within autocracies may explain the difference in the rates of population growth. Note first that almost all studies of the relation between democracy and development take as the criterion of development the rate of growth of per capita incomes, which makes sense in normative terms. Yet from an explanatory point of view, using this criterion confounds two separate, even if perhaps interdependent, processes: the growth of total income and the growth of population. Indeed, algebraically the rate of growth of per capita income is a difference between these two growth rates. As shown in Figure 1, total incomes grow on the average somewhat faster in autocracies but so does population and, in the end, per capita incomes grow somewhat faster in democracies.

Moreover, as discussed above, the difference in the rates of population growth is not due exclusively to the conditions under which the political regimes operate. Hence, it appears that political regimes have much more impact on the demography than on the economy. Why this would be true remains a puzzle, but Przeworski et al. (2000, Chapter 4) find some evidence that suggests that the explanation may originate in the higher volatility of autocracies. Democracies, which tend to be more frequent in wealthier countries, spend much higher shares of income on old-age pensions than authoritarian regimes.

Yet regimes differ in fertility at every income level. The reason is that policies that provide old-age insurance reduce fertility in democracies but not in autocracies. Hence, the difference seems to be not the magnitude of the incentives but the reaction to them: it appears that in democracies people have confidence that, once instituted, income insurance policies will not be reversed in their lifetime, while in autocracies people fear that policies will be volatile and therefore they hoard the safest asset they can, which is children.[48]

Thus, the current state of knowledge about the relation between democracy and economic growth seems to be the following: (1) The two regimes generate more or less the same rates of economic growth; (2) The small net difference may be due to each regime having some positive and some negative effects on development; (3) Autocracies exhibit much more variation even when the same autocracy is headed by the same leader; (4) The insecurity generated by autocracies may explain why they experience higher population growth.

Education

The impact of political regimes on education has been examined theoretically by several economists, but rarely studied empirically. Brown (1999) was perhaps the first to look at enrolment rates in different political regimes, finding that they were higher in poor democracies. Using larger samples, Lake and Baum (2001) as well as Wacziarg (2001) also concluded that democracies exhibit higher educational enrolment rates. In a subsequent article, Brown (2000) qualified his finding to exclude Africa, where colonial heritage shaped enrolment rates even long after independence.

In turn, Stasavage (2005) found that competitive elections led to increased spending on primary education (but not on university education) in Africa, while Kaufman and Segura-Ubrego (2001) discovered that enrolment rates increased quickly and visibly in Latin America in the aftermath of transitions to democracy. Note, however, that higher spending need not generate higher enrolment rates. Specifically, since educational spending tends to concentrate on the middle class, it does not necessarily increase enrolment of the poor segments of the population.

Perhaps the most careful study to date is by Manzano (2006), who distinguished left- from right-wing dictatorships and examined the effect of income inequality as well as of the level of economic development. Her raw data show that in poor and wealthy countries democracies have higher enrolment rates than either type of dictatorships but left-wing dictatorships enroll a larger share of the age cohort at middle-income levels.

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[48]   Another fact in favor of this explanation is that communist regimes, which had an extensive network of social protection, had lowest fertility rates among non democracies.

Manzano's statistical analyses conclude, in turn, that there is relatively little difference among these regimes in very poor countries - as argued by several economists, it is difficult to spend on education when its cost is higher than the average income. As incomes grow, educational enrolment increases most rapidly in left-wing dictatorships, followed by democracies. Enrolment is higher in poor democracies where the gap between the middle and the low incomes is higher, while this aspect of inequality does not affect enrolment rates in left-wing dictatorships. Finally, income inequality does not matter for enrolment rates in more developed countries.

Infant mortality by per capita income and regime

Lowess smooth. Mortality during first year
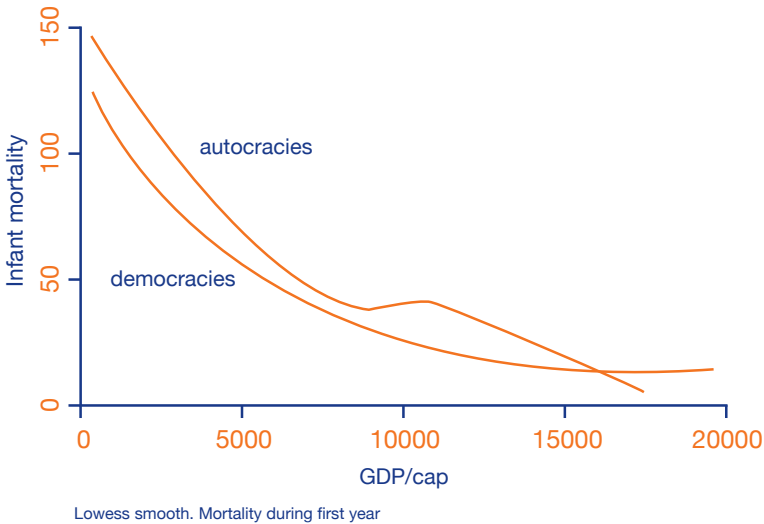
In sum, it seems that the impact of political institutions on educational enrolment rates depends on the ideological orientation of dictatorships. Right-wing dictatorship spends less on education under all the observed conditions. Left-wing dictatorships, however, commit more resources to education than democracies as these resources become available as a consequences of economic development, but enrolment rates also increase as per capita incomes grow under democracies.

Infant Mortality

Infant mortality is a particularly evocative indicator of development. As Navia and Zweifel (2003) emphasize, it is a good measure of overall social welfare, since it 'serves as a window on the health and nutritional status of young children and pregnant women....' The rate of infant mortality is closely related to income levels. Yet, as shown in Figure 1, at all incomes

below more or less $15,000, average infant mortality is lower in democracies than in autocracies.

The effect of political regimes on infant mortality was first examined by Przeworski et al. (2000). Subsequently, Navia and Zweifel (2000) re-examined the data covering the period between 1960 and 1990 and Navia and Zweifel (2003) extended the analysis to 1997. After controlling for different conditions that may affect infant mortality, all these studies found it to be lower in democracies. In their 2003 study, Navia and Zweifel report that democracy reduces infant mortality by 4.6 deaths per thousand, from the average of 50.5 in autocracies to 45.9 in democracies.

These results, however, have been contested by Ross (2006), who claims that well-performing autocracies are less likely to report their infant mortality rates than equally well-performing democracies, and that the difference between regimes disappears when data availability is taken into account. Ross fails, however, to explain why well performing autocracies would not report their performance. Moreover, he does not adequately control for the conditions under which these regimes are observed. Hence, with this caveat, there are good grounds to believe that democracy does have an effect of reducing infant mortality.

3. Political Regimes, Political Participation, and Social Inclusion

Averages, however, do not indicate whether development is inclusive - that is, whether it benefits all groups, particularly those relatively poor, ethnic minorities, and immigrants. Note that aggregate development can affect the well-being of these groups through two distinct channels - through the trickle down effects of growth and through targeted redistribution. It is now generally recognized that growth has a powerful effect on reducing poverty, even in countries such as China, in which income inequality is increasing at the same time.

The impact of political regimes on poverty and its reduction is particularly difficult to identify. Measures of poverty are controversial and do not travel well across different conditions. Moreover, the data on absolute poverty (population with incomes under $1 or $2 per day) are relatively recent and thus limited. Hence, I adopt the approach of Sinmazdemir (2006), who focused on the average income of the bottom quintile of income recipients. Examination of the data covering, albeit unequally, thirty-three countries between 1947 and 1995 shows that under both regimes incomes of the bottom quintile increases steeply as a function of average income. From this finding, it is obvious that economic growth has a powerful effect on the incomes of the relatively poor. Once average income is controlled, the effect of regimes is negligible: incomes of the bottom quintile are slightly higher in very poor democracies but lower in democracies at the intermediate income levels.

Average Income of the bottom quintile by per capita income and regli

Fractional polynomial smooth
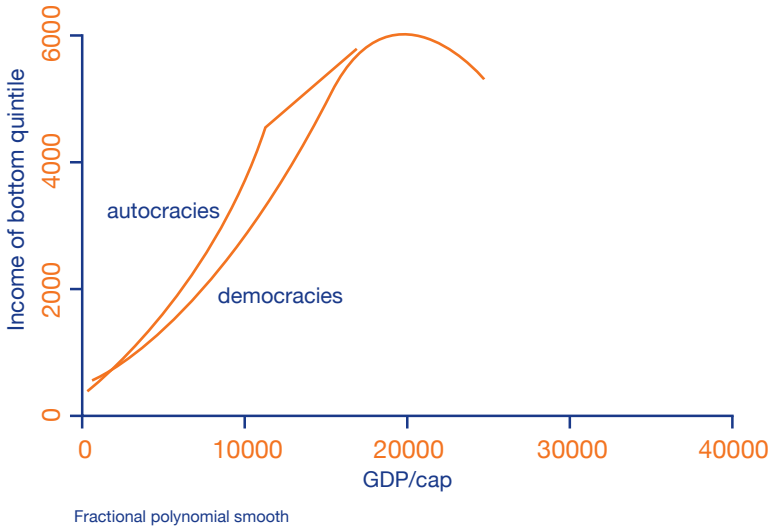
These results, however, are vulnerable to endogeneity (selection) bias that would arise if the two regimes were not equally likely to be observed in countries with different income distribution or would differ in some other relevant features. Sinmazdemir (2006) distinguished different concepts of income (and consumption) and corrected for this bias.

While the results are not robust, his main findings are as follows: (1) Incomes of the bottom quintile are higher in poor democracies than in dictatorships at similar income levels, but they are higher in wealthy dictatorships than in democracies matched for these income levels (2) Democracies redistribute more income from the top to the bottom quintile at all income levels.

Given that average incomes grew faster in wealthy dictatorships than in democracies with similar income levels, these findings lead to the conclusion that dictatorships increase incomes of the relatively poor only by trickle down, purely as a function of economic growth, while democracies redistribute incomes at the margin from the wealthiest to the poorest segments of the population. Although the implications of this study for absolute poverty are only indirect, they are unambiguous: since the bottom quintile of income recipients is poorer in absolute terms in countries with lower average income, the finding that their share is higher in poor democracies implies that levels of absolute poverty are lower in democracies and that they are lower because of a higher rate of redistribution.

However, Varshney (2000, 2002), observed that some authoritarian regimes, notably South Korea, Singapore, and Taiwan, have succeeded in significantly reducing poverty where democracies have failed to do so. His argument is that poverty can be reduced either by programs specially targeted at raising consumption of the poor or by general policies promoting economic growth. In Varshney's view, democracies are sensitive to pressures for immediate consumption and are thus less able to maintain investment levels necessary to sustain rapid growth.[49] Hence, their policies are unsustainable in the long run.

The question, then, is how the political, more narrowly electoral, participation by the poor assists their economic well-being. This is a twofold question - does political participation by the poor affect income distribution, and does it affect growth rates?

The economic effects of political inclusion of broad masses remain controversial. A standard view, argued by Meltzer and Richards (1981) is that under democracy political parties must appeal to voters located in the middle of income distribution among those who have political rights. The poorer these pivotal voters are in relation to average income, the more redistribution they demand. In turn, higher taxes reduce incentives to save and to work, thus reducing the rate of growth.

There are numerous counterarguments to this view. One is that redistribution serves to finance investment in human capital rather than just consumption by the poor, another that broader suffrage increases demand for productive public goods (e.g. sanitation and infrastructure) rather than for redistribution (Lizzeri and Persico 2004) in both cases fostering growth. Many authors have pointed out that tax-financed redistribution has positive effects on development when it serves to relax credit constraints faced by the poor.

Hence, the claim that redistribution hurts growth is at best dubious. In examining the effect of electoral participation on income distribution, it should be noted that people who are relatively poorer, whether in terms of income or some other understanding of poverty, are not less likely to vote than those who are better off when they have the right to do so.

While not exactly the same, micro-level data are now available for a wide range of countries. Recalculating the data reported by Anduiza (1999) for fourteen Western European countries shows that the average difference between the turnout of the top and bottom income quartiles was only 6 percent. According to Norris's (2002) analysis of pooled data from twenty-

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[49]   As noted above, the argument that, at least in poor countries, democracy increases pressures for immediate consumption, is not supported by broader evidence. Przeworski et al. (2000) found that investment rates as well as the rate of growth of physical capital do not differ on the average across regimes, even in poor countries.

two countries, the difference in turnout between the highest and the lowest quintile was 9:6, but this sample includes the United States, where poorer people vote at exceptionally low rate. [50] Norris's (2004) data for thirty-one countries in 1996, including again the United States, shows this difference to be 8 percent.

Moving outside Europe and its offshoots to poorer countries, shows again that income has no impact on turnout. Yadav (2002) found that members of the scheduled castes and registered tribes voted at higher rates than people who were better off in India during the 1990s - a finding confirmed by Chu and Lagos (2005) and by Krishna (2006) within North Indian villages.

Using data from Afro barometer for fifteen African countries, Bratton (2006) found that the poor were somewhat more likely to vote than the non-poor. Booth and Seligson (2006) report that in a pooled analysis of six Central American countries plus Mexico and Colombia, turnout was not related to income.

Income shares of the bottom quintile as a function of electoral participation
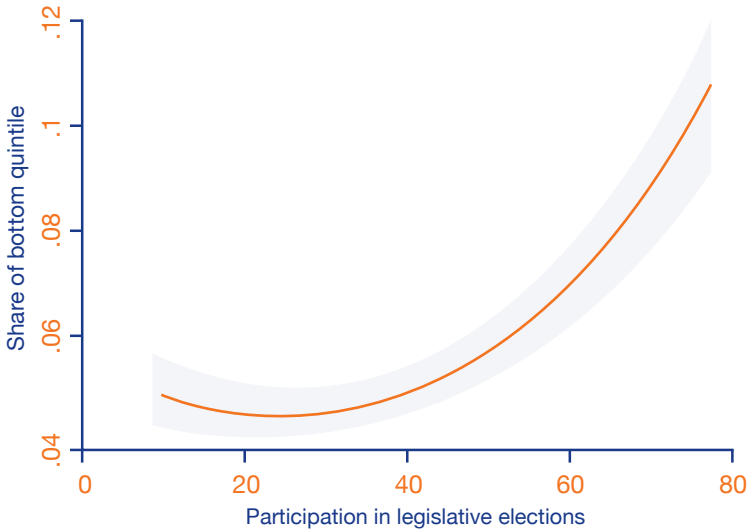
Fractional polynomial fit. Shaded area is the 95% confidence interval

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[50]   According to Verba, Schlozman, & Brady (1995), while in the United States 86% of those with incomes of $75,000 or over turn out at the polls, only one half of those with incomes under $15,000 do.

Electoral participation, specifically the proportion of the population that votes in legislative elections,[51] has a positive effect on the income share of the bottom quintile once about one half of the population participates. Moreover, this relation is the same whether or not elections are competitive, and it holds when it is controlled for per capita income. The effect is quite dramatic - the share of those relatively poor doubles as participation increases from about 50% to about 75%.

In turn, electoral participation has a positive effect on growth rates. Figure 4 shows the relation between the proportion of the population that voted in legislative elections and the rate of growth of per capita income. [52] Regression results show that the effect of electoral participation is positive with regard to total income as well as income per capita. Moreover, this effect appears to be robust when controlled for population growth, lagged per capita income, and the average rate of growth in the world during a particular year. Finally, this effect does not appear to depend on the regime.

Rate of growth of GDP/cap as a function of electoral participation
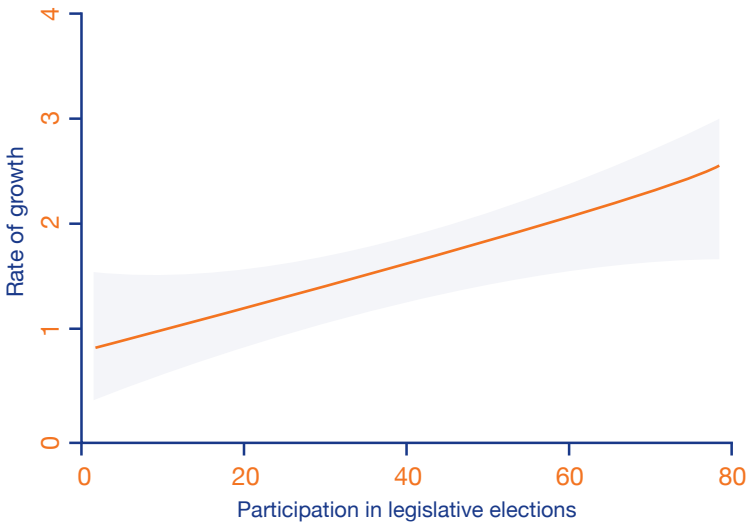
Linear fit. Shaded area is the 95% confidence interval

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[51]   Note that electoral participation, as defined here, depends on the rules that define who can vote and the turnout among those who are included. Przeworski (2006) shows that the long-term increase in participation was due almost exclusively to the extensions of political rights, rather than to increased turnout.
[52]   The economic data are now taken from Maddison (2003) and cover, although with incomplete and unequal coverage, the world since 1800.

These findings add up to the following conclusions. Political regimes do not seem to affect the distribution of income. Since we already know that on average they do not affect growth rates, incomes of the bottom quintile do not depend on political regimes. Electoral participation, however, increases both the income shares of the relatively poor and the average growth rates: hence, it has a positive effect on the incomes of the poor.

Perhaps surprisingly, this effect is the same whether or not elections are competitive: it appears that even though they do not have to fear having to leave office as a result of elections, whenever they hold elections, autocrats are responsive to electoral participation. The effects of elections on poverty, in other words, depend on the extent of participation rather than on their consequences on tenure in office.

While caveats are numerous, this evidence is sufficient to ward off any argument that political participation by the poor is bad for them or even that is ineffective. The argument that political participation of the poor would lead to forms of redistribution that have an effect of paralyzing or retarding development, an argument universally accepted during the nineteenth century and resurrected in modern political economy with the median voter model, finds not a shred of support in systematic data.

Electoral participation by the poor has a positive effect on their income shares. And since rates of growth tend to increase with general levels of par ticipation, there is no reason to think that political inclusion of poor people undermines economic development.

Rate of growth of total output as a function of age of democracy

Lowess smooth
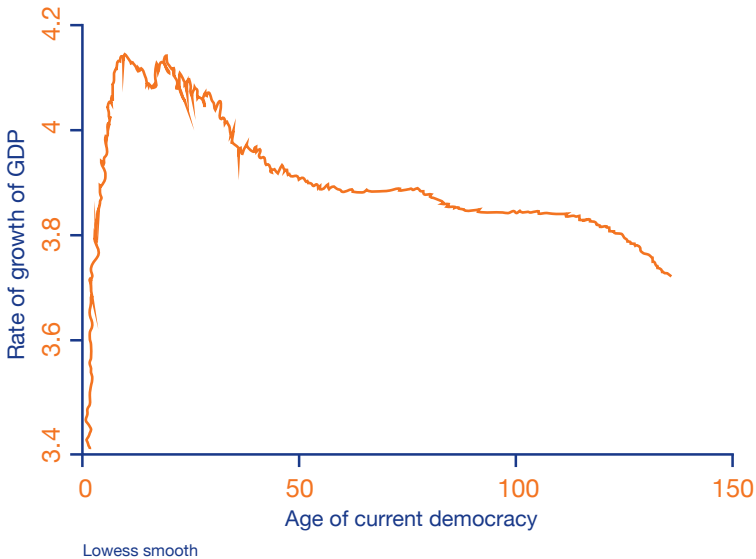
4. Old and New Democracies

According to a widespread view, new democracies experience birth pains. Before they become consolidated, their representative institutions are weak and enjoy little confidence, their party system is fragmented and unstable, and political leaders are not socialized to obey democratic rules. This weakness – the story goes – is reflected in economic performance. Yet, except for a couple of years following the transition to democracy, total income grows in fact faster in young than in old democracies (while per capita income grows at more or less the same rate, given that older democracies have slower population growth).

Now, it is true that many democracies that emerged during the past two decades experienced profound economic crises. While the post-transition experience varied significantly even among the post-communist countries, several among them exhibit a J-Curve pattern, in which incomes fall during some period following the transition.[53]

Rate of growth of GDP before and after democratic transitions, by period

Lowess smooth

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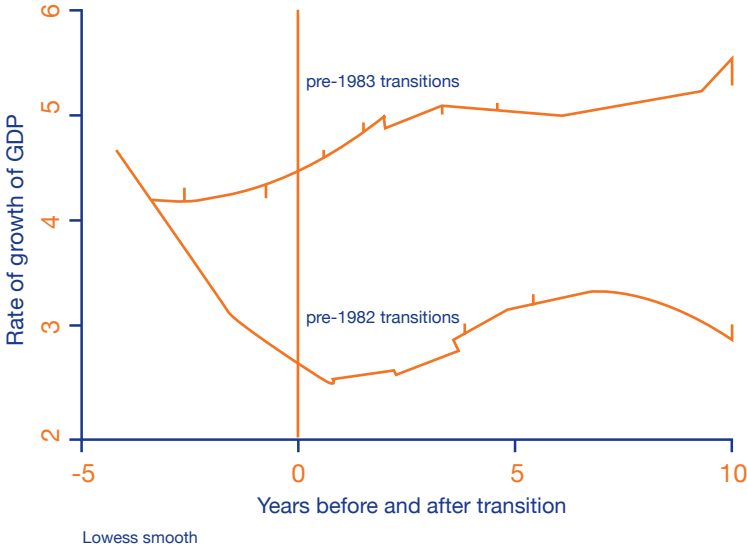
[53]   For a prediction that this would occur, see Przeworski (1991). Hellman (1998) and Frye (2002) examine differences among the post-communist countries and offer alternative explanations.

Two issues must be confronted, however, before one attributes these economic crises to the young age of democratic regimes. First, the slow-down of growth may have occurred, for whatever reasons, already under the authoritarian regime (Rodrik and Wacziarg 2005). Secondly, these crises may be due not to the age of democracies but to the particular nature of economic reforms that were launched in those countries that democratized after 1982. These 'neo-liberal' reforms combined stabilization, exposure to international competition, privatization, and deregulation, and they may be responsible for the, at least transitory, decline of incomes.[54]

Both these issues are complex and controversial, and they cannot be resolved here. Prima facie evidence suggests, however, that the slowdown of growth in the countries that democratized recently was due both to econom-ic stagnation that preceded these transitions to democracy and to neo-liberal economic reforms. Figure 6 shows the rate of growth of GDP during the five years before and the ten years after the transition to democracy, separately for countries where the transitions occurred before and after 1982. It indicates that if the transitions occurred after 1982, growth rates had already fallen much more sharply before the transitions, and continued to be lower after the transitions. Democracies that emerged before 1983 grew at a rapid pace in spite of their young age, but democracies that were born later reflected the general slowdown of growth rates in the world.[55]

In conclusion, one should not be hasty in attributing the economic crises experienced by new democracies to their young age. The evidence presented above suggests that the relation between the emergence of young democra-cies and bad economic performance is not causal but coincidental.

5. Political Institutions and Economic Development

While most of the above discussion has focused on the impact of political regimes dichotomized as democracies and non-democracies, the search for political institutions that may affect development is not limited to them. The central claim of 'new institutionalism' is that institutions are the 'primary' cause of economic development, 'deeper' than features of the natural envi

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[54]   Persson & Tabellini (2005) distinguish whether these reforms occurred before or after democratization. They find that when reforms took place before democratiza-tion, both the economic reforms and democracy had a positive effect on growth, but when democratization came first, economic liberalization had a negative effect. They also find a positive overall effect of democracy which, however, I cannot reproduce (using a somewhat different regime classification but the same economic data).

[55]   Rodrik & Wacziarg (2005) find that new democracies grew faster than old democracies as well as autocracies. In turn, Papaioannou & Siourounis (2005) find evidence for the J-curve – a decline in growth following transitions to democracy – but claim that the steady-state effect of democracy is positive.

ronment, 'geography,' and deeper than the supply of factors and the technologies for their use. The theoretical program has been laid out by North (1997; italics added): 'To make sense out of historical and contemporary evidence, we must rethink the whole process of economic growth.... The *primary source* of economic growth is the institutional/organizational structure of a political economy.' Specifically, we learn that 'Third World countries are poor because the institutional constraints define a set of payoffs to political/economic activity that do not encourage productive activity.' (1990).

This program pervades recent research on development. Thus, Rodrik, Subramanian, and Trebbi (2002; italics added) observe that 'Growth theory has traditionally focused on physical or human capital accumulation, and, in its endogenous growth variant, on technological change. But accumulation and technological change are at best proximate causes of economic growth.' Acemoglou (2003; italics supplied) repeats: 'poor countries ... often lack functioning markets, their populations are poorly educated, and their machinery and technology are outdated or nonexistent. But these are only proximate causes of poverty....'

The institutions that matter for development in the neo-institutionalist perspective are almost always those that 'safeguard property rights.' This idea goes back to North and Thomas (1973), indeed to Machiavelli, who observed that 'everybody is eager to acquire such things and to obtain property, provided that he be convinced that he will enjoy it when it has been acquired' (Discourses on Livy. II.2, cited after Holmes 2003). Thus, the definition of 'good' institutions offered by Acemoglu, Johnson, and Robinson (2002) goes as follows: 'We take a good organization of society to correspond to a cluster of (political, economic, and social) institutions ensuring that a broad section of society has effective property rights.'

What neo-institutionalists mean by secure property rights is protection against the risk of expropriation (of alienable productive assets or income) via the political process. Indeed, almost all statistical papers use as an index of secure property rights the risk of expropriation, as assessed by a Washington consulting firm, Political Risk Services. Yet even if we assume that these are valid indicators of what they intend to measure,[56] the obvious question is whether they indicate that the quality of institutions is theoretically relevant. Acemoglu, Johnson, and Robinson (2002) are aware of this difference: they observe that their measure of institutions may 'correspond poorly to the real concept that is relevant to development (which is likely to be a broad range of institutions, whereas we only have an index for a particular type of

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[56]   For doubts on this topic, see Aron (2000) who observes that indicators based on irreproducible judgments always predict performance, while those based on observable features of institutions rarely do. She also raises the possibility that such indicators may simply reflect recent performance.

institutions).' Similarly, Easterly and Levine (2002) assert that 'Nor does the kind of general indicator of institutional quality we use ... provide much guidance to officials making real laws and regulations.' Yet everyone relies on such indices.

The main point of Bardhan (2004) is that the new institutionalism got its institutions wrong. If 'security of property rights' is the New Testament, we also have the Old Testament, drafted by Rosenstein-Rodan (1943) which says that institutions that matter are those that coordinate investment. In the literature of the 1960s, these were the institutions that forced savings, while recent statistical studies in this vein typically emphasize the role of financial institutions.

Finally, we can think that the institutions that matter for development are those that make rulers accountable, those that provide information about government's actions and permit citizens to sanction bad behavior by throwing governments out of office (Keefer 2005).

Such institutions should induce governments to limit rent extraction and to promote growth. However, securing property rights, coordinating investment, and rendering the rulers accountable are second-order features of complex institutional frameworks. As such, they constitute consequences of specific institutions, such as patterns of separation of powers, the independence of the judiciary or of central banks, procedures for electing rulers, and the like. Hence, the first question is which specific institutional arrangements promote these second-order features, for example, whether it is true that subjecting rulers to periodic elections makes them accountable.

One cannot directly engineer accountability, only those institutional features one expects to promote accountability. A particular feature of democracies that has been subject to extensive controversies is the separation of powers. Linz's (1994) arguments about the superiority of parliamentarism over presidentialism have been particularly influential among political scientists. Linz's central claim is that presidential systems do not contain mechanisms for resolving conflicts between the chief executive and the legislature, which in turn can lead to stalemates in which a president who does not enjoy support of a legislative majority cannot govern, and even to crises in which the conflict between the two powers can be resolved only by force. These effects of presidentialism are particularly acute in countries that at the same time have proportional electoral systems (Mainwaring 1993).

Hence, democracies that combine presidentialism with proportional representation are less effective and more brittle than parliamentary systems. The evidence for all these claims, however, is less than persuasive (Cheibub 2006, Cheibub and Limongi 2002, Cheibub, Przeworski, and Saeigh 2004).

Among economists, Persson and Tabellini have undertaken extensive research on the economic effects of presidentialism vs. parliamentarism, as well of electoral systems. In their recent papers, they have examined the effect

of these differences on growth. Persson (2005) found that output per worker grew faster in parliamentary than in presidential democracies that followed autocracies, but this result vanished when controlled for exogenous variables. Persson and Tabellini (2006), in turn, report that per capita incomes grew faster in presidential systems emerging from autocracies, although this result does not include any controls.

Searching inductively for the best economic performance among democracies generates little enlightenment. Consider the ten democracies lasting at least 10 years that grew fastest given their current per capita and annual fluctuations of world demand.[57] They include, in descending order, St.Kitts and Nevis (1984-2000), South Korea (1988-2000), Cape Verde (1991-2000), Japan (1951-2000), Greek Cyprus (1983-1996), Antigua and Barbuda (1982-2000), Barbados (1967-2000), Mauritius (1969- 2000), St.Vincent and the Grenadines (1980-2000), and Greece (1952- 1966). All one can glean from this list is that seven out of ten countries occupy islands. Except for South Korea and Cyprus, they all had parliamentary regimes. But only three among them – South Korea, Cape Verde, and Greece – experienced a regime change after 1950, and these three countries grew fast under respective dictatorships. Hence, one suspects that some unobserved characteristics, rather than institutional features, account for their success as democracies. Deriving inferences from spectacular successes is a misleading exercise: while the boxes that single them out in all kinds of glossy international reports are inspiring, one should wonder whether they are not exceptional because of exceptional circumstances.

While the search for institutional determinants of development is intense, it has thus far produced little robust evidence. The general consensus among scholars is that institutions matter, but identifying those that do is difficult. Moreover, even if we are able to identify the institutional frameworks that are conducive to development, such knowledge may be of little use for policy. Particular institutions may be sustainable only under specific conditions: there may be good reasons some countries have common law while others have statutory law systems. Moreover, institutional change is often politically and economically costly, which is perhaps why shifts between presidentialism and parliamentarism have been extremely rare. The general conclusion is that although it is accumulating rapidly, our current knowledge about the effects of political institutions is insufficient to warrant policy recommendations.

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[57] Specifically, these democracies are ranked by the average deviations form a fixed effect regression with their lagged per capita income and average world growth during a particular year.

6. Conclusion

Looking for the effects of political institutions on different aspects of development is a complicated undertaking. Since these institutions tend to emerge and function under different conditions, prima facie evidence can be misleading, confusing the effect of conditions for that of institutions. Furthermore, since at least some aspects of institutions are subject to policy interventions while some of the conditions are given and cannot be altered in a short run, isolating the effects of institutions is a precondition for identifying the policy interventions that would have beneficial effects for human development. This explains why this summary of ongoing research has included so many caveats.

But with all the caveats, these findings point to the conclusion that democracy does have a positive overall effect on human development. As Sen (1981, 1989) argued, perhaps most importantly it prevents humanitarian disasters, not simply famines but more generally major economic collapses. By reducing volatility of economic performance, it permits people to better plan their lives, including the number of children they want to have. Moreover, more children survive and more are educated, at least at the primary level.

We are still unable to answer the question of which democratic institutions and which practices best promote development. We have learnt that electoral participation by the poor has a positive effect on their income shares and that it does not retard development. While studies that use subjective evaluations of institutional frameworks almost always find that development is promoted by the security of property rights, rule of law, low corruption and so on, the effects of observable institutional arrangements, such as presidentialism vs. parliamentarism, electoral systems, federalism, or judicial independence, are very difficult to untangle from the historical conditions under which these institutions function, and rarely generate conclusive findings. Hence, as much as we would wish to assess the 'quality of democracy,' this is not yet a feasible undertaking.

Yet while the focus here was on the instrumental values of democracy, its intrinsic value is a fundamental aspect of human development. Democracy allows individuals to be public persons, to make their claims and their views known to others, to participate in the making of collective decisions. Even if these decisions are not what a person would want, they are a result of everyone's views being considered. There is a difference between one's views being counted, if only to be found in a minority, and not being counted at all.

As Sen (1988) argues, 'If freedom is of some intrinsic value in a person's life, then the valuation of a capability set need not coincide with the evaluation of the chosen element of it.... One reason is that choosing may itself be an important functioning.'[58]

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[58]   On the instrinsic value of choosing and its relation to democracy, see Przeworski (2003).

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Chapter 3

Innovations in Participatory Local Governance

Harry Blair[59]

1. Introduction

In The Laws, Plato talks about the ideal size of the polis as being 5040 households, because it is divisible by all the numbers between 1 and 10, meaning that citizen obligations and municipal functions could be assigned to groups of the appropriate scale in order to facilitate what we would today call governance. Plato also served as what today would be called an expert consultant to write a model constitution for the city of Syracuse, then a Greek colony in Sicily. Participation played a prominent role in his vision, though it was scarcely the kind of Tocquevillean democratic participation we think of today.[60] Perhaps fortunately, neither scheme was ever implemented, but Plato's record shows us that innovative ideas for participatory governance have been placed in civilization's suggestion box for a very long while.

More recently, since the start of the international development effort that began in the 1950s, new ideas for participation have been a staple of thinking and practice in the general enterprise. After democracy's 'Third Wave' began to pick up serious steam toward the end of the 1980s, innovations in participation have proliferated, especially in the governance sector.

This chapter will open with a brief exploration of participatory innovations in the development field generally over the last several decades. A second section will present a number of case studies focusing on innovations in participatory governance in Bolivia, Brazil, El Salvador, the Philippines and Serbia. While there have been examples at the macro level (e.g., party-list elections in the Philippines, popular budgeting in Mauritius), the great bulk of experience has been at the local level, and accordingly the focus here will also be on local governance.[61] The third section will pull together patterns

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[59]   Political Science Department, Yale University, 2007.

[60]   At best, Plato thought that ordinary citizens should be allowed limited participation in governance, primarily to ensure their loyalty to the state and to forestall them from falling prey to demagogues who might lead them to overthrow the more talented elites who should be entrusted with managing the important affairs of state. See Polin (1998: esp. 144-145). Aristotle was considerably more generous, holding participation by all citizens to be necessary in order to maintain state stability through a balance between classes (Polin 1998: 189-90 &ff).

[61]   Interesting participatory innovations have also come elsewhere in the development field, as with the World Bank's process for putting together its series of Poverty Reduction Strategy Papers in recent years. But the attention in this essay will center on governance matters, not on developmental strategies.

and lessons emerging from the case studies and the final one will draw out some lessons, which hopefully can inform future efforts at innovations in participatory local governance.

However, before beginning, a couple of brief definitions are in order. 'Participation' will refer to citizens apart from the state, whether as individuals or in groups, playing a significant role in the governance process. 'Governance' will mean the whole range of state sector activity as it fits together, including branches of government at all levels, though I will be focusing exclusively on the local level.

2. Innovations in participatory development since the 1940s

Over the course of the development epoch beginning shortly after World War II, both donors and developing countries themselves launched many programs and projects embracing a participatory component of one sort or another.[62] Innovations have been legion. Here I will touch on just a few of them to provide a background for the kinds of innovation that were taken up during the last couple of decades in which democratization has become a key component of almost all development strategies. The first great innovation in participatory governance in the era after World War II came with the Community Development (CD) program in India and its successor Panchayati Raj. The program began in 1946 when Albert Mayer, an American town planner, convinced Prime Minister Jawaharlal Nehru of the soon-to-be-independent nation to sponsor an experiment to promote development by responding to 'felt needs' at the village level with expert technical advice and investment in such areas as agriculture, public health and sanitation, education, transportation, and so on.

The experiment appeared to succeed, and within a few years CD spread to the entire country, but as it expanded, the program bogged down badly in bureaucratic inertia. A remedy came in the form of Panchayati Raj, which inter alia included village mass meetings (gram sabha) and elected local councils (gram panchayat) that would superintend the whole local development process. A good, stiff dose of popular participation through elected governance structures, it was hoped, would force CD to become more responsive and accountable. Beginning in 1959, the new program rapidly grew to extend over the country just as CD itself had done earlier. This effort failed as well, however, becoming captive not so much to the bureaucracy as to local elites, who easily won village elections and seized the opportunity to redirect governmental largesse to themselves, as Gunnar Myrdal scathingly

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[62]   For an analysis of participatory initiatives stretching back into the colonial period, see Cornwall (2006).

showed in his 1968 critique, Asian Drama.[63] However, even though it had demonstrably failed to employ citizen participation effectively as a means to effect accountability in governance, the basic concept of bottom-up citizen participation came to be – ebbing and flowing over the years – a central component of development programs.

A second round of enthusiasm for participation emerged in the course of the 1970s and especially the 1980s, inspired in good part by the influential work of Robert Chambers of the Institute for Development Studies at Sussex, who pioneered interest in including intended beneficiaries as fundamental to project design in rural development.[64] In large part inspired by Chambers, what amounted to a school emerged, focusing on participatory development, and emphasizing bottom-up approaches, empowerment for marginal strata (including especially women), and emphasis of 'local people's knowledge' over bureaucratic expertise.[65] None of this work, however, devoted much specific attention to issues of democracy or democratic governance.

That was to come in a third phase of participatory innovation, overlapping with its predecessor but nonetheless quite distinct in its origins and impact. This third movement, which is still very much with us, began life as a donor initiative in Central America in the mid-1980s, when the Reagan administration realized that strengthening human rights in El Salvador would be a better Cold War strategy than continuing to give unlimited support to the abuses perpetrated by the regime in power. This effort turned into the US Administration of Justice program in several Latin American countries and then moved to other regions after the fall of the Marcos dictatorship in 1986 and the rapid changes beginning to occur in the Communist bloc countries toward the end of the decade.[66] By the mid- or later 1990s, virtually all the major donors but the World Bank had in place democracy support programs emphasizing participatory governance, and many developing countries had launched participatory governance initiatives on their own.

This most recent round differed from its predecessors in several major respects. Whereas community development emphasized only the local level, the democratization movement covered the whole governance spectrum from village to national legislature. While the second phase focused on promoting participation in the project cycle, its successor has dealt with the much more fundamental process of governance itself.

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63   Myrdal (1968). For a detailed analysis of Community Development and Panchayati Raj, see Blair (1982).
64   See especially Chambers (1983); also influential was Cornell University's Rural Development Committee (see for instance Uphoff et al. 1979).
65   The participatory development school's literature as well as its impact has been huge, even inspiring a volume-length critique of participation as 'the new tyranny' in development thinking (Cooke & Kothari 2001). But see also the riposte volume edited by Hickey & Mohan (2005).
66   See Carothers (1999) for a succinct account of these developments.

3. Innovations in participatory local governance: case studies

The case studies presented here cover several regions, with three from Latin America (Bolivia, Brazil and El Salvador), one from Europe (Serbia) and one from Asia (the Philippines). Two of the programs began as decentralization initiatives launched by the central government, one as a purely local effort, and two as donor-sponsored post-conflict projects. Three involved only indirect or representative participation, one included only direct citizen participation, and one incorporated both types. All devolved some degree of resources, while three devolved significant accountability mechanisms and four a significant degree of power to the local level. After a brief presentation of the salient features of each case in the present section, an analysis of these and other aspects will follow in the next one.

A word on methodology would be appropriate. In four of the five countries covered here I have done field work for USAID, visiting Bolivia, El Salvador and the Philippines each at least twice between 1994 and 2000, and working in Serbia in 2004. In one way or another, my task in all these assignments was to assess ongoing USAID programs and strategies dealing with local governance, so I was able to visit a number of local government bodies and interview citizens and government officials, as well as digest considerable USAID documentation, civil society material and academic literature. I have never visited Brazil, but fortunately the literature on the Porto Alegre experience is voluminous, even intimidatingly so for this deservedly famous experiment, so I have relied on it for my analysis.

One last characteristic of all five experiences to be noted is that all were considered quite successful in their time. It can be argued that failures have their lessons to offer, and certainly the world track record contains a great many failures to choose from. But within the constraints imposed by the limited space of a short essay, it seems best to focus on what appears to have worked rather than on what might have worked or could have worked under different conditions.

Brazil: participatory budgeting in a major city

In 1989, the Partido dos Trabalhadores (Workers' Party or PT, which is the party of current President Luis Ignacio Lula da Silva) leading a Popular Alliance coalition, won municipal elections in Porto Alegre, a city of some 1.3 million people at the time in southeastern Brazil. This leftist PT-led coalition, which held office until the election of 2004, took advantage of the decentralization features of the country's new 1988 constitution to institute a Participatory Budget (PB) process called Orçamento Participativo in 1989. By the mid-1990s, the PT coalition under the leadership of mayor Olivio Dutra and his successors had put the new system largely in place, although it has evolved somewhat since then.

The city is divided into 16 regions and below that into neighborhoods, where the PB process begins with public meetings at the outset of the annual budget cycle. Citizens debate the previous year's municipal efforts, determine priorities for the upcoming year, and elect delegates to the regional meeting, at which neighborhood proposals are prioritized. Citizens also debate issues and elect delegates to five 'theme' or sectoral panels, covering areas such as transportation, education, health and taxation.

The delegates within each region elect two higher-level delegates (and 2 substitutes) to the citywide Conselho do Orçamento Participativo (COP, or Participatory Budget Council).[67] Each theme panel likewise elects 2 + 2 delegates. The COP's function is to consolidate and prioritize all the proposals from regions and theme groups, based on a formula that weights investment toward the poorer regions of the city. Altogether, about 15% of the total budget is allocated to investment, with the rest going to recurrent (establishment) costs.[68] Of that, 15% about half goes to the priorities established through the PB process. Toward the end of the cycle, the COP proposals go to the municipal council for deliberation and approval, with the council proceedings being monitored by delegates of the COP, regional councils, et al. In general, the council makes few changes to the COP's proposals. The COP then monitors implementation of the year's budget.

The COP's weighting system (also called a 'budget matrix') needs some brief explanation. Citizen preferences, carried forth by the elected neighborhood delegates, are debated and discussed at regional meetings, and then are combined with 'statistically measured need' (the degree of previous access in relation to need, for example, proportion of streets unpaved, housing units lacking sanitary water, etc.) and population size. Each of these three factors is given 1-5 points and the score then added up for each region. The 16 sets of regional preferences (and the theme preferences) are then put together at the COP meetings into a consolidated municipal budget. (Wainwright 2003; also Avritzer 1999). As can easily be imagined, the whole system is quite complex and requires a good deal of technical support from the municipal executive office to function properly. A whole array of technical offices has been set up to provide this support, in particular the municipal planning and coordinating offices (Santos 1998).

In addition to functioning remarkably well as a process over more than a decade, PB can count a number of other achievements. First, it has brought in many new participants, particularly among the poor. One estimate (Koonings 2004) holds that something like one-third of the poor population has taken part in the process. Others are more modest, for example, city officials reporting that about 8% of the city's total population participated in the 1996 cycle (Fung & Wright 2001). However, by any standard, the figures

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[67]   PB details in this paragraph come from Koonings (2004).
[68]   Selee (2005) reported the investment portion at 20% by the mid-1990s.

are impressive.[69] More importantly, perhaps, the poor appear not just to have attended meetings but to have actively participated, for example speaking up just as often as the non-poor (Baiocchi 1999). Such participation carried over into elected office, as is evident in Table 1. While the poor and less educated are not represented on these bodies quite in proportion their part of the general population, their attainments at elected office have to be reckoned as extraordinary. PB does seem to have provided something of a Tocquevillean education in local-level schools of democracy.

Table 1: Election winners at various levels in Porto Alegre, 2002
(Source for data: CIDADE 2006)

	Citizens as a percentage of			
	General population	Regional PB delegates	COP members	Municipal councilors
Low-income people	39%	26%	24%	22%
Primary education or less	64%	57%	50%	39%

Second, PB has replaced a patron-client political structure in which citizen loyalty went upward and political largesse came downward in return with a budget system based on neighborhood wants and objective needs. Pork patronage, in fact, has been virtually eliminated as the scope for discretionary budgeting has decreased for the municipal council members (Koonings 2004). Lest it be thought that the new system is simply building a patronage base of a different sort, Baiocchi found no statistical correlation between PT voting strength and geographical investment patterns, contrary to what would be the expected outcome in a patron-client political system.[70]

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[69]   Compare complaints of low and falling American political participation (e.g., Putnam 2000; also Schlozman et al., 1999), or in a more comparable setting, the estimates of plunging political participation in Eastern Europe within just several years after the Communist collapse. In Poland, for instance, citizens attending a public meeting dropped from 13 to 7% between 1990 and 1995, while those participating n a political rally slid from 9 to 3% (Plasser et al. 1998).

[70]   He found a zero-order correlation coefficient (r) of .0117 between these two variables (Baiocchi 1999).

In a third and related achievement, PB shows that it is possible to overcome the disincentives to cooperate that characterize a patron-client system. More specifically, poor people had to see themselves as gaining in public services and investments sufficiently to outweigh the transaction costs, risk of embarrassment, time spent, and so on, in the PB process (see Abers 1998, 2000). In doing so, Baiocchi (1999) observes, PB 'offers a particularly successful resolution to the problems of equity in distribution among unequals.'

As an impressively successful experiment, Porto Alegre's PB system has been widely copied. Within Brazil over 100 municipalities have taken up PB reforms, and several states as well in the country's federal structure (Selee 2005). The system has spread elsewhere as well; Brautigam (2004) provides examples from Chile, Costa Rica, Ireland and Mauritius; Selee (2005) notes municipalities in Guatemala and Mexico. And a USAID-supported program has introduced the approach in faraway Indonesia (Nachuk & Leisher 2006).

There are some constraints. For one thing, money, as ever, helps considerably. Porto Alegre is among the richer Brazilian cities in one of the richer states, enabling it to raise the revenues needed for PB. Second, the city possesses a state machinery that can deliver the goods and services the PB process calls for. And third, it has been able to avoid the kind of capture by elites and vested interests that has stymied decentralization initiatives elsewhere. PB would be less likely to succeed in poverty-stricken areas with more unequal income distribution such as Northeast Brazil.

There is also criticism that the decentralization effort that created PB has also caused serious coordination problems for the city of Porto Alegre. For instance, sewage disposal was a very high priority, and by 2001 or so some 80% of the city had been covered in with the sewage network. This eliminated a great deal of the drainage problem, but no investment was made in sewage treatment, resulting in untreated waste flowing into the main city water source, Lake Guaíba (Wainwright 2003). There is no central political brain directing things, but rather a collection of decentralized regional brains doing so with consequent confusion (Wainwright 2003).

Also, one must wonder with Brautigam (2004) whether PB is in effect setting up a parallel structure usurping the proper role of the legislature – substituting for the constitutional institutions of representative democracy. She asks whether the best answer to corrupt and/or clientelist institutions is to bypass them (as with participatory budgeting) or to reform them to enable them to fulfill their constitutional mandate to design and manage public spending.

Finally, there is the more theoretical question of deliberative democracy. Is Porto Alegre a case of 'empowered deliberative democracy,' as Fung and Wright claim (2001, 2003)? Or is it something more predetermined and confined? This topic constitutes something of a side issue in the present

paper, but is nonetheless intriguing within the context of participatory innovation. Accordingly, a brief discussion is appended separately as an Annex at the end of the paper.

Bolivia: local checks and balances

When Bolivia launched its Popular Participation Law (PPL) in 1994, it undertook one of the boldest reforms anywhere in the history of local governance. A country which had systematically excluded its majority indigenous population from meaningful political participation for some five centuries suddenly embarked on a plan to devolve significant resources and responsibilities to its citizens at the local level, along with several avenues for citizens to participate in local governance and demand accountability from those they chose to exercise that governance. This was, in the words of one close observer of Latin American democratization, indeed an 'audacious reform' (Grindle 2000).

The PPL, epitomizing Heller's (2001) notion of a 'big bang' decentralization initiative, at one stroke introduced a number of major reforms. To begin with, it divided the entire country into 311 municipalities - up from less than 30 recognized municipalities – with council elections every 4 years. The number of sub-national elected positions increased from less than 300 to more than 2900. Second, the PPL devolved responsibility for health, education, sanitation, irrigation, and roads inter alia, accompanied by a guaranteed transfer of 20% of national tax revenues to the municipalities according to population, of which 85% must be spent on investment, as opposed to recurring costs of administration.[71] Third, it established a parallel municipal structure called a Comité de Vigilancia (Vigilance Committee or CV) in each municipality charged with preparing investment plans as well as oversight of the council's implementation of investment. CVs were given authority to lodge actionable complaints (denuncias) of council malfeasance to the national Senate, which at its discretion could withhold central funds from the municipality. CVs could also bring charges against a mayor in his/her first year in office.

Fourth, the rural CVs were to be filled with representatives from some 13,000 now officially recognized geographically-based community organizations (Organizaciones Territoriales de Base or OTBs, each selected according to the organization's mores and customs usos y costumbres) for two-year terms. In urban areas, the CVs were composed mainly of representatives selected by juntas vecinales (neighborhood councils), which were also given territorial monopoly over a discrete geographical area. Finally, the PPL pro-

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[71]   The contrast here with Porto Alegre requiring 15% of local funds to go for investment is striking. Obviously, the definition of 'investment' must vary greatly between the two countries.

vided a process (the voto constructivo de censura or 'constructive censure') whereby minority mayors (whose party had not received an absolute majority of votes at the last election) could be unseated by a council vote.[72]

Collectively these reforms established two paths for direct citizen participation (choosing members for the council and the CV) and at least four for indirect participation through their representatives (for the council its normal business and its censure votes, and for the CVs their regular work and the denuncias).[73]

The PPL brought a number of advantages to the municipal level. First, the two-fifths of the population that had been without any official governance structure at all now had elected and accountable councils, along with substantial budgets. Even the municipalities that had been allotted government grants (except for the especially pampered capital of La Paz) received increased allocations (Blair 2001). Second, the new system provided a school for democracy, especially for the poor. Grootaert and Narayan (2001) found in their detailed study of four municipalites that people from the poorest quintile assumed leadership positions in the OTBs as often as those in the top quintile. Third, associational investment paid off, again especially for the poor. Joining and participating in associational life brought a greater return than other activity, even education (at least in the short run), and this was more so for the poor than the rich (Grootaert & Narayan: 2001). Fourth, municipalities could and did decide how to allocate their funds. While the larger and richer towns that had been favored prior to the PPL tended to spend their new money on urban amenities like streetlights and new municipal offices, smaller and poorer localities invested more heavily (by about 3-to-1) in human capital sectors like education and health (Grindle 2000). Lastly, the CV structure appeared to give grassroots OTB organizations some leverage vis-à-vis local elites, who tended to have more influence with the town councils (Grindle 2000).

There were some notable downsides as well, however. For one thing, the territorial nature of the OTB/CV setup meant monopoly representational rights were given to just one OTB in each canton, which almost always went to some longstanding (though not officially recognized) men's organization, leaving the equally venerable rural women's associations with even less power than they had before. Secondly, the voto constructivo procedure quickly escalated out of hand. Bland (1999) estimated that over half the 311 municipalities had replaced their mayors at least once during the first elec-

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[72]   This skeletal outline of the complex system set up by the PPL draws on Blair (1997), Bland (1999), Grindle (2000), and Hiskey & Mitchell (2003).

[73]   In addition, a further reform in 1997 gave each citizen two votes for the national legislature – one for an at-large, proportional representation system typical of Latin American countries, and the other for a *diputado* representing a single-member district as in a Westminster system. See Blair (2001).

toral term established by the PPL. It is small wonder that Hiskey & Mitchell (2003) in their survey found a marked decline in respondents' confidence in local government where such changes had occurred. Third, despite efforts by USAID and other donors to bring CV members up to speed on municipal planning, budget monitoring and the like, these new office holders tended to find themselves in over their heads with their new responsibilities. Finally, the fact that they were expected to work pro bono while the council members held paid positions understandably grated considerably.

Two other developments are somewhat harder to interpret in terms of helping or harming Bolivian society. First, there has been an indigenization of consciousness. On the basis of surveys Gray Molina (2003) reports a combination of increased ethnic self-identification in both urban and rural areas, combined with a decline in indigenous language use. It seems not unreasonable to attribute much of the change to the PPL's impact. In a second trend, Grindle (2000) found central control over political parties diminishing as local candidates, as well as having to pay for their campaigns, crafted them around local issues in order to get elected.

Together, these two patterns helped fuel local grievances that led within a decade to a complete changeover at the top of the Bolivian political system. Local grievances among cocaleros (coca growers) in the Chapare region led to a small grassroots party winning control of 11 municipalities in the 1995 elections, an achievement that then led to a successful run for their leader in the subsequent national congressional elections of 1997 (Grindle 2000). That leader, Evo Morales, directed the expansion of the cocalero discontent into a nationwide campaign against privatization of water provision and energy resource policies that in 2003 drove the president from office. Ironically the very same president, Gonzalo Sánchez de Lozada – who in a previous term had been the lead protagonist for decentralization. Morales' movement toppled the succeeding president as well, and toward the end of 2005, after a special presidential election, he assumed the presidency itself. It would not be too great a stretch to say that the Popular Participation Law of 1994, intended to stimulate grassroots participation among a long neglected indigenous population, quickly became so successful that an indigenous movement gained control of the national government itself.[74]

The Philippines: civil society as an inside player in local governance

The Local Government Code (LGC) of 1991 launched an explosion in participatory governance in the Philippines – an 'audacious reform'[75] argu-

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[74]   For a prescient analysis of PPL's counterproductive impact on elite attempts to widen political participation, see Gray Molina (2003: esp. 358-362). Also Mainwaring (2006).

[75]   The phrase is from Grindle (2000), who employs it as the title of her book dealing with Latin American governance reforms.

ably approaching Bolivia's Popular Participation Law of 1994 in its determination to devolve meaningful authority and resources to the citizenry. As with the Bolivian PPL, the Philippine LGC also required a champion at the central level to shepherd the legislative package through the legislative process. Senator Aquilino Pimentel took on that role, with support from President Corazon Aquino (Barns 2003). On the supply side of local governance, the LGC devolved service delivery functions in such areas as health, education and environment, while allocating an automatic 40 percent of internal revenues to pay for them. In addition, some 70,000 central government employees were also transferred down to local levels to staff the newly devolved activities.

On the demand side, the LGC mandated full NGO[76] participation in all 'local special bodies' or statutory committees at the various levels – barangay (village or urban neighborhood), municipality, city and province – to include membership in committees overseeing health, education, 'peace and order' (not the police, but important nonetheless), and perhaps most importantly, 'Prequalification, Bids and Awards' (local construction and service delivery contracts). In addition, NGOs were to constitute fully 25 percent of the voting members of the Local Development Council (local planning functions) at all levels.[77] In effect, civil society – the so-called 'third sector' of organized life in distinction from the state and private sectors – was to move partly in with the first sector.

Nationwide, the new local governance system has attracted much enthusiasm, and, as can be readily imagined in a country so given to unfettered debate and self-criticism as the Philippines, it has been subjected to withering criticism.[78] But for purposes of the present essay, the reforms are best understood and analyzed through an examination of the country's best case. Individual sub-national governmental units were free to go further than the LGC required, and by all accounts the most daring experimenter was Naga City, a municipality of about 140,000 inhabitants located some 450 kilometers southeast of Manila in southern Luzon. Here mayor Jesse Robredo[79] led the city to undertake an exceptionally bold effort to include civil society participation in urban management, and it is here that the present section will focus.

In 1995, a city ordinance invited all NGOs meeting minimum accreditation standards[80] to join a new Naga City People's Council (NCPC), which

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76   The LGC also authorized local government units to officially accredit NGOs.
77   Barns (2003) gives a good, straightforward account of the LGC reforms.
78   See for example Legaspi (2001), Barns (2003), Capuno (2005).
79   Mayor Robredo ran into the three-term limit in office and had to step down in 1998, but then won re-election to a new, fourth term in 2002, replacing an incumbent who had largely continued Robredo's work while in office.
80   The accreditation standards consisted mainly of a year's prior existence, proof of past activity (to preclude 'suitcase NGOs' from infesting the program), offices and by-laws, a financial statement, etc.

would then have the exclusive right to appoint representatives to all city government bodies (excluding the city council itself), not to exceed 25% of their total membership. The NCPC representatives were entitled to participate, vote and introduce legislation in all committees. The system gradually expanded, so that by 2004, the NCPC consisted of 105 accredited organizations in 13 sectors, which varied from transport workers and the urban poor to senior citizens, business people and academics. Its representatives sat with full rights on some 29 standing committees of the city legislature as well as 14 'special bodies,' generally with one or two delegates to a 5-to-12 member group, though NCPC members constitute fully half the membership of the city's Investment Board and its Urban Development and Housing Board. Each of the city's 27 barangays also has a people's council, modeled on the NCPC.[81]

The NCPC has gone about its task with a concerted effort. In addition to participating on all the committees, boards and special bodies mentioned just above, it has drawn up a list of 150 things that the city government does for its residents, describing how citizens may access each service and naming the official in charge of each one. The list was printed in 25,000 copies (for this city of 140,000 inhabitants) including translations into Bikolano, the local language.

The city also has widened its efforts to provide accessability and transparency. In December 2001 it launched an 'i-governance' program featuring both printed and online guides to city services and specific persons and offices (with maps) to be contacted for them. (Rodriguez & Min 2003). The guidebook is also available electronically and citizens can contact government offices by internet or by text messaging (the popular form of electronic communications in the Philippines). The city has started 'cyberbarangays' – village kiosks where citizens can use the internet for free or subsidized rates. (Naga City Govt 2004).[82]

In terms of impact on city decision-making, the NCPC can point to some real policy achievements. For example, by employing both its inside track on the committees and its outside ability to mobilize the citizenry, it was able to frustrate a city scheme to relocate a garbage dump next to poor neighborhoods and to stall the seizure of agricultural lands for a golf tourism condominium.[83] Furthermore, Naga City's achievements have not gone

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[81]   See Naga City Government (2004); also ADB (2004).

[82]   This digital availability may sound like an arrogantly elitist gesture for a developing country, but in fact the high Philippine educational levels should make it a highly suitable locale for such an approach. Some 42% of the population had graduated from secondary school as of 2003, and functional literacy for 1994 (latest year available) was reckoned at 86% for the province in which Naga City is located, just a bit above the national average of 84% (HDN 2005).

[83]   For an analysis of these examples and the Naga City experience more generally, see Blair (2004).

unnoticed; it has won an impressive number of national and international awards for both city and mayor since the 1995 ordinance was promulgated.

At the same time, Naga has shown some significant problems. For one thing, the NCPC does not include all the critical sectors that might legitimately claim a voice in civil society. Professional associations and civic groups like the Jaycees and Rotary are excluded, for example. The City Development Committee, viewed as key in the original LGC legislation, has yet to attain the mandated 25% NGO membership, and some of the required sectoral committees have not been set up so far. These are forgivable shortcomings, perhaps, amid the plethora of other bodies already in place that would overlap with these committees, but lapses nonetheless.

More importantly, there seems little public awareness of the new arrangements. A study undertaken in 2003 found little knowledge of the NCPC or the links between the NGO community and the city government, even within the NGO community itself, outside the circle of direct participants (Escandor 2003). A series of opinion studies conducted over the 1996-2000 period by the main USAID contractor supporting implementation of the LGC code found Naga City respondents scoring lower lowest or second lowest among all the project sites when asked whether their main concerns were being addressed by their local government (GOLD 2000). At least two explanations are possible for this apparently disturbing finding. One is that Naga City's NCPC simply didn't deliver the goods, so far as meeting people's priorities were concerned. However, it could also have been that the dynamic openness and willingness to listen to citizens characterizing Jesse Robredo's mayoralty, plus the efforts of NCPC to incorporate representation from all elements into public discourse, collectively led the citizens to expect much more from local government than their compatriots elsewhere. Thus even though Naga City may have been delivering more, citizen expectations were so high that municipal performance inevitably fell far short.

A different possible cause for concern emanates from the very purpose of Naga City's 1995 ordinance in building closer links between NGOs and local government. As the Asian Development Bank put the matter: 'The traditional inputs in making the government listen to the voice of the people, such as mobilizations and rallies, take much of the time and resources of civil society organizations with uncertain [and] unsure results. In contrast, the avenues offered for participation through direct involvement in government meetings and discussions produce the needed results with less resources and at the same time strengthen the capacities of the people to engage the government.' (ADB 2004).

But can it become too easy for civil society organizations to deal with government? Can the civil society community become an inside player within the state structure without changing the nature of the political game itself? Can the 'third sector' be autonomously representing the interests of its constituencies vis-à-vis the state if it becomes part of the state? Even if

the state is benevolent, which seems to be the case in Naga City, can NGOs retain their autonomy under such circumstances? Such questions arise in particular when one considers that the NGO representatives serving on all these bodies are most likely the best and more able leaders in the civil society community. If they are in danger of being taken into camp, what will happen to the rest of civil society? As Bill Cooke (2005) might put it, can NGOs work inside the state system without being co-opted by the state?

El Salvador: mass meetings to direct local investment

In 1986, the government of El Salvador, then caught up in a brutal civil war, introduced a new municipal code, which among other things resuscitated an institution from the colonial era called the cabildo abierto, or open town meeting. The new regulations called for mayors in the country's 200-plus municipalities to hold a cabildo every three months, to which all citizens, as well as NGOs and community groups would be invited. Its function would be to ask citizens to specify and prioritize infrastructure needs so as to guide local government in its investment decision-making.[84]

Shortly afterward, USAID employed the cabildo institution[85] as the mechanism for allotting municipal reconstruction grants during the then-ongoing civil war, thinking that its efforts would thereby gain popular support and even (though the term had not yet come into use) build 'social capital' in a war-torn country. Its Municipalities in Action (MEA, after the Spanish version of the acronym) program stipulated that all local projects supported would have to be first proposed in cabildos abiertos. That the program enjoyed popular support was attested to by the apparent fact that no MEA infrastructure project was attacked during the years between program launch in 1986 and the end of the war six years later (Wilson et al. 1994). As hostilities wound down and came to an end through the Peace Accords of 1992, the program was extended to areas that had been controlled by the opposition side during the long war (1980-1992).

By the time MEA had finished its work in 1994, it had completed more than 8600 local projects, spending some US$135 million, mainly focusing on roads, schools, water and electricity, and operating in all 261 municipalities of the country (most of which were rural areas with less than 20,000

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[84]   For an analysis of the cabildo *abierto* and the USAID program built upon it, see Blair et al. (1995).

[85]   So far as can be discerned, the *cabildo abierto* provision in the 1986 municipal code was developed independently of any direct American link, though the US was certainly heavily involved in El Salvador's political life at the time and may well have had some connection with it. Thus it is difficult to ascertain to what extent the *cabildo abierto* was a genuinely indigenous creation. See Blair et al. (1995).

inhabitants).[86] By the program's end, about 80% of the total required cabildos were being held, and over 200,000 citizens were attending them.

In 1993, a survey including over a thousand respondents showed impressive citizen confidence in the program. Of the sample total, 27% had attended at least one cabildo abierto at some point. Among those who had attended, 96% responded that those in attendance had asked for a project at the meeting and 61% reported that the requested project had in fact been built. Some 85% said that they were satisfied with having attended and fully 94% that they would attend another cabildo. Among the entire group of respondents, 92% knew of a project built through the program, and almost half of those (41%) knew of a project that had been selected at a cabildo meeting. Over three-quarters (77%) said their family had directly benefited from a project. Altogether, 58% of total respondents thought the cabildos had either a high or medium importance in identifying projects to be built. Some 88% of the total believed that mayors convened the cabildos principally to find out what people wanted. Perhaps most interestingly, all the responses mentioned above were almost identical among residents of formerly 'conflicted zones' (that is, where the opposition exercised control during the civil war or the area was so ridden by conflict that no cabildos could be held; these amounted to 45% of the sample total) and non-conflicted zones (55%).[87]

As with any development enterprise, the cabildo abierto approach had problems. First, its scope was strictly limited to identifying local infrastructure projects. Actual decisions on which projects were to be built were made by the municipal council, whose meetings were virtually always closed.[88] And though citizens often contributed labor to projects, they had no role in managing implementation or evaluating the finished product. It followed that people felt considerably less than fully included in decision making. In the survey mentioned just above, fully 59% of respondents said they had only low opportunity to participate in local government, and only 44% believed the mayor kept the community informed about project progress. The citizen role, then, comprised little more than making wish lists.

In addition, each project was a stand-alone construction enterprise, with little overall planning or coordination effort (and obviously no citizen

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[86]   Data presented in this and the following paragraphs are from Wilson et al. 1994: passim). In El Salvador, as in most of Latin America (including Bolivia after the Popular Participation Law was introduced in 1994), the entire country is divided into municipalities.

[87]   Data in this paragraph from Wilson et al. (1994). Córdova et al. (2004) provide similar data for more recent years.

[88]   Actually, the 1986 municipal code established a mechanism for participatory decision-making in the form of a *consulta popular*, which amounted to a binding local public referendum, but this device was rarely if ever employed by municipal councils (Blair et al. 1995).

participation in municipal strategy, e.g., deciding whether health or primary education should be the top priority). And finally, as with so much donor-assisted infrastructure work, no attention was given to operation and maintenance of the facilities constructed. Still, for a country that had just recently passed through a horrific conflict killing 80,000 people over the course of a dozen years (as well as creating as many 500,000 refugees and a million internally displaced persons in a country of less than five million people), the survey data discussed here represent a high level of participation, as well as trust in municipal governance.

A follow-on USAID project during 1993-1999 comprised a pilot effort which inter alia sought to open the previously closed council meetings to the public, a step that would encourage public participation in the second, third and fourth steps of the policy cycle. But this encountered serious resistance from mayors and council members, who proved reluctant to open their meetings to the citizenry. A mid-term evaluation pinpointed the reluctance as stemming more from council members' fear of exposing their ignorance about the complexities of municipal finance than from anxiety about being held accountable (Wilson et al. 1996). But from a more historical perspective, the resistance seems to fit in all too well with the winner-take-all structure of municipal elections in El Salvador, whereby the party with a plurality of votes gets all the council seats plus the mayor's office, leaving opposition parties entirely bereft of any official presence at all in municipal affairs (see Blair et al. 1995; also Bland 1994). The resulting pattern of monopolization of office and secrecy would be hard to break under any circumstances.

A second USAID pilot follow-on in 2000-2002 sought as one of its goals to tackle the municipal council issue. It experimented with open council meetings, offering extensive training sessions to councils willing to try out the idea, which found a wide range of acceptance, with some among the 12 pilot municipalities opening all their council sessions to the public but others not willing to open any (RTI 2002; RTI 2005). Later on, municipal council sessions became somewhat more open, and a 2004 poll (Córdova et al. 2004) indicated that 9.6% of respondents had attended one within the past year, a percentage not too much lower than that for cabildo attendees (12.5%). Córdova's 2004 survey found that even though 65% of respondents thought municipal officials paid little or no attention to what people asked for at the public meetings, over half (51%) believed that municipal government responded best to community needs, as compared with only 13% selecting national government, 4% the national legislature and a full 22% asserting that 'no one' responded to local needs. (Córdova et al. 2004)

In sum, the cabildo abierto did open a useful channel for citizens to express their needs to local government (that is, reveal their preferences), and a fair number made use of this new avenue. Later on, and with considerable donor prodding, some municipal council meetings became more open as well. But there is little indication that popular participation went beyond the level of submitting requests to local authorities.

Serbia: community confidence building through participation

In the wake of united Yugoslavia's disintegration during the 1990s, international donors set up various post-conflict programs designed to mitigate the effects of the serial upheavals that had taken place and to begin rebuilding capital both physical and social. USAID in Serbia sponsored two such programs, both of them designed to encourage significant citizen participation.

The first effort belonged to USAID's Office of Transitional Initiatives (OTI), created in the Clinton administration as a rapid-acting, quasi-autonomous division that could move in quickly and get programs up and running without being subjected to all the contracting, procurement and accounting regulations that had long rendered USAID itself a relatively slow-moving organization. OTI was to be a cheetah, leaping into action on a moment's warning, as compared with the ponderous USAID bear that eventually brought more strength to the job, but at such a torpid pace that the opportunity to be decisively effective might well have disappeared. To enhance OTI's rapid-action capability, it operated quite independently of the regular USAID machinery, usually reporting directly to Washington rather than to a resident agency field director, and often working out of a different set of offices as well in the country to which it was assigned.

OTI began its Serbian operation as the Democratic Transition Initiative (DTI) after the departure of Slobodan Milosevic in October 2000, and phased out in November 2002. During these two years, DTI's main activity was to set up some 177 Community Impact Projects (CIPs) throughout the country. The CIP program's essence lay in conducting town meetings to identify community priorities and establish Community Development Groups to select particular projects (largely infrastructure rehabilitation and replacement) for funding, on condition of matching funds being provided by the mesna zajednica (local municipal government). Except in southernmost Serbia where many Albanians lived – in some places with local majorities – there does not appear to have been much emphasis on promoting interaction or dialogue between formerly contesting ethnic groups. Altogether DTI spent just over US$5 million on these community projects with matching funds coming in approximately equal amount. [89]

Overlapping with OTI/DTI was a much larger program operated directly by the USAID office in Belgrade, called Community Revitalization through Democratic Action (CRDA), launched in July 2001 and spending US$200 million over the ensuing five years. The five implementing NGOs were each assigned a region of the country, in which their initial task was

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[89] Details in this paragraph draw mainly on Cook & Spalatin (2002). Actually OTI had an earlier program starting in July 1997, but this had been suspended with the NATO bombing campaign in the latter part of 1999, and the program operated from outside the country until returning after Milosevic's fall in 2000.

within 90 days to identify 60 communities for their work, set up citizen committees (CCs) that were to include ethnic minorities and women, and start at least one community-driven infrastructure-oriented project in each site. The NGO contractors, who had initially been allowed a much longer start-up period to scope out their fieldwork designs, were surprised by this sudden imposition of a rapid-start approach, but quickly switched gears to comply with their new orders.[90]

By early 2005, CRDA had taken up work in some 450 communities and another 130 'clusters' incorporating more than one community, located in 100 municipalities all over the country. Over 3,000 projects had been completed at an average cost of about US$ 40,000 (Czajkowska et al. 2005). In the typical project, a CC determined its community's top priority, put together a proposal that involved negotiating with the local government unit for some matching funds (an average 25% was stipulated), and received funding from CRDA to contract out the work.

USAID had three major goals for CRDA. The first objective was to build a decentralized 'base of knowledge and skills that would create a demand for democracy from the ground up….[that] would be impossible to resist' (Sneed 2006). The second was to promote interethnic tolerance that would help move Serbia out of the isolation enclosing it in the immediate post-Milosevic era and into better relations with the outside world (Sneed 2006). A third and more politically practical goal in the context of domestic American politics was to establish a quick track record that would convince the US Congress to continue funding this relatively large-scale program against a historical record of rapidly shriveling Congressional interest in supporting post-conflict rehabilitation programs (Merritt 2006).

A mid-term assessment of the program found that CRDA had in fact stimulated citizen participation, which included women and minorities as required. Further, the program had provided models and experience in intergroup consensus building that encouraged new community leaders to emerge. But in general, the evaluators found, CRDA tended to emphasize physical infrastructure over the more subtle goals of building social capital, increasing tolerance and mobilizing demand for democratization. Physical product had become more important than social process. The CRDA approach did provide some experience in democratic practice, but there seemed little spillover into other local activities, nor was there much evidence of a citizenry becoming more politically active. (Czajkowska et al. 2005; Sneed 2006).

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[90]   Merritt (2006) offers an insightful account of CRDA's launch. The quick-launch challenge was made all the greater for the contracting organizations by the low public repute that foreign NGOs suffered from at that time, stemming from Milosevic's vilification of them toward the end of his reign (Gordy 2003).

Within USAID, CRDA was hailed as a great success. It was the USAID director in Serbia who, after his experience with a similar effort in Lebanon, had transformed CRDA from its initial measured start-up pace into the 90-day quick-launch effort into which it developed. This approach in turn became the template for an even larger infrastructure rebuilding initiative in Iraq, and the USAID director from Serbia moved up to take over the mega-program that unfolded there (Merritt 2006).

But as for the CRDA project itself, if one parses its title, it could be said that while Community Revitalization did attain considerable success, Democratic Action came up much shorter. There were several reasons for this mixed record. First, there was the imperative to show not only swift, but measurable results. This stemmed in part from the reality of Congressional scrutiny in Washington, as mentioned earlier, but also from USAID's own internal requirements for measurable results that had been instituted in the 1990s during the Clinton administration, a part of the 'managing for results' enthusiasm that swept the donor community at that time.[91] Needless to say, physical infrastructure is much easier to measure (and the units of measure are more easily understood) than interethnic confidence building or citizen involvement in local governance.

A second factor lay in USAID's internal management and operating style leading to a failure to learn from experience. It is often observed that there is little institutional memory in the international development field, and that consequently we keep reinventing what we should have been able to learn from studying past experience. Certainly this is true for participation, as Cornwall (2006) aptly observes, in large part because development professionals necessarily move about so frequently from one posting to another.[92] This maxim on institutional memory proved itself true a fortiori in the Serbian case.

During its two-year run, the DTI program made considerable progress in rebuilding small-scale infrastructure, but relatively little headway in strengthening interethnic social capital or promoting democratic participation in the places where it worked. Even so, it did gain considerable experience in organizing community meetings, selecting local committee members, and so on, as Merritt (2006) points out. Yet when CRDA commenced operations, it ignored virtually everything that DTI had done. Furthermore, while it is reported that some 70% of the communities where DTI worked were absorbed into CRDA (Cook 2002), no effort was made to hand over

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[91]   Congressional oversight and USAID's interest in showing quantifiable indications of success were of course related. For an analysis of this period, see Blair (2000).

[92]   As opposed to academics, who stay in place at their institutions for much longer, and recall – perhaps too often – insights they had first arrived at decades previously.

– or receive – any activities from the one enterprise to the other.[93] But OTI operated autonomously from the rest of USAID, and the new USAID director in Serbia evidently had little interest in allowing his contracting NGOs for the successor program enough time to assess local realities and DTI's experience before starting work at full bore. Thus was George Santayana's aphorism once again demonstrated that 'Those who cannot learn from the past are doomed to repeat it.'

A final problem for CRDA lay in what appeared to be a lack of interest on USAID's part to continue any part of the program beyond the official 'life of project.' Some of the contractors tried to make such provisions to ensure that their progeny survived in some form, but there was evidently no concern for this at the USAID office in Belgrade, reported the mid-term project review (Czajkowska et al. 2005), an opinion that accords with my own observations while in Serbia. It was as though each USAID activity were a stand-alone enterprise, unconnected to what came before or after.

4. Analysis

Our five case studies of innovation in participatory local governance lend themselves to several dimensions of analysis, which I have tried to capture in Table 2. The discussion in this section will lead to a presentation of lessons learned in the last one.

What were the major innovations?

All five cases dealt with budget and finance at local government level, most of them directly by introducing some participatory component into the budget allocation process by adding some new component to it. More specifically, the Brazilian arrangement (1989) was one of *participatory local government budgeting*,[94] calling for neighborhood citizen discussion to review performance and establish investment priorities followed by election of delegates to carry forth those priorities to higher levels. The key idea for Bolivia (1994) was to introduce a *check-and-balance structure* in the form of the comité de vigilancia to act as a check on the municipal council by determining investment priorities, entrusting the council with implementation and then monitoring results.

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[93]   The disconnect was such that when I visited Novi Pazar, the central town in the Sandžac region, where Bozniaks form the dominant ethnic groups (and where there was great need for interethnic confidence building between them and the minority Serbs), in mid-2004, less than 2 years after the end of DTI's efforts there, no one in the CRDA office had any idea that there had ever been such a program in the same town.

[94]   To help organize the development of the argument in this section of the paper, the italicizations refer to the cell entries in Table 2.

The main Philippine innovation (1991) inserted a representative NGO *presence inside* local statutory bodies that formed a part of the municipal governance structure, thereby adding new ways for citizens to gain access to local decision making and hold local government to account. In El Salvador (1986), *mass meetings* were the vehicle by which citizens could directly influence government decision making by making their investment priorities known. In Serbia (2000), locally recruited citizen groups actually *determined spending priorities* for their municipalities, opening a new channel for popular participation in governance that hopefully would bring hitherto marginalized elements to the decision-making process and thereby build interethnic public confidence.

Innovations and the policy cycle

In his introductory essay, Siddiq Osmani writes of the policy cycle stages: policy revelation; policy formulation; policy implementation; and finally monitoring and evaluation. How do our five cases perform with respect to these stages? Table 3 will focus the discussion here. The Brazilian and Bolivian cases show the best performance. The PB process in Porto Alegre determines priorities (preferences), formulates investment policies, monitors their execution and evaluates them in the subsequent annual cycle. The Bolivian CVs do much the same thing in their annual cycle. They decide investment priorities each year as well as prepare investment plans for the municipal councils to execute, and then follow the councils' performance. Moreover, in both these cases, a sanction is available to censure any council malfeasance. For Porto Alegre, the sanction is somewhat indirect, operating through the public meeting process. Citizens attending the annual meetings get feedback from the COP, which helps inform their decisions on whom to elect to the regional council for the ensuing year.

Table 2: Innovations in participatory local governance – five case studies

Decentralized type				
		Brazil – Porto Alegre	Bolivia – PPL	Philippines – LGC
Innovation	Year introduced	1989	1994	1991
	Key characteristic	Participatory LG# budgeting	Checks & balances in LG	NGOs inside LG units
Origins	Source of innovation	Domestic	Domestic	Domestic
	Motivation	Rewarding party base	Building party base	Variety
Reasons for success	Political will & sustainability	Local	Central	Central & local
	Devolution to participatory bodies*	Pwr Res Acct	Pwr Res Acct	Pwr Res
	Other key success factors	Planning details & tech support	Dual accountability	NGO experience & maturity
Impact on elected council		Displace budget function	Preempt budget function & check	Influence
Pitfalls	Local elite takeover	Difficult	Medium	Easy
	Other problem	Council displaced	Council displaced	Civil society co-opted

Post conflict type			
		El Salvador– Cabildos Abiertos	Serbia – CRDA project
Innovation	Year introduced	1986	2000
	Key characteristic	Mass meetings	Non-govt spending authority
Origins	Source of innovation	Domestic & donor	Donor

	Motivation	Allegiance & reconciliation	Building interethnic confidence
Reasons for success	Political will & sustainability	Local & external	External
	Devolution to participatory bodies*	Res Acct	Pwr Res
	Other key success factors	External funding	External funding
Impact on elected council		Petition	Replace budget function
Pitfalls	Local elite takeover	Medium	Unclear
	Other problem	Cabildo impotent	Council displaced

LG = local government

* Manor's (2004) three requisites for successful decentralization (power and authority; resources; accountability)

In addition, it is safe to say that these same activist citizens will be those most likely to vote and influence their neighbors' voting preferences in subsequent city council elections. In other words, citizens participating in the PB process gain an enhanced though indirect influence over the policy cycle. In Bolivia, that influence is much more direct. A CV dissatisfied with a municipal council's performance can lodge an official complaint (requiring a response) with the national Senate, as well as bring charges against a mayor in some cases. Thus it makes sense to add a column for sanctions to the right side of Table 3, showing a minor effect for Porto Alegre and a major one for the Bolivian CVs.

Table 3: Policy cycle stages in participatory local governance: five case studies

Key to cell entries: X = major role   x = minor role

Type	Locale	Participatory innovation mechanism	Policy cycle stages				
			Preferences	Formulation	Implementation	M&E	Sanctions
Decentralization	Brazil – Porto Alegre	Participatory budgeting process	X	X		X	x
	Bolivia	Comités de vigilancia	X	X		X	X
	Philippines	NGOs on local special bodies	x	x	x	x	
Post–conflict	El Salvador	Cabildos abiertos	x				
	Serbia	CRDA –– Citizen committees	X	X			

The Philippine system putting NGO representation on critical municipal government committees gives civil society an inside seat in all four stages of the policy cycle, but unlike their counterparts in Porto Alegre and Bolivia, the NGOs never have a determining role, only a participatory one that may (or may not) give them some influence in the cycle (whence the smaller entries in Table 3). At the same time, the scheme does provide for potential influence at all four stages of the policy cycle, the only example to do so.

Salvadoran *cabildos abiertos* are given a role in expressing preferences, but their part is a small one – making suggestions without any power or even influence to turn their priorities into policy. They do not have any role beyond that. The Serbian CRDA citizen committees in contrast did have the power to establish preferences and turn them into policy, commandeering municipal matching funds in the bargain, because the USAID-supported program took its direction from the committees.

Where did the systems come from? Innovation origins

In an international development community where so much of the conceptual innovation comes from well-financed Western research institutes and academic locales, it is worth noting that the majority of the experiments considered here were homegrown. Three cases were *domestic* in origin, one *donor-driven*, and the remaining one mixed, as indicated in Table 2. The Porto Alegre experiment may have had some external advisors along the way – there certainly has been extraordinary foreign interest in it – but the design and the financing were basically internal to the initiative.

The Bolivian Popular Participation Law did not have any outside involvement in its gestation, so far as I have been able to determine. However, it did have some foreign support from USAID, which sponsored a Democratic Development and Citizen Participation project in the late 1990s providing assistance to 18 (later 25) of the country's 300+ municipalities, as well as to the responsible ministry in La Paz. In addition, there were other donors, which by one reckoning in 1997 had pledged some US$ 64 million to support the PPL (Blair 1997). The Philippine Local Government Code of 1991 was also an indigenous product with (again, so far as I was able to tell) no foreign contribution to its origins, but the donor role in its implementation was probably more intense than in the Bolivian case, in the form of USAID's Local Development and Assistance Program (LDAP) and its Government and Local Democracy project (GOLD),[95] as well as assistance from other donors, in particular the Canadian International Development Agency.

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[95]   The GOLD initiative, which ended in 2001, was one of the best-ever documented USAID projects, leaving behind a CD containing several hundred reports and documents. See ARD (2001).

El Salvador's *cabildo abierto* institution appears to have been indigenously created, but was so massively supported by USAID during and after the civil war that in its implementation it was essentially a foreign program carried out through a domestic governmental agency. This was even more so in the case of Serbia's Community Revitalization and Democratic Action effort, which had no domestic element in its creation or design, and in addition was implemented not through existing local government bodies but through an altogether new structure, the citizen committees.

Why were these experiments launched? Initial motivation

Political innovations of any kind do not occur in a vacuum, if only because whatever structure is already in place benefits some elements, most often at the cost of others. Centralized bureaucracies benefit the bureaucrats at the top of the system, while centralized budgetary allocations benefit not only the bureaucrats but also the politicians involved, who can thereby nurture their patronage networks. Indeed, this pattern of benefits goes a long way in explaining why so many decentralization schemes fail: Both bureaucrats and politicians want to hang on to the power, career paths and openings for corruption that come with centralization, and politicians in addition want to keep their patronage operations in place.[96]

In Brazil, the Workers' Party had long campaigned on promises to do more for the poor, and when it emerged victorious in the 1989 municipal elections, the chance came to *reward the party base*. Participatory budgeting became the vehicle chosen for this purpose. The Bolivian calculus was somewhat less direct. The Movemiento Nacionalista Revolucionario (MNR or National Revolutionary Movement) winning the presidential election of 1993 found its main support in the rural areas, and the PPL showed promise of *building the party base*, as O'Neill demonstrates at some length (O'Neill 2005). Shifting the balance of investment resources from the main cities to the smaller towns and the countryside offered a path to do just that.

The largely personality-based Philippine parties did not have the same set of electoral incentives as in the Latin American cases. Instead, the sources of the Local Government Code of 1991 should be seen in light of the movement that deposed the highly centralized Marcos regime that had been deposed in 1986. The anti-Marcos drive itself evidently had enough momentum to carry over into a decentralization effort, and in addition there was a great deal of pent-up local demand for more power to the Philippine periphery (Rood 1998). Thus there was a variety of motives.

For our two post-conflict cases, motivation came mainly from hopes to *reconcile* the formerly hostile sides and generate *allegiance* to a common political system. El Salvador's municipal code of 1986 instituted the *cabildo*

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[96]   See Manor (1999), also Blair (2000).

abierto at first with the idea of building loyalty to a state fighting an insurrection, but then later on after the 1992 peace accords, USAID saw the *cabildo* as a device for promoting reconciliation as well. Somewhat similarly in Serbia, those designing the two American programs envisioned their community committees as mechanisms to fuel *demand for democracy* and begin *bridging the ethnic divisions* still besetting the country after 2000.

Critical factors in success

To the extent that these experiments worked, how can we account for their success? As is always the case with reforms shifting power and money around, nothing would have happened in any of our cases without commitment and determination from political leaders. Political will, then, had to be the sine qua non for determining success in these experiments. Important as it was, however, political will was scarcely the only factor involved. A second key component in each case was the degree of devolution involved – just what actually was made available to local authorities by the central government on which increased participation could have had an effect? Thirdly, in addition to political will and devolution, in each case at least one other critical factor was in play, as will be discussed below.

Political will and sustainability

In Porto Alegre, that political will was very *local*. Olivio Dutra, the incoming mayor in 1989, supplied the initial dose, and his successors carried it on for three more terms – long enough to thoroughly entrench the participatory budgeting system. In Bolivia, political will came directly from the top at the *center*, with President Gonzalo Sánchez de Lozada the primary backer of the PPL from the outset. Philippine political will also came from the top, with President Corazon Aquino offering full support, as well as influential members of the Congress. In Naga City's case, this support from Manila was greatly bolstered by Mayor Jesse Robredo, who considered amplifying the LGC with more participatory input as his personal mission. Thus the political will was both *central and local*.

For El Salvador and Serbia, the political will was essentially external in the form of substantial donor funding – US$ 135 million in El Salvador and US$ 200 million in Serbia, both large-scale programs by USAID standards, particularly for those the agency has categorized as democracy support initiatives in recent years. With such a level of foreign effort, the domestic central government could avoid any real commitment of political capital. In other words, no political will was needed.[97]

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[97]   Municipalities were required to provide matching funds, however, which did imply some opportunity cost for them, certainly in the economic sense and perhaps politically as well.

Sustainability of the innovations discussed here is necessarily closely related to the political will that launched them to begin with. If the Porto Alegre experiment is to continue, it will have to be with the strong support of the incumbent mayor. This was not a problem for the first sixteen years, owing to four straight mayoral election victories for the Workers' Party. But in 2004 a new coalition won the vote and took office at the beginning of 2005. Maybe the participatory budget will continue on track, but if the new officeholders oppose it, or if they provide only tepid support, it will surely decline and wither. In Bolivia, President Sanchez de Lozada often insisted that his goal was to make the PPL 'irreversible' so as to secure its permanent continuation. But because he was limited to a single term in office, he was succeeded by someone else, who belonged to a different party and had different ideological preferences. The PPL did endure, though its status was demoted in La Paz and some funding was diverted to other purposes (O'Neill 2005). What will become of the PPL under the new President, Evo Morales, who acceded to office at the beginning of 2006, remains to be seen. Given that he and his party got their political start by electing their candidates to municipal governments, one assumes that the initiative will stay in place, but the picture is not yet clear on its fate. What is quite clear, however, is that support at the top will be needed to keep the PPL functioning at an effective pace.

There seems little doubt after a decade and a half that the Philippine LGC will remain in place and active. Likewise, one can be fairly certain that the LGC's provisions for NGO inclusion on Local Special Bodies and the Local Development Council will continue to be more or less observed. But the political will to make them vibrant and real must come from the local level; it cannot be enforced from Manila. Considering the long tradition of local *caciques* (bosses) so prevalent in Philippine history,[98] it would be foolish to insist that the remainder of the country is sure to follow the Naga City example.

The Salvadoran *cabildos* can be expected to endure on the books as an institution, and hopefully their 6% ration from the national budget will keep them occupied in prioritizing local needs. But the municipal councils were never required to listen to their lists even when USAID as principal donor could have insisted that they do so, and there is no reason to think this behavior pattern will change absent foreign impetus, particularly if municipal councils continue under the winner-take-all system of local elections, which facilitates operation in secrecy and away from outside input. Finally, the Serbian citizen committee structure under the USAID-funded CRDA was completely the creation of that project, and would not be expected to continue after the project's end in mid-2006.

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[98]   This tradition dates back into the Spanish colonial period, continued under the American administration, and has remained well ensconced after independence after 1946. See Anderson (1998), also Hutchcroft (1991).

Degrees of devolution

All our five cases involve some kind of decentralization, but what exactly was being devolved to local level? James Manor, a longtime student of the subject, posits three essentials that must be in place for a decentralization effort to succeed:

- adequate power and authority must be devolved
- adequate resources must be devolved (especially financial, though administrative resources must also be devolved, for example, control over officials working at local level)
- accountability to local residents must be ensured (Manor 2004).

Manor's focus was upon decentralization to local authorities, but in the present context we need to narrow our considerations to the participatory mechanisms under discussion. For all five cases, resources were made available. Bolivia, the Philippines and El Salvador all legislated formulas for allocating funds to the local level. The first two showed a significant generosity, guaranteeing 20% of national tax revenues and 40% of internal revenues respectively to local levels. The Salvadoran government was stingier at first, but then enlarged the allocation to 6% of the national budget in 1998.[99] In addition, all three countries allowed localities greater power to raise resources locally in the form of taxes, bonds, and so on.

Porto Alegre has also received regular allocations from the central government in Brasilia, but the greater part of its resources has come from raising local revenues – always a politically sensitive subject, but made considerably easier in Porto Alegre as a comparatively wealthy city in one of the wealthier Brazilian states.[100] Finally, Serbian municipalities received some funding from Belgrade, but the CRDA program dwarfed those contributions during the immediate post-conflict period. In short, shortage of resources did not pose a constraint for any of our case study cities during the period under analysis.

Power and authority were also devolved to enable our participatory mechanism to fruitfully deploy resources for the first three cases in Table 2, though imperfectly in two of the three. The PB process in Porto Alegre could and did decide budgetary allocations, and likewise the Bolivian comités did so as well. But while much effort was spent in making budgetary expertise available to regional and citywide PB councils in the one city of Porto Alegre, the 312 Bolivian CVs often did not possess the necessary technical capacity,

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[99]   During the MEA era, of course, these resources were greatly supplemented by USAID. Since each country used a different base to calculate these percentages, there is no way to compare their levels of generosity.
[100]   Baiocchi (1999) comments on this as an important factor in Porto Alegre's success. See also Santos (1998).

especially in the smaller municipalities.[101] Where they legitimately gained membership and thus access to the local special bodies (which was by no means always the case), the Philippine NGOs were positioned to influence decision-making within the local governmental units, but even then they were often hobbled by inexperience, local officials' unwillingness to take them seriously, and so on. In Naga City with its NCPC, NGOs did gain real influence, but this depended on political will in the mayor's office, not on the enabling legislation of the Local Government Code.

The CRDA's citizen committees did have the ability to allocate their funds and even beyond that the ability to compel local councils to commit their own resources in the form of matching grants, but of course this power was to last only as long as the USAID program continued in place. In contrast, the Salvadoran cabildos had only the power to make suggestions to the municipal councils; they could not ensure that the councils would take their priorities with any seriousness.

Accountability had a prominent place in the Bolivian and Brazilian initiatives. Bolivia possessed the strongest accountability structure, for its CVs could not only monitor the municipal councils but also discipline them by deposing mayors and lodging actionable complaints at higher governmental levels. Porto Alegre's COP monitored the city government's investment expenditure, with the latter required to justify its actions to the participatory budgeting body. If the justifications fell short of what the COP considered acceptable, it could take recourse to the media to publicize the disagreement and put pressure on the city to change behavior, though I have seen no evidence that things have come to such a pass thus far.

At a considerably less intense level, accountability was also a part of El Salvador's *cabildo* system, in that city officials were required to call the meetings every quarter and explain their actions since the previous *cabildo* had gathered. There appeared to be no real penalties for failure to follow instructions from the last public meeting, however. In the Philippines, local government units were not in any way accountable to the NGOs sitting on their committees, though as mentioned earlier, in Naga City the NCPC was able to mobilize its NGO constituency on the outside to supplement its attempts to influence official decisions on the inside. In the Serbian case, the citizen committees were not accountable to anyone except the USAID contractor providing the funds for the CRDA program.

Other key success factors

In addition to political will and devolution factors, each experiment had at least one other factor that proved critical to success. In Porto Alegre, the

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[101]   A great deal of the focus in USAID's project supporting the PPL was devoted to helping the CVs build this capacity. Other donors sponsored similar efforts. See Kohl & Farthing (2006: 134-135, 139-140).

very *careful planning* that went into PB had to be the first critical factor, along with its implementation. In particular, the 'budget matrix' design that distributed investments in accord with previous availability and population ensured that the various municipal regions received equitable allocations. The second key ingredient was the *technical support* and expertise provided to all levels by the municipal executive office, which provided the information needed to make good choices and monitor progress.

In Bolivia, the *dual accountability* embodied in the combination of municipal council and CV provided a checks-and-balances mechanism allowing citizens two routes for exercising direction over their representatives. Both bodies had to answer to their constituencies at regular intervals,[102] and both were subject to citizen input on a regular basis. Then the supervision exercised by the CV over the council provided another kind of check.

Placing NGO members on local governmental bodies most likely would not have succeeded at all in many – perhaps even most – country settings, for the NGO representatives would not have had the capacity to participate effectively as advocates and monitors for the civil society community. But the long track record of civil society activism at all levels in the Philippines meant a certain level of *NGO experience and maturity* that could be drawn upon to inform and guide their participation on the 'local special bodies' and to take full advantage when opportunities like those offered in Naga City might appear.

For both El Salvador and Serbia, that extra critical ingredient was the *external funding* provided through post-conflict assistance initiatives, in both cases from the United States (though in other post-conflict situations, different donors have performed a similar function). So long as that funding continued, the programs succeeded in providing needed infrastructure, but as the flow of external resources inevitably dried up, so too did the programs.[103]

Downstream consequences of innovation: impact on elected councils.

Each of our innovations had consequences for what is constitutionally generally considered the key institution in local governance: elected local councils. These outcomes ranged from virtually supplanting the council's budgetary function in Brazil, Bolivia and Serbia to merely becoming a new source of petitions in El Salvador. The Porto Alegre PB approach was arguably the most ambitious in this respect, *displacing* the elected council in three of Osmani's four policy cycle stages, leaving the council with only an imple

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[102]   The fact that, while the councils were elected, the CVs were formed in accordance with the mores and customs of the community meant that the latter were not always chosen by popular vote – potentially a significant weakness.
[103]   See Schwartz et al. (2004) for an analysis of these patterns.

mentation role.[104] The CV in Bolivia was also charged with presenting popular investment priorities, but it had an even stronger role in overseeing the council's behavior than did the PB process in Porto Alegre, such that it could be said to *preempt and check* the council.[105] In the Brazilian city, monitoring consisted of officials reporting back to the citizenry at the initial public meeting in each annual cycle, whereas in Bolivia the CV had the power to unseat the mayor and denounce councils to higher authority.

The Philippine reforms of 1991 inserted an NGO presence in official government bodies, where they could *influence* decision-making but had no authority to determine or change it. In El Salvador, the *cabildos* in the end merely *suggested* priorities to municipal authorities without any way of influencing them to carry out those wishes. The Serbian citizen committees had a good deal more power than their counterparts in El Salvador, in that they did not just suggest investment priorities but rather as in Porto Alegre they *replaced* the elected councils' role in this task, rendering the councils into little more than rubber stamps, so far as capital investment was concerned.[106]

Dangers for participatory innovation

Any change to accepted procedures or 'rules of the game' in effect brings possible pitfalls with it. In the worst case, the innovation might move things backward rather than forward along the dimension it was intended to advance, that is, participation might become more restricted instead of more open. Alternatively, while the innovation might indeed produce improvement in the expected direction, it could at the same time produce other side effects that significantly detract from the overall advance. We need to consider both types of pitfall.

Moving back instead of forward: local elite takeover

In addition to the problems of political will and bureaucratic opposition discussed above, the other principal reason for failure in decentralization initiatives has been local elite takeover. When political will is functioning at the top and bureaucratic hostility has been neutralized, some genuine devolution can occur, with power and resources flowing down to the local level. But without real accountability of local government to the citizenry, local elites

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[104]   The municipal council was nominally entitled to make changes in COP proposals but rarely if ever did so, reports Koonings (2004).
[105]   Since the PPL created the CVs and municipal councils at the same time, the former did not displace the latter so much as preempt it from what would be its budgetary function in most other countries.
[106]   In Serbia the councils could allocate their own funds as they saw fit, but given the general state of their finances after the conflict and the need to provide matching funds for the CRDA projects, they had few if any resources for investment after meeting ongoing expenses.

of one stripe or another tend to find their way into power and soon take over the apparatus in their own interest. Certainly this has been a regular pattern through the so-called development decades (Manor 1999; Blair 2000). Our five cases offer an excellent chance to test this assertion.

Porto Alegre shows a budgetary process accountable in two mutually reinforcing directions. First, the COP is constrained by the highly structured formula-driven process for budget allocations within which it must operate. Local priorities, 'statistically measured need' and population size are all combined into a 'budget matrix' that is applied across the entire city. Furthermore, the budget put together by the COP is rarely if ever changed by the municipal council, with the result that it has become virtually impossible to redirect government spending toward patronage. Pork, in short, has been fairly eliminated, in a process that is accountable to a set of objective regulations (Koonings 2004).

Second, if either the COP or the council (or the mayor) should begin to wander from the budget matrix rules, accountability can (and one assumes would) come through a multiplicity of devices. The media would spread the story, the annual neighborhood meetings at which officials must explain the previous year's activities could elect new delegates to the regional meetings,[107] and the citizenry could elect a new mayor and council members. Presumably the legal system is available as well for recourse. Any one or more of these accountability mechanisms could fail, of course, perhaps even several. But the wide range of them should go far to ensure probity in the PB process and prevent the kind of patronage and corruption that would lead to elite takeover. In these circumstances an elite takeover would be *difficult* at best.

In Bolivia, the dual structure of municipal council and vigilance committee should provide a constraint to elite takeover, for if the council succumbs, the comité can work as a check on it. The checking appears to go only in one direction, however. The CVs with their power to unseat mayors and file denuncias were intended to restrain the councils; but the councils do not possess any statutory powers to rein in errant CVs.[108] Accountability beyond what comes at election times, accordingly, hangs on the CVs. Various donors invested significant effort in the 1990s to strengthen these bodies, but given the large number of municipalities involved, many of them poor, rural areas with minimal literacy, it must be seriously doubted that all – perhaps even most – of them have attained the technical knowledge

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[107]   These elections take place every year in any event, and there is a two-term limit, ensuring a high degree of turnover in the post. See Wainwright (2003) for a lively account of the annual meetings.

[108]   Although the council does have power to depose a mayor in the form of the voto constructivo, as noted earlier.

needed to supervise the municipal councils.[109] In the relatively wealthy terrain of Porto Alegre, it has been possible to create a budget planning office (the *Gabinete de Planejamento* or GAPLAN) to provide the expertise to PB bodies at regional and city levels, but Bolivia's 312 municipalities would have to be counted as another story altogether. The PPL system, then, provides some protection against elite takeover of local governance but scarcely an ironclad one. Viewed against a long history of elite dominance in Bolivia, these defenses would have to be graded *medium*, as in Table 2.

For the Philippines, Naga City should be able to prevent elite takeover so long as its progressive mayor stays in office, and when he eventually leaves there is reason to hope that the NCPC will have grown strong enough and have become sufficiently institutionalized that it can maintain its role and influence on policy making in his absence. But outside of Naga itself, the heavy hand of the oligarchic past has made its presence known in the form of municipal reluctance to include NGOs as required by the LGC, stacking the deck with handpicked favorites when they are included on the Local Special Bodies, failing to accredit NGOs, refusing to call meetings, or never forming the Local Special Bodies in the first place.[110] There is, of course, accountability through the ballot box at election time, but this has not proved an adequate safeguard in the past. In a country where local bossim has been as much (and often more) the norm than the exception, it can be expected to return, if indeed it had ever departed. To be sure, some local government units will attain and keep democratic accountability, but many will not. It is an old story. Elite takeover must be rated as relatively *easy* in the Philippines.

Similarly, it is hard to see how the Salvadoran *cabildos* could be more than a very light bulwark against local oligarchs retaining or seizing control. Elites may be kept at bay, but the instrument for this is much more likely to be local elections, in which the former insurrectionary side has in recent years become a powerful legitimate political player, winning control over 76 of the country's 262 municipalities (including the capital city, San Salvador) in the 2003 election as well as becoming the largest party in the national Legislative Assembly. Of course, the FMLN (Frente Farabundo Martí para la Revolución Nacional) has its own elites, who could govern in their own interest and against the common will, a danger that would be exacerbated by the winner-take-all rule that excludes all but the victorious party from local councils. But the growth and deepening of a real two party system in El Salvador since the Peace Accords of 1992 should act as a preventive in many

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[109]   USAID, for example, developed an excellent practical guide to local governance procedures (DDCP 1999) and worked intensively with its 18 (later 25) pilot municipalities; other donors launched programs as well, but the needs were clearly much greater.

[110]   These failings are noted by Barns (2003), Capuno (2005), Legaspi (2001), and Ravanera (n.d.), among others.

cases, and the *cabildo abierto* could in fact play a useful role in local politics by providing an arena for the political opposition to question and criticize the party exercising monopoly control over local government. Admittedly, invoking party competition amounts to something of a deus ex machina where the *cabildo* participatory structure isn't strong enough to deliver the democratic goods, but it should be enough to award a *medium* grade to El Salvador.

For Serbia, however, there is no comparable potential salvation in sight as yet. The CRDA citizen committees, handpicked as they were by USAID contractors and thus without any accountability to the citizenry, would in all likelihood have become instruments of – or possibly accomplices in – elite control over time if CRDA itself had continued in place over several more years. The citizen committees were arguably suitable for jump-starting local economies whose physical and social infrastructures had crumbled, but without some formal accountability to the locality, they could not have been counted on for any long term protection against elite takeover. Can elected local governments take on the task, as may be possible in El Salvador? In the only local government elections since Milosevic's fall, the turnout was well under one-third in 2004, far below the previous year's parliamentary contest, which saw a turnout of over 59% (Grabanovic 2004a, 2004b). The parties seemed to be groping toward three coalition groups that – if they mature into stable entities – could provide the sort of durable competition that appears to have unfolded in El Salvador, but this has not happened yet. Unclear will have to be the grade for now.

Other dangers for local participatory governance

Any innovation brings with it costs, and participatory governance is no exception. Establishing a participatory mechanism to ensure citizen input into policy decisions means necessarily that others who had earlier been making such decisions will have relatively less voice than before. The change may well on balance be beneficial to the public interest, but the costs must be considered in judging that balance. For Brazil, Bolivia and Serbia, the cost lies in the democratic tradeoff. In Brazil and Bolivia, constitutionally elected bodies have been *displaced*, in what would elsewhere be their budgetary deci-sion-making responsibilities, by parallel and competing bodies. For Brazil the PB regional councils arguably have as valid a set of democratic credentials as the municipal council, for their members are elected by all those in atten-dance at the annual PB meeting, and the apex citywide PB council's mem-bers are elected by the regional councils, a practice long a part of democracy's repertoire. But they are a different set of elected officials who have displaced the original budget decision-makers. The PB process with all its 'budgetary matrix' safeguards is less vulnerable to the distortions that corruption and patronage bring than the traditional councils, but they may have vulnerabili-

ties of their own, for instance the accusation that the neighborhood meetings are packed with party workers who steer the proceedings toward what the PT had intended to begin with (Wikipedia 2006). As Brautigam (2004) puts it, one might ask whether creating this new structure is really preferable to reforming the one already in place, endowed with legitimacy as the primary institution for local governance in Brazil.

In the Bolivian case, the process for selecting the CV membership is likely to be somewhat less than fully democratic at the outset. It was La Paz that designated each of the 11,000+ OTBs that would be granted a territorial monopoly for each rural canton or urban neighborhood. A large portion of these organizations were peasant syndicates, indigenous bodies and the like, which did not at all necessarily include the entire population as their constituency. Moreover, in employing their mores and customs in choosing their delegates to the municipal CV, these OTBs may or may not have employed elections as their mode for selection. Thus at two levels, the selection process for CV membership was less than fully democratic. It follows, then, that the CVs displacing the democratically elected municipal councils in making budgetary decisions are highly likely to be holding considerably less than a completely democratic mandate. In short, the democratically elected municipal council has been displaced by a body that can exercise a check on it, which is probably a good idea, but when the checkers are less democratic in their origins than the checked, the local political system may be in danger. The CV constitute a kind of guardian system for the municipality, but to cite the old – yet still all too pertinent – Latin query, Quis custodiet ipsos custodes? (who guards the guards themselves?)

In Serbia as well, the elected councils were displaced by the USAID-selected citizen committees as the main budgetary allocation agency at local level. In its defense, USAID would no doubt argue that other considerations at least temporarily trumped representative democratic governance. Ethnic tensions were still threatening life and limb in many areas, social capital was at a low ebb, and citizen confidence in government capacity to deliver much of anything except violence had been sorely abused. The arrangement did indeed prove to be temporary, closing down in the summer of 2006. Even so, the citizen committee system could have been more participatory and more representative as well. Had the USAID contractors been allowed to follow through with their original plan to carry out a more deliberate and thorough assessment of each community before setting up the program, they might well have been able to create committees that would have supplemented and strengthened the municipal councils. As it was, however, the imperative to get the program up and running immediately obviated all such chances.

For the Philippines, the principal danger for local government units has to be *cooptation* of the NGO community. If the system functions as intended, the NGOs themselves have the power to select their representatives to the various local special bodies of the local government apparatus. Such an

arrangement should indeed make NGO relations with government much more straightforward and collaborative, greatly reducing transaction costs for both sides, as ADB (2004) observes. In addition, the high probability that the NGO slots on the local special bodies will be eagerly sought after will surely mean that the most able NGO leaders will obtain them. But can civil society proceed along this track very far without becoming coopted by local government? If part of the very definition of civil society includes autonomy of its organizations from the state, will it become something less than civil society, perhaps even a handmaiden of the local political structure? This was surely not the intent of the crafters of the LGC in the Philippines, nor of Mayor Jesse Robredo in Naga City, but it may be the outcome over the long term. For NGO community to function properly as a mechanism for society to provide policy input to government and help hold it accountable, it cannot be a part of government. The Philippine experiment should be given close scrutiny in the coming years with just this concern in mind.

Finally, the main problem for the Salvadoran *cabildo* remains what it had been from the outset, namely its statutory impotence. Even if the municipal councils hold a *cabildo abierto* every three months as required, they have no obligation to treat the emerging citizen input as anything more than suggestions that can be accepted or ignored in making local government decisions. And while council meetings could be made open to the public, virtually none have been – not surprisingly, given the closed nature of the winner-take-all election system.

5. Lessons for innovations in participatory local governance

The five cases presented here offer a number of lessons for future efforts to enhance participation in local governance.

Indigenous political will is critical

The first lesson has to be a return to that old developmental adage that political will at the top is critical to any democratic reform. If we can take 'the top' to mean the central or the local level depending on the case, then the maxim surely holds true for innovations in participatory governance. Little or nothing would have happened without the leadership provided by Olivio Dutra in Porto Alegre, Gonzalo Sánchez de Lozada in Bolivia, and Aquilino Pimentel and Jesse Robredo in the Philippines. International donors did bring financial support and technical assistance, but they played quite a subordinate part in the process. The real motivation and determination came from within. The point is well illustrated by the two post-conflict efforts in El Salvador and Serbia, where program effectiveness ended with the termination of foreign funding.

Mixed motivations for innovation may be helpful

Leaders in both Brazil and Bolivia had practical and self-seeking political agendas as well as visionary goals in pressing for their participatory governance initiatives. The PT leadership in Porto Alegre (and later in other municipalities and at state level) wanted to reward their political supporters by instituting a pro-poor system that would bring greater equity and at the same time nurture their support base in the polity. The Bolivian MNR sought to strengthen its main voter base in the rural areas that had previously never enjoyed elected self-governance.[111] These strategies did not bring permanent benefit to their initiators, for the PT eventually lost power after four terms and 16 years in office, while in Bolivia the turnabout was considerably more dramatic, as the very system President Sánchez de Lozada brought into being in the mid-1990s served as the germinating structure for the political movement that unseated him from office less than a decade later. However, had their sponsors not acted on the basis of their political self-interest, the reforms would most likely never have come into being.

With care, elite takeover can be prevented

The elaborate structural safeguards employed by Porto Alegre to maintain objectivity in its PB process stand as an impressive safeguard, first against corruption and perversion, and even more importantly against local elite takeover, which is the ultimate outcome when these pathologies seep in. Two other systems have produced some precautions – Bolivia with its CV restraints on the municipal council, and El Salvador with the vigor of its two-party system – but neither could be ranked on the same level of effectiveness.

Small settings bring democracy closer

Porto Alegre's PB system begins with neighborhood meetings at which citizens choose delegates to attend one of the city's 16 regional meetings. In the small initial setting, residents are much more likely to know and trust each other. The Bolivian OTBs also operate in intimate circumstances with territorial coverage of less than 600 people on average, so the personal level is, if anything, even more intimate than in Porto Alegre. Closer proximity between citizen and representative doesn't guarantee better accountability, of course, but it must help.

Resources per se are not enough

All five cases had adequate resources from either the central government or donors to carry out significant local activity, but this was not enough to

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[111]   In the Philippines, where politics was characterized more by individualism and local bosses than by stable parties, the same motivations did not appear to have been in play.

provide effective participatory governance. Only in Porto Alegre and Bolivia were sufficient power and accountability devolved to local authorities to facilitate such an outcome. The Philippine LGC devolved power as well as resources to the local government units, and in Serbia USAID granted the citizen committees the power to determine how project funds would be spent. However, in the former case the LGUs were not really accountable for incorporating NGO participation as envisioned by the LGC, and in the latter, the citizen committees were accountable only to their donor funding organizations, not to the citizenry. Manor's (2004) dictum is confirmed: All three devolutionary components must be present for a local participatory governance initiative to succeed.

Internal donor needs can lead to program distortion

The concern with reportable (read concrete and quantifiable) results displayed by USAID in its Salvadoran and Serbian programs probably acted as a significant constraint on participatory governance. While understandable (for all government organizations in a democracy have to answer to their elected overseers, in this case the American Congress), the need to report 'hard data' in order to please Congress meant that USAID staff focused on physical infrastructure as opposed to democratic progress that would have been much harder to measure credibly but could have had more long-term impact.

Bypassing elected bodies can be dangerous

In three of our five cases, new structures bypassed the elected structures customarily charged with determining public policy. Brazilian PB councils, Bolivian CVs, and Serbian citizen committees were all given authority to determine public expenditure, thus displacing their respective elected municipal councils. To be sure, adequate justification could be (and was) provided for what amounted to usurpation. But Brautigam's (2004) admonition is pertinent. What about those elected councils? Should they simply be overridden rather than reformed? From the available literature, it seems clear that no thought at all was given to the serious concerns that Brautigam raises. This gap in design should be rectified in any future effort considering such a displacement of elected bodies.

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Annex

Direct, representative and deliberative democracy

Democracy is frequently characterized as being either direct or representative. In the first type, citizens act in immediate contact with each other to make public decisions, whereas in the second they select delegates to represent their interests at some official legislative body to make such decisions. In some cases a choice can be made between the two types (e.g., academic faculty meetings of the whole or faculty senates with delegates and constituencies, traditional New England town meetings in addition to elected councils). However, in general, as scale increases, democratic practice becomes more indirect and representative. The Porto Alegre experiment offers a fascinating combination of direct and representative types, with the neighborhood councils a direct democratic proceeding, followed on at the higher levels of region and city.

Porto Alegre has also attracted a great deal of attention as an exemplar of deliberative democracy in action. In its essence, deliberative democracy holds that citizens in a community can, through discussion and dialogue, come to a consensus on group well-being and common needs that can supersede their individual wants and desires. As such, the idea poses quite a different democratic model from the standard pluralist advocacy approach favored in contemporary international development thinking. Instead of arriving at policy decisions through the contention of civil society groups (or individuals) arguing their own interests and then compromising to find acceptable ground among differing and opposing groups, the goal is to formulate a common interest through deliberation, sublimating individual and smaller group concerns within that larger interest. This is to be done within the state apparatus, not by applying pressure from outside, as in standard civil society thinking.[112]

Can Porto Alegre qualify as a deliberative democracy, as far as its PB process is concerned? Probably not in the strictest sense, for the citizens engaged in PB appeared to be very much concerned with individual, family and neighborhood interests such as water supplies, schools, streets and the like, rather than the common good. But as Mansbridge observes in her analysis of Porto Alegre, the PB process does appear to be inculcating in the participants a willingness to look at the city as a whole.[113] If not a confirma

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[112]   There are many accounts of deliberative democracy, and now even a handbook has become available (see Gastil & Levine 2005). For two shorter explanations, see Fung & Wright (2001) and Daubon (2005).
[113]   Mansbridge (2003) in Fung & Wright (2003). A number of other articles in this same volume address aspects of this issue in Porto Alegre.

tion of deliberative democracy in action, Porto Alegre does seem to be moving many toward a larger view of the general welfare extending beyond their own individual or narrow group interests.

Bolivia and the Philippines both land on the representative side of the ledger, as does Serbia, but each in a different way. The Bolivian CVs are selected according to mores and customs of the community, which might mean elections in some places, peasant syndicate governing boards making decisions in others, and traditional lineages in still others. Philippine representation on the local special bodies (and the NCPC in Naga City) comes through NGO seats on these committees. In Serbia, the CRDA citizen committees were chosen by the USAID contractors. In all three cases, one can ask how truly representative these agents have been for their ultimate principals, the citizenry. The Salvadoran cabildos constitute a direct democratic component in the municipal governance system, but as we have seen their impact on municipal decision-making is limited at best.

Chapter 4

Pitfalls of Participatory Development

Jean-Philippe Platteau[114]

1. Introduction

As a response to critiques of top-down development, most bilateral donors and big international organizations have started to emphasise participation in the design of their development assistance programmes, and/or to channel substantial amounts of aid money through international or local NGOs (Stiles 2002). For example, the World Bank has made the so-called Community-Driven Development (CDD) approach one of the cornerstones of its Comprehensive Development Framework, as reflected in the World Development Report 2000/2001 devoted to poverty alleviation (Mansuri & Rao 2004). Because it gets people involved in the processes of decision-making and implementation of projects of which they are the intended beneficiaries, participatory development is viewed as an effective mechanism for reducing poverty and empowering the poor, for spreading democracy and accountability, and for making progress both inclusive and sustainable.

A priori, the proposition that participation is a recipe that can bring all good things together, is suspect for economists who believe that any problem of choice tends to involve difficult trade-offs, and that win-win solutions are rare or can be implemented only when special conditions are fulfilled. In the present contribution, I therefore want to examine critically the virtues attributed to participatory development and to highlight the limits of the underlying approach, not as an attempt to defeat the idea of participation, but in an opposite effort to enhance its credibility and to minimize future disillusionment.

In a book entitled 'The Tyranny of Participation', Frances Cleaver remarks that 'The 'community' in participatory approaches to development is often seen as a 'natural' social entity characterized by solidaristic relations…. Development practitioners excel in perpetuating the myth that communities are capable of anything, that all that is required is sufficient mobilization (through institutions) and the latent capacities of the community will be unleashed in the interests of development' (Cleaver, 2001). This is probably an overstatement, yet the point remains that, if participatory development is seen as a new magic pill that can cure most of the present ills, and if existing community imperfections are not properly taken into account, the donor community is bound to run into unanticipated difficulties that will make its tasks even harder to achieve in the near future.

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[114] Centre for Research in the Economics of Development (CRED) at the University of Namur, Belgium, 2007.

There is an acute need, therefore, for a proper contextualization of participatory schemes susceptible of yielding more appropriate designs and implementation practices on the part of the donor agencies. In order to achieve that end, one must actually go beyond the simplification of an ideal-type community that would warrant a one-size-fits-all approach to participation. Real world rural communities may differ considerably along several important dimensions and, as a consequence, supporting interventions involving the beneficiaries – a praiseworthy end in itself – must be based on a good understanding of the details of context in particular situations. In short, a participatory approach to development is much more complex than is often imagined by donors, and it requires the adoption of a much longer time horizon than they are usually prepared to consider, given the constraint of producing quick results which they typically face. A long-term perspective is especially needed when communities exhibit characteristics that make them vulnerable to serious pitfalls - such as is the case, it will be argued, in societies dominated by lineage- or patronage-based relations, or in ethnically fragmented societies.

The main advantages associated with participatory development lie in the better knowledge of local conditions and constraints (environmental, social, and economic) that communities or user groups possess as well as the dense network of continuous inter-individual interactions that constitute community life (often labeled 'social capital' in the recent literature). As a result of these two features, communities are assumed to be better able than a central government or an external donor not only to set up priorities, identify deserving beneficiaries, design projects, select techniques and inputs, but also to enforce rules, monitor behaviour, and verify actions. Also, people's motivation to apply effort and to contribute resources is expected to be stronger when they are let free to choose their objectives and their ways to achieve them, rather than being told from above what to do and how to do it (see, e.g., Hoddinott et al. 2001; Conning & Kevane 2002; Bardhan 2002; Platteau & Abraham 2002; Platteau 2004).

In the following, the above advantages of participatory development are discussed and the extent to which they can meet the expectations of the donor community is appraised. Due to a lack of space, however, not all the potential problems connected with participation can be addressed. In particular, the fact is largely overlooked that better information may not be enough in itself for participation to be effective: community members must be able to use the available information jointly in a way that creates some action, that is, they must be able to come together, share and discuss their knowledge and be ready to act on it (see, e.g., Björkman and Svensson, 2006).

The paper is structured as follows. In Section 2, attention is focused on the possibility of strategic distortion of local information under different circumstances. Section 3 considers the risk of embezzlement of external resources by local elites. I first examine the relationship between fraudulent

behaviour and the local power structure before looking at the phenomenon of so-called 'development brokers'. Section 4 addresses the issue of perversion of participation under conditions of donor competition when the information gap between donors and recipients is not the problem. Finally, Section 5 argues that the effects of participation on project outcomes are not necessarily positive. Besides the fact that they vary with community characteristics, such effects may be conditional upon certain project characteristics. Section 6 concludes.

Two final but important introductory remarks are in order. First, the focus in this paper is on participatory schemes driven by external aid agencies rather than on mechanisms of decentralized development in which local governments or municipalities have the right to collect taxes. Yet, a number of questions which will be raised are also relevant for the approach of decentralized development and, from the discussion and the illustrations provided, it will be sufficiently clear when this extended application is legitimate. Quite naturally, the difficulties of participatory development that will receive special attention are those arising in the process of interaction with donors and NGOs rather than the failures and difficulties of participation as a method or tool of development per se. As a result, some awkward situations described below – most notably, the situation in which a community has no real interest in the activities proposed by the external agency– point to problems with mechanisms of external aid distribution, rather than to problems with endogenously-borne participation.

Second, participation is likely to be more successful in some areas than in others. As will be evident from the discussion, it is when beneficiaries have weak bargaining power that the problems of participation tend to be more acute, and it is on these situations that stress will be laid. When people's bargaining strength is significant, the participatory approach is more promising. This is true, for example, of public services whose delivery is liable to be influenced by the user community because there is a high demand for them, because users have accumulated experience and knowledge about them, or because they have the means to sanction bad suppliers.

2. Information distortion in participatory development

In the following analysis, three cases of information manipulation by grassroots communities are examined in succession. We first consider the case of strategic distortion of information when priorities are set by the communities, then proceed to the case of strategic distortion in the presence of diverging objectives, and finally move to the most complex and interesting case in which communities are heterogeneous and are represented by their local elites in their dealings with the funding agencies.

Strategic distortion of information when communities are homogeneous and donor preferences are more or less fuzzy

In a first step, let us consider the simplest, ideal case in which a community is defined as a homogenous entity which (1) has a clear idea about the way to order its priorities in terms of projects to be implemented, and (2) needs external support to finance, at least partly, its best preferred project(s). On the other hand, there are funding agencies, foreign donors or the central government of the country concerned, which want to disburse money to the benefit of the communities and according to the priorities set by them.

Under these circumstances, it seems, communities would optimally meet their development concerns, while funding agencies, assumed to be altruistic (their objective is to increase the communities' welfare), would best allocate their available resources. In fact, even under these quite fortunate conditions, a problem arises when aid resources are perceived to be scarce (communities believe that some types of projects will not be financed) and when some uncertainty exists regarding the yardsticks or the preference system underlying the funding agency's choice of projects or communities. Confronted with this source of uncertainty, communities are tempted to avoid revealing their true preferences when applying for funds, so as to better conform to the perceived preferences of the agency. Hence there is a biased revelation of information by the potential beneficiaries of aid money. This point has been shown formally by Somville (2006) under the reasonable assumptions that (i) the probability of being financed is lower the larger the distance between the preferred project declared by a community and the project perceived to be preferred by the funding agency; and that (ii) the utility obtained as a result of the implementation of a project decreases with the distance between the community's declared project preference and its true preference.

Interestingly, the greater the uncertainty about the agency's preference, the smaller the bias in the declared preference of a community. As a matter of fact, an increase in the uncertainty regarding the agency's best preferred project has the effect of reducing the marginal benefit from a bias in the declared community preference, since the marginal increase in the probability to be financed when lying a little bit more about one's true preferences is smaller when the agency's objective is more fuzzy. Conversely, when communities are rather certain about the preference of the agency, they are strongly induced to make a declaration close to that perceived preference and, therefore, to depart from their true order of priorities. Such is apparently the situation that obtained in some communities of Kerala, a southern Indian state that embarked upon an ambitious programme of decentralized development in 1996. There, indeed, some local governments (called Panchayats) thought that a project would be more likely to be financed by the central government if it was identical to those previously implemented by the state, or to the sort of projects presented as models by the State Planning Board, the office in charge of decentralization (Nair 2000).

In the opposite, yet frequent case in which the agency has a clear and explicit pattern of objectives and priorities that it wants to achieve by disbursing funds to communities ready to fulfil them, we expect the latter to behave opportunistically: they introduce project proposals deemed to conform to the donor's wishes so as to secure access to the available resources. In the words of a village chief from Burkina Faso, 'if I give you a hen free, you won't start examining the ass to determine whether it is fat or thin. You just accept it.' (Gueneau and Lecomte, 1998: 100). The extent of benefits drawn by a community will then depend upon whether the actual use of aid resources can be monitored by the agency: the more effective the monitoring the smaller such benefits. Conversely, if communities are not well disciplined into implementing the type of project that they have declared to prefer, they will be tempted to divert the resources obtained into their preferred use, and their strategic distortion of information will have no welfare consequence.

There is abundant field evidence to show that, in effect, communities strategically adapt their project proposals to the explicit demands of the donors while pursuing their own agenda in the actual use of aid money. In the words of an anthropologist with a long field experience in Mossi villages of Burkina Faso: 'Confronted with the hegemonic 'project' of the donor, the local population, for fear of losing the aid offer, prefer to remain silent about their practices and aspirations. This is because these practices and aspirations are perceived to be so far away from those of the donor that they are better not disclosed. Such is the vicious circle of development cooperation: the fear of avowing the discrepancy between the two views because it could lead to the discontinuation of the aid relationship, has the effect of strengthening the donor's confidence in the validity of its approach' (Laurent 1998: my translation).

The same conclusion has been reached by Tembo (2003) in his study of NGO (Non-Governmental Organizations) interventions in rural Malawi. His main contention is that people and communities tend to profess the objectives, and adopt the style, methods, and language of the NGOs so as to obtain access to their support.[115] Typically, this implies pursuing the

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[115]   In Tembo's words: 'People's preoccupation was to align their requests with what an NGO was providing, in a sense of defending their position for assistance even when the critical problem was something else… in most cases, people were cooperative, in terms of giving appropriate answers to fieldworkers, in order to please them and have access to NGO assistance. This assistance was in order to fulfill other purposes they already formed on their minds. They were negotiating with fieldworkers from a broad background of their experience in which they had critical problems to be addressed or cured… [therefore], the actual purposes of the people could not be reflected in the project design because the people's primary orientation was to successfully access assistance. If they had based their negotiations on their genuine uses of assistance, they might not have been able to access NGO assistance… they preferred to hide the actual uses as long as they succeeded to access assistance, which they could then use for their own purposes' (Tembo 2003).

objectives of empowerment, capacity-building and sustainability, showing concern for gender and environmental issues, following training courses, abiding by certain rules and procedures (e.g., creating committees, holding regular meetings, maintaining a cashbook). Thus, for instance, training was not viewed by the people as a form of assistance, but as 'a facilitating activity attached to the process of receiving some kind of NGO assistance' (Tembo 2003). In fact, people saw training not only as a condition of access to assistance, but also as a source of direct advantages in the form of training allowances. Revealingly, one of the most contentious issues between fieldworkers and villagers concerns the form in which training allowances should be paid: while, on behalf of the NGOs, the former insist that they are paid in kind as gifts of food, the latter want to receive cash allowances so that they can use them in the way they deem fit (Tembo 2003). As pointed out by Tembo (2003): '… before the training commenced people demanded that they be provided with training allowances in cash and not food… When the NGO turned to the 'take it or leave it' approach, the people agreed and the training session was conducted, but with a lot of grumbling on the part of the community members. Fieldworkers were surprised and angry with the people, arguing that they were already beneficiaries of long-lasting assistance and should not demand payment for their access to the assistance'.

Other sources of disagreement arise from NGO preference for participatory processes and for collective rather than individual enhancement. Activities involving participation, such as registration exercises and meetings, which for NGOs were meant for the empowerment of the people, were seen by them as serving the purpose of facilitating the inflow of external resources. As a result, when an NGO phased out assistance, the people often stopped their participation in the committees and organizations built at the initiative of the fund provider. Hence the observation that village organizations set up to secure external financial support 'could disband as soon as NGO assistance was over' (Tembo 2003). Villages from Mayo Kebbi in Chad derisively label as 'groupements-minute' (instant associations) the thousands of groups, committees, associations and the like which suddenly emerge when aid funds are available and quickly vanish from the scene when the opportunity has passed (Gueneau and Lecomte 1998).

Illustrating the same logic of spurious participation is the fact that village organizations and committees set up for the purpose of capturing aid are specific to the intervention of a particular NGO. According to Tembo's account for Malawi, when a new NGO came to a community to provide assistance, people did not mention previous programmes and, therefore, new committees were formed to meet the demand of this new NGO. Change thus tends to be seen in project terms rather than in the context of the people's own construction of their livelihoods (Tembo 2003).

Revealingly, the same sort of problems arise in the context of World-Bank supported CBD (Community-Based Development) projects: according to a recent evaluation report, 'communities do not appear to have understood that their participation is meant to drive the development process, and see participation in a Bank project primarily as a requirement for them to meet part of the sub-project cost' (World Bank 2005).

In an extreme case, it is possible that a community has no interest in the activities proposed by an external agency. The utility obtained from external assistance may then consist of the social prestige associated with obtaining a development project in the context of inter-community rivalry, and with enhancing the credibility of existing leadership in such a context. Many village leaders want to have a funded project in their community, just like their neighbouring villages: 'In essence, they were open to have any NGO activity in their communities' (Tembo 2003; see also Mosse 1997). Women from the Senegal River valley thus wanted to obtain sewing machines from a foreign NGO because 'that is what aid-funded development projects give' and what the neighbouring villages have actually received (Gueneau and Lecomte 1998).

To conclude, conflicts of objectives between aid agencies and communities often emerge because the latter pay much less attention to long-term, strategic considerations (including the building of autonomous organizational capacities), and attach much bigger weight to immediate improvements of life conditions. In addition, they tend to place too much hope in externally-provided resources and to demand that the scale of development activities is increased beyond the limit of their own absorptive capacity. More fundamentally, meaning systems may differ so widely between donors and target groups that the very concept of development at the heart of the donors' approach may not be understood by these groups (Platteau 2004).

Strategic distortion of information with heterogeneous communities: general considerations

In many cases, communities are not homogenous as we have assumed so far. Even in Sub-Saharan Africa, village societies are often strongly differentiated along age and gender lines, seniority of the lineage, and so on. This heterogeneity compounds the problem of information manipulation because funding or aid agencies are typically motivated by the objectives of poverty alleviation and empowerment of deprived sections of the population. This gives rise to serious conflicts of objectives with local elites which are inclined to promote their own interests and do not have the same idea of eligibility to external assistance. To push their own agenda, these elites do not hesitate to exploit the information gap that exists between rural communities and donors.

In many instances, the opportunistic behaviour of local elites consists of deceptively including the poor and disadvantaged in their project activities so as to access development aid. Several social scientists have thus emphasized

the ability of the village wealthy to represent their own interests as community concerns expressed in the light of project deliverables. As a consequence, donors are frequently deluded into thinking that the motivations of these elites are guided by purposes of collective good (see, e.g., Ribot 1996, 2002; Molinas 1998; Mosse 2001; Harrison 2002; Tembo, 2003). Delusion is all the more likely as the demands emanating from the elites are replete with the sort of pleas and vocabulary that strongly appeal to the donors and, in order to create the appearance of participation, they may go as far as spending resources to build community centres, hold rallies, and initiate showcase labor-intensive activities (Conning and Kevane 2002). Thus, commenting on the Indian experience with village-level democracy (Panchayati Raj), Ajay Mehta writes: 'Despite significant allocation of resources and the creation of institutions for self-governance, these interventions have not succeeded in either empowering the poor or enhancing their well-being. If anything, they have strengthened the ability of more powerful and more affluent segments of society to control and co-opt the poor to serve their interests' (Mehta, 2000).

Donor agencies, including NGOs, run the risk of inadvertently facilitating the task of local elites. This happens when they rely on institutional mechanisms that have the effect of skipping the phase of empowerment of the grassroots. Typically, they ask the members of the targetted communities to form groups or partner associations and to 'elect' leaders to direct them. As pointed out by Esman and Uphoff (1984):

'The most prominent members are invariably selected and then given training and control over resources for the community, without any detailed and extended communication with the other members about objectives, rights, or duties. Creating the groups through these leaders, in effect, establishes a power relationship that is open to abuse. The agency has little or no communication with the community except through these leaders. The more training and resources they are given, the more distance is created between leaders and members. The shortcut of trying to mobilize rural people from outside through leaders, rather than taking the time to gain direct understanding and support from members, is likely to be unproductive or even counterproductive, entrenching a privileged minority and discrediting the idea of group action for self-improvement' (p. 249).

When common people are compliant enough, such as is often observed in hierarchical societies, including them in the associations required by the funding agency and exerting natural authority over them in all discussions regarding the allocation of aid resources is usually sufficient to make the preference of the elite predominate. In fact, as attested by many experiences of the World Bank's Social Funds – a major instrument for the financing of participatory development projects by the Bank – 'prime movers' of projects, such as village headmen or school teachers, often decide which project to choose and implement before any community meeting ever takes place and

it is only later that they take the step of informing community members of their project choice (De Haan, Holland &Kanji 2002; White 2002). The powerless assume the images of the powerful and, since all negotiations with the external agency take place through local leaders or intermediaries, people's priorities are presented in a manner acceptable to this agency, but also suiting the interests or objectives of the village elite (Tembo 2003; Nygren 2005). If the poor are somewhat less passive and not so easily manipulable, the elite may have to resort to some sort of arm-twisting tactic to have their way. In addition, if the external agency is able to effectively monitor the local use of the resources provided, the elite may be compelled to forsake access to these resources, possibly causing damage to the project itself.

The story, reported by Tembo, of a self-help scheme for irrigation in a village of Malawi provides a handy illustration of how divergence of objectives between an NGO and the village elite may undermine a development project. The scheme had been devised by a few people willing to divert water from a river in order to grow rice during the dry season. An NGO then appeared which decided to expand the programme in order to allow most people, especially the poor, to benefit from it. This necessitated the construction of a more permanent main water channel made of cement and using skilled labour, both bought by the NGO. Once construction was completed, people were required to divert small channels into their fields and then organize for maintenance of the main channel. However, people did not comply. Instead, the original group of irrigators continued to irrigate their crops using the old channel they had built by themselves. The reason behind the boycott is that this group considered the other farmers to be lazy guys prone to free riding (they will 'eat on other people's sweat') and, therefore, liable to undermine collective actions such as the maintenance of the new channel. Since it was difficult to reject anybody on the new channel, given that it had been financed by the NGO, the original group opted for returning to the old channel and relying only on trustworthy people (Tembo 2003).

To take another example, in a village of Uttar Pradesh (India) concerned by a water supply scheme, groups made of a few households contributed the entire capital cost portion for one hand pump. It was understood that neighbouring households would pay them back their share once the pumps were operational. This did not happen, though, and the hand pumps were considered by villagers to be the property of individual households. Some of the 'owners' even go so far as to remove the chain when they are not using the pump so as to ensure preferential access (Prokopy 2005).

Incidentally, the above examples show that heterogeneity of interests and objectives does not necessarily arise from an opposition between the village elite and the common people, but may also be caused by more subtle patterns of social differentiation inside communities. In particular, different ideas of eligibility to external assistance, and different notions of social justice, may prevail because of different diagnoses about the ultimate causes

of poverty and destitution. While development agencies tend to attribute poverty to bad initial conditions, or to a lack of luck and adverse shocks, relatively successful members of a community may place the blame on some behavioural traits of the poor themselves, such as laziness, drunkenness, indiscipline, or opportunistic proclivities. Moreover, individuals may be regarded as untrustworthy because they have broken some local social norm (a man has shown disrespect for his father, or he has a sold a piece of land to a stranger without the approval of village elders) and will therefore be considered non-eligible to aid relief whereas the donor agency thinks contrariwise on the basis of other criteria or principles of justice (Platteau 2004; see also Mosse 1997; Platteau & Abraham 2002).

Exclusionary tendencies often follow from the fact that rural communities are typically concerned with preserving a sense of social inclusiveness that leads them to exclude certain segments of the population (Conning & Kevane 2002). In particular, immigrants of more or less recent origin, nomadic people, erstwhile slaves in caste societies, and widows may be easily precluded from benefiting from an external intervention. In a recent study of Southern Sudan, it has thus been found that local views about who should benefit from famine relief efforts were very much at variance with those of the aid workers, which caused a lot of problems in the implementation of the project (Harragin, 2003). A similar difficulty emerges from another study dealing with a CBD project designed to promote community-organized and funded schools in Kenya (Gugerty and Kremer, 1999). However a more optimistic conclusion has been reached in still another study that found a good match in rural Bangladesh between wealth-ranking judgments (arrived at through a Rapid Rural Appraisal technique), on the one hand, and ratings (obtained by using standard socioeconomic indicators from a household survey) on the other hand (Adams et al. 1997).

Strategic distortion of information with heterogeneous communities: empirical evidence from the economic literature

A glance at the economic literature on decentralized or participatory development reveals that economists have focused most of their attention on the issue of whether poverty reduction can be more effectively achieved through an allocation of resources that is decentralized (via a local government) or participatory (via a community organization representing the interests of the beneficiaries themselves) than through a centralized mechanism (for a statement of the problem, see Bardhan and Mookherjee 2000). Their theoretical framework usually assumes the existence of some form of voting process at the local or community level in which the weight of the poor, who have different preferences from the rich, is expected to play an important role. In many cases, the theory is then tested against the facts.

For instance, Rosenzweig and Foster (2003) use a model of two-party (the poor and the non-poor) representative democracy with probabilistic voting in which local governments must choose to allocate public resources

among different public goods for which the preferences of the poor presumably differ from those of the rich. A key prediction of the model is that, in villages with democratic governance, an increase in the population share of the landless should result in outcomes that are, ceteris paribus, more favourable to the poor, that is, greater road construction or improvements (which are relatively labour-intensive) and smaller public irrigation infrastructure (which benefits the landed households especially). The prediction is borne out by the econometrics applied to a twenty-year panel data set from 250 villages in rural India. As a matter of fact, increases in the population weight of the poor appear to enhance the likelihood of receiving pro-poor projects, but only in villages with elected panchayats. When more traditional leadership structures prevail, no such effect is observed, leading to the conclusion that local democracy seems to matter for whether or not decentralization benefits the poor.

On the other hand, evidence from a decentralized food-for-education programme in Bangladesh led Galasso and Ravallion (2005) to the conclusion that the programme was mildly pro-poor, in the sense that a somewhat larger fraction of the poor received benefits than did the non-poor. Yet, the targeting performance turns out to have been worse in more remote communities or in communities where land inequality is greater, which presumably reflects a larger extent of appropriation of benefits by the elite when the poor wield little bargaining power.[116]

Studying the impact of the Peruvian Social Fund on poverty targeting, Paxson & Schady (2002) found that this World Bank-supported mechanism for the delivery of public goods (schools, clinics, roads, water and sanitation facilities) in poor communities successfully reached the poorest districts, yet did not reach the poorest households within these districts. As a matter of fact, better-off households were more likely to benefit from the Fund's investments. From a case study on the Jamaica Social Investment Fund, Rao & Ibanez (2001) concluded that the overall quality of the match between local preferences and project achievements was poor. Only in two of the five

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[116]   To understand the behaviour that underlies the allocation of resources driving such results, the authors have assumed that a community is maximizing a positively weighted sum of utilities featuring the situation of two population groups, poor and non-poor. Communities are thus able to achieve an efficient allocation of the resources put at their disposal by a central agent (the so-called Project Office) which does not observe how much is going to the poor in each area but takes the behavior of communities into account while setting the budget allocation between them. The weights on the utilities of the poor and the non-poor are interpreted as 'capture coefficients' arising endogenously in a voting model with differences in voter information between the poor and the non-poor. Moreover, the weights are assumed to depend on characteristics of the poor and non-poor, as well as the local political and economic environment, and the programme itself.

communities studied was the project obtained consistent with the preferences of a majority in that community. Furthermore, better educated and better networked people were more likely to obtain projects that matched their preferences. Banerjee & Somanathan (2005) emphasize the presence of serious negative discrimination against certain disadvantaged groups in India, the so-called scheduled castes and scheduled tribes which together represent almost one-fourth of the Indian population. This discrimination is reflected in their low access to public goods and services.

In short, when social differentiation and power asymmetries are strong, decentralized or participatory development is tantamount to participation by the rich and the powerful at the expense of the poor who remain voiceless and helpless. It is in this sort of context that an empowerment approach is needed to help the poor not only to articulate their needs and assert their interests in front of the village elite, but also to monitor the behaviour of the latter, to confront them if needed, and to take leadership positions. A few studies seem to suggest that, where reliable empowerment mechanisms exist, poverty can be effectively reduced through decentralized development.

Thus, Pande (2003) has shown that, in the same country, when disadvantaged groups (lower castes, tribal groups and landless people) are able to elect their own representatives at the local level where allocation decisions are made, a larger share of available governmental resources accrue to them. The same result has been obtained by Chattopadhyay and Duflo (2004a, 2004b) in a study focused on the situation of women and the impact of the reservation of local government positions for women in two Indian states (Rajasthan and West Bengal). It was found that this process had significant effects on the allocation of expenditures between drinking water, roads, and education centers which are thought to better reflect women's interests.

Social differentiation and power asymmetries are not the only kind of heterogeneity that make participatory schemes liable to produce disappointing results. Thus, Alesina, Baquir & Easterly (1999) have attempted to explain the quantity of public goods supplied at local level by the heterogeneity of ethnic preferences in the context of Indian villages. Their estimates show that the share of such public goods as schools, paved roads and telephones is inversely related to ethnic fragmentation, which thus comes out as an important determinant of local public finance decisions. In the same vein, Cutler, Elmendorf & Zeckhauser (1993) stress the difficulties for collective action (the production of local public goods, in particular) that arise from ethnic heterogeneity. According to them, this is due to the fact that people do not feel concerned by the well-being of others unless they belong to the same ethnic group. It is therefore not surprising that, in highly fragmented societies, electoral competition at local level is often based on considerations of identity, whether ethnic, religious or linguistic (Keefer and Khemani 2005; see also Chandra 2004). Here, subtle steps to gradually develop cooperative practices between the diverse population sub-groups are required to overcome the problem.

All this being said, caution is called for when interpreting most of the above results in so far as they are based on a comparison of predicted and realized outcomes in the absence of strong direct testing of the underlying assumptions. More precisely, it is assumed that a key mechanism of elite dominance is their influence over the type of expenditure or project to be financed from the externally-provided resources. However, it is not so easy to identify which types of expenditures or projects benefit the poor more than the wealthy. For example, can we really take for granted that, comparatively to the rich, the poor benefit more from improved roads than from irrigation infrastructure? Thus, 'it is often the case that non poor households corner most of the wage work opportunities within their home village, especially when this work is provided by government agencies at an official wage rate that is two to three times the traditional village rate' (Kumar 2002).

As pointed out by Bardhan & Mookherjee (2006a), evidence derived from surveys of living standards of households or individuals classified by socio-economic status would be much more reliable, for assessing the impact of decentralized development on the poor, than reported perceptions of service delivery or evidence based on the composition of public expenditures at the local level. Reported perceptions are vulnerable to serious biases as are all subjective statements, and evidence based on public expenditures is too indirect to be fully convincing (see above). Fortunately, aside from the afore-mentioned study by Galasso and Ravallion, works using household-specific data are becoming increasingly available (see, in particular, Björkman and Svensson, 2006; Banerjee et al., 2006).

Finally, we would obviously like to know more about how village democracy works in actual practice. Indeed, in order to show that democratic governance enables the poor to express their preferences and make them prevail, there is no escape from analyzing the concrete process through which they raise their 'voice' in the relevant institutions. By relying on formal voting processes and formal rules of electoral competition, political economy models also ignore other, potentially effective local accountability institutions. It is thus revealing that, in non-democratic countries such as China and Korea, ingenious mechanisms exist at local level to develop trust and cooperation within the ambit of incentive-based organizations and bureaucratic procedures, whereas in democratic countries such as India local-level accountability mechanisms are often quite deficient (see, e.g., Wade 1985, 1990).

A recent study of the poverty alleviation effects of the Ecuadorian Social Fund (Araujo et al. 2006) is less vulnerable to the aforementioned methodological problem regarding the adequacy between composition of public expenditures and the needs of the poor at the local level. This is because the authors exploit the fact that the menu offered by this Fund included basically two types of projects – local public goods (which are accessible to all although they may be valued differently across individuals) and excludable

private goods – and that by far the most important private good provided, latrines built in land plots belonging to community members with no previous access to toilet facilities, were clearly aimed at the poor. The authors propose a simple model of project choice between public and private goods when local political power is unequally distributed. This model yields the prediction that, controlling for inequality, poorer communities would select latrine projects more often than more wealthy ones. Moreover, controlling for poverty, more unequal communities would choose latrine projects less often, as a result of a concentration of power in the hands of richer people.[117] The study finds that the latter prediction is, indeed, supported by the data, strongly suggesting that the programme is captured by the elite to the extent that such a choice reflects differences in power, rather than need.

3. Embezzlement of external resources by local elites

Fraudulent behaviour and the local power structure

In the above, we have considered a first form of elite capture whereby, in the presence of heterogeneous preferences, the village elite succeeds in imposing their own interests and objectives while negotiating projects with external funding agencies. Let us now turn to a second form of elite capture under which power-wielders at village level, even assuming that their objectives and preferences are identical to those of the poor, do not hesitate to appropriate an unduly large share of the external resources provided to the community. In other words, a sheer embezzlement of these resources occurs. Empirical studies by economists concerning this second and more blatant form of elite capture are simply absent for the obvious reason that embezzlement is extremely difficult to document in any systematic manner. Indeed, being a more blameworthy and less avowable practice than capture of the first kind, it tends to be subtly concealed at least from external fund providers and, a fortiori, from researchers compelled to use interviews of a rather crude kind owing to severe time and resource constraints (for an exception, see Olken 2005).

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[117] Note that this kind of theoretical prediction is identical to that obtained by Bardhan & Mookherjee in some of their theoretical papers analyzing the determinants of the relative efficiency of decentralization. In one of these papers (1999), for example, they have investigated the determinants of relative capture of local and national governments in the context of a model of (two-party) electoral competition with lobbying by special interest groups (the non-poor are organized in a lobby and can make campaign contributions). The most salient result is that relative capture depends on heterogeneity with respect to levels of local inequality and poverty: decentralization will tend to increase elite capture in high inequality localities (since higher inequality reduces the level of awareness of the poor, decreasing the level of their political participation) and lower it in low inequality ones (see also Bardhan & Mookherjee 2005, 2006b).

Not surprisingly, evidence of embezzlement by local elites is typically anecdotal, which does not mean that it is insignificant. In point of fact, cases of embezzlement have been uncovered by many fieldworkers with a prolonged engagement with rural communities. Because of the piecemeal character of the evidence available, however, it is hard to specify the conditions under which elite embezzlement is more or less likely to occur.

This being said, it seems a well-grounded fact that inegalitarian village societies are comparatively prone to resource misappropriation, especially if the authority structure has never been questioned by rebel individuals or groups on the basis of progressive ideologies, and if deferential attitudes prevail among common people. Hence, perhaps, the relatively large incidence of fraudulent behaviour on the part of the chieftaincy in lineage-based societies, for example in Sub-Saharan Africa. There, indeed, a rigid hierarchy of ranks often prevails at the top of which are the chief and the council of elders. This council is typically comprised of aged persons belonging to the dominant lineages, foremost among which is the lineage descending from the man who cleared the bush and founded the village. It is from the founding lineage that the village chief usually originates.

What bears emphasis is that African societies have not yet gone through protracted, nationwide struggles whereby the interests of dominated social classes or groups could be asserted vis-à-vis the ruling elite and state power (Kennedy, 1988). In other words, there is no entrenched tradition of genuine civil society movements that are emancipated from the state. This is not surprising in a context where state authorities (including chieftaincies in rural areas) have pre-empted important channels of potentially lucrative activities in the economy, and where dynamic individuals eager to get rich and/or to exercise their entrepreneurial talents have been absorbed into the regime's rent-generating and collecting patronage networks. What is at work is a logic of 'politicized accumulation' narrowly linked to the inclusionary and co-optive strategies of regime consolidation described by Bayart (1986, 1989) and Boone (1992) among others.

As a consequence, the social ideals and other-regarding norms of a generalized kind without which social struggles are doomed to failure could not evolve in Africa and in other areas with similar characteristics (e.g., Haïti, Bihar State in India, Northwestern Province in Pakistan). This is unfortunate in so far as such values and norms are precisely useful to promote the emergence of dedicated leaders who are moved by a progressive ideology rather than their own immediate self-interest. By contrast, in many countries of Asia and Latin America, historically-rooted ideals of social commitment are alive that have been transmitted over generations, thanks to the education system and civil society movements or associations (see, e.g., Heller, Harilal & Chaudhuri 2007, in the case of Kerala State, India).

In rural societies dominated by a stratum of chiefs and notables, traditional leaders may choose to oppose any outside intervention that has the

effect of threatening their social and economic status, thereby disrupting the local hierarchy of privileges and undermining the local power structure. As a matter of fact, there are numerous stories attesting that the village elite frequently claims priority access to the new resources brought under the auspices of a development program. If their request is not satisfied, they attempt to appropriate the program's assets by force or by guile and, if such a strategy does not succeed, they do not hesitate to sabotage the external intervention by manipulating community members so as to incite them to boycott it (for vivid illustrations taken from the author's own repertoire of field experiences, see Abraham & Platteau 2004).

Part of poor people's passivity in the presence of embezzlement of aid resources by local leaders may be actually attributed to a ruling system of social norms and values which tend to legitimate elite capture. As a result, what Western donors would consider as blatant fraud or improper behaviour may not appear as such in the eyes of local people who have internalized customary norms that have evolved to vindicate an asymmetrical social structure. The following story illustrates the nature of these norms and their underlying system of justification. Given its rich content, it deserves to be told in some detail (the story is taken from Platteau & Gaspart 2003).

In the late years of the 20th century, a Western European development NGO established a relationship with a village association in a Sahelian country (Burkina Faso). This association, a federation of several peasant unions, had been initiated by a young and dynamic school teacher, the son of a local chief. The NGO decided to follow a gradual participatory approach consisting of strengthening the association institutionally before channeling financial resources to it. After two years during which institutional support was provided in the form of guidance to improve the internal functioning of the partner association and to help define development priorities and the best means to achieve them, funds were provided for different types of investment. Within the limits of the budget set for each prioritized line of investment, the local association was let free to choose the project it deemed most useful, to prepare proposals, and to program the activities involved. Continued external support at different levels (technical, administrative, organizational, and methodological) was nevertheless found necessary to help in the effective implementation of the different projects.

In spite of all the efforts to strengthen the partner association institutionally, things turned out badly. Thanks to the collaboration of two active members of the General Assembly (actually two animators) and the local accountant, the foreign NGO discovered serious financial and other malpractices committed by the main leader under the form of over-invoicing and falsifying of accounts. It reacted by calling on the local committee to sanction these manifest violations of the rules, yet at its great surprise no punishment was meted out and the general assembly even re-elected their leader in open defiance of its request. The two dissident animators were

blamed for being driven by jealousy and envy, while the accountant was fired. Here is a clear illustration of the support that poor people are inclined to give to an elite member on the ground that they have benefited from his leadership efforts. That he appropriated to himself a disproportionate share of the benefits of the aid program is considered legitimate by most of them. They indeed think that without his efforts their own situation would not have improved at all. In particular, he created the village association, which had to be formed in order to be eligible for external assistance.

In a context where the ability to establish contact and to deal with external sources of funding is concentrated in a small elite group, the bargaining strength of the poor is inevitably limited, hence their ready acceptance of highly asymmetric patterns of distribution of programs' benefits. If the intervention of the elite results in an improvement of the predicament of the poor, however small is the improvement, the latter tend to be thankful to their leader(s): the new outcome represents a Pareto improvement over the previous situation and this is what matters after all. Revealingly, the ordinary members of the association defended their leader on the ground that 'everybody around him benefited from the project and, if he benefited [much] more than the others, it is understandable because he is the leader and he made the whole project possible'. They believe it is highly unfair on the part of the foreign NGO to have withdrawn their support to the existing team and to have 'humiliated their leader' by depriving him of all the logistical means (jeep, scooters, etc) previously put at his disposal.

As for the leader himself, he openly admitted (during a conciliatory meeting organized by the high commissioner of the province) to have used a significant portion of the money entrusted to him for his own personal benefit. Yet, he did not express any regret since it was his perceived right to appropriate a large share of the funds. Did he not devote considerable energies to the setting up of the local organization and the mobilization of the local resources as required by the foreign NGO? By attempting to curb his power to allocate funds in the way he deemed fit, the latter exercised an intolerable measure of neo-colonialist pressure. This criticism was voiced in spite of the fact that the NGO paid him a comfortable salary to reward his organizing efforts. Things were left there and the local radio even echoed the leader's viewpoint. Of course, suing him before a court was not deemed to be a realistic option.

Stories like this are easily multiplied. What must be stressed is that the attitudes involved are typical of rural societies dominated by patron-client or chief-subject relationships, that is, hierarchical, asymmetric, and highly personalized relations in which poor people's deference and loyalty to the leader(s) is perceived as the best way of ensuring their day-to-day livelihood. In such a social setup, enrichment of the elite is not considered reprehensible by the poor as long as they are allowed to derive some gains from the elite's actions and they can have their day-to-day subsistence guaranteed by

the well-to-do (see Scott 1976, 1985; Chabal & Daloz 1999). There is no disputing the power of the local 'strong men' and, when the poor sit in a village committee or association, it is essentially because they want to state their loyalty to them (Kumar & Corbridge 2002).

The ominous rise of development brokers

It has been mentioned earlier that many international donor agencies tend to require the formation and training of village groups or associations as a precondition for disbursing money in the framework of community-based projects. In countries or areas where community empowerment is low, such a mechanism has the unfortunate effect of encouraging the entry of wealthier and more educated people into leadership positions because of the attractive-ness of outside funding (Gugerty and Kremer 1999, 2000; Rao and Ibanez 2001; Brett 2003; Agrawal and Gupta 2005).[118]

What must now be added is that traditional or locally-based elites (elders, heads of lineage, and village chiefs) are not the only sort of leaders who benefit from external resources conveyed under participatory develop-ment approaches.[119] Frequently, urban elites 'remember' their geographical origin and reactivate their rural roots when new funds become available which are funnelled through rural groups or communities, or through local governments or municipalities. For example, in Cameroon, as soon as the decentralized program of forestry management was launched, a 'localism fever' set in: members of the urban elite, consisting mainly of senior civil servants and politicians, began to join in local initiatives by getting co-opted or 'elected' in local committees or associations, or by featuring as resource persons for them. They then established 'alliances with town-based compa-nies, to whom they have promised their villages' forests' (Oyono 2004), giv-ing rise to accusations of 're-centralisation'. It is therefore not surprising that committee members have disconnected themselves from the rest of village communities, and that cases of financial misappropriation are widespread (in one documented case, half of the forestry fees have been embezzled by members of the management committee) (Oyono 2005).

The spawning of local (and foreign) NGOs is another recent phenom-enon that must be understood in the light of the redirecting of foreign aid flows. Acting as 'development brokers', political entrepreneurs have been quick to understand that the creation of an NGO has become one of the best means of procuring funds from the international community (Meyer 1995;

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[118]   Revealingly, a major problem confronted by the community-based drive attempted during the 1950s by the Ford Foundation and US foreign assistance pro-grams, and which eventually led to its demise, lay in its inability to effectively counter the vested interests of local elites (Holdcroft 1984).
[119]   This section is largely inspired by Platteau 2004.

Bebbington 1997; Bierschenk, de Sardan, & Chauveau 2000; Lund 2006). In many instances, government officials themselves are directly involved in the formation and leadership of local NGOs. They often have two visiting cards, one showing their function and title in a government department and the other presenting them as a chairman or a chairwoman of an NGO. In the words of Chabal and Daloz (1999): 'A massive proliferation of NGOs … is less the outcome of the increasing political weight of civil society than the consequence of the very pragmatic realization that resources are now largely channelled through NGOs'. As a consequence, 'the political economy of foreign aid has not changed significantly' because 'the use of NGO resources can today serve the strategic interests of the classical entrepreneurial Big Man just as well as access to state coffers did in the past…'.

Thus, in the case of Benin, a West African country especially spoiled by the donors, local NGOs and associations, which are often 'empty shells established with the sole purpose of capturing aid', have multiplied within a short period of time to number several thousands. Many others wait to receive the approval of the Ministry of Interior (Le Monde, 26 February 2001). In Mali, there were 1,467 NGOs registered locally in December 2001 (Coulibaly 2003). In non-African countries, also, NGOs often constitute 'an opportunistic response of downsized bureaucrats, with no real participation or local empowerment' and, inevitably, program officers themselves become involved in the creation of community institutions (Conning & Kevane 2002; see also Meyer 1995; Bebbington 1997; Gray 1999).

The Economist's allegorical statement that NGOs 'often sprout up, like plants in the sunlight, solely to bathe in this foreign money' (Special Report Aid to Africa, July 2-8 2005) seems well-justified in the light of the above sort of evidence, yet it singularly contrasts with the contention of a sociologist of the World Bank according to whom 'NGOs insert themselves not as a third and different/independent actor, but as an emanation and representation of the community' (Cernea 1988). What needs to be stressed is that the risk of capture by opportunistic development brokers is high when self-conscious, organized local communities do not actually exist prior to the opening up of new development opportunities by state agencies or international donors (see Li 2001, for a well-documented illustration of this possibility), while donors simultaneously assume a priori that the beneficiary communities are strong and their leadership accountable (McDermott 2001).

4. Perversion of participation under donor competition

In a genuine participation process, people should contribute toward the production of the private or public goods and services that external assistance makes possible. Indeed, if these goods and services carry a high value for them, and if they have the wherewithal to finance part but not all of the production expenditures involved (in particular, they can bear expenses in kind,

such as supplying the labour required for the construction of some village facility), the beneficiaries should be willing to participate in the investment.

Leaving the free rider problem aside (everyone would like others to carry the burden of cost contribution), one would actually expect people's contributions to signal the intensity of their preference and positive motivations for the project at stake and, hence, to have a positive impact on the aid project outcomes.

The available studies do not, however, lead to unambiguous conclusions in this regard. While some studies show that capital cost contribution (measured, say, by the percentage of households in the village who have contributed) is positively related to the effectiveness of project outcomes, other studies lead to the opposite conclusion, or show no significant impact (Prokopy 2005), for a survey of the literature on water supply projects). The ambiguity of these results is perhaps not surprising in so far as cost contribution is typically not voluntary but imposed by many donor agencies as a precondition for releasing aid funds. Therefore it is possible that beneficiaries contribute only reluctantly so that the presumed favourable effect on project effectiveness does not take place.

But why should they be reluctant to participate? Two possible explanations spring to mind. First, as discussed in Section 2, the aid-assisted project may not be in the people's top priorities (thus violating the above assumption), or it may be a priority objective, but only for the village elite which has the power to shift the entire burden of the local contribution to the poor. Second, people may think that they could get the (desired) project for free. This is likely to happen (i) if they feel that the donor agency is rich enough to provide all the necessary resources instead of insisting on a local contribution, or (ii) if donor competition is sufficiently stiff to make villagers hopeful that the local contribution requirement can be somehow circumvented or tampered with.

There is suggestive evidence to show that local contributions are difficult to extract in contexts where competition between donors is acute, such as is observed in many poor countries with a rather good record of political stability and human rights. Worse, potential beneficiaries are often found to demand from the aid agency extra payments for themselves, in the form of per diem or special allowances. Here, again, Tembo's findings regarding Malawi are instructive and, according to my own experience, can be safely extended to a great part of the African continent.

The villagers' image of foreign donors, NGOs in particular, rests on a perception of them as humanitarian agencies that have plentiful resources at their disposal to alleviate poverty and improve the levels of living in economically backward regions of the world. By way of consequence, beneficiaries believe that these agencies have enough money to cover what they are asked to pay or to supply on account of local contribution. Naturally enough, they may be easily led into thinking that local contributions or their equivalent

are pocketed by fieldworkers or agents acting on behalf of the aid organizations. As expressed vividly by a villager: 'what we perceive is that these organizations are using our villages to eat their money because when a lion catches a cow it goes hiding far away in the forest. This is what happens with these organization officials. When money comes to assist us in the village they just use it themselves and report to donors that they have assisted such and such areas' (cited from Tembo 2003). The suspicions of dishonesty thus aroused are not conducive to effective project implementation. In the same manner as they cannot imagine that aid agencies ask for local contributions, since they are thought to have plentiful resources at hand, they cannot imagine either that these agencies choose to give loans instead of grants, especially so if loans carry interests.

As explained by Tembo, the realization that NGOs give loans instead of grants immediately creates the image of 'NGOs making their profits' in the minds of villagers, including traditional leaders, committee members and better-off people (Tembo 2003). When NGOs started demanding repayments from people and did not hesitate to use coercive means, such as confiscation of the defaulter's property, the villagers were shocked, and conflicts erupted. Again, the suspicion emerged that fieldworkers or NGO agents must have concocted this stratagem in order to steal money intended for the grassroots.

The pervasive presence of per diem and other allowances is to be seen in the same perspective of aid organizations perceived as richly endowed agencies driven by humanitarian considerations. Yet, it can be properly understood only in a context of stiff competition between such agencies, as reflected in the actual or potential presence of several donors in the same community.[120] Under these conditions, indeed, the village elite or the leaders of the village 'partner' associations feel emboldened to ask for additional advantages from the donors. This demand is typically justified on the ground that they have to devote time (and resources) to the project, and that this time has a substantial value for which they ought to be compensated. There is an obvious parallel between this way of arguing and the reasons put forward by a local leader to vindicate his fraudulent use of NGO funds in an above-told story (see above, Section 3). This is forgetting that external assistance is aimed at benefiting local people (including the elite), so that compensation is not really justifiable. Hence the understandable surprise and anger of fieldworkers when they find themselves confronted with the pressing demands of local leaders or beneficiaries for particular advantages, such as personal vehicles, training allowances (see supra, Section 2), or per diem for the attendance to committee meetings.

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[120]   Such a situation gives rise to substantial confusion because donor agencies typically act in an uncoordinated manner (World Bank 2005).

The essential difference between allowances (per diem) and aid embezzlement is, of course, that the former is an official payment, whereas the latter is an illegal, hidden practice. Since allowances are official, their level is determined as a result of a bargaining process between an aid organization and a local leader or village elite. What we then expect is that the stiffer the competition between aid donors the more attractive the exit opportunities for a local leader in the event of failure of the negotiation, and the higher the rent (say, under the form of explicit allowances) he will be able to extract from the donor agency. On the other hand, when analyzing aid embezzlement, one has to consider that an information gap exists between the donor and the local leader. The leader's fraud can be detected with a probability that increases with the size of the fraud and, in the event of fraud detection, the leader is punished by the donor (through withdrawal of the subsequent tranche of aid money in a multi-period framework, or through imposition of a fine in a one-period set-up). Under such conditions, it can be shown that the leader will capture a positive share of the aid resources at equilibrium, and his share increases with the extent of donor competition. At least, this is true if the leader attaches more weight to his own well-being than to that of the other community members, or if his accountability to the latter is limited. If local leaders are benevolent - a possibility suggested by Rao and Ibanez (2001) - the problem of elite capture obviously disappears.

5. The positive effects of community participation on project outcomes: a conditional result

A central question when dealing with the participatory approach to development is the impact of participation of beneficiaries in project decisions on the effectiveness of outcomes achieved. The common assumption is that greater community participation should promote projects and assets (both private and public) that are more responsive to the needs of the poor, better adapted to local expertise and know-how, and more properly maintained. Community participation is expected not only to improve the circulation of information, either in the bottom-up (e.g., about the preferences and technical knowledge of local people), or in the top-down manner (e.g., about the external opportunities available), but also to enhance the bargaining power of the beneficiaries by getting them involved in project initiatives and decisions at all relevant levels (design, planning, mobilization of resources, etc). This is the so-called 'ownership' aspect of participation.

Serious methodological problems need to be overcome in order to assess correctly the impact of community participation on project outcomes. In addition to measurement problems related both to independent (how to build adequate indicators of participation) and dependent (outcome) variables, tricky endogeneity problems must be confronted. A first source of endogeneity lies in reverse causation: better projects may lead to greater par-

ticipation at the same time as greater participation may yield better projects. A second source arises from missing variables: project outcomes and participation may be jointly determined by an exogenous factor (Isham & Narayan 1995). Due to all these difficulties, there are only a few reliable empirical studies to document the effects of participation on project effectiveness (for a recent survey of the whole literature, see Pozzoni & Kumar 2005). However, ann experimental approach using treatment and control groups is increasingly followed by economists with a view to rigorously isolating the causal effect of participatory development on project outcomes (see, e.g., Olken 2005; Björkman & Svensson 2006).

Among those few studies are those of Isham & Kähkönen (2002a, 2002b) devoted to water supply projects in Indonesia, India and Sri Lanka. The authors reach the conclusion that 'design participation' and people's involvement in project decisions are significant predictors of community satisfaction with service design, thus confirming the results obtained by Katz & Sara (1997) on the basis of a broader set of countries.[121] Also, household participation led to different technology choices and levels of service, while project outcomes were positively influenced by user contributions to monitoring activities (for construction as well as operation and maintenance tasks). Contrasting with these findings are those attained by Hoddinott et al. (2001) who studied the effects of participation in public work programs in the Western Cape Province in South Africa. Their results indicate that participation has no effect whatsoever on any of the (employment) outcome variables that they have considered.

The work of Khwaja (2003, 2004) deserves special mention because it underlines the need to take project characteristics (in addition to community characteristics) into account while assessing the impact of participation on project outcomes. Based on primary data collected for 132 infrastructure projects funded by the Agha Khan Rural Support Program (AKRSP) in Northern Pakistan, the study uses the current state of project maintenance as the main outcome measure. For participation, the measure chosen is the fraction of five randomly selected respondents in each community who responded that their household had participated in a particular project decision. This information was collected for several key decisions made from the inception of a project to its operation. Clearly, some of these decisions (e.g., the decision regarding the type of project to choose, how to use and manage it) require a good deal of local information yet do not involve much technical/engineering input. In contrast, decisions such as selecting a project's particular site, scale and design, are likely to have the opposite characteristics.

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[121]   On the other hand, Katz & Sara (1997) found that in numerous cases little effort was made to involve households in decision mechanisms, and the benefits of water projects were appropriated by local leaders.

The (econometric) results obtained by Khwaja appear to be quite robust. Whether participation levels are considered separately for each type of decision or are averaged in non-technical and technical decisions, they consistently show that greater community participation in non-technical decisions is associated with higher project outcomes, whereas in technical decisions it actually leads to worse project outcomes. In conclusion, participation may not always be desirable, and it would be wrong to place too large a burden on community participation because its limitations are ignored (Khwaja 2004).

There are actually plenty of examples showing that technical choices favoured by villagers may be mistaken owing to a lack of knowledge about general conditions in which a project takes place. For example, there are common problems with local priorities for network infrastructure services that depend on the reliability of activities further up the chain. A rural community may thus identify as their top priority the rehabilitation of an irrigation canal or an agricultural access road, but if the main irrigation channel that feeds the local canal or the main highway to primary markets is in disrepair (and other actors are responsible for the higher level service), the community may be building a useless irrigation canal or a road to nowhere. In addition to the knowledge problem, some local services have spillover benefits, and higher level rules on such services or conditional transfers to meet these needs are perfectly legitimate. To take another example, community participation might identify health services as the top priority, but the replacement of a contaminated water supply that citizens are unaware of (because water is plentiful and it tastes fine) could be a more important factor in promoting improved community health than a new health centre.[122]

Let us return to Khwaja's study in order to consider the impact of community characteristics. His conclusion in this respect is that socially heterogeneous communities have lower project outcomes than more homogenous ones, at least over a certain range (see also, e.g., Molinas 1998; La Ferrara 2002; Bardhan & Dayton-Johnson forthcoming).[123] The latter finding is not always obtained, however. Thus, from the work of Somanathan et al. (forthcoming) on Indian forestry, we learn that communities that are more heterogeneous in terms of caste composition do not have lower outcomes in matters of pine forest conservation. Mosse (1997), who has studied water tanks in South India, has observed that development projects are not necessarily better managed in traditionally cohesive or rather egalitarian village communities. In some areas, at least, tanks seem to be managed more effectively when there exists a strong caste authority that creates order and discipline among users, in particular, when it comes to mobilizing individual and

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[122]   Thanks are due to Paul Smoke for suggesting these examples to me.
[123]   Khwaja also found that community managed projects are better maintained than projects managed by the local government.

communal labour. Moreover, motives and constraints differ considerably if collective action concerns a public good that carries special meaning in the context of local culture (and even productive physical assets, such as irrigation tanks, can be the repositories of symbolic resources), or if it is a development project based on imported concepts such as equality, democracy, and efficiency (see also Laurent 1998; Platteau & Abraham 2002).

In some important instances, the relevant meaning of heterogeneity may be the fact, largely overlooked in the economic literature, that an individual forms part of several communities, not all of which have a clear geographical location (Conning & Kevane 2002; Lund 2006). In the presence of multiple communities and multiple, possibly conflicting identities, it is difficult to say a priori whether heterogeneity is a good or a bad thing for local cooperation. The circumstances surrounding participation must be spelled out in detail before one can figure out the plausible effects of heterogeneity. For example, if the leaders of a village community belong to networks of relations outside the village, their position may either strengthen or undermine collective action and (democratic) participation at the level of the residential community depending on the nature of the external networks (e.g., do they include 'development brokers'?), the manner in which they are mobilized by the leaders for development projects, the extent to which they serve as exit opportunities for them, and so on.

In short, the concept of community must be viewed as a deeply contextual and endogenous construct, rather than as a fixed datum onto which participation mechanisms can be readily grafted. Furthermore, the influence of heterogeneity on project outcomes cannot be stated in any general manner, because heterogeneity may exist along many different dimensions and its impact is likely to vary according to the historical, social and political environment (Baland & Platteau 2003; Mansuri & Rao 2004).

6. Conclusion

This chapter has been aimed at tempering, not defeating, the enthusiasm of the advocates of participatory development. To encourage participation of the intended beneficiaries of pro-poor development is undoubtedly a commendable objective to strive for. What we have argued is that measurement of the impact of participation on development project outcomes is methodologically complex, and, at this stage, there are still few conclusive statements that can be made about the importance and the modus operandi of this impact. None the less, we hope to have succeeded in convincing the reader that there is no such thing as a one-size-fits-all approach to participatory development. In fact, a proper participation design needs to be based on rather detailed knowledge of the characteristics of the targeted communities and the environment in which they live. The discussion has drawn attention to the critical role of heterogeneity which varies from place to place along

several dimensions (social differentiation, political domination, ethnic fragmentation).

When heterogeneity reflects deeply entrenched power hierarchies, there is a considerable risk that the local elite will distort information in a strategic manner and opportunistically capture a substantial portion of the benefits of external assistance. The problem in many poor countries, such as those of Sub-Saharan Africa, is that inequalities, particularly power asymmetries, are often embedded into strong local patriarchies that are not easily called into question. It is, therefore, not surprising that these countries are highly prone to elite capture – whether in the hands of local leaders, or in those of development brokers operating from higher up the patronage network – as well as a great readiness on the part of the commoners to accept and even legitimate the unequal apportioning of externally provided resources. In contrast, participatory projects appear to be comparatively effective in areas where economic development is more advanced and more widespread, and where social movements aimed at countering inequalities and oppression have a rather long history. This indicates that characteristics of the institutional environment matter a lot as a support for decentralized development (Finsterbusch & Van Wincklin 1989; Bardhan & Mookherjee 2006).

Therefore it is clear that participatory approaches to development, such as the World Bank's Community-Based or -Driven Development approaches (CBD and CDD), are no magical medicines susceptible of curing all the ills attributed to the (previously) existing centralized mode of governance. In the end, the following dilemma cannot be avoided: the areas where inequalities are the highest and the most entrenched, and where one would like to implement participatory approaches in order to correct them, are also those where these approaches are least likely to succeed.[124] Other kinds of interventions are then needed to complement and support community-based development. Among those complementary measures, employment-creation schemes directed to the poor should figure prominently since they may be expected not only to increase their incomes but also to enhance their bargaining strength by helping them to wean themselves off the dependence of local patrons. The fact that, so far, top priority has been given to social sector expenditures under most decentralized development initiatives must therefore be a cause of concern.

Another dilemma that may arise in the context of participatory development projects is the following: greedy village elites may happen to simultaneously capture aid benefits and supply effective leadership for the manage-

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[124]   This conclusion is similar to that reached by Mansuri & Rao (2004) for whom the formation of homogenous communities, such as are needed for ensuring effective participation, is much less likely in contexts where mobility is low, making communities more likely to be characterized by deeply entrenched power hierarchies. Unfortunately, this is where poverty programs are most needed.

ment of local projects. In this case, the poor may eventually draw benefits from aid interventions even though there is unequal sharing of the externally provided resources. There exists a trade-off between the objective of poverty alleviation and considerations of equity and social justice to which Western donors typically attach great importance. If priority is given to breaking structural inequalities in social relations and to helping subject people to emancipate themselves from a culture of domination and poverty, mechanisms of collective empowerment (starting with learning to work together, to debate, to make decisions, to keep records, and to implement development projects) and individual advancement (say, through self-employment) must receive primary attention.

Lastly, a long-term horizon is absolutely necessary. Impatience with results and poor design of the components of participatory programmes – such as moving too rapidly in a way that confronts upfront those who risk losing power and influence, or that overwhelms the capacities of those who gain power –, are highly likely to produce perverse effects and to cause disillusionment on the part of both the external agencies and the beneficiary groups or communities.

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Chapter 5

Strengthening the Principle of Participation in Practice for the Achievement of the Millennium Development Goals

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This chapter focuses on the Millennium Development Goals (MDGs) target relating to commitment to good governance and, in particular, to the principle of a right to participate in decisions that affect one's life. The MDGs emphasis on inclusive and representative planning processes assumes that the principle of participation is understood by partner countries in terms of its potential to redefine the relationships between a government and civil society. The principle of participation is explored using an institutional perspective that sees the practice of participation as embedded in (a) an institutional values base or political mandate that legitimates the principle of participation, (b) organizational arrangements that reflect the values-in-use and (c) capacities that enable values to connect with action so that the values are reproduced and strengthened.

Arguably, the quality of poverty analyses and resulting MDGs plans will be a function of the extent to which the principle of participation has been understood, promoted and supported. The discussion draws attention to the experience of the World Bank's Poverty Reduction Strategy Paper (PRSP) process that also has at its core the requirement for participatory poverty analyses and planning. Learnings to date highlight participation as a political activity that has implications for how relationships of power are construed in a society.

The aim of this chapter is to argue for institutional understandings of the participation principle and for development of improvement strategies to reflect these understandings. Adequate country capacity, in a general sense, is highlighted as one of the critical missing factors in current efforts to meet the MDGs (OECD, 2006). The assumption in this discussion is that improvements in good governance and participation practice will not only strengthen efforts to achieve the MDGs but also strengthen country capacity through empowering the voices of all including the poor.

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1. Introduction

In 2000, all 189 Member States of the United Nations Assembly adopted the Millennium Declaration and associated development agenda of the Millennium Development Goals (MDGs). The MDGs refer to a shared international vision of "globally accepted benchmarks of broader progress, embraced by donors, developing countries, civil society and major development institutions alike."[126] If achieved, the MDGs would (a) enhance the capability of each individual and household to significantly improve their lives, (b) raise the human development standards of the poorest countries by the targeted year of 2015 and (c) provide a pathway towards global development equity[127].

The Millennium Declaration and the MDGs program represent a compact between nations that is distributed across three scales of public governance: the global, national and sub-national. At the global scale, partnerships between developing and developed nations are to be based on mutual responsibility and accountability. Developed nations are to support developing nations through development assistance, development-oriented trade conditions and debt relief. In turn, at the national scale, developing countries must attend to certain conditions, including preparing, by 2006, National Development Strategies that are aligned with the MDGs and commit to good governance, development and poverty reduction. In undertaking their internal MDGs planning and actions, governments in developing nations are expected to promote and secure working partnerships with the private sector, NGOs and civil society to ensure "essential MDG-based investments and services [are brought] to most or all of the population, on an equitable basis, by 2015" (UN Millennium Project Report, 2005, p. 31).

The achievement of the MDGs hinges, in large part, on the quality of the National Development Strategies and the robustness of their preparation. Three key themes for national planning processes that are highlighted in the UN Millennium Project Report (2005) are as follows: (a) each country should undertake in depth analyses of extreme poverty by region, locality

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[126]   United Nations (2005) *In Larger Freedom: Towards Development, Security and Human Rights for All.*   The Report of the UN Secretary-General for the Millennium+5 Summit 2005.
 www.un.org/largerfreedom/summary.html

[127]   The MDGs include eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality rate, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for development. Taken together, the goals are expressed as 18 targets and 48 indicators. *http://millenniumindicators.un.org/unsd/mi/mi_goals.asp*

and gender and necessary investment strategies to achieve the targets with associated frameworks for action, these frameworks to include (b) a public sector management strategy that focuses on good governance standards and strategies for decentralizing the MDG planning and implementation processes; and (c) processes for engaging all key stakeholders, domestic and foreign, in the strategy development process.

The enormity and ambitious aspirations of the MDGs challenge are captured in the Millennium Project Report (2005), which states that the 2015 targets can be achieved "if there are intensive efforts by all parties – to improve governance, actively engage and empower civil society, promote entrepreneurship and the private sector, mobilize domestic resources, sub-stantially increase aid to countries that need it to support MDG-based prior-ity investments, and make suitable policy reforms at the global level, such as those in trade" (p.23). The Millennium Project Support Office has been established, primarily, to propose the best strategies for meeting the MDGs based on expert analyses involving representatives from the UN partners' network and developing countries.

The reality is that progress towards the achievement of the MDGs, has been slow, uneven and not exactly in line with expectations. It is interesting to note that, through the same period, there has been a general decline in political and social freedoms registered in regions of the developing world, particularly in relation to 'pushing back' democratic spaces for non govern-ment organizations (Puddington, 2007).

The focus of this chapter is on developing countries' prospects for improving governance in line with the UN's expectations that poverty analy-ses will be participatory and inclusive and reach the grass roots poor as well as other marginalized sectors and actors. Of particular interest is the role of government in strengthening (a) institutional values to direct and support engagement practice, (b) organisational arrangements that enable govern-ment-civil society engagement in the public policy decision making process and (c) capacity of sectors and actors to take advantage of these arrange-ments. These factors are considered to constitute governance capacity.

Improvements in governance and government-civil society engagement will be a function of the value of existing arrangements, the perception that improvements are desirable and/or necessary and the change pathways avail-able. While governments have the formal authority to influence governance systems pressure for change can be applied by other sectors and actors.

Section 2 discusses the principle of participation in the context of good governance and institutional settings in developed and developing country contexts. The discussion looks at how governance values are embedded and instituted phenomena and how change in the dominant value sets can occur. Section 3 discusses what we have learned about effective participation in practice in terms of pre-conditions and mediating factors across different

development contexts. The purpose is to warn against repeating the history of transfer of models from the developed to the developing country context when the principle of participation is a relatively recent practice in most countries.

Section 4 identifies an institutional framework of markers that taken together would create the conditions for effective participation. These markers cover three institutional frames: the values base as political mandates, the organizational arrangements that structure the practice of engagement and the capacities that enable values to connect with action. The purpose is to set up the framework as a platform for charting improvement pathways. Section 5 explores an example of one improvement pathway that of institutionalizing political values. The case of governance reforms in Rwanda is a departure point for what could be a similar strategy around governance improvements for achievement of the MDGs.

The use of the broader term government-civil society engagement is used here interchangeably with that of participation as it allows, on a practice level, for various forms of connection between the sectors such as information dissemination, two-way information exchange, consultation, partnership and empowered participatory governance (OECD, 2001; Fung & Wright, 2003). However, engagement in its many variants is the expression of the principle of participation which is an element of good governance. While the role of the private sector can not be underestimated in how it influences government-civil society engagement, it is beyond the scope of the discussion here to do justice to an examination of its role.

2. The principle of participation: institutionalizing universal commitments

A purely descriptive definition of governance refers to "the exercise of economic, political and administrative authority to manage a nation's affairs. It is the complex mechanisms, processes, relationships and institutions through which citizens and groups articulate their interests, exercise their rights and obligations and mediate their differences" (UNDP 1997, p. 9). In the public governance arena, how authority is exercised, what rights are afforded citizens, what mechanisms and processes are available to citizens to exercise those rights and articulate their interests and how the mediation of differences occurs and is accounted for are normative questions.

How a society resolves these normative aspects of self-organization will be reflected at any point in time in the arrangements (formal and informal) that exist between, political, administrative, social and economic sectors and actors and the differential impacts of those arrangements on categories of sectors and actors within that society. The accepted metric for judging those impacts is that of development, which has evolved from a narrow range of economic indicators to a combination of human capability, economic,

political and civil rights indicators. On any measure, it is obvious that, in many countries, how authority is organized in the public governance arena is to the development disadvantage of some and not others. In many cases, within a country context, the former prevails in the knowledge of the latter.

Through international governance arenas, such as the United Nations, Member States have sought to intervene into development patterns by addressing public governance. What is collectively considered to be good public governance has been articulated through a number of internationally agreed Covenants and Resolutions. Notions of good governance are inextricably bound up with commitments to human rights, significantly the right to development, and fundamental social and political freedoms and the rule of law and democracy.[128]

The right to participate

Notwithstanding international agreements, Graham, Amos and Plumptre (2003) note that defining the principles of good governance can be "difficult and controversial" (p.3). The authors have defined five broad sets of good governance principles, which they contend have a certain robustness, given their apparent universal recognition and, for some, basis in international human rights law.   These principles include:
- Legitimacy and voice
    - All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.
    - Consensus orientation that mediates differing interests in the group's best interest and, where possible, on policies and procedures
- Direction
    - Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development, and understand the historical, cultural and social contexts for such development
- Performance
    - Responsive institutions and processes that serve the needs of all stakeholders,
    - Effective and efficient institutions and processes that pro-

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[128]   UN Resolution adopted by the General Assembly A/RES.55/96 on "*Promoting and Consolidating Democracy*," February 2001; see also UN-OHRLLS/UNDP 2006, *Governance for the Future: Democracy and Development in the Least Developed Countries*. New York: United Nations.

duce results, which meets needs while making the best use of resources
- Accountability
  - o Government, private sector and civil society decision-makers have some form of accountability to the public as well as to institutional stakeholders
  - o Transparency through institutions, processes and information being directly accessible to those concerned, and enough information is provided to understand and monitor them
  - • Fairness
  - o Equity of opportunities for all persons to improve or maintain their well being,
  - o Rule of law that is fair and enforced impartially.

In principle, a government can now insert good governance principles into their public governance arena to apply normative rationales to resolving issues of power and the exercise of power. However, notwithstanding their universal basis, good governance principles and the right to participate in particular will be interpreted by each UN Member State through a complex set of cultural, religious, political, economic and personal frames of reference. Some salient frames of reference would include: notions of the human condition, human virtues and justice and the meaning of a nation state, citizenship, the state's interest vis-à-vis that of its citizens and the public good and what are acceptable trade-offs (Kingsbury, 2004).

Often, the language surrounding good governance reform agendas refers to democratizing governance and becomes conflated with regime type (e.g. democracy) obscuring the relationship between human rights and good governance. For example, a commitment to the human right to development underpins the principle of fairness and responsive institutions. Further, as noted above, certain political and social freedoms such as freedom of association and speech underpin principles of participation and voice in shaping directions for development and institutional rules. The provision of open and accessible political and social spaces in which citizens connect with their government enables the important governance function of accountability. While good governance is not an argument for democracy, good governance principles turn on the acceptance of a range of human rights and the creation of political and social spaces for exercising those rights which democracies, it is argued, are more likely to promote and safeguard.

If developing countries are to address their commitments to good governance the question becomes how they and their donor partners can approach this task. Is there a prevailing orthodoxy around the principle of participation that prescribes the 'right' set of institutional and organizational arrangements? How are developing countries to assess existing governance arrangements and the directions for improvement?

If, as already stated, governance is about the resolution and exercise of

power or the end result of a process of state-civil society bargaining (Moore et al, 2005), then the principle of participation in good governance prompts a renegotiation of power relationships. It is instructive to briefly look at how the participation principle has come to prominence on the good governance agenda in different development contexts.

Institutional contexts for the participation principle

While human rights agendas have been agreed for more than half a century in the United Nations arena, notions and models of good governance, particularly participatory forms of public governance, rose to prominence during the latter half of the twentieth century. For example, good governance commitments and reforms in developed countries have been, mainly, responses to ongoing crises in government performance and legitimacy throughout the twentieth century. Crises manifested in increasing civil society dissatisfaction and distrust of government, a growth in advocacy by organised civil society interest groups, recently emerging global policy networks seeking to influence national and local policy agendas and intervention at all levels of state activity by agents and institutions from the private sector (Ackroyd, 1995; Esquith, 1997; Merrien, 1998).

Compounding these administrative crises, the last few decades have seen Governments across the globe increasingly engage with the "complex dialectic of globalization-regionalization that has made it more difficult for nation states to control economic activities within their borders and to achieve coherent economic spaces" (Jessop, 1998, p. 33). According to Merrien (1998), this growing state dysfunction catalyzed a search for new forms of governance. As early as the 1960s, some were predicting, accurately, that emerging themes in public administration would be social equity, ethics and citizen participation (Esquith, 1997).

Incrementally, governments have opened up their traditionally aloof decision-making processes to civil society initially constructed as "consumers with the ability to choose and complain [although] not the ability to proactively shape services" (Corrigan & Joyce, 1997, p. 419). This view was consistent with the values of marketization and managerialism reforms dominant at the time. In the late twentieth century, civil society became reconstructed as citizens who have "the moral power of personal responsibility for [self] and each other" (Blair 1998 cited in Rose, 2000). The citizen is now constructed in the context of values about community, community rebuilding and community-based governance structures.

Governance issues came to the fore in many developing countries in response to crises although of a different order to the crises of developed countries. At the mercy of the agendas of international funding institutions and donor countries throughout most of the twentieth century, on top of a legacy, for most, of exploitative colonial regimes, developing countries

were subject to waves of externally imposed reforms. These reforms aimed at building, primarily, economic and public administration institutions to mimic, and increasingly integrate with, the developed world. For the most part, much of development practice imposed by IFIs and donor countries has failed developing countries. Moore et al (2005) give a strident litany of these efforts when they note that "donors have advocated state-led development, then marketization and the retrenchment of government from core functions, followed by democratization, decentralization, the establishment of autonomous agencies, the creation of public-private partnerships, and civil society participation in the delivery of core services. All this has been imposed on poor countries, with weak institutions, many of them still in the process of basic state building, and in the context or a rapidly changing global environment." (p. 1).

It was the move by IFIs and donors towards an institutional economics perspective in development theory and management that provided the frame through which they sought to intervene into the social and political aspects of developing countries' governance. In effect, governance or bad governance was seen as impacting on the smooth functioning of the modern economic markets that IFIs and donors were assisting to develop (de Alcántara, 1998). Significantly, for many developing countries, the motivation to improve governance (public and administrative) has been shaped by financing conditionalities and tied to results-based performance management where the desired results tend to be set by donors.

Exposure to the principle of participation as an aspect of good governance occurred for many developing countries through IFIs' requirements for participatory poverty analyses. In many of these countries, these analyses were undertaken for IFIs' approval with "no particular understanding of the participation as a principle, nor expectations of it beyond satisfying IFIs' requirements" (McGee & Levene, 2002)

Thus, in both development contexts, performance crises figured as institutional pressures for orienting governments to address their governance systems although for very different motives. For developed countries the pressures were generated internally to the system whereas in developing countries the pressures were, for many, externally generated. The organizational responses by governments to these reorienting pressures also differed with developed countries pursuing planned reforms to achieve incremental adaptations whereas in many developing countries the impacts on government structures and operations and governance arrangements has been limited.

There are exceptions however in developing countries/regions (e.g. Bolivia, the Philippines and Porto Alegre in Brazil) where the participation principle was formally instituted in governance systems through the success of people power movements or left-wing progressive governments gaining power. In these cases, the institutional pressure for change was catalytic in redefining power relationships and resulted in radical governance changes to

invert existing institutional arrangements in favor of the poor.

Coalitions for change

Obviously, reforms in any context are possible to the extent that the value set at stake has the power to mobilise a coalition of social and political interests as support, sufficient to challenge/unseat existing value sets. While not a definitive account some of the more obvious factors can be described. While space does not allow a socio-historical analysis here, suffice to say that reforming governments in both contexts drew on such coalitions of support although the make-up of that support varies.

For example, in developed countries, some social factors include strong representation of sector interests by well organised welfare and labor advocacy groups, a strong tradition of community development practice, radical politics and political activism, a rights movements, promotion of pluralism and the contestation of ideas, a vibrant media, to name a few. Political factors that may contribute include a well established system of political parties, the separation of powers, the rule of law, robust accountability mechanisms and a mature public administration.

Many developing countries manifest patronage-based politics, fragmented party systems, weak civil societies, a domestic media that often lack basic political freedoms and domestic oversight institutions severely under-resourced (Driscoll & Evans, 2004). Many of the formal government institutions in developing countries are models transferred from OECD countries, a fact which, according to Moore et al (2005) renders them less legitimate and effective because they have not been forged through state-society negotiation. Co-existing but not necessarily connecting with these formal institutions are traditional governance systems in which chiefs, stripped of political and executive powers, continue to provide leadership for local communities (HRM Otumfuo Osei Tutu II, 2004). However, this work tends to be un-connected, for the most part, unsupported by mainstream government and disconnected from government programs.

Both developed and developing countries have been the sites for strong community development practice and community mobilizing mostly through the mediation of civil society organizations or NGOs. While in developed countries, many of these initiatives created political capital as well as social capital, in developing countries efforts have not resulted in significantly improved connections between ordinary citizens, particularly the poor, and their government representatives. In any case, with the diffusion of knowledge, the idea of equitable human development has gained ground amongst civil societies in the developing world as ideas become 'weapons for the oppressed' (Brett, 2000).

It would seem that the participation principle will be embraced to the

extent that participation values (a) are/can be embedded in a range of related social/political value systems and (b) can connect to a capacity for action to confirm or establish their viability. Thus, the formation of governance values can be viewed as an instituted process that shapes organizational arrangements for expressing these values and, in turn, is shaped by these arrangements as they are tested in action.

Creating or shaping value sets

Values (ideas, beliefs, norms, prescriptions) provide the templates around which classes of organisations naturally converge and become configured, both in terms of structure and systems (Greenwood & Hinings, 1996). For example, political mandates shape public administration structures and systems and political mandates of a certain suasion shape structures and systems in a particular and convergent direction setting the tone for the way work will be done. For change to occur, either institutionally or organizationally, a competing set of values would need to be accepted. These competing values would provide alternative templates for organizing and would become evident through institutional pressures that challenge existing arrangements.

Competing sets of values can arise through various sources, for example, crises or innovation. Movement towards a competing set of values will depend on the extent to which existing value sets and organizational arrangements are embedded in a complex array of social, political and economic institutions. Other determinants of change include the capacity to mobilize support, leadership, power relationships, exposure to viable examples of the alternative arrangements, the level of regulation that operates to maintain an existing system, to name a few. Importantly, movement towards competing sets of values may not involve radical reorganization if the competing set falls within the parameters of existing templates (Greenwood & Hinings, 1996).

Because of the history and nature of donor and developing country relations and the global partnerships associated with the MDGs agenda, there may be a tacit assumption that improvements in governance will take developing countries in the direction of governance patterns in developed countries. That is, that the participation principle can be embedded and practiced in developing countries as it is in developed countries.

In the previous section, we noted that some developing countries have experienced their own radical governance reforms, which instituted the participation principle. There is nothing to suggest that the incremental adaptation approach taken by developed countries to institute governance reforms, organized around values of community responsibility, is more superior to a radical reform approach organized around values of equity and inclusion. How the practice of participation has evolved across different development contexts is discussed next.

3. Examples of the participation principle at work

In the foregoing chapters in this volume, the authors examine a number of examples of participatory processes in developing countries, primarily at the local governance level and including both state- and donor-initiated and managed exercises. While the authors highlight the intrinsic value of participation in terms of rights to development and human rights, they note that there are as many accounts of ineffective practice as effective practice of participatory governance. Effectiveness is discussed in terms of policy performance that results in efficient and equitable development outcomes and a number of procedural qualities, such as strengthening social capital and empowering processes.

Taken together, the analyses point to a range of institutional, organisational and individual factors that are associated with effective participatory processes. It helps to use the language of program logic to summarize the numerous findings by assembling them according to 'context, mechanism and outcome' (Pawson and Tilley, 1998). In effect, participation becomes a 'mechanism' that produces or enables the expression of other principles of good governance, namely, performance (efficiency) and fairness (equity). Further, the authors identify a number of mediating factors which can be likened to factors that enable the 'program' to fulfill its intended logic (Dahler-Larsen, 2001).

A number of pre-conditions are identified as providing an enabling institutional context for effective participation to occur. Some of these pre-conditions include a legal framework of rights, electoral participation, a political reform agenda and political will, a history of civil society mobilizing and existing stocks of social capital.

As the examples illustrate, governments can initiate participation in a range of policy tasks, for example, preference expression, formulation of policy, implementation of policy and monitoring, evaluation and ensuring accountability of implementation. Further, the mechanism of participation can be structured in a myriad of forms, for example: formally structured deliberative processes created by government, devolution of policy management and oversight to committees of local users, partnerships between government and community service organisations, connections between government and local traditional institutions as a means of ensuring accountability in local governance, to name a few.

A number of factors were identified as critical mediators of the links between context, mechanisms and outcomes. For example, decentralized local governance structures matched with appropriate levels of power/authority, resources and accountabilities mediated between a mandate for administrators to provide participatory opportunities and the capacity to provide those opportunities. Other factors mediating between the arrangements for participation and the effectiveness of the process include: significant

investments by government in providing technical and information support to participants, the capacity to harness existing stocks of social capital and empower civil society (e.g. community organizing, individual skills and confidence) and structural conditions such as individual educational levels and economic security. The extent to which these mediating factors are in place provides counters to, or at least moderates the effects of, a number of risks to participation effectiveness, for example, elite capture and information and power asymmetries.

Also highlighted were dilemmas associated with traditional authorities and local elites serving as intermediaries in development projects when they may not be motivated by equitable development concerns or representative of or accountable to those on whose behalf they speak. However, as Ribot (2000) notes, traditional authority may be accepted by local communities as part of some pay-off to derive benefits. In many cases, traditional authorities control access to local resources which makes them a valued stakeholder in a participatory process.

Political trade-offs are a vexed issue in participation and are described in some of the cases as 'displacing' some of the functions of elected representatives, for example, preparing priorities for the budget bid process. At the least, these dilemmas point to the fact that political institutions are constantly in transition and the subject of ongoing state/civil society negotiation (Moore et al, 2005). Rather than seeing participation as displacing, it is challenging to see how such processes can strengthen representative governance structures.

Of significance here is that the majority of the 'problems' of participation highlighted in the foregoing chapters which relate to developing country contexts are also recurrent themes in studies of government-civil society engagement in developed countries, even in those contexts described as vibrant democracies (e.g. Ireland, the UK, the United States of America and Australia). Some of these problem themes include: political agendas that undermine the veracity of participation (Guthrie, 2004; Botes & van Rensburg, 2000); elite capture through asymmetries of power (Bradford, 1998: Geddes, 2003), issues around the legitimacy of representative-ness of civil society intermediaries and representative structures (Raco & Flint, 2001; Cebulla, 2000); the limitations of civil society organizations' effectiveness as intermediaries (Shortall, 2002); the risk of co-optation of civil society organizations when mainstreamed into government processes (Nowland-Foreman, 1998); the perceived transaction costs that serve as disincentives to participation for government and non-government actors (Irvin & Stansbury, 2004); non-inclusive process designs that privilege certain knowledge and skills and cultural sensitivities (Barnes et al, 2003; Williams, 2003), to name a few. The contexts in which these problems manifest demonstrate a similar diversity of pre-conditions, policy tasks and structures as the developing country examples.

Other commonalities between developing and developed country contexts include the scope of engagement with examples ranging from preference expression to accountability processes.   Pre-conditions of note include political leaders' commitment to the participation principle (e.g. Queensland in Australia, the UK) and frameworks for legitimising the principle of participation such as legislative and policy frameworks (e.g. Australia, New Zealand, the UK, Ireland) and compacts between government and civil society (e.g. Canada, the UK). The practice of participation in developed country contexts also displays a similar level of diversity in form ranging from macro-level policy partnerships to local level planning partnerships, government sponsored public workshops, representation on regional economic development committees, user management committees, to name a few.

The goal here is not to undertake a comparison between developed and developing countries for its own end but to establish the extent of commonalities as a safeguard against assumptions that the developed countries have the monopoly on robust models, knowledge and practice. Such assumptions would pose the very real risk of history repeating itself and the MDGs partnership serving as another site for imposed development (Kingsbury, 2004; Moore et al, 2005). At the least, the practice of participation across country contexts suggests there are potentially many models of practice and similar opportunities for innovation and threats to procedural and instrumental effectiveness.

However, before drawing any conclusions regarding our central concern, that is how developing countries can assess and chart their own directions for improvement, a survey of practice in developing countries would be incomplete without reference to the World Bank's Poverty Reduction Strategy Paper (PRSP) process.   Now in its eighth year, the PRSP process has become a central coordinating mechanism in national planning strategies for a number of developing countries and it is supported by the UN as a vehicle through which developing countries' can localize the MDGs.   Thus, it is important to incorporate learnings from this process.

Poverty Reduction Strategy Paper (PRSP) process

Participatory poverty analysis and planning lies at the heart of the PRSP process and the World Bank's approval of each country's PRSP is conditional on the acceptability of those participatory processes. It is interesting to note that the Bank did not specify, initially, what was to constitute acceptable participatory process in recognition of the diversity of country contexts (McGee et al, 2002). Perhaps because of this open-endedness or perhaps because of the funding conditionality distorting the agenda, many governments in the early stages adopted a minimalist approach to participation and, as noted earlier, with little or no particular understanding of the participation as a principle. In some cases (e.g. Uganda and Gambia), the approach has been adopted more wholeheartedly and instituted within mainstream government processes.

In a review of second generation PRSPs, Driscoll and Evans (2004) note that the contexts in which the process has succeeded most clearly (i.e. in terms of being sustained through mainstreaming) are those where the process coincides with a national project driven by political leaders and widely shared by citizens. Good practice examples include Vietnam and Uganda where ideological factors supportive of the PRSP process are, respectively, concerns with addressing inequality and a commitment to nation building through inclusive governance (Piron and Evans, 2004).

Early accounts indicate participation practice was confined to consultation type activities rather than deliberative processes around policy analysis and planning. The process relies heavily on civil society organizations as intermediaries and, in many cases, NGOs that are more urban-based. Not surprisingly, the general finding is that these organizations have not connected with the poor or brought them into the process whereas those organizations that do have traditional links with the poor (e.g. domestic producer groups and labor unions) have not been engaged to any great extent, thus far, in the process.

Since its inception the PRSP process has fostered the expansion of civil society networks and dialogue spaces for connecting government and civil society representatives. As well, the process has empowering effects as a number of civil society organizations have expanded their interests beyond policy dialogue to address transparency and accountability issues in government and undertake advocacy-oriented activities such as budget monitoring (Driscoll & Evans, 2004).

As a further reflection on government/public administrators' level of understanding of the participation principle at work, many civil society organizations remain unclear of their role and future involvement, have been provided with little information to facilitate policy dialogue and little time to deliberate issues and experienced the policy formulation process as a 'black box' (McGee et al, 2002). Little wonder that government accountability to civil society in the PRSP process tends to be low.

While, initially, the task of participation was imposed without any reference to a supportive values base some governments have found connections between their political agenda and political values and those values implicit in the participation principle. For others, these connections were not made perhaps due to weak institutional landscapes (e.g. socially, politically and administratively) not creating pressure for change and governments incubating themselves from civil society. The prospects for sustaining a commitment to the participation principle in the latter cases are low unless there is a critical coalition of interests emerges with sufficient political capital to champion the participation principle.

Where to from here?

What is clear from these examples is that: (a) linking the political leadership's values to those of the principle of participation is critical, (b) building coali-

tions of social/political/economic interest around the participation principle is critical, (c) the more political capital that accrues to the coalitions supporting the participation principle the more the principle becomes a viable alternative, (d) some of the forms that participation practice takes tends to be 'home-grown' in response to endogenous institutional processes (e) participation practice in developing countries demonstrates as much diversity of form within any one country context as between country contexts, including developed countries, (f) issues around capacity, power and incentive gaps tend to be common to many different contexts and (g) sustaining the participation principle requires a continuous confirming cycling between values and action that pulls in political and social capital.

While there are many models of practice, including descriptions of capacities required at the practice level of participation, the practice models do not provide a template for institutional capacity or, at the least, a methodology for investigating institutional capacity. This latter is important if countries are to chart their own improvement pathways.

Notwithstanding the context specificity of participation practice, it is possible to extract from the overwhelming amount of case studies now available a picture of a number of institutional markers that provide a robust map of the institutional landscape for the participation principle without presuming to be the territory. In effect a marker by its presence indicates the likelihood of a certain 'condition', in this case, 'effective participation in practice'. Thus, we can assemble from the mounting evidence answers to the following:

- What are the critical institutional bases for initiating, legitimising, supporting, directing and sustaining the participation principle?
- Are there patterns of institutional/organisational arrangements that emerge across a range of development contexts suggesting they are not wholly context dependent but amenable to cultivation?
- Are there capacities that create, reproduce and strengthen the principle of participation-in-practice cycle?

4. A framework for institutionalizing the participation principle

In addition to the examples analyzed in the previous chapters and the PRSP process, a select number of other cases have been reviewed to identify the institutional markers. These cases[129] were included if they were examples of:

- Government-civil society engagement in ongoing government programs as distinct from finite projects although programs may involve engagement around a number of sub-programs and projects;

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[129]   In addition to the examples illustrated in the foregoing chapters, case studies and reviews on which this section draws appear in Annexure 1.

-    State sponsored and initiated programs as distinct from programs that are either donor or civil society sponsored only; and
-    Case study analyses from which lessons have been extracted as to effectiveness and areas for improvement.

The emerging institutional markers for the participation principle are organized according to the three institutional frames of institutional bases, organizational arrangements and capacities as outlined above.

The assumption in the following is that government (political and administrative spheres) has the authority to legitimate the principle of participation in public governance. While civil society can advocate for participation, perform policy tasks in an advocacy role and create pressure for government to adopt the participation principle, it is government that ultimately legitimates participation in the formal policy tasks. Thus the following information relates to markers that fall mostly within the ambit of government potential for action.

Frame 1: Institutional bases for the principle and practice of participation

There would appear to be a number of actions that political leadership can take that provide a values framework for the principle and practice of participation. These actions demonstrate an understanding on the part of the leadership of both the intrinsic and instrumental value of participation. Further, political leadership is more likely to provide an enabling framework when there is a confluence of social and political factors present.

This mix of institutional markers provides for the possibility of enacting the principle of participation. Institutional values are realized, legitimized and reproduced in the public governance arena through the organisation and coordination of behaviour around public policy tasks.

Institutional bases for initiating, legitimizing, supporting, directing and sustaining the principle of participation

- Political vision for development that includes one or more of the following themes and commitments: democratization, social justice, equitable development, sustainable development, inclusive society, nation and community building which draw on notions of rights, protections and cohesion.
- Political leaders' committed to governance reforms that aim to: improve opportunities for political participation by civil society organizations and citizens, establish priorities and strategies for achieving more equitable development outcomes, curtail corruption and patronage politics and, where relevant, reconcile internal country conflict.
- The pathways to development and governance reform are self-determined and framed in 'home grown' terms, that is, what is best for 'us'
- Visions and reforms are centrally driven and involve:
    - Formalisation of new 'rules' for inclusive and participatory approaches to governance through constitutional, legislative and/or policy frameworks that provide guidelines, performance expectations and accountabilities for engagement for government and civil society sectors and actors;
    - Provision of formal mechanisms and spaces for engagement with new players;
    - Optimization of arrangements for decentralized governance to facilitate government-civil society engagement at the 'lowest' level of planning and service delivery; and
    - Development of macro-level strategies and actions to progress governance reforms and have high symbolic value.

Embedded in…
- A coalition of support for the governance vision and reforms that may or may not involve all elected representatives but will include a critical number of those with significant formal and informal political capital from both the government and non-government sectors.
- A stock of political capital in the form of a tradition of progressive political parties focused on reform/social transformation and organised civil society involved in advocacy around themes of equity, inclusion and accountability.
- Government recognition of the level of civil society preparedness and momentum for reforms as well as potential trade-offs (for government and non-government sectors and actors) and their impacts.
- An enabling stock of social capital or a program to rebuild social capital stocks.

Frame 2: Organizational arrangements for the participation principle in practice

There are options for government to open its political opportunity structures at various stages of the policy task. Osmani (this volume) describes these tasks as preference expression, policy formulation, policy implementation and monitoring, evaluation and ensuring accountability for policy implementation. The policy tasks are likely to have local/regional as well as state-level dimensions depending on the provisions for decentralization (i.e. power/authority, accountabilities and resources) (Manor, 2006) in a specific context. The markers for organizational arrangements for the participation principle are as follows:

Organizational arrangements for the principle of participation in practice

Policy tasks for engagement
- Benefits from government-civil society engagement are optimised for:
    - Government when civil society is engaged in early tasks around priority setting, policy preference and planning; and
    - Civil society when they are engaged in early tasks as above and processes for ensuring implementation accountability.
- Clear definition of the engagement task in terms of goals, objectives, actions, timelines and outputs.
- Clear pathways can be traced between engagement contributions, decision-making processes and implementation monitoring.
- The engagement task 'network' is clearly articulated in terms of connections to higher level decision-making processes, including budgetary processes, lines of authority, responsibility and accountability (vertically and horizontally) and communicated to both government and non-government sectors and actors

Structures and processes
- Clear description of role expectations for civil society and opportunities for input.
- Balance between scope of policy task and scope of engagement activities based on transparent and accountable assessments of relevant knowledge bases and stakeholders.
- Structures and time frames are appropriate to the nature of process objectives (e.g. deliberative processes, consensus seeking processes).

- For engagement in complex policy tasks (e.g. budget processes, regional planning) provision of multi-layered and diverse opportunities for engagement (e.g. neighbourhood, village or district) to allow participants to match involvement to skills, interest and motivation levels and preferred forms of social interaction.
- Deliberative processes around complex tasks tend to be structured through either of two forms:
  - formal structures for deliberation at grass roots level to generate inputs that are progressively deliberated by civil society representatives at more aggregated levels; or
  - formal structures for deliberation involving civil society representatives combined with formalized expectations that views will be collected from the grass roots.

- Representative civil society structures are established either through tradition, election by the grass roots, self-selection (e.g. individually or through an accreditation system) or nomination and relative effectiveness of each method a function of the nature of accountabilities required.
- Engagement processes are supported by provision of equal access to information and assistance (e.g. paid community worker, staff member) to understand the information and build knowledge and skills in the policy task.
- Decision-making procedures are formalized and transparent
- Clear accountabilities for government sectors and actors to both internal stakeholders and civil society representative and grass roots fora
- Clear accountabilities for civil society representatives to grass roots fora and to government sectors and actors
- Cost of engagement processes factored into budgets

Mediated by…
- Involvement of civil society organisations performing educative and advocacy functions, particularly organisations with policy analysis capability and an interest in accountability processes for policy implementation and performance
- Concerted efforts by government and/or non-government sectors and actors to address asymmetries in power between stakeholders through either process design (e.g. election of community representatives, formal decision-making tools) or management (e.g. ensuring accountability processes take place, transparency of decision-making process).

The scope of these markers suggest that the public administrator assumes multiple roles in an engagement process, fulfils many functions and would need to have the requisite discretionary power to manage the process responsively.

Frame 3: Capacities for enabling the principle of participation in practice

Connecting values-in-action is achieved when interest, motives and skills coincide with task demands. It is these capacities of sectors and actors (government and non-government) that give life to the organizational arrangements and reproduce values. Capacities refer to a mix of knowledge, skills and attitudes at both the collective and individual levels.

Taken together these markers indicate that the management capacities required of public administrators range from strategic to operational to change agency skills. The capacity for and incentives to work in new ways will be a function of the strength of the political mandate and the support provided to make the changes.

Capacities for enabling the principle of participation in practice

Public administration capacity

- Political mandates for engagement clearly translated into administrative rationales.
- The establishment of a coordinating entity/mechanism with oversight authority and responsibilities for promoting, supporting and monitoring enactment of engagement obligations.
- Critical level of organizational maturity including:
    - An ethos of improvement and professionalism;
    - A number of internal early adopters or potential change agents with (formal or informal) power;
    - A critical level of collective understanding among senior staff as to the purpose and requirements of government-civil engagement; and
    - A critical level of collective skills among senior and operational staff that match the strategic and day-to-day management demands of engagement processes.
- Preparation for engagement systems is through a planned change program that involves phases for reflection, consolidation of achievements and diffusion of knowledge.
- Attention to staff development programs at senior and operational levels and the integration of staff development programs within planned organizational change programs.
- An absorptive capacity for change that enables managers to respond flexibly, through adapting structures and systems, to the

> demands of the engagement task.
> - A willingness and capacity to provide support to civil society organizations and citizens in organizing, mobilizing and building knowledge to facilitate their inputs into the engagement process.
>
> Civil society capacity
> - Experience of meaningful engagement which occurs at the inter-section of 'identity' (i.e. sense of identity with scale of governance or direct relevance of issue to self and significant others) and expectations for influencing decisions.
> - Experience of praxis that enlarges skill sets and attitudes and enhances social and political capital, both individually and collectively.
> - Existing networks and potential to expand networks and build coalitions and collectivize contributions.
>
> Civil society organisations that create dialogue spaces for multiple stakeholders (including government) and can strengthen the connections between civil society sectors and actors and elected representatives.

Charting improvement pathways

The markers of effective participation in practice have been derived from examples of sustained government-civil society engagement in recurrent planning and project prioritisation tasks across both developing and developed country contexts. They are not a checklist per se but a set of interlocking institutional characteristics. The frames provide a values base, organisational arrangements for transforming values into action and an outline of capacities that enable that transformation process.

The 3-frames present as nothing less in scope than has been the experience of government and non-government participation managers and practitioners. Because governance innovations shape, and are shaped by, their institutional context, their implementation is by nature a long-term and developmental undertaking that needs to be planned, monitored and self-correcting.

It is notable that in both developed and developing contexts where the pressures for change were internally generated and linked to a coherent and well articulated system of social and political values, that, irrespective of whether the participation principle was instituted by radical or incremental arrangements, the reform process is more likely to be well planned and systematically implemented (e.g. Porto Alegre Municipal Government, Queensland Government Australia, the UK Government, Rwanda). Naturally, there are exceptions and, given the constant dynamic between the many values sys-

tems in any society, there are no guarantees that systems successfully operating now can not stagnate or come undone.

If developing countries are to improve their governance systems in order to achieve the MDGs and commit to good governance as an MDG target, then it is clear that the initial MDGs planning process needs to have included a meta-strategy, with investment plan, that focuses on building the governance capacity of the country including instituting the principle of participation.

A change methodology

These markers are considered a robust set of institutional characteristics for effective participation in practice and there is a strong argument for the total institutional framework to serve as the platform for an improvement strategy. However, the reality is that more strategic choices may have to be made and a full institutional analysis and change strategy may not be possible in the first instance. How then should an improvement strategy be developed to take advantage of the institutional frames with a staged assessment and implementation approach?

The challenge is to determine which frame, which element(s) of which frames, will provide the best-value initial starting point. In any case, an institutional change process is about scaffolding. Putting in place a framework that enables other structures, processes and capacities to grow. While realism dictates what can be done, it is important to ensure that what is done matters. In his development of a diagnostic for economic growth strategies, Rodrik (2004) argues for "identifying the most significant bottleneck in the [system] at any point in time and focusing efforts on alleviating that bottleneck" (p.9). Each country will have a different starting point and each country will have different resources and different capacity for action.
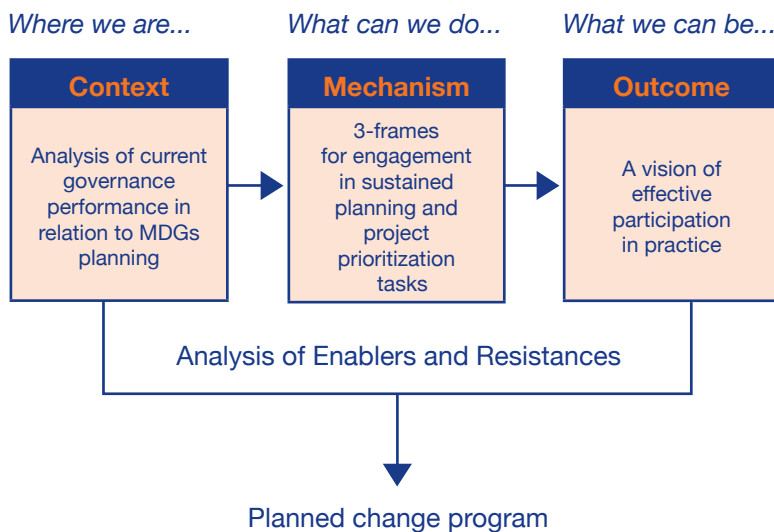
Sometimes, when it is difficult to know where to start, it is of value to ask "what happened when this process was tried elsewhere?" The process of institutionalizing the PRSP process is a good comparison case and there is now a considerable amount of material reflecting on the learnings to date.

A change program needs to have three elements:
- A desired state that creates direction and movement
- A recognition that improvement can be made and should be made
- A viable pathway to bridge what is and what can be and is possible to start now

The assessment of these elements would take into account the consequences of staying in the current situation, the opportunities that can be taken advantage of and the enablers and resistances to moving in desired directions. The exercise can be represented as in Figure 1.

Figure 1: Assessment for Improvements in Effective Participation in Practice

Where we are...   *What can we do...*   *What we can be...*

Context	**Mechanism**	**Outcome**
Analysis of current governance performance in relation to MDGs planning	3-frames for engagement in sustained planning and project prioritization tasks	A vision of effective participation in practice

Analysis of Enablers and Resistances

Planned change program

The approach

Consistent with the principle of country ownership, defining governance improvements should be led from within. However, this does not preclude external stakeholders having a role in the process as part of the global partnership principle. For all partners in the change process in each country context, the approach to the task needs to be guided by the following:

- a deep understanding of institutional change processes including the differential nature and likely impact of pressures for change, the consequences of system maintenance, the resistances to change, the enablers of change (Brett, 2000; Greenwood & Hinings, 1996);
- a recognition by donors of their role to assist/facilitate but also of their role as "political actors capable either of stepping back and respecting government decisions and choices, or of imposing their own policy preferences through more or less explicit forms of conditionality." (Driscoll and Evans, 2004, p. 18);
- a commitment to build, at all times, on existing cultural assets and strengths to create an integrated system of social and political values that support government-civil society engagement and good governance in general;

- an acceptance that development pathways are not always predictable but that they are processes that evolve against a backdrop of social institutions that are themselves in constant transition and require monitoring and a willingness to adapt methods;
- an awareness of what improvements are amenable to policy action in any particular context and can realistically be initiated;
- a commitment to a programmatic approach that is systemic in scope, long-term in vision and developmental in planning;
- an understanding of the complexity of institutional development in order to take full advantage of potential synergies that can be created or emerge;
- an acceptance that each country context will have its priorities that will need to be factored into analysis and planning for governance improvements[130];
- a recognition that countries differ in their capacity for planned change, their experience with planned governance reforms and the level of consensus on the value of an improvement program and what the improvement program is meant to achieve.

5. Strengthening institutional values for the principle of participation: an example starting point

As noted in the PRSP process, many countries initiated the process with little understanding of the principle of participation and what it was expected to achieve (McGee et al, 2002). Not surprisingly, PRSPs have not become part of core government business in many contexts with little involvement by line ministries in the process and weak operational links between PRSPs, budgets and outcomes. Where the PRSP process has been effective, governments and civil society have a shared view as to the worth of the process, which has been integrated into government operations to enhance government agendas.

An example of a planned institutionally focused approach to improving governance and addressing poverty through the PRSP process is that of Rwanda. Government in post-genocide Rwanda has focused on rebuilding security and unity through reconciliation, restoring institutions of govern-

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[130]   For example, in South Asia conflict is considered a key issue for MDGs implementation in the region, while in Latin America growing inequality is a main theme, in West Africa the emphasis is on building alliances in the field and local monitoring of MDGs and in East and Southern African the focus is on localizing the MDGs (SNV Netherlands Development Organisation, 2005).

ment and governance and regenerating social institutions. To augment its poverty reduction strategies, the Government of Rwanda launched a National Strategy Framework Paper on Strengthening Good Governance for Poverty Reduction in Rwanda in 2002, which has since become a program (Musoni, 2004). Other highly strategic and symbolic commitments to governance innovations were the establishment of a gender observatory, the National Human Rights Commission, the Common Development Fund and the tradition of ubudehe or collective problem solving at community level.

In effect, the Rwanda example demonstrates the initiation of a governance innovation and improvement journey in tandem with core government anti-poverty programs. Apart from the obvious synergies between the two strategies, the governance improvement program sets direction and creates spaces for civil society to participate in macro-level dialogue and monitoring functions through to grass roots planning and problem-solving.

The MDGs agenda requires improvements in governance but also presents as a vehicle in which to apply the governance improvement program. Perhaps the most critical element of the MDGs process is the planning phase and the thoroughness and robustness of the poverty analyses that have been undertaken. Poverty analyses and policy formulation are the front end of policy performance. If the front end is compromised in terms of quality of data and analysis and participation by relevant stakeholders, then the effects will reverberate downstream as ineffective policy. Poor planning leads to poor project prioritisation leads to poor policy performance. Further, poor connections between government and civil society in the upfront tasks makes it less likely that government will account for its performance to civil society.

As Stern (2005) notes, national strategies for poverty reduction need to be based on specific needs, solid evidence, good data and proper monitoring and evaluation. She notes that the UN and its international partners have invested large efforts in assisting countries in the reliability and integrity of data collection and analysis, formulating policies and strategies and assessing resource needs. However, in many countries, Stern observes that existing institutional audit regimes do not demonstrate an orientation towards the targets and indicators of the MDGs suggesting "that national ownership of the MDGs is still not entrenched in government management and oversight processes." (p. 10).

The MDG Project sees a role for civil society in monitoring and evaluation which would significantly augment existing government capacity in at least the area of data collection on the results of policy action at the local level. Already in some country cases civil society organizations are performing more significant audit functions including expenditure tracking, utilization of resources and veracity of accountability processes (Rajkumar, & Krafchik, 2006; Khan & Chowdhury, undated)

The MDGs agenda and the task of localizing and mainstreaming goals and targets mean that it is an agenda to be sustained through a country's operations in the long term. As such, MDGs planning presents governments in developing countries with opportunities to (a) mobilise and engage political actors and civil society around a vision of development and ways of working together for development and while doing so (b) take a planned approach to good governance improvements.

The agenda for the improvement program should cover matters related to the role of: formal frameworks for legitimising government-civil society engagement such as constitutional, legislative or policy frameworks; support legislation such as information laws; decentralization strategies; information management systems for strengthening policy analysis and monitoring policy implementation; involving civil society in accountability processes; legal frameworks to support civil society organizing; to name a few.

The governance improvement program needs to be driven from the centre and provide structures in which political and social leaders can engage and reflect on and plan governance improvements. Changes in governance regimes have the potential to threaten vested interests in the political, administrative, private sector and civil society spheres because it takes power away from those who have it (Abers, 2003).   Growing a critical ecology of agents (Heller, 2001) to create and support change, secure its effectiveness and sustainability while countering resistance will be necessary.   Support can come from within government, political parties, civil society organizations, professional associations, the media, to name a few sectors.

It will be the case in some country contexts that there is little political will to commence this journey. The challenge for the donor partner(s) and those willing to change is to understand how political will can be created when it is the political leadership itself that needs to be both the sponsor and subject of transformation.   While studies of reforming governments provide insights the generalizability of these insights to other contexts is unknown.

Assessments of where the system (including the leadership) is currently at can reveal the nature of existing values templates-in-use, whether they can be aligned with the principle of participation, and the extent to which the values are distributed strongly or weakly across the institutional landscape. These assessments will indicate likely directions for shaping a competing values template that supports the principle of participation and where coalitions may be built around it.   If political leaders' existing templates are amenable to supporting incremental improvements in governance then the transition to new templates will not involve radical change (Greenwood & Hinings, 1996).

It is strategic to identify what value templates could augment or compete with the current values-in-use to shape strategies for influencing political leadership. What set of values can assist in catalyzing change in political

leadership values and orient leaders to accept that government-civil society engagement could provide one or more of the following:

- a means to rebuild trust in government, strengthen the social contract between citizens and their representatives and enhance the legitimacy of government, particularly in contexts where people feel disillusioned with and disconnected from their government (Hindness, 2001);
- a counter to corruption through creating/expanding civil society's role in the accountability processes of public governance process and restraining self-interested and partisan conduct of politicians and public servants (Hindness, 2001);
- a method for building societal cohesion and stability akin to the ancient ideal of politics as a process by which citizens deliberate about, and arrive at, the common good (Johnson-Bagby and Franke, 2001);
- a means to improve policy effectiveness in terms of efficiency and equity outcomes and to engage and mobilise with community resources and initiatives that can contribute to development actions (Moore et al, 2005);
- a process to enhance management of change and uncertainty by taking civil society into government's confidence on complex policy issues (e.g. environmental crises, economic and industrial reforms) in order to build a collective capacity to respond quickly and effectively to uncertain futures (Coghill, 2002).

The donor community can support specific country efforts to embark on governance improvements by facilitating regional (e.g. South Asia, sub-Saharan Africa) communities of practice of political, administrative and civil society leaders involved in similar governance initiatives (from both developing and developed nations). Regional country fora offer opportunities for peer support and review and can be the basis for a powerful incentive scheme for shaping governance regimes within a region, and further strengthened through linking a number of regional forums in an international recognition scheme.

4. Conclusion

Improvement programs are not ends in themselves and any capacity development program needs to be able to answer the question "capacity for what?" In this chapter the focus is on improvements in governance specifically through strengthening the participation principle in practice as both a contribution towards the achievement of the MDGs and, importantly, a contribution to the building of social and political capital between a government and its people.

The dilemma facing many developing country governments is that the exigencies of the donor-partner relationship can often mean priorities are skewed more to meeting the terms of conditionalities in time-frames suited more to the donor's needs than the intrinsic requirements of the projects concerned. Such is the risk with governance improvement programs.

Governance values and arrangements are described as the outcome of "a local political process of state/society bargaining" (Moore et al, 2005, p. 45). They are instituted phenomena embedded in a system of social, political and economic values and reproduced through a complex array of organizational arrangements. In addition to their obvious political dimension, governance values have a historical dimension and are in a constant dynamic of being 'tested' in use against competing value systems.

When a country embarks on a governance improvement path it is beginning on a journey in which the state and civil society should have opportunities to reflect on their connections and refresh their commitments to certain values and ways of working together. If these connections and reflections are not part of the journey then the political actors understanding of governance is limited and there will be few prospects for planned, consensual change.

This chapter explored the institutional nature of the principle of participation to identify from practice examples, some of the institutional markers that would describe a program for improvement. These markers were described through three institutional frames: the values base or political mandates for particular governance values, organizational arrangements through which values are reproduced in action and capacities (individual and collective) which enable values to be connected to action. The resulting institutional framework can be used as a bridge in tying together assessments of current performance and visions of desired performance. A planned governance improvement path allows not only the options for reflection, learning, consolidation and self-correction but, more importantly, for the intrinsic benefits of a participative form of governance to be realized. These intrinsic benefits are individual and collective.

The discussion was careful to highlight the fact that the participation principle is a relatively recent entry on to the good governance scene although its underpinning values, that is, human rights have a slighter longer history. The point here is that developing and developed countries are at similar points in their experience of the principle and, indeed, as many innovations are found in the developing country context as the developed context. It is important that developing countries press to truly self-determine their governance improvement pathways within the context of global partnerships to ensure participation practice builds on existing strengths and traditions in the service of better government, more equitable human development and stronger communities.

What is refreshing about improving commitments to good governance

and the principle of participation is that, arguably, perhaps for the first time, some development country governments and civil societies have knowledge, experience and skills on a topic that is equal to that of the developed countries. At the least, developing countries must be allowed to chart their own pathways to more effective participation practice.

"[T]he success of participatory institutions depends on a dual process of commitment-building. Unless both state actors (ranging from politicians to bureaucrats) and ordinary people are motivated to support, take part in, and respect [Empowered Participatory Governance] experiments, those policies are unlikely to become either empowered or participatory." (Abers, 2003)

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