

**TOWARDS GOOD GOVERNANCE AT THE LOCAL LEVEL;
THE ROLE OF GRASSROOTS INSTITUTIONS**

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ABSTRACT

This paper questions current efforts to bring about good governance in developing countries. While the good governance agenda has mostly been targeted at national governments, it is argued that good governance efforts should be aimed at the local, municipal level, where the poor, excluded and oppressed live, and where - ideally - proper policies are implemented and national legislation is enforced. However, the key institution here - local government - is often very weak in terms of capacity, finance, and self-interested interference by the rich, the powerful and politicians. Interventions by central governments and donors will not suffice to bring about the changes required. One way out could be organised pressure and participation from below in what is termed participatory governance - including partnerships between local government, NGOs, and formal as well as informal (endogenous) community organisations. Examples of such governance are presented, as well as practical suggestions for donors and other organisations relating to improved governance.

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INTRODUCTION

Since the early nineties all major donor agencies have started to insist that 'good governance' is important for developing countries to achieve real development and to reduce poverty. By now, perhaps surprisingly, there is fairly common agreement amongst donors on the nature of good governance, including, among other things democracy, the rule of law, human rights, combating corruption. Indeed, the agenda has become so broad and all inclusive that it cannot be expected to be operationalised fully. Some donors have just increased attention for certain good governance issues, and have devised new criteria and instruments. A country like the Netherlands goes much further, by limiting its aid to poor countries perceived to have good policy and good governance, and by offering a good governance aid package to others.

Now that donors have committed themselves publicly to promoting good governance, a critical question is how exactly they will set about to do this in practice. One can wonder whether donors realise that, in order to be effective, they need to become deeper involved in developing countries than before, that they are embarking on a politically sensitive road. So far, many interventions aimed to enhance good governance have been somewhat loosely aimed at the national level of developing countries.

There is less attention for and clarity about concretely promoting good governance in relation to enhancing the quality of policy implementation, particularly poverty reduction strategies. Related to this, there is a neglect of the local level: few donors concentrate as yet on the performance and limitations of local governments. Donor agencies talk much about a role for civil society at this local level, and the importance of participatory approaches, but there is not much clarity how to set about this in a meaningful way. And even while empowerment is a much talked about theme, only few donors, and relatively few NGOs deal with this in practice, often in a fragmented, project-type way.

This paper argues that it is urgent for donors to give more attention to promoting good governance at the local government level. It is in the villages and slums that the poor, excluded and oppressed live, and it is here that their problems need to be addressed, that national funds are to be applied and laws implemented. The institution to do all this is local government. However, in many developing countries, it faces urgent problems of capacity and finance, resulting in (very) poor governance. The key question to be addressed in this paper is then what donors can and should do to promote better or good governance at this local level in general, and as regards poverty reduc

tion in specific. And related to this: how can the poor bring their agendas to bear on the local government, in contrast to how other groups already manage to do this, how can their decision making powers be increased?

More institutional development, or isolated attempts to combat corruption will clearly not be enough to reform local governments. They cannot be trusted to do this alone: those governments in need of the most comprehensive reforms have the weakest capacity to manage these. The most critical and potentially most sustainable contribution to bring about better governance at the local level should come from civil society, more precisely from local grassroots organisations, and, where possible, from the (far fewer) local NGOs. What is needed is identifying and creating conditions for what has been termed 'participatory governance', establishing frameworks and implementing approaches where local government, grassroots institutions and NGOs jointly work towards good governance in partnership.

Participatory governance deviates from and adds to the current community participation approaches which are seen as too limited in scope and as too fragmented. This paper explores the prospects for such a more ambitious form of participation, both in terms of involving a broader range of often neglected 'informal' or indigenous initiatives and organisations, and of linking these more structurally to local government through appropriate institutional linkages. It also examines the prospects and modalities for the poor to make their voices heard at supra-local, regional and state levels, where often the most important decisions are being taken.

This paper is exploratory in nature, probing the opportunities and the complexities of a new situation where donor agencies' stated goal is good governance, but where the required vision and the tools are as yet underdeveloped. It wants to contribute to discussions on the way forward, and does not expect to provide the answers. Indeed, many of the issues raised here, sometimes in a cursory way, need further scrutiny; in a way this paper represents a good governance research agenda. The paper is set up in the following way.

In the first section, the international changes are described that triggered attention for good governance issues, and how this was defined in the good governance agenda. Specific attention is given to the case of the Netherlands. In a second section I briefly consider the instruments and approaches applied to date to bring about better governance. It is concluded that they are not sufficient, and that, especially at the local level, other approaches are needed, which involve civil society in participatory govern

ance. At this local level, I briefly look at the nature of local governance, noting the often severe financial and capacity problems. Conditions at this local level from the point of view of the poor are subsequently depicted, starting with informal and 'indigenous' grassroots institutions and moving on to the access problems of the poor.

The focus in the following section three is on the limitations of current community participation efforts with a view to bringing about participatory governance. In relation to this, the role of non-governmental organisations is also considered. It appears that they are presently not sufficiently geared towards effecting empowerment, and towards co-operating with or forging partnerships with local government. With a view to assess the prospects and problems of participatory governance, promising or effective partnership approaches are examined and compared in section four. It is recognised that bringing about such partnerships is laborious and even risky, and for that reason the potential is examined of social movements as another, more radical way to effect a change in governance. Section five contains suggestions for donor agencies to enhance good governance at the local level. These relate to the poor and their organisations, to NGOs and to local (and central) government. Some concluding remarks are made in the final section six. I reflect on the implications of the efforts to implement the good governance agenda, the prospects for participatory governance, and on the role that donors can and should play to make the latter possible.

1. CHANGING DONOR PERCEPTIONS AND STRATEGIES: THE NEED FOR GOOD GOVERNANCE

1.1 Changing donor views

Since the 1980s, donor agencies started to increasingly pay attention to the quality of governance, which can be partly explained by the problems of the former communist transition states in Central and East Europe, and the near bankruptcy of many states in Sub Saharan Africa. More than ever before, donor agencies appeared willing to publicly admit that 'poor governance', economic mismanagement, and corruption undermined the development potential of many countries (OECD, 1995). Some such problems can be defined in terms of a lack of capacity - a lack of funds or inadequate human resources - other problems can be defined rather better in terms of outright mismanagement, nepotism and corruption. In a generic sense this is brought out well in the following statement from a remarkably frank report by the African Gover

nors of the World Bank to the World Bank President (World Bank, 1996):

Poor governance is now generally recognised as the root of Africa's capacity problems...(....)...In most countries, narrow political considerations have taken precedence over the public interest and broader issues of development, power is personalized rather than imbedded in rules and institutions, patronage and corruption pervade administrative and political culture, and there is no accountability and transparency in the public sector. Amidst all these, the role of the state has been extended well beyond its technical and managerial capacities. The failure of Governance has created an environment that is antithetical to the development of capacity in both the public and private sectors and in civil society.

This situation which perhaps applies even more at the local than at the central level leads to the absence of characteristics which are now defined as components of good governance such as accountability and efficiency. The discussion on poor governance received new impetus, and obtained a sharper edge, with the influential report 'Assessing Aid' (World Bank, 1998). The report established a clear link between 'Good governance' and the effectiveness of Aid:

'Financial aid works in a good policy environment. Financial assistance leads to faster growth, poverty reduction and gains in social indicators in developing countries with a sound economic management. In a weak environment, however, money has much less impact' (ibid.).

The report also notes that an active civil society contributes to an improved public service. Indeed, good governance includes an attempt to make the bureaucracy more accountable, transparent and responsive, not through the bureaucracy changing itself on its own accord, but through externally organized demand: civil society builds the capacity and skills to press government to be accountable (Hirschmann, 1999: 301). The report goes on to argue that aid can play an important role in supporting 'champions of reform' or change agents.

The definition of good governance used in this paper is taken from the Netherlands Ministry of Foreign Affairs (de Wit, 1998: 4):

The transparent and responsible application by the state of its political authority and power to effect social development, in dialogue with the population and by effectively utilizing available resources.

Donor agencies seem, by and large, to agree on the following the characteristics of good governance: democracy (especially multi-party democracy), respect for and enforcement of human rights and the rule of law, efficiency, accountability and transparency in governance and public administration, parliamentary control, open and free media, equity, and modest levels of military spending. Besides, good governance is associated with popular participation and a strong and active civil society. Some donor agencies emphasise a concern for poverty alleviation and a commitment to market ori

ented economic policies (OECD, 1995; de Wit, 1998). good governance is both a means to bring about development for example poverty reduction, and a development objective in itself.

1.2 Netherlands development aid and good governance

The Netherlands is taking the good governance agenda very seriously. In various letters to Parliament (Netherlands Ministry of Foreign Affairs, 1998, 1999), the Minister for Development Cooperation explains her determination to reduce the number of countries with which a development cooperation relation is maintained. She argues that, from a practical point of view, the number of countries receiving Dutch aid had become too large to be able to safeguard the quality of aid provision. But equally important is that the minister is strongly influenced by the aforementioned World Bank report 'Assessing Aid' and that she agrees with the view that aid is especially effective in countries which are marked by good governance.

The ministry has defined the chief criteria for countries with which the Netherlands can entertain a structural, bilateral relationship: the extent of poverty, the quality of socio-economic policy and the quality of governance. Apart from this, the Ministry also considers the aid requirements of a country, the scope for access to money markets, the nature and quality of the present aid-programme and the role a country plays in relation to peace and security in a region (ibid.). After having applied these criteria, the Netherlands Government recently decided to reduce the number of countries for long term aid to 17 'focus' countries. For historical and political reasons, the Netherlands will still entertain an temporary aid relationship with three other countries for five years, bringing the total number of countries to 17 + 3.

Apart from these 17 + 3 core countries, The Netherlands will have specific, limited aid relationships with some other countries on a thematic basis: regarding the environment, economic aid to be channelled through Dutch firms, and regarding 'activities in the field of human rights, promoting peace and good governance'. The latter programme will be implemented in countries where the prospects for cooperation in this field are good; this includes the regular 17 + 3 core countries, and in addition fifteen others. Support in this field is also possible in all other developing countries, but will not be aimed at Governments but at non-governmental organisations.

1.3 Other changes in Dutch aid policy

Three other developments may be mentioned with respect to Dutch aid. First, the minister wants to increase the 'ownership' of aid by recipient countries. Given that a country has (an acceptable degree of) good governance, the Netherlands will attach less conditions to aid. Nevertheless, 'blank cheques' will not be given; there will remain a few points of attention in the aid relationship. There must be agreement on the absolute need to reduce poverty; recipient country budgets must be transparent; there must be decentralisation which forms a guarantee that the aid does reach the poor and the marginal areas of the country; regular monitoring will take place and aid will be coordinated with other donors.

A second policy development is not as yet clearly defined, but is potentially important for this paper's discussion on the scope for participatory governance. The minister intends to change the relationship between official Netherlands bilateral aid and the activities of the Netherlands' Co-Financing Agencies such as NOVIB and ICCO, indicating that there should be closer cooperation between or 'complementarity' of the two aid channels in the field of policy. Local Southern NGOs should become 'involved in the various policy stages from planning to implementation and evaluation' (Netherlands Ministry of Foreign Affairs, 1999; Oonk, 1999: 30).

1.4 Sectoral approaches

Finally, and related to the wish to increase local ownership of the aid programme, the minister wants to gradually provide most bilateral aid through 'sectoral approaches' (see below), and, related to this, to also reduce the number of sectors to which aid will be given, again to enhance the quality of aid by concentrating the efforts. Here, the Netherlands Ministry for Development Cooperation again follows mainstream donor thinking and policy, by joining many donor agencies which have already started to disburse much of their aid through various types of sectoral programmes (Fells and Jacobs, 1999).

Key aspects of the sectoral approach are: i) programmes are financed through the 'normal' budget of the recipient government; ii) it is based on integrated sectoral strategies; iii) sectoral programmes are the basis for an aid package of various donors, providing a management framework for common donor implementation procedures (Fell and Jacobs, 1999: 43). Teskey (1996: 4) discusses Sector Investment Programmes and adds to this that these will be based on a clearly articulated and "owned" sector

policy framework, and that host governments and other local stakeholders will be fully in charge. Sectoral investment or development programmes are steadily gaining importance, partly as a reaction to problems experienced with the formerly most important project approach.

A listing of all negative traits reads like this: project approaches have reduced local ownership, and were often donor driven; if successful, they remained 'islands of excellence'; following fixed time paths and funding patterns they were inflexible (blueprints) and unable to adjust (in contrast to a more flexible process approach); they were often donor supported with little local contribution and hence unsustainable, a problem compounded by the frequent establishment of parallel structures.

There is not yet much evidence on the impact of sectoral programmes, on the basis of which one can determine whether their promises have been fulfilled. But I may just reflect on the possible implications of sectoral programmes for participatory governance. First, sectoral approaches are based on an agreement between (the united) donors and a government. Such an agreement will cover many conditions in terms of required capacity, transparency of budgets, procedures, monitoring and technical assistance (TA), etc. There is however a risk that this (national or state) government as the 'owner' will be relatively free to implement policy as it deems fit, and/or that it may (gradually revert to) implement(ing) sectoral policy through a top-down approach to the neglect of the perceptions, needs and means of the poor. Sectoral policy in fact harbours the risk – just like most donor support to date - of supporting centralising tendencies, possibly undermining ongoing or consolidating decentralisation efforts.

This may also conflict with the autonomy of local government, and its freedom to attach priorities for local planning and budgeting. There appears to be a risk that sectoral approaches will be a 'vertical' rather than 'horizontal' or integrated planning and implementation strategy, with the danger that the former ideal of decentralised and 'integrated development' may be harder to effect (cf. Nielsen, 1999). This points to the increased need for the poor and other target groups of policy to bring their voice to bear on the nature and modalities of such sectoral programmes, which are decided and formulated at higher government levels.

But, on the positive side, this may also be easier: all donor aid is assumed to be linked in one aid package, and it may be assumed that donors will apply participatory approaches where possible. In relation to this paper's argument, I may note that this may offer possibilities to help bring about broad based participatory governance. De

pending on sector choice and definition, and on the specific role the local government will play in a given sectoral programme, there should be increased scope to link activities aimed at the poor - whether aimed at education, water or health - in specific geographic areas. This may enhance the scope for broad based organisation, and for cooperation with local government and NGOs in the area.

2. LOCAL LEVEL INSTITUTIONS AND INSTITUTIONAL LINKAGES AND THE NEED FOR PARTICIPATORY GOVERNANCE

No one will disagree fundamentally with the gist of the good governance agenda. One problem is that this agenda is so broad so as to make it almost impossible to implement, where is one to start, what has priority in a specific country? And once this is known, which instruments or strategies can be applied? The previous section brought out that the good governance agenda is strongly focused on the state, which is in line with current donor thinking, as for example reflected by the World Bank (1997). Within states, donors tend to focus on national and state governments, neglecting the local level, barring the occasional local government capacity building programme (de Wit, 1999). There is, in fact, a rather large gap between the large ambitions of the good governance Agenda and the means to implement it, especially when it comes down to the local level.

2.1 Good governance strategies

Presently, the main strategies to date to enhance good governance include capacity building/institutional development; civil service reform (which normally also addresses issues like accountability, efficiency and combatting corruption); support to key agencies such as parliaments, courts and Supreme Audit Institutions, and sometimes to elections, and finally decentralisation. It is beyond the scope of this paper to look at all these strategies in detail (cf. de Wit, 1998). I may note however that none of these strategies has proven to be fully effective. Moore (1995) makes the case that institutional development cannot, for various reasons, be an effective strategy to bring about good governance, if only as many institutional development projects have not been successful.

Klitgaard quotes documentation indicating that about 90 World Bank supported Civil Service Reform interventions had not brought about the degree of anticipated change (Klitgaard, 1997). Reasons for this include that international aid has empha

sized the supply side of capacity but overlooked the demand; it has distorted local incentives, and has been silent about corruption. Moving to decentralisation, it is common wisdom to say that the potential is high, but that in practice, there are often too many constraints at various levels to make it fully successful, notwithstanding success stories (de Wit, 1998a). Especially the most interesting type of decentralisation - devolution - with most potential for enhancing democracy and participation has proven very difficult to implement in most cases. To put the case very briefly:

'In the first place it takes a very politically secure government to parcel out political power, and it takes more resources than most councils have - or have been allowed to keep - to effectively manage the responsibilities of a local council' (Hirschmann 1999: 294).

Obstacles to decentralisation include the lack of financial and incentive systems at the local level, the lack of sustained interest of politicians and the relative ease with which strategically placed bureaucrats can hinder or delay decentralisation reforms. Nevertheless, decentralisation is being implemented in over 63 developing countries, and it has definitely helped to focus attention to the local level.

2.2 Participatory governance

In view of the limitations of the most important donor strategies to score much effect in enhancing good governance, the search is on for alternatives, or for complementary approaches. This paper wants to explore the scope for what has been called participatory governance, which is in fact an elaboration and extension of popular participation, which often takes place in the context of projects. Starting point is the following statement by Dia (1993: 28), who argues that civil service reforms can only be successful when there is a 'reconnect of the state and civil society':

This goal may be achieved by institutional development strategies which identify the opportunities within indigenous institutions for building more pluralistic and participatory governance.

This often means greater devolution and decentralisation to 'create a more effective synergy and partnership between the central and the local/traditional government institutions'. The theme of 'participatory governance has been recently picked up again by Schneider (1999). He also argues for establishing partnerships, and 'partnership bodies', through which organisations of the poor and the public sector can cooperate on a regular basis and thus to 'mainstream' participatory governance. They could institutionalise the sharing of power which is at the heart of participatory governance (ibid. 531).

This paper starts from the view that participatory governance provides many answers to the problems of poor governance at the local level. However, it is quite an ambitious strategy, and it is critical to explore to what extent such an ambitious form of local governance is possible. Hence, I will consider the nature of governance problems at the local level, the nature of local and indigenous organisations, present efforts aimed at participation and the role NGOs can play as change agents. It must be recognised from the start, that this road to participatory governance is complex and risky, taking place in a very complex environment. Local organisations, NGOs and donor agencies, which support such efforts may invest much time and energy which can be in vain due to unexpected problems or changes be they political or bureaucratic. For that reason, I will also consider other, potentially more radical approaches to changing local government in the form of popular or mass movements, which can influence government from the outside, and which could still form alliances with other actors or parties (cf. Schonwalder 1997).

2.3 The importance of the local level

If we consider the list of good governance characteristics in the previous section, it is clear that many of these are most relevant for the local level, or, put differently, are of most importance for the poor, the marginalized and excluded in the villages and city slums, often not or only marginally affected by policy or law. Besides, and related to this, poverty reduction, education, health, access to land and credit are all issues to be dealt with at the local level, including sustainable development (Leach et.al., 1997).

The key institution at the local level is the Local Government, strategically placed between communities and local business on the one hand, and higher levels of government on the other. Local Governments are generally perceived to be weak in many developing countries. At the risk of oversimplifying, the problems generally facing local government can be said to include one or more of the following (de Wit, 1999, Amis, 1997):

- lack of funds, related to a dependency on funds from central governments and an inability to locally raise sufficient finance;
- serious institutional and human resource capacity limitations in terms of number of staff, staff skills, commitment; a lack of coherent policy frameworks, cumbersome

procedures; and a lack of proper regulatory frameworks and/or the actual enforcement thereof;

- fragmentation of decision making within governments, considerable institutional constraints relating to strong centralisation and hierarchy, and poor coordination between different local agencies and the local offices of central line ministries;
- poor staffing and lack of (relevant) skills amongst local officials, related to poor levels of pay and poorly developed incentive systems;
- local government institutions mostly functioning in a routine, 'backward looking way', mostly trying to achieve tangible, physical policy targets in the context of the annual budget cycle; much policy aimed at the poor is implemented in a 'top-down' way;
- rather than adhering to formal bureaucratic roles and actions, informal patterns of communication and decision making may dominate, not least the result of undue political interference, so that policy intentions often differ much from policy outcomes; this again often results or stimulates (already existing) considerable corruption and nepotism.

2.4 Poor local governance: impacts on policy implementation

It is not surprising that under these conditions, local economic growth has often been very tardy or non-existent, and that there are large problems as regards policy formulation and implementation. Related to this, poverty reduction efforts are in many cases not effective, as I have for example argued with respect to Madras and Bangalore in India (de Wit, 1996). Even in those cases where projects were properly designed, policy outcomes differed much from intentions. Factors include a lack of coordination between different agencies involved, an absence of effective cost-recovery strategies so that policies are rarely sustainable, a mismatch between policy offered and the needs and means of the people. Not in the last place, local and state level politicians as well as local brokers manipulated policies for reasons of narrow political self-interest.

However, there was a difference in Madras between projects funded with local funds and projects funded by the World Bank, which included forms of community participation and community development through community organizers. The latter projects were much more successful, if only through the community mobilizing and awareness raising work in the slums, the watchdog function of World Bank missions

and the 'interface' work including disseminating information by the community organizers (ibid.). This points at the beneficial effects of (community) organisation, a degree of transparency, and not least the beneficial 'watchdog' function of an outside donor agency, even in otherwise quite adverse conditions.

In summary, whereas the local government is the key agency with regard to the welfare and well-being of the populations of developing countries, it is often also the weakest institution. The dilemma is then how to devise ways to break -often vicious - cycles of poor management, insufficient resources, increasing poverty, low taxes, low or irregular salaries etc. On the other hand, problems are not always only or mainly financial, and there is sometimes outright mismanagement, corruption, undue political interference, nepotism through extended patronage networks etc. Pressure to improve things, to achieve better governance, can only come from two sides: from below i.e. (organised) people, and from higher governance and donor levels. I will now consider the scope of pressure and initiatives from below.

2.5 Civil society

It is often mentioned that civil society can and has to play an important role in bringing about good governance. It is being recognised that civil society can negotiate with institutions and bureaucracies, influence public policy and provide a check on the power of government (OECD, 1995). I will briefly consider the nature of civil society here, with a focus on the organisations of the poor. Apart from these, there are such local organisations as registered political organisations, trade unions, supra-local social movements and federations, business associations, political parties and the organisations of the elites. Some of these may play a pro-poor role, others may rather form an obstacle. It will depend on each case whether such organisations are candidates to join pro-poor partnerships aiming at participatory governance.

Turning to the organisations of the poor, a distinction is often made between formal and informal organisations, whereby developmental and donor agencies have mostly relied on what Cleaver (1999) calls 'committee like' formal organisations, which are modern, and which are assumed to be stronger than the 'traditional', or informal organisations. It is nevertheless useful to draw attention to the existence and possible potential of informal organisations as part of civil society, in line with what Dia (1996) has done for Sub Saharan Africa.

2.6 Formal and informal organisations

In a relatively black and white ideal-typical argument, Dia (1996) argues that many African countries are characterised by an institutional disconnect between formal modern institutions transplanted from the outside, and indigenous, informal institutions characterising the civil society and reflecting its culture and tradition (ibid: 3). Formal institutions include the entire Government machinery with all ministries and line agencies down to the officials in deconcentrated offices, but also banks, financial institutions and development agencies. These institutions do not function well, and face a crisis of legitimacy and enforcement. In contrast, there are informal, endogenous or traditional institutions including informal savings groups, micro-enterprises, village level indigenous groups, councils or committees. Such institutions are rooted in local culture and values, and they are characterised by legitimacy, accountability, and self-enforcement. Besides, they have a strong hold over people's commitment, dedication and sense of identity. Dia notes the possibility that such institutions have dysfunctional, undesirable characteristics, and may for example discriminate in terms of gender.

Dia argues that neither institution is adequate itself: formal institutions should become more responsive and marked by more legitimacy and accountability; informal institutions have to renovate, be flexible, and adjust to challenges and changes in the wider environment. He believes that such 'institutional reconciliation' is the key to resolving the crisis of institutional capacity in Africa. Dia's analysis is useful in that it draws attention to often neglected, but locally potentially important organisations which can be or become agents of development, or which can point at ways in which development could be brought about more effectively. For example, further research may teach us much about appropriate mechanisms and approaches relating to participation - and not necessarily community participation. After all, many such groups operate at a lower, sub-community level, so that the normal complications of working at the community level do not always have to apply. Such organisations, and the perceptions and institutionalised practices and expertise of the members can be and should be starting points for participatory and 'bottom' up approaches.

This is not to deny that there are problems with Dia's analysis as there are not such clear demarcations between, in reality, many different types of organisations, while he does not sufficiently indicate that formal institutions have been invaded and permeated with both positive and negative traits of his informal, indigenous institutions (e.g. Riggs' Prismatic Society). And, in practical terms, it will not exactly be easy to

identify and deal with the indigenous institutions, for example in terms of communication, in view of the varying degrees of illiteracy and the incidence of oral traditions in some countries. Also, it will be no mean task to bring about the 'connect' between formal and informal institutions; many communities and groups are hardly in contact with state or formal institutions, how to reach them? Who will take on this laborious work and then proceed to consider the informal institutions in terms of positive and negative traits; bring about adjustment and then make the link? Finally, he may well overestimate the potential of such indigenous or informal organisations, which often only exist - and are successful - for one single reason, for example a water user or savings group. Nevertheless, Dia's work is important as it recognizes the existence of mostly neglected endogenous organisations and institutions, and their importance and potential. The issue was picked up also by Schneider (1999), and, as we will see later, is important to Bolivia's decentralisation and participation policy.

2.7 Access and the importance of patronage

Having made a distinction between formal and less formal grass-roots organisations, I will briefly look at relationships between the poor and local government (agencies). This will help assess the scope for the poor to organise – or to link their (in)formal organisations to governments. This would in turn facilitate their participation in forms of participatory governance. From the point of view of the poor, linking with an agency means getting access. There are three possibilities: direct access by the poor to relevant agencies; access to agencies mediated by mediators, brokers, leaders (either political or non-political); and access to agencies mediated by NGOs.

It seems safe to say that most poor – and especially those most poor - in developing countries face problems in getting access to agencies: whether they are in need of employment, a pension, a housing plot or loan. Since the demand for most of these commodities at any given time is larger than the supply, there will be shortages, leading to bureaucratic ways to manage and control the distribution, through waiting lists, queues, lotteries etc. So the first access possibility mentioned does not often apply, and the third one, i.e. that NGOs mediate is probably also a limited option seen from the perspective of a person in any slum or village in a given developing country. Rather, all over the world, there are queues, waiting lists, and there are mediators.

Mediating can be done on an incidental basis, but more often it appears that patterns develop, that certain persons mediate for certain others, depending on locality,

price, loyalty, perceived efficacy which may often be related to political affiliation. Put briefly, institutionalised mediation is very important for the poor in patronage relationships. Patronage will be called clientelism in the case when votes are exchanged for favours - a strategy applied by politicians to attract votes (Gay, 1998: 7). The scope for clientelism is a function of the lack of enforced impersonal rules for the allocation of resources (ibid: 48).

Patronage is a good example of a very important, widely prevalent informal, indigenous relationship, an institution in itself. It is endogenously enforced, and upheld by mutual agreement among the social actors involved, even though the relationship can be exploitative. It is fundamentally based on, but also sustains a difference of power, as it is governed by norms and actions leading to the widespread construction and enforcement of social inequality (cf. Kabeer et al. 1996: 18). Patronage may easily lead to corruption, for example when a mediator and an official divide the 'fee' to help a poor household obtain a loan or housing plot, but this need not be so. Consider the case where only the mediator asks for a (modest, and perhaps deserved/well earned) fee and not the official. However, since patronage/ clientelism is not governed by the rule of law, it must be admitted that there is ample scope for misuse; and this is in fact what happens in most developing countries (cf. Bretas, 1996, de Wit, 1996).

For our purpose of exploring the scope for participatory governance, it may be noted that it is important to look beyond the 'formal' institutions normally involved in donor programmes, and to explore the potential of informal and indigenous institutions. However, as noted, care must be taken not to idealise or mystify such institutions: they may harbour negative characteristics, e.g. in the field of gender, accountability or corruption. Next, account should be taken of the coping strategies of the poor, which include using vertical - rather than horizontal/collective action like - relationships to get things done. Participatory approaches require equality: it cannot be that the poor are represented by their patrons or brokers. Therefore, while designing and implementing such approaches these facts must be kept in mind.

3. COMMUNITY PARTICIPATION AND THE ROLE OF NGOS

With a view to exploring the scope for participatory governance, I will now critically look at the present most prevalent form of participation: community participation in the context of various types of development projects and programmes. Subsequently, this section considers the role of NGOs as regards community participation,

and assesses in a general way to what extent they are in a position to become key agents or change agents in more comprehensive participatory approaches. Can they be part of and help form tripartite partnerships with local government and the poor and their organisations?

3.1 Community Participation: conceptual problems

Various definitions of community participation circulate, referring to varying degrees of involvement of the public in various stages of public policy and administration. In fact, the concept is being used so often and refers to so many different things that it may often be almost meaningless when it comes to implementation. The distinction between participation for efficiency (a means) and participation for empowerment (as a goal) is however useful by way of initial ordering.

Participation as a means to an end includes consultation (on conditions, needs, means and priorities) and the participation of target groups in the actual implementation of projects and programmes (labour, finance), leading to increased project effectiveness, efficiency and project cost sharing (de Wit, 1996: 55). Much attention is presently given to participation in consultation through various types of participatory assessment approaches of which the most known are the Participatory Rural Assessment approaches (PRA; there is also the Participatory Urban Appraisal, PUA). For an impressively long list of various such assessments I refer to Guijt and Shah (1998: 268).

The reason why PRA type approaches have become so popular and why they have also been embraced by development agencies like the World Bank is that they are relatively easily to implement and that they do give a voice to the poor and vulnerable in the slums and villages of developing countries. They are effective for people indicating their needs, means and priorities, and to bring out (power) differences between residents for example by the method of wealth ranking. Such approaches may lead to better and, particularly more appropriate - plans and project proposals, but there is also a risk that community differences ultimately disappear into the melting pot of an 'average community plan' (Guijt and Shah, 1998). In general, PRA may not always succeed in placing internal community divisions on the local agenda, or be the basis for acting on this agenda in concrete terms, particularly where specific issues of women, marginal and/or excluded groups in terms of ethnicity, caste, income, age are concerned (cf. de Wit, 1997)

'For PRA to live up to its aim, it must be part of this longer-term process of challenging inequalities and go beyond the moments of data collection, visual documentation and instant analysis' (Guijt and Shah, 1998: 11).

3.2 Empowerment

Other authors see community participation as an end itself; they advocate the empowerment of people and communities, which refers to issues such as: an increased level of awareness, increased decision making and countervailing power, more assets, and improved access to resources and institutions. This conception of participation is of relevance for this paper, especially its connotation with participation as a self-generating activity and a learning process, stimulating people to seek participation also in other spheres of life. However, this latter and most ambitious type of participation-cum-empowerment is obviously most difficult to bring into practice, certainly if - as it is mostly the case - takes place in the context of a time bound project (de Wit, 1997).

Cleaver (1999: 599) is critical of empowerment as a buzzword in development. She feels that it has lost its radical, challenging and transformatory edge, that empowerment has been de-politicised. In practice, it is often not so clear who is to be empowered, the individual, the community or groups like women. Besides, the implications of empowerment are not always thought through: what do empowered people do after a project is over, when, for example a newly created local women organisation is dismantled (cf. Edwards et.al. 1999: 121).

3.3 Problematic communities

Another key problem relating to community participation is that it starts from the assumption of a community, which is almost always problematic. Etzioni (in Guijt and Shah, 1998: 8) lists some problems related to the concept of community:

- community is poorly defined, leading to confusion and a lack of focus for action
- communities never existed in the way people romanticize them today;
- due to the focus on majority rule in community processes, minority groups may lose out; and
- a community focus may be culturally oppressive if members experiences social pressure to abide by cultural norms and rules that are not truly shared.

In summary, communities are neither homogenous nor harmonious entities. There are divisions, there are institutionalised inequalities and related conflicts (cf. Leach et al. 1997: 10-11).

So if community participation is successful in contributing to better project and policy outcomes, it may mean that the community leaders have performed well (but perhaps also benefited most) or that the majority of the population has benefited, but not necessarily the most needy, poor or marginalised. It may also mean that some groups participated much more than others, and that groups participated separately and in different ways such as the men and the women as indicated by Guijt and Shah (1999: 9-10). Other factors impinging on the efficacy of community participation include the nature of the project or activities for which participation is sought; the important and often neglected element of individual cost-benefit calculation in participation; people will probably only invest time and resources if this is in their own interest. However, contrary to general thinking, they may also do so for reasons of respect, social norms or recognition (Clever, 1999: 606). Not least, the local political context is critically important: whether or not local level leadership supports a participatory process or whether this is dominated, manipulated and appropriated by them (de Wit, 1997: 31).

Guijt and Shah (ibid.) argue that generalising words like 'participation' and 'community' may hinder professionals to be aware of intra-communal struggles, notably the micro-politics of gender relations. Cleaver (ibid.) feels that participation is focused too much on 'toolboxes' and on 'getting the techniques right' and on avoiding issues of power and politics. More seriously, she found little evidence of the long term effectiveness of participation as regards materially improving the conditions of the most vulnerable people, as a strategy for social change, or as a strategy for empowerment.

3.4 Limitations of community participation

The scope for effective community participation is strongly influenced by the internal composition and homogeneity of what is taken to be the community, the internal power configurations, and the nature of the participatory activity. On the one hand, participatory approaches are an essential component of effective, need based and sustainable policy and projects, but, on the other hand, there are quite a few limitations. Community participation and empowerment approaches have been mostly applied in the context of scattered, isolated projects and have therefore been too fragmented, and rarely sustainable. It is not easy for 'communities', divided as they are - to hold on to the gains - particularly in terms of new attitudes, activities, perceptions - after projects are complete. Another limitation of community participation is that it can only do so much to solve the local problems, as these are critically related to or a result of struc

tural factors outside the control of the local community. Or, in terms of Braden and Mayo (1999: 197)

Practising representation of a genuinely participatory nature needs to begin at the local level, and to be continued, to enable people to address the various layers of authority which affect their lives - from those within their own neighbourhoods, through to local authorities and policy makers. Practitioners need to address issues of who is being represented and who is listening.

Clearly, projects are too limited a context for this.

3.5 The role of local (southern) NGOs

It is important to briefly consider the NGOs, as they have been implementers of participatory and empowerment approaches in many countries, and as they have become major players in the field of service provision to the poor at the local level. Indeed, their multi-layered linkages from the micro to the local, national and international level make them important potential agents for change. Theirs, ideally, is the role to disseminate information and to explore and implement new approaches and to form innovative institutional frameworks. But are they up to such tasks?

Available evidence suggests that most NGOs in developing countries are active in the field of providing basic and social services acting as 'service delivery contractors' (Edwards and Hulme, 1996). To a lesser extent NGOs aim to improve the overall position of the poor, increasing their assets, assisting them to have a voice, a level of security and equality of rights. This involves developing skills, confidence, capacities, and access to credit, services and economic opportunities. However, it appears that many NGOs have been unwilling to co-operate with national and local government partly due to deep-rooted (often justified) suspicions. On the other hand, local government may be suspicious of NGOs, doubting their capacity, sustainability, even sincerity (de Wit, 1997). But there are also problems in NGO linking to communities. Edwards et. al. (1999: 131) are quite critical of the willingness of southern NGOs to implement participatory approaches to involve communities in deciding about NGO activities and policy (directions): 'few NGOs have developed structures that respond to grassroots demands'. Besides, there are the more general questions pertaining to NGOs of accountability (may be more towards donors than towards the target groups); their legitimacy, their ability to complete tasks in a community and to move on; their reach; the sustainability of their organisations and their achievements, also in terms of the willingness of municipalities to maintain tangible improvements implemented.

Then it is important for our argument to consider formal partnerships between

Governments and NGOs. There is evidence of some examples and experiments, and these present a mixed picture (HIC, 1997). It appears as if there has been relatively little progress in establishing pro-poor alignments between different NGOs, between NGOs and other civil society organisations, and between civil society, business and government. NGOs have not been that active in fields like addressing corruption, to press for institutional accountability and to work towards a social consensus in favour of economic reform (Edwards et. al. 1999: 121). Desai (1999: 264) mentions that NGOs working in Bombay - and Southern NGOs in general - have little attention for 'analysing the broader policy issues which have a bearing on their mostly micro-level, poverty alleviation interventions, and to seeking to influence government policies which have a direct bearing on the lives and incomes of poor people'.

Generally, there appear to be only few NGOs directly involved in addressing the large inequalities at the local level, in the struggle against corruption, nepotism and mismanagement. It appears that fewer NGOs are nowadays active in the field of advocacy and empowerment, aimed at making it easier for the poor and their (formal or informal) organisations to put pressure on local government themselves. Rather, more and more NGOs are active in the field of service delivery, perhaps related to the fact that NGOs are now fully accepted development partners by all donor agencies, leading to lesser degree of politically oriented or radical activity. This should in fact lead to more scope for LG-NGO partnerships, for lobbying with local governments, but there is not that much evidence for this. Desai (ibid.) agrees that it is increasingly necessary for NGOs to harmonise their development efforts with those of government and with other agencies working in the same locality.

3.6 Summary

This section was a cursory and perhaps over-generalised attempt to examine the broad field of community participation and NGOs, with a view to assess their relevance for bringing about participatory governance. On the basis of the scattered documentation used, it was first noted that current participatory approaches have important limitations, particularly the fact that they often take place in the context of isolated projects, failing to address critical and political issues outside projects and beyond the community level. NGOs were shown to be important actors at the grassroots level, especially important for service delivery for the poor, but less so where effective empowerment approaches and forging partnerships beyond communities are concerned. Indeed, just

like donor agencies, NGOs also seem to prefer to work alone, which is related of course to donor requirements to report on individual NGO achievements, and a concern to make sure that 'its' aid is identifiable.

So for NGOs to be effective partners in participatory governance, they will need to effect operational and policy changes and to even reform themselves, which is also the gist of much of the literature. Where the Netherlands is concerned, this realisation may have to play a role in the discussion the Minister will have with the Dutch Co-Financing Agencies (Novib, Cordaid, ICCO, Hivos) about the complementarity of the official bilateral aid channel and the NGO channel (cf. section 1).

4. EXAMPLES OF PARTICIPATORY GOVERNANCE

Having examined the limitations of the regular community participation approaches in view of the need to bring about or more comprehensive participatory governance or good governance, I will now, by way of illustration, examine a few examples of frameworks of structures which were deliberately created to introduce this. Moving from small to large scale, I will respectively deal with the Bangalore Poverty Alleviation Programme (a limited pilot donor funded programme), the Porto Alegre participatory budgeting methodology (city wide approach), and the ambitious national decentralisation reforms aimed at participatory governance in Bolivia. Finally, by way of contrast, I will briefly examine an approach aimed at combating corruption which was not initiated officially. This is the case of a mass movement in India, which was successful in contributing to local level good governance, be it in a very forceful way - but perhaps this is the only effective way.

The cases should not be read as detailed descriptions or as final and most up to date reports. Rather, the emphasis is on the preconditions and the way participatory governance is formulated, structured and implemented.

4.1 The Bangalore Urban Poverty Alleviation Programme (BUPP).

The Dutch funded BUPP programme was implemented between 1993 and 1999 in the Indian city of Bangalore as a pilot project to test the model of an innovative sustainable, participatory poverty reduction approach. The programme had the following key-features. First, it was an example of a public-private partnership. It was implemented by a tripartite Steering committee, including representatives of various Government agencies (municipality, land registration office, women welfare department,

slum improvement board), representatives of the many NGOs working in the city's slums, and of the slum based GROs. Secondly, the core of the programme were the newly created and locally elected 'Slum Development Teams' with mixed male/female membership, which engaged in participatory needs assessment, and in 'bottom-up' planning and implementation. Third, an explicit objective of the programme was the 'convergence' or linking/integration of the diverse programmes, policies and funds of both governmental and non-governmental organisations, with the active involvement of and contributions by slum communities. A small Project Support Unit helped implement the programme and was charged to facilitate and enhance the quality of work of involved organisations.

The programme was marked then by an ambitious form of devolution of power and funds to local level slum bodies, which were made their own slum plans. These were submitted to the Steering Committee for approval, possible adjustment and funding. Government agencies and NGOs jointly supported these slum efforts and projects, funded with a mix of (Dutch) programme funds, local government funds and community contribution. The programme recognised that most participatory approaches have not led to the development of sufficient 'countervailing and claim-making powers' amongst the poor, to match the overriding influence of political and other elites' (de Wit, 1997: 13). Hence, the core objective of BUPP was to empower the poor, by enhancing levels of awareness and organisation, and by assisting them to increase their skills and assets.

The programme had the ambition to develop into a city-wide approach, but the model did not prove as successful as had been anticipated. It did achieve much in terms of the degree of grassroots participation in planning and implementation (constructing community halls and toilets, saving groups) and, perhaps to a lesser extent in terms of 'empowerment' if defined in ambitious terms of 'countervailing power'. If defined in terms of more assets, information, assertiveness, improved access, surely much was achieved, even though involving women in the Slum Development Teams proved difficult. Problems however remained with the relatively complex programme structure, and with programme 'ownership'.

This was related to uneasy relations and mutual suspicions between Government agencies and NGOs/GROs, so that the ideal of the convergence of programmes and funds did not sufficiently materialise. But the full development of these partnerships was also impeded by the time it took to change procedures, to change attitudes

and mind-sets. After all, a relative radical change was envisioned from fairly top-down and inflexible bureaucratic approaches to quite flexible, multi-stakeholder, bottom-up approaches. There was reluctance on the part of the government to fully support (and to institutionalise) the relative ambitious decentralisation of decision-making and funds to the newly created Slum Development Teams. (de Wit, 1997). While there was collective, horizontal mobilisation of slum people, the urban poor in the end started to perceive and use the programme and the Programme Support Unit as yet another (vertical) access channel to the locally available funds, projects and opportunities (De Wit and Krishnamurthy, 2000).

4.2 Participatory budgeting in Porto Alegre

In 1988 the Brazilian Workers Party won the local elections in the Brazilian city of Porto Alegre, and it subsequently introduced the so called 'Participatory Budgeting Approach'. The approach represents a framework in which the city's residents can prioritise the needs to be addressed with available funds, and decide as to how the city budget will be spent. Participatory budgeting starts with the election of representatives of each of the 16 regions in which the city has been divided. Two of these representatives from each region are elected (but for only one year) into the city wide 'Participatory Budget Council' (PBC). This Council is charged with the task to manage those municipal budgets available for services and infrastructure in the local areas. This amounts to about 20-30% of the entire city budget, the remainder being used for salaries, overheads and larger scale/ city wide infrastructure and investments. Apart from this council, Thematic Plenary Sessions (e.g. focusing on public transport and traffic and health care, or on social assistance) have been established to deal with basic and urgent issues to be addressed at the city wide level and to decide on long term strategic plans for the city.

The PBC meets almost once weekly, and sets the agenda for municipal spending by making the list of priorities for public works, whereby it is obviously critical that the budget is applied/ distributed in a transparent and equitable way. For that reason a system of 'weighting' has been developed, based on the percentage of the population, the ratio of the area of the region lacking urban services, the total population of the region and the priorities set by the PBC (Conger, 1999). However, the final decisions on municipal spending are made in a three-way meeting which include the mayor's office, the PBC members and the councillors who have been elected in the general municipal

elections. The latter can modify and amend the investment plan suggested by the PBC, but they cannot make fundamental changes. In Porto Alegre the participatory budget approach is quite successful, and is valued highly by almost all citizens. It has been introduced later also in Belo Horizonte (Bretas, 1996) and in some 50 other Brazilian cities.

The participatory budget approach has led to a more equitable service delivery, with slums often receiving more funds due to having a higher weighting. People have become empowered through having real decision making power and powers to supervise and monitor policy implementation. The system represents a drastic change towards participatory democracy. It was deliberately intended by the Workers Party to replace the previous 'paternalistic model' of governance, based on clientelist strategies with the co-option of community leadership: the resident's votes were bought in exchange for government action. Preconditions for the methodology are political will, the regionalisation of the city, definition of transparent criteria to distribute municipal resources, adjusting (the attitudes of) the local bureaucrats, and the active involvement of the elected councillors, who are willing to forfeit some of their previously considerable power (Bretas, 1999). Available evidence does not indicate as to whether all councillors are actually playing such very constructive roles, whether patronage still plays a role (perhaps after adjustment to the new arrangements) and whether there is less corruption today. These of course are important questions, but perhaps existing documentation tends to display participatory budgeting as a so called 'best practice'.

4.3 Bolivia's popular participation

In 1994 the then Bolivian Government enacted the Population Participation Act, and in 1995 the Decentralisation Act. The latter acts regulates the national, administrative dimensions of the delegation of powers and funds from the national to regional (departmental) and municipal levels. The Participation Act formalises decentralisation 'from the bottom up', and deals with the setting up of participatory mechanisms and structures. The acts aim to enable both the urban population and the rural indigenous population to participate actively in socio-economic policy. A new administrative layer of 309 municipalities is formed, which are responsible both for the urban and surrounding rural areas. Hereby, formerly neglected rural communities obtain more influence on policy. The elected Mayor and Municipal councils are responsible for financial management, for establishing participatory governance structures, and also for manag

ing infrastructure, education, health etc. Municipalities are allocated 20% of the National budget for the relevant sectors (Netherlands Ministry of Foreign Affairs, 1996).

Participation in and monitoring policy formulation and implementation are critical areas in the new structures. Existing grassroots organisations and co-operative structures can register as 'Territorially Based Organisations' (OTBs) and so obtain a legal status. Through these organisations they can make their voice heard in the municipal Council, and influence the planning of activities by indicating their priorities. Supervisory or Watchdog Committees (Comites de Vigilancia) are elected from the OTBs which are charged with closely monitoring the Council. They check the equitable allocation of resources in urban and rural areas, the proper application of the law, which includes the principle of equal opportunity for women, youth and the elderly. The legal provisions governing the municipal level 'reconcile indigenous and Western principles of administration, and have set in motion a reform process aiming to reverse the historical pattern of political and economic exclusion of large parts of the indigenous population' (Schneider, 1999: 526).

It is as yet too early to assess the impact of Bolivia's far reaching reforms in terms of actual participatory governance and empowerment. The decentralisation structures have been established, but some delay in implementation was reported following the change of government. Obviously, progress differs from region to region, from municipality to municipality, and also depends on the degree of donor or NGO support. On the positive side there are indications that more funds are available locally, that the extent of corruption has been reduced and that formerly powerless grassroots organisations have been empowered to decide on municipal affairs. On the other hand, there are reports on a proliferation of corruption to the municipal level, and a continued (but changed) high level of political interference, with autocratic politicians reluctant to really give up power over municipal funds. Patronage is still very important even under present conditions, and there are reports of politicians who misuse the funds available for local programmes for their own benefit. The watchdog committee members are often unable to prevent this: they may be co-opted, are ill-informed or, being new to politics, they are overruled or threatened by vested interests.

4.4 The MKSS mass movement in Rajasthan, India

I will now finally present a somewhat different but important example of a participatory approach to enhance good governance at the local level, one that - in contrast

to the above three cases - took place outside the realm of the state, not supported - or hindered? or neutralized? - by officials or donors. It is the case of a mass based organisation which effectively addressed grassroots corruption. The case is described by Roy (1999) who argues that, in India, there is widespread corruption from the national, state government levels to the level of village government functionaries and elected representatives of the village councils:

300 million poor people believe that 'the public coffers are being looted, and that the money earmarked for development is going to ...the rich and powerful. The law makers and law enforcers are also the law breakers and no one in the government can touch them'...'There is no transparency and no accountability at the level where it counts the most - where the buck stops.' (ibid).

In the early 1990s, the Labour Farmer's Organisation (MKSS) started to work with the poor in one of the most backward areas of the state of Rajasthan. The few MKSS activists did not write project proposals, did not register, took no foreign funds and did not employ staff. They went from village to village asking people whether they knew how much money came to their village for development and how it was spent; people indicated they did not know and never dared to ask. MKSS then proceeded to the regional development office to request village-specific information on development funds, but this was refused. Subsequently, MKSS organised mass rallies, public campaigns, hearings on corruption cases and protest actions in the state. These campaign resulted in the State Government making available written evidence and documentation on village level expenditures in terms of bills, vouchers and muster rolls, which was also handed to MKSS.

However, in spite of a relevant government order, the information was not made public in villages, neither by the village officials nor by the elected representatives. The MKSS then started to organise public hearings in various villages, aimed at making public the discrepancies between the officially reported and actual spending patterns of development funds. Even before the hearing started, in one village a village official returned Rs. 100,000 to the village council, promising to pay 100,000 later. In another village, under pressure from the people and public exposure and humiliation, an elected village council member publicly returned Rs. 147,000.

Roy (1999) is critical of the belated and sudden attention amongst donors and policy makers for transparency and accountability. He feels that 'the answer is not stronger laws, stricter punishment and more visits to the villages to supervise and look at the account books', neither to employ more national or international experts. Being

fully distrustful of the state and its offices, he feels the only answer lays outside the state, with the strength of people organised on a large scale. This only will bring about and sustain the change of attitudes amongst officials, who know that they are under close observation.

4.5 Observations

The following observations can be made on the basis of these cases.

- a. Actual and effective decentralisation is a necessary condition for all successful cases, i.e. Porto Alegre and Bolivia. The problems in BUPP can be partly explained by a lack of commitment on the part of local government to support the decentralisation of powers and funds to slum teams. Related to this, sufficient resources must be made available to the local level;
- b. In such a decentralised context, an active involvement of the people is essential, which is again related to literacy, access to information and transparency in terms of the income and expenses of local government. Often there seems to be an initially difficult starting point, when people invest in an approach without clear benefits; if these become visible, approaches become sustainable;
- c. There is often a change agent, a person, party or group which sets things in motion, and this can be critical in terms of ownership and sustainability. In Porto Alegre this was the Workers Party, in Rajasthan the MKSS. It has been argued that there were ownership problems with the BUPP programme, which may help explain some of the problems faced. In the context of the Bolivian decentralisation reforms, an active initiating, mobilising and stimulating role of dynamic persons or groups at the local level has shown to be important. For the poor, the illiterate, and marginalised groups like women it may not be enough if the opportunity is there; they may have to be assisted to seize it.
- c. Political will of central and state authorities; the active involvement of the elected councillors;
- d. This political support should then facilitate bureaucratic reforms. Concrete attention, time and resources are needed to adjust attitudes of, and to change incentive systems for local bureaucrats, to affect a change over from a 'top-down' to a 'bottom-up' attitude.
- e. In conditions where there is no benevolent state or agency to stimulate or introduce good governance or participatory governance, and where people are illiterate and

powerless, a change agent in the form of a GRO or NGO is needed to bring about change. These organisations should possess a variety of skills relating to communication with the people and to political negotiations.

- f. Generally, even though not (yet) in the case of the MKSS, it would be important for GROs and NGOs to have the skills to conduct policy consultations with senior bureaucrats and planners, and to develop workable alternatives to their current programmes and frameworks for effective co-operation.
- g. Finally, and generally, local government (agencies), local politicians and NGOs must be willing to cease to deal in a paternalistic manner with community organisations, the poor and illiterate, and start to deal with them on an equal basis, as partners. Lessons can and must be learnt both ways; people must be allowed and enabled to grow into new roles.

To summarise, it must be noted that the efforts to bring about and to sustain participatory governance - if and once successful - bring large rewards in terms of efficiency, accountability and transparency. Not least, they were shown to have positive effects on the nature of policy implementation and on poverty reduction. However, it must be realised that these are very laborious and time consuming efforts, taking place in very complex environments and involving many stakeholders with diverse interests. And without political and central government support, such efforts may easily fail. So before embarking on this road full of pitfalls, local organisations and NGOs - and donors if they want to be involved - must make a careful assessment of the prospects for participatory models.

The case of MKSS shows another, effective but more radical way to go: to effect change in governance through mass movements from outside the state. This may be a viable and sometimes unavoidable approach, which seems to have impacts especially in Latin America. Local organisations can join larger and mass movements, which then may have various options in order to bring about change (Schonwalder, 1997). Some larger movements are based on patronage networks, and are effective in pressurising local government (Gay, 1998).

5. TOWARDS INSTITUTIONALIZING GOOD GOVERNANCE AT THE LOCAL LEVEL: PEOPLE CENTRED APPROACHES AND THE ROLE OF DONORS

In the course of this paper, I have noted the limitations of various current approaches aimed at local government capacity building, community participation and empowerment with a view to enhance or to bring about good governance at the local level. The present section starts from these limitations to address the question: what role can donors play to be effective in this regard, and what are the issues which they will have to face?

Starting with the latter point, it must be again emphasised that this paper has once again brought out the inherently political nature of attempts to support good governance. Current attempts to achieve sustainable development through community participation and empowerment have been disappointing, precisely as these did not address the structural issues of power, of excessive and counterproductive political interference, of inequality. Donor support was often supply driven, and the activities of the World Bank and other donors have in fact increased capacity problems in many countries (World Bank, 1996: vii). As a result, the wrong approaches were applied, with too much reliance on not always effective TA. Often not the most essential or most effective institutions were supported (Moore, 1995). Donors will just have to be more critical, have to listen not only to central and local governments, but also to the people: too often even democratically elected governments do not take the interest and well-being of their people at heart.

Apart from the need to be critical, donor agencies have to be careful: they are raising high expectations, having come very near to publicly admitting the truth of the matter: that there is just too much mismanagement but also indifference and greed in relation to governance in too many countries and that they will no longer be silent party to this. They have indicated to be serious in their intentions to address these issues, which is a daunting as well as politically sensitive challenge.

But by implication, donor countries have implicitly accepted the responsibility to practice, or to strive for good governance themselves: to reduce their military expenditures and to practise and advocate human rights. Perhaps more important is that they not only advocate and bring into bring about political freedom internationally but also economic freedom, in terms of those features of globalisation, global trade systems and capital movements which are detrimental to poor countries. Finally, and after many

years of promises and good intentions, donor agencies should be serious about effecting donor co-ordination, the lack of which presently leads to many (sometimes baffling) cases of poor development administration, seen from the recipient country's point of view. In this respect, it will be interesting to see to what extent this can be realised as an important component of sectoral approaches.

Keeping these generalities in mind, I will now briefly discuss various possibilities for donors to (help) initiate or to support participatory governance processes. I will start with some suggestions relating to the poor and their grassroots organisations, move on to Civil Society organisations, and finally look at the most important institution: local government.

5.1 The poor and their informal organisations

- the importance of education for the poor cannot be over-estimated, and it is critical that literacy is recognized as a basic precondition for good governance by all donor agencies. Literacy opens the way to information, to transparency and accountability, apart from having overall beneficial effect in terms of empowerment, health and the position of women and girls.
- It would be very important if low income people were able to organise beyond the limits of their community, if their (informal, 'indigenous') organisations such as savings and credit groups, user groups, and local village or slum organisations could join to form a federation or mass movement (cf. the case of MKSS, and of the Bolivian local organisations). This would increase their bargaining power, not only as regards their own local government, but also higher levels of government where more important decisions about them are taken. There is a danger that such federations are again co-opted by competing political parties seeking support through clientelism. The examples from Brazil mentioned by Gay (1999) indicate that this need not always be the case.
- The core argument of this paper is that participatory governance is the key to improved policy implementation and poverty reduction. I am fully in line then with Anzorena et.al. (1998: 176), that 'external agencies would be far more effective in reducing poverty in urban (JW: and rural) areas if their actions strengthened the capacity of low income groups to negotiate with local authorities and to reach agreements on partnerships'. Donors may find it difficult to develop modalities to become involved at this local level, but this may change with the increased popularity of

sectoral approaches. Besides, what is needed is not large interventions, but small scale 'model building' projects which initiate processes, much like what was intended under the BUPP programme in section four. If proven successful, such models could be replicated /scaled up.

- Direct links between the poor and local government are preferable to the opaque operation of brokers and to relying on patronage systems. However, under conditions of scarcity it is too much to expect that these will disappear and it may be possible to identify or design patronage systems that are less exploitative in economic terms;
- As an alternative to exploitative brokers or village/slum leaders it would be useful for local government to appoint officials as 'community agents' or to appoint selected/suitable community residents as 'community organisers' to work as an interface agents between local agencies and the poor. Their key tasks would be disseminating information, help organise people inside but also across communities, and provide access to agencies when needed. This would be a potentially effective and relatively very cheap method for donors to support local government policy implementation, community initiatives and empowerment (if compared to expensive TA). For a model of such an arrangement see the case of the Community Development Wing in the Tamil Nadu Slum Clearance Board (India) (de Wit, 1996: 120ff).

5.2 Civil Society and NGOs

- NGOs need to start building partnerships with local governments and community groups with a view to bring about local participatory governance and to be in a stronger position to influence policies and programmes (cf. HIC, 1997). There is as yet a lack of effective frameworks or models for such partnerships, and various NGOs in one district or one city should join forces to discuss partnership modalities and joint action, which for example happened in Bangalore before and during the implementation of BUPP. Such frameworks and models should also be disseminated nationally and internationally. So far southern NGOs have few forums to reflect on their experiences and to articulate an independent voice;
- This is linked to the following statement by Edwards et.al. (1999: 130): 'By sinking roots into their own societies and making connections with others inside and outside civil society, NGOs can generate more potential to influence things where it really matters because of the multiplier effects that come from activating a concerned citizenry to work for change in a wider range of settings';

- Donors may need to develop new channels through which they can reach low income groups and community organisations, not only to support them but also to identify new initiatives and forms of local co-operation. Increased co-operation between Donor Agencies, Northern NGOs and Southern NGOs may just be the obvious answer. Perhaps this is what the new Netherlands Minister of Development Co-operation had in mind when she indicated closer co-operation between her Ministry and the Netherlands NGOs (the co-financing agencies such as Novib and Bilance).

5.3 The Local Government

This paper starts from the view that it is absolutely essential to maintain a focus on governance and governments in view of their (re)distributive and protective functions which remain essential, whatever implications globalisation may (eventually) have on the erosion of state power. The government is central to economic and social development, even if it has an enabling role, and if it (temporarily) forms partnerships with civil society and the private sector.

However, the extent of 'poor' or 'bad' local governance is quite dramatic indeed in quite a few countries, and it is an enormous challenge, but an unavoidable task today to stop bureaucratic decline and to escape the vicious circle of poor performance, decreasing salaries and morale, corruption, loss of public trust, worse performance etc. Kabeer and Shah (1996: 48) make the following point in relation to the problems to introduce gender aware planning:

'When policies which seek to redress culturally sanctioned inequalities have to be implemented by individuals who themselves have been beneficiaries of these inequalities, then implementors are critical stakeholders in the policy process along with members of the community that will be affected'

They argue that gender aware planning must include an analysis of the various institutional actors who are responsible for implementation, and the interest they have in the success or failure of this type of planning. The same argument goes for the constraints to bring about good governance: the ones to be affected are the ones who are now benefiting. A similar point is made by Hirschman (1999: 295) in relation to privatisation as part of the structural adjustment programmes: 'the bureaucracy was being asked to co-operate in diminishing or dismantling its own power'. Or, to put it again differently, those governments most in need for change, are in the worst position and have the least capacity to effect it.

It may be clear then that, in order to move towards better local government, out

side pressure is needed, particularly, as has been argued, from civil society, but also from central government and donor agencies. It may be assumed that donors can and should most effectively influence the National Government rather than directly (the many) local governments. In turn, national governments should generally play an enabling role to make it possible for local government to introduce and sustain participatory governance.

- guaranteeing civil liberties and human rights, and make available adequate budgets for education;
- introducing or fully implementing decentralisation, i.e. devolution of powers and funds to local government, including taking measures to enhance local capacity;
- creating (or adjusting) a proper institutional framework in which local governments operate in terms of legislation (which is enforced) clear rules and regulations;
- attaching conditions and setting clear criteria for making available central funds.

For donors which are serious in their efforts to promote better or good governance at the local level, the following suggestions may be relevant. It may be understood that they are valid in general, but that they would gain in effectiveness if implemented in the context of or linked to the programmes of other donors in a city, a district, a sector.

- In view of the often poor capacity and chronic financial problems of many local governments, the most appropriate role of local government is an enabling, facilitating one. Key tasks then become designing and enforcing appropriate rules and regulations, and to properly 'orchestrate' private sector and civil society involvement in social, economic, and policy implementation activity. A key issue is also enhancing (or regaining) the public trust and legitimacy in its functioning (cf. Moore, 2000).
- Participatory institutional assessments should be implemented by donors prior to donor assistance to identify the nature, the strengths and weaknesses of existing local institutions, including NGOs and GROs and to map the institutional context.
- As was indicated when dealing with the poor and their organisations, local government should actively involve local organisations in administration through partnerships and broad based participation. Local organisations are defined very broadly here: existing political organisations but also informal, indigenous organisations, women networks etc. (cf. the case of Bolivia). Much attention is then needed for communication, which allows for understanding, access and influence even from semiliterate or illiterate and isolated groups, perhaps building on or using indigenous

channels of information (Dia, 1996: 16, Braden, 1999). It should capitalise on the energy and dynamics, and promote a role of civil society, including NGOs.

- There is then certainly a need for donor agencies to support institutional development (ID) for local government. However, it was indicated before that many such ID projects had been far from successful (cf. Moore, 1995, de Wit, 1999), and these should then be subject to conditions. For one thing, there should be clarity about the objective of ID, and here the definition of Davies (1997: 615) might be useful as a model. He argues in the case of NGOs that the definition of institutional development should be biased in its orientation to the poorest: 'Institutional Development should be seen as an improvement in an organisation's responsiveness to the needs of its intended beneficiaries...(..). In practice this could be seen in the form of: i) finer discrimination between the beneficiaries' needs; ii) quicker responses to these needs, and the ability to do (i) and (ii) on a larger demographic scale'.

This definition cannot of course apply as such to local government but perhaps to some local, poverty related and service delivery agencies. Clearly defining the ID objective has the advantage that monitoring and evaluating progress is made easier.

- Institutional development should be demand driven, following institutional assessments. It is unavoidable to employ foreign experts, but TA should be used sparingly, with the best possible staff, which is well aware of local conditions and sensitivities (Teskey, 1996, de Wit, 1998).
- Institutional development or capacity building has often been equated with training, which appears to be the least threatening and politically sensitive method. However, it is potentially much more effective to pay attention to organisational development (salary structures, incentive systems, merit based appointment and promotion, combating corruption) and to effecting changes in the wider institutional context (laws, enforcing property rights, curbing political interference). More effect can be expected if organisational development is done in a participatory way, by involving staff and clients in the design of performance measures and incentive schemes (Klitgaard, 1997: 499). And if staff of one local government is trained, it makes sense not to train only one or two staff members, but to train a whole group. This enhances the chance that the information and experiences gathered will actually be implemented;
- A specific field is combating corruption. Corruption is of course not an issue to be dealt with or to be solved in isolation. The term conceals and incorporates very complex patterns of behaviour and relationships in countries, linked to often quite

accepted norms, values and ideologies governing the distribution of resources and rewards, modes of reciprocity and payment, patronage relationships, and status. It is already quite positive that the issue attracts much attention, and it is important now to sustain this attention in all donor programmes and policies, for example as part of an institutional assessment before agreeing on a sectoral programme. The first task is to assess its nature, then its impact, and finally to devise strategies to address the most serious ('system undermining') forms (Klitgaard, 1996, 1997);

- Rather than focus training only on officials, it may be very effective to train also local village or slum leaders, Municipal Councillors, local and state level politicians and ministers related to local governance and administration. Training should not be the middle of the road upgrading of skills, but rather (also) have elements of discussing sensitive and controversial issues like corruption and political interference, so as to allow participants to reflect on their own functioning, the impact they make and possible changes.
- Systematic client consultation relating to specific sectors could be held regularly at the local level, either organised by the local Government itself or by independent consultants or civil society groupings.

6. CONCLUSIONS

Bringing about good governance is probably the most daunting and complex challenge donor agencies have ever faced. Rather than the relatively simple business of formulating, implementing and evaluating projects, they are moving away from this level of policy towards much more complex and intangible institutional and governance issues. It is only a thin line separating good governance policy instruments from political conditionality, as is brought out by the policies of the Netherlands Government. In general, there is a rather large gap between the large ambitions of the good governance Agenda and the vision and means to implement it.

If donors are to be serious about effecting good governance, they have to start paying much more attention to the local rural and urban level, where the people are who suffer from 'poor' or even 'bad' governance. This paper has argued that it will not be enough for donors to spend more funds on capacity building aimed at local government - even though this should continue, while incorporating lessons learnt. For one thing, in spite of huge spending, these efforts have so far not been sufficient anywhere, and for another, sooner or later donors do leave and institutions may revert back into

their old ways. After all, even though the ideal is to also change organisations, and the institutional framework in terms of laws and regulations, this is rarely possible or adequate, so that reforms are never complete.

It seems much more promising to build up pressure on local government from below, to explore ways to capitalise on the energy and resources of the poor, their organisations and civil society in general. Already now, local government is assumed to, advised to and often more or less compelled to play an enabling role: facilitate the efforts of the private sector, the informal sector and civil society to make the best of it. This paper supports the idea that - especially where poverty reduction is concerned - such efforts should be institutionalised, so as to include a mutually beneficial co-operation between local government, the organisations of the poor and NGOs, which has been termed participatory governance. Obviously, it would be nice and easy if local government agreed and embraced this type of governance. The ideal outcome are things like participatory budgeting, or formerly excluded indigenous groups suddenly taking decisions over roads and schools in their isolated region.

This, of course, is too easy in almost all cases. Even though it may be the best way forward, the key condition of political will may not be met, which immediately brings home the political nature of the good governance agenda. Local government officials and local politicians will generally be reluctant to part with power, or see many real or imagined problems. And it is here where pressure from below, almost always initiated and/or organised by active and dynamic change agents can make the difference. This is of course especially so if it coincides with pressure from the top from the part of a central government and/or donors, which would enhance the possibility for a gradual change towards increased local co-operation and participation.

However, the potential for powerful social movements to change government action and to bring about social change should also be recognised, as indicated by mass movement organised against corruption in Rajasthan, and the success of some such movements particularly in Latin America. In some contexts, they could be an alternative to the complex, time consuming and risky efforts to build up participatory governance through partnerships of stakeholders with different views and interests. More research on the relative advantages and sustainability of strategies in different countries and contexts is needed. This certainly also applies to other, complex issues dealt with in this paper often only briefly.

Processes to build up pressure from below, and to partake in participatory proc

esses are facilitated when poor men and women are literate and when they have some degree of power and assertiveness. It would help if they could engage in processes of organisation and mobilisation, including remodelling their informal or 'traditional' grassroots organisations or to link them within larger federations. Therefore, empowerment, however achieved, is important and this is where Southern NGOs can play a critical role. This should be recognised by donor agencies and countries funding Southern NGOs. These should work together much closer, and, from this position of strength and influence, link up and negotiate with governments with a view to forge tripartite partnerships, including the organisations of the poor.

The efforts aimed at enhancing good governance are so demanding that they need collective efforts where possible. The need for donor co-ordination has never been more urgent, and this could and should now materialise in the context of sectoral approaches, in the same district, in the same city, in the same country. It may be assumed that the magnitude of united policy advice and subtle pressure should have some impact. Moreover, donor agencies should co-operate much more closely with Northern and Southern NGOs, perhaps initially in selected cases to build up experience, to be gradually expanded. The issues of poverty, inequality and sustainability are urgent enough to warrant this type of united action, which would be a token of good Global Governance on the part of the donor agencies. The poor in the south and the tax payers in the North can rightfully accuse them of poor governance if they fail.

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