
CHAPTER 5 Participatory Governance and Poverty Reduction

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Good governance has recently been accorded a central place in the discourse on development. In some ways, this may seem to be a fairly self-evident proposition, but many issues need clarification. For example, what are the essential features of an appropriate governance structure, what are the problems involved in achieving good governance, and what actions need to be taken in order to tackle these problems?

Governance is a somewhat elastic concept. It has been interpreted in many different ways so as to encompass many different aspects of social organisation and the institutional framework within which social and economic activities are performed. Much has been written in the recent past on all these questions. The latest UNDP publication *Overcoming Human Poverty* is devoted largely to exploring the multiple relationships between good governance and poverty reduction (UNDP 2000). The World Bank, other international agencies and many individual researchers have also addressed these dynamics. A number of country studies sponsored by UNDP from 1997 to 1999 as part of its Poverty Strategies Initiative (PSI) have also dealt with different aspects of these issues in their specific country contexts. This chapter seeks to synthesise the ideas and lessons that emerged from the PSI. It focuses on one specific aspect of the institutions of governance — namely, governance at the level of local communities. This focus entails a range of concerns involving decentralisation, people's empowerment, and the involvement of community-based organisations in local affairs, as well as the relevance of all these reforms to poverty reduction.

The first section begins by noting the multiplicity of meanings that the term 'decentralised governance' seems to have acquired over time. People's participation at the grassroots level is an integral part of this notion of decentralisation. The value of participatory decentralisation is demonstrated by drawing upon various examples contained in the studies sponsored by UNDP. Two sets of problems are then identified that stand in the way of establishing truly participatory decentralisation. They relate, on the one hand, to the devolution of power from the top and, on the other, to genuine involvement of the poor from the bottom. The first set of

issues is discussed in the following two sections of the chapter, in the light of the empirical evidence presented in the PSI studies. It is then argued that a crucial precondition for tackling both these problems is the creation of an environment that can empower people, especially the poor, so that they can exercise their voice in the affairs of governance. We then take up this issue by examining various approaches to empowerment. Finally, section VI brings together the major findings of the paper.

Decentralisation and people's participation in local governance

'Big government' is often blamed for the persistent woes of the poor in the developing world. It would be more accurate to say, however, that the problem lies in the wrong kind of government, such as a governance structure that meddles too much into the details of economic activities that are best left to the market, but provides too little support on 'public' matters that genuinely require non-market mediated governance. In the latter sense, one might even say that the rural people are actually undergoverned, as Thompson (1991) has suggested in the context of Sahelian countries.

Thompson's characterisation of the Sahel in this regard is generally valid for much of the developing world. While some activities affecting the rural poor are better left to the market, there is a large set of problems, characterised by market failure, that do require collective regulation or action by some sort of government(s) for their resolution. The problem of common property resource management is a prime example, as are public utilities and the provision of social and physical infrastructure. The reach and quality of governance in these spheres all too often fall short of requirements in part because government means a central bureaucracy preoccupied mostly with national or regional issues.

To some extent, voluntary groups and community organisations can deal with local problems, but there is a limit at which they can function effectively. The characteristic that most obviously distinguishes a voluntary organisation from a government is the absence of the capacity to make binding, non-voluntary decisions backed by legally sanctioned coercive power. In the absence of this capacity, all decisions are voluntary and have to be taken on the basis of unanimity. This can prevent collectively rational decisions from being taken.

Sometimes, local leaders assume governmental powers illegally, so as to achieve some specific objective. For example, Wade (1987) describes some illegal village governments in South India that were formed in order to manage local irrigation systems.¹ But the lack of legality of these pseudo-governments inevitably constrains their ability to perform the full range of functions that a legally constituted government could have done. Besides, it also makes them vulnerable to extinction, or at least impotence, in the event of a clash with the proper government. A classic

example is provided by Yemen, where a rich tradition of community-based local governance that had emerged from the grassroots and evolved over time largely outside the official domain was suddenly destroyed by a government edict in the 1980s that sought to introduce government-sponsored decentralisation (Yemen 1988). It is, therefore, essential to first establish a legally sanctioned structure of decentralised governance within which the community-based organisations can then play a role.

There is also a profound lack of clarity on what 'decentralisation' is supposed to mean. The concept seems to have evolved over time and has by now acquired several shades of meaning (Mawhood and Davey 1980; Landau and Eagle 1981; Mawhood 1983; Conyers 1983, 1984). The first widespread use of this term in the development literature began in the 1950s, when a fairly consistent set of institutional changes were being introduced by the colonial powers (especially Great Britain) in preparation for granting independence to many African countries (Ostrom et al. 1993). This 'classic' decentralisation, as Mawhood and Davey (1980) described it, was organised around five principles:

- Local authorities should be institutionally separate from central government and assume responsibility for a significant range of local services, mainly for primary education, clinics and preventive health services, community development, and secondary roads.
- These authorities should have their own funds and budgets and should raise a substantial part of their revenue through local direct taxation.
- Local authorities should employ their own staff, although in the initial stage the regular civil service staff could be employed temporarily.
- The authorities would be governed internally by councils predominantly composed of popularly elected representatives.
- Government administrators would withdraw from an executive to an advisory and supervisory role in relation to local government.

Classic decentralisation, however, rarely took place. Instead, the political leadership of developing countries usurped the term to describe very different types of administrative reorganisations. Because of these variations, it has rightly been suggested that 'decentralisation is not one thing; nor is it even a series of degrees along a spectrum or scale. For comprehensibility and utility in policy circles, the overarching abstraction 'decentralisation' must be split into a host of separate, occasionally conflicting entities' (Cohen et al. 1981).

One classification scheme distinguishes four different forms of decentralisation (Rondinelli and Nellis 1986; Rondinelli et al. 1987; Blair 1995, 1998):

- **Deconcentration** refers to institutional changes that shift the authority to make certain types of decisions from national civil service personnel in the capital to national civil service personnel posted at dispersed locations. In

this arrangement, staff and resources are transferred from headquarters to lower units of administration under chief officers who can take operational decisions without reference to the headquarters.

- **Devolution** refers to reorganisation efforts that approximate 'classic' decentralisation most closely, insofar as significant amounts of independent legislative and fiscal authority are transferred to sub-national governments. Responsibilities and resources are transferred to these local governments with a large degree of autonomy to decide how to use the resources.
- **Delegation** refers to transfers of authority to public corporations or special authorities outside the regular bureaucratic structure. Agents not belonging to public administration are delegated by the central government to perform specific functions. The central government sets the objective of the delegated agents and transfers resources to them on the basis of approved plans and budgets, but the agents have a fair degree of autonomy in performing their functions and may even have autonomous sources of revenue, including borrowing from the capital market.
- **Privatisation** and **partnerships** refer to transfer of responsibility for public functions to voluntary organisations or private enterprises. The objective here is to mobilise the capacity and initiatives of civil society organisations (CSOs) working for social and economic development. Resources are transferred to the CSOs who enter into an agreement with the government on the basis of an indicative programme of work. Government does not interfere with their plans and budgets, but enforces *ex post* controls over the use of resources.

Of these four forms deconcentration amounts to the least amount of transfer of power to the local people. This type of administrative organisation can hardly be described as a move towards the development of local governance. Delegation, too, does not by itself transfer power to the local people, although the delegated agencies have scope for involving local people in their decision-making process. The two other forms, devolution and privatisation or partnership, provide the greatest scope for developing genuinely local governance based on popular participation.

It is arguable that people's participation in the process of governance is an essential precondition for successful decentralisation from the point of view of both efficiency and equity. One of the reasons is that it enables local services to be tailored according to local preferences.

But what is the mechanism through which local preferences are to be known? The only feasible way is to have an inclusive process of local governance through which each segment of the population can express and fight for their preferences. This point is underlined by Klooster (2000) in a revealing comparison between successful and unsuccessful cases of community-based resource management in Mexico. He has identified two distinguishing features of successful management. One relates

to the presence of vigorous, regular and well-attended community assemblies. The other is the existence of accounting and reporting practices that provide community members with a healthy flow of information.

There are several other ways in which participation can improve the efficiency as well as equity of resource use (Adato et al. 1999b; Manor 1999). Thus, community participation has been known to improve the efficiency of irrigation systems by making use of local knowledge on soil conditions, water velocity and shifting water courses (Chambers 1988; Ascher and Healy 1990; Ostrom, Lam and Lee 1994). It has also improved the efficiency of water and sanitation projects, by ensuring that these are located where they are most likely to be used (Manikutty 1998), as well as of public work projects, by utilising local knowledge about safety hazards and vandalism (Adato et al. 1999a).

The value of participation for common property resource management is also highlighted in the human development reports (HDR) sponsored by UNDP in Madhya Pradesh (India) and Nepal. The Madhya Pradesh HDR gives a rich account of how participatory management of forests instituted under the Joint Forest Management Scheme (JFM) has begun to yield hope of halting the age-old process of forest depletion. The concept of Joint Forest Management has been defined as 'the sharing of products, responsibilities, control and decision-making authority over forest lands between Forest Department and local user group. It involves a contract specifying the distribution of authority, responsibilities and benefits' (Madhya Pradesh 1998). For a long time, the local people themselves were partly responsible for resource depletion, as they overexploited the forest resources for their immediate economic gain. JFM has sought to counter this tendency by vesting ownership of forest products to the people and by actively involving them in forest management. In this way, people can perceive a stake in the long-run preservation of their forestry resources, and apply their own preferences in deciding the rate and manner in which they are to be exploited. For this purpose, Village Forest Committees were set up for rehabilitation of degraded forests, and Forest Protection Committees were created to protect the well-wooded forests. By all accounts, these efforts, initiated in the early 1990s, are already beginning to have a visible impact on Madhya Pradesh's forest resources.

A similar approach to forest preservation has been adopted in parts of Nepal (Nepal 1998). Within the framework of Community Forestry Projects, forests are being handed over to community-based user groups for local management. By the end of 1995, about 200,000 hectares of forestland had been transferred to over to 4,500 user groups, with thousands of other user groups awaiting formal registration. The Forest Act of 1993 recognised forest user groups as 'autonomous and corporate institutions with perpetual succession' with rights to acquire, sell or transfer forest products. In 1995, the Federation of Community Forestry User Groups of Nepal

was founded with the purpose of mobilising and articulating the interests of the user groups by increasing their awareness and strengthening their coordination. Available statistics show that this participatory approach to resource management has been much more successful than earlier top-down approaches when the Forest Department held supreme power.

Evidence from Nepal also points out the benefit of participation in water resource management. Two large-scale irrigation programmes, the Irrigation Sector Project (ISP), 1989-1996, and the Irrigation Line of Credit Pilot Project (ILCPP), 1988-1997, emphasised popular participation both in the design and the implementation of the projects. The ISP sought to organise farmers into water users' associations prior to project approval and to build up their capacity, so that their services could be utilised for upgrading the physical facilities and improving the performance of irrigation systems. While the ILCCP did not mandate that farmers organise themselves prior to project approval, it did nonetheless promote their participation at all stages of the project cycle. A recent evaluation report has found evidence of strong participation by user groups. Not only did they actively participate in the design of the project, but they also contributed handsomely in terms of both cash and labour at the stage of implementation (Nepal 1998).

Other research findings have confirmed the superior performance of farmer-managed irrigation systems. Thus, from a data-base of 127 irrigation systems, of which 86 were community-managed and 22 government-managed, the community-managed systems were found to be more efficient in terms of crop yield and cropping intensity (Ostrom and Gardner 1993; Ostrom 1994). The reason for this difference lies in the differing ability of the two institutional forms to ensure water during the winter and spring seasons when it becomes increasingly scarce. A higher percentage of community-managed systems were able to get abundant water to both the head and the tail of their systems across all the seasons.² Since water availability may depend on a number of physical factors that have little to do with institutions, Ostrom and Gardner (1993) carried out a regression analysis to isolate the effect of these factors and still found community management to be the superior institutional framework.

Apart from resource management, service delivery can also be greatly improved when carried out within the framework of participatory decentralisation. The Education Guarantee Scheme (EGS) of Madhya Pradesh is a shining example (Madhya Pradesh 1998). Its literacy rate is appallingly low, even by the low average standards of India. In January 1997 the government of Madhya Pradesh introduced the innovative Education Guarantee Scheme, which involved both a guarantee on the part of the government and a compact between the government and local communities for sharing the cost and managing the programme.

Under the Scheme, the government guaranteed the provision of a trained

teacher, the teacher's salaries and training, teacher-training materials and contingencies to start a school within 90 days, wherever there was demand from a community without a primary schooling facility within one kilometre and provided this demand came from at least 25 learners in case of tribal areas and 40 learners in case of non-tribal areas. The community, in turn, had to identify and put forward a teacher and provide the space for learning. Local management committees were set up for taking responsibility for day-to-day management of schools, and in particular for ensuring regular attendance on the part of both teachers and students.

By all accounts, the Scheme has proved to be an overwhelming success. In the first year of its operation, more than 40 new schools opened each day, and after 18 months, the state could boast universal access to primary education. A good deal of work remains to be done in terms of improving the quality of education offered by these schools, but at least in terms of ensuring access to education, the Scheme clearly demonstrates the power of a decentralised participatory approach.

Yet another way in which participatory decentralisation helps is by creating a more conducive environment for resource mobilisation. For example, the Nepal HDR has noted how participatory water management projects have given the incentive to water users to contribute generously towards project costs. Nearly 72 per cent of the beneficiaries contributed cash, labour or both for the two farmer-managed irrigation projects mentioned earlier. In term of labour input, effective farmer participation was 51 labour days per hectare, and the farmers' total contribution, whether in cash or labour, amounted to 12 per cent of total project costs (Nepal 1998).

Another example comes from the Uganda Participatory Poverty Assessment Project (UPPAP) undertaken in the districts of Kumi and Kapchorwa under the auspices of UNDP and other donor organisations. Since people felt confident that locally mobilised resources would be used mainly for the benefit and according to the preferences of local people, they claimed to be more inclined to pay taxes to local governments than they otherwise would have (Uganda 1999a, 1999b).

The Education Guarantee Scheme of Madhya Pradesh also illustrates the resource mobilisation aspect. The scope for genuine participation by the local community has encouraged them to contribute materially towards the provision of primary education by providing for the school structure. By contrast, evidence from Tanzania shows how, in the absence of genuine of participation, top-down planning for education has failed to elicit physical and material contribution from the villagers (Kikula et al. 1999).

The value of truly participatory decentralisation has thus been firmly established. It should be borne in mind, however, that the history of attempts to institutionalise participatory decentralisation on a wide scale is replete with many more cases of failure than of success. A host of problems is associated with transferring

power from the top downwards. Other problems involve organising people at the grassroots level so that all segments of the community, including the poorer and the weaker ones, can effectively participate. The following two sections take up these two sets of problems.

Transferring power from the top

Politicians have all too often used the slogan of participation and decentralisation as a rhetorical device to strengthen their own power at the centre of government. There are plenty of examples. In Senegal, decentralising reforms initiated in 1972 sought to encourage popular participation in the management of local affairs in the hope of countering the pervasive problem of peasants' refusal to repay government loans or otherwise cooperate with governmental programmes in rural areas. The affairs of each rural community were to be managed by a representative body, the rural council. But the councillors did not feel that their views were taken into account in the initiation and execution of local development projects. The reform, therefore, did not represent a major departure from French administrative practice, in which the state and its agents retained full supervisory control over all aspects of local level actions (Vengroff and Johnston 1987).

Over the last two decades, the Kenyan government has frequently affirmed its commitment to a policy of decentralisation and the involvement of people in local governance. But elected local government has been weakened during the same period because the *nyayo* philosophy of the President requires close linkage between local government and national policy, which is determined by the central leadership (Wallis 1990).

The experience of Tanzania has been a subject of controversy. The reforms embarked upon in 1972 included the creation of deliberative assemblies at all levels, which involved both elected representatives and the relevant government functionaries. Maro (1990) has concluded that this reform had the intended effect of increasing popular participation in drawing up village plans through the village councils and committees. By contrast, Slater (1989) observes that 'rationalisation and consolidation of centralised authority lay at the roots of the spatial restructuring of state power, so that decentralisation was more illusion or myth than hard institutional reality'. In a similar vein, Samoff (1990) concludes that in practice the administrative reforms in Tanzania served to reinforce central authority and converted village councils into development advisory committees dominated by administrators and technicians.

A number of studies sponsored by UNDP corroborate the general thesis emerging from independent research that the rhetoric of decentralisation frequently fails to match the willingness of the centre to relinquish power. Thus, the Tanzanian study notes that 'the commitment of many African governments towards a "bot-

tom-up” paradigm of development based on people’s participation has been conducted without any accompanying changes to the broad political and institutional environment. Local participation has been sought without any meaningful reforms of the power relations between government and local communities. Participation has been seen as a means to ensure the more efficient implementation of pre-conceived plans often through existing government structures’ (Kikula et al. 1999).

The human development report of Nepal echoes similar views about the early attempts at decentralisation introduced in the 1960s. The *Panchayat* system of local governance was introduced at that time, but politically it was anchored in the premise that political consciousness and popular participation in politics were impediments to economic and social progress. Yet, ‘people’s participation’ was ‘an expression constantly used by political leaders and government functionaries. The strategy was to enlist the support of people in programmes envisaged at the centre and, through the process, gain legitimacy for the political regime’ (Nepal 1998).

After restoration of democracy in 1990, efforts were made to reform the decentralisation process in order to enhance local participation. New local bodies, the Village Development Committees and District Development Committees, were created by the parliament in 1992. A high-level Decentralisation Committee, formed in 1996 to institute an effective decentralisation framework, pinpointed a number of faults in the existing system:

- Local bodies lack institutional and technical capacity;
- There is no clear delineation between the executive and legislative functions;
- The concept of people’s participation in governance is not clearly stipulated;
- Field offices of line agencies exercise overriding influence over local government institutions.

Subsequently, a Decentralisation Law Drafting Committee was formed to frame legislative proposals in line with the recommendations of the report. However, with the change of government in early 1997, the draft law went into suspended animation. The new coalition government that came to power pushed through an ordinance to expedite the process of local elections, but without incorporating many of the substantive issues mentioned above. The resulting structure of decentralised governance does not appear to be very different from the pre-1990 arrangements. The composition of local bodies has changed somewhat, with greater representation of the weaker segments (especially women), but very little else has changed. Consequently, ‘now as before, there is little indication of the political will manifesting to introduce substantive devolution measures in practice. Besides, the government at the centre is vested with statutory powers that are far too draconian to be consistent with the spirit of devolution. The government has the power to regulate virtually all components of the local government system, including its formation, boundaries, jurisdiction, membership, structure, composition and mode

of elections, and, in addition, to suspend or dissolve local bodies, if deemed necessary' (Nepal 1998).

Recently, some isolated attempts are being made to build a more representative form of decentralisation through the Participatory District Development Programme (PDDP) taken up with the support of UNDP and other donor agencies. This new move will be discussed in more detail later. Suffice it to note at this point that Nepal's case provides a clear illustration of the difficulties inherent in transferring power away from the centre, without which genuine decentralisation must remain an illusion.

Recent developments in Mongolia give further illustration of the point. The collapse of communism in Mongolia has eroded the earlier structures of local governance based on collectives. The new political regime has made it clear that it intends to follow a strategy of instituting simultaneous reforms in economic and political spheres. While introducing a market economy to replace the old command economy, it also intends to replace the old centralised governance structure by a new democratic and participatory decentralised structure. This movement towards decentralisation has been driven, at least in part, by the reality of fiscal constraints. The loss of financial support from Russia has combined with the travails of transition to render the central government virtually bankrupt. In an effort to reduce the fiscal burden on the centre, the government has sought to establish local bodies that would be expected to finance local-level activities in social spheres such as health and education (Mongolia 1998).

Despite these efforts, very little power of governance has actually devolved to participatory local institutions. At each province (*aimag*), district (*soum*) and sub-district (*bag*) level, there are locally elected assemblies that nominate their governors. But the governors are chosen finally from the centre, and each governor is accountable to the one above rather than to their respective assemblies, with the *aimag* governor holding most power. As a result, the local bodies exist practically as mere branches of *aimag* administration. Even at the *aimag* level, only about ten per cent of the decisions are taken locally. The rest emanate from the centre.

Yet another aspect of the problems of instituting participatory decentralisation is illustrated by the experience of Yemen, which shows that the centre may actually throttle the effort at decentralisation when people themselves take the initiative to create and develop local institutions of governance without official assistance.

Yemen boasts a rich tradition of local-level governance based on community-based organisations emerging from the grassroots level. Community Associations (CA) started in Aden from British days, as charitable societies financed by workers, businessmen and others. Gradually they spread all over the country and went into services such as schools and welfare programmes, realising that the centre was incapable of providing these services in adequate quality or quantity. But resource constraints forced them to grow into larger bodies. The first Local Development Association (LDA) was established in 1969. Between 1974 and 1985, they covered

all districts. The federating process proceeded further, first at the provincial level and then at the central level, culminating in the Confederation of Yemeni Development Associations (CYDA).

But this movement faced reversal in the 1980s, when Law No. 12 of 1985 ended the independence of local associations. The LDAs became Local Councils for Cooperative Development (LCCDs) and their general secretary became a state minister. All local taxes and incomes collected by them were brought under central government control by merging them with the central account. The central government then distributed funds according to its own criteria (Yemen 1988).

At the same time, the government was proceeding with a kind of decentralisation of its own. Semi-autonomous Rural Development Authorities (RDAs) and Rural Development Projects (RDP) were set up to undertake activities at the regional level, sometimes cutting across administrative boundaries. These entities have made significant progress in dealing with issues of integrated rural development, usually covering areas as broad as agriculture, extension, training, and especially infrastructure.

In spite of huge resources made available to RDAs and RDPs, however, many local communities were not reached and the benefits were confined to limited social groups. Landlords and influential people were appointed to the Boards of these agencies. The provinces served by these agencies are still among the poorest in the country.

Participation is not enough

If the unwillingness of the centre to relinquish or share power acts as one major impediment to effective decentralisation, the other stumbling block is the inability of the weaker sections of the community to participate effectively in the structure of local governance. In a recent study, Blair (2000) has attempted to identify the conditions under which truly participatory decentralisation can become a reality. To do so, he identified the common characteristics of six relatively successful cases (Bolivia, Honduras, Ukraine, Mali, the Philippines and the Indian state of Karnataka). His analysis points to two related conditions. First, participation must be extensive, bringing as many citizens as possible into the political process. Secondly, accountability must be ensured by setting up mechanisms that can hold the governors responsible to the governed for their actions.

On the first condition, experience suggests that special efforts will have to be made to enhance the participation of women and minorities, if necessary by reserving seats for them in village committees. If this is not done, they are likely to be excluded from the decision-making process in the normal course of things. As for accountability, Blair's study reveals that there exists a wide range of instruments or mechanisms through which citizens can exercise control over their officials. These include encompassing mechanisms such as elections, as well as fine-tuning mech-

anisms such as public meetings and opinion surveys. Any one of these mechanisms, on its own, may not be able to do much. But in combination, they can be powerful enough to ensure effective accountability.

However, these ideal conditions are seldom satisfied. As a result, the decision-making process often comes to be dominated by a combination of local elites and government functionaries. In a review of experience of African countries, a PSI study done in Tanzania notes that a major problem with the current efforts at decentralisation in the continent stems from the fact that 'the preoccupation with technical issues and the assumption of uniform community interests have resulted in insufficient focus on the socio-economic and cultural heterogeneity of communities. Differences in access to land, labour and credit resulting from village power relations, gender, age and caste tend to be overlooked. This has resulted in communities being dominated by local elite and the exclusion of certain groups' (Kikula et al. 1999). This finding is in line with a growing body of empirical research based on both past and recent history, which shows that weaker categories of users of common property resources are frequently excluded by dominant groups in order to achieve efficient use of resources (Allen 1992; Cohen and Weitzman 1975; Peters 1994; Andre and Platteau 1997.) This kind of governance structure may be decentralised in some sense, but it can hardly claim to be the kind of governance that is suitable for making a serious assault on poverty.

Different countries have tried to get around this problem in different ways. Zimbabwe, for example, has been groping for a strategy, first trying to bypass the local elite and then trying to coopt them. In 1984, the Zimbabwean government introduced an institutional framework for local development, in which popularly elected Village Development Committees were designated as the fundamental planning unit. By 1989, however, the Minister for Local Government had to admit that the scheme was not working, since 'people were not sufficiently involved or active in the village and ward development committees'.

This lack of popular involvement could be explained at least partly by the fact that the new governance structure had tried to bypass the traditional structures of village organisation that still dominated the lives of rural people. Much of the legislation enacted since Independence has sought to extinguish traditional leadership. The chiefs, sub-chiefs and *kraal* heads together constitute the effective legal and administrative institutions, with historically defined areas and sets of rules that are clearly understood by the people. There was no place for them in the new institutional structure.

Predictably, the transition from traditional and chiefly authority (local, hereditary, and long-standing) to elected and bureaucratic (transient and possibly immigrant) has been a source of conflict. The Rukuni Commission report on land tenure, published in 1994, accepted this analysis. Following its recommendation, the gov-

ernment has introduced a Traditional Leaders Bill with a view to re-investing the traditional leaders with some of their former powers, by making them the leaders of village and ward assemblies. The resulting mixture of the traditional with the modern has apparently served only to foster further confusion (Kikula et al. 1999).

Similar confusion seems to prevail in Papua New Guinea. What has emerged in the wake of the 1995 Organic Law on Provincial and Local Level Governments is a superimposition of a new governance structure on an existing one, without any genuine attempt to integrate the two. This has resulted in a conflict between traditional and modern practices. For instance, the traditional system of governance allowed that if the local leadership failed to deliver a promised service, the aggrieved parties were entitled to seek compensation. This age-old principle is now being applied in many cases to the decentralised government agencies, which are not, however, empowered to provide any compensation. This has often resulted in discontent among the people, even leading to violence in some cases (Papua New Guinea 1999).

A more promising plan to work through the traditional village institutions is being attempted in Yemen, where UNDP has been supporting a programme known as Community-Based Rural Development (CBRD). The programme has been undertaken as part of the government's commitment to enhance the capacity of regional and local authorities to deliver social development services to the local clientele, and enable civil society actors and community organisations to engage in wealth generation and institution-building activities. Capacity-building at the grassroots level is thus an integral part of the programme. However, instead of building completely new structures, the government is trying to make use of the rich tradition of local cooperation that has characterised the Yemeni rural society for decades.

In particular, extensive use is being envisaged for two traditional institutions. One is the *sandug*, a form of local community-owned fund. The other is the *musharaka*, a prevalent form of social cooperation for economic production in which different factors of production are owned by different people, but are managed jointly. The funds to be provided by UNDP for local development will be operated in the manner of a *sandug*. In order to ensure efficient management of the funds, community animators and male and female elders will receive training and then form *musharakas*, which will be responsible for managing community funds and projects.

One component of the UNDP project involves micro-finance, as has now become the norm in many poverty reduction programmes. The distinctive feature of the Yemeni case, however, is that unlike in other developing countries, neither banks nor non-governmental organisations (NGOs) are being involved in administering the moneys. In recognition of the fact that Yemeni communities are still characterised by strong ties of solidarity and tradition, the funds for microfinance, like the funds for general developmental activities, are being designated as a *san-*

duq to be operated by the *musharakas* (Yemen 1998).

The results of this experiment are yet to be evaluated. But the study sponsored by UNDP in Yemen notes some potential dangers of relying so heavily on traditional social structures based primarily on kinship and neighbourhood relationships. 'As experience shows, traditional socio-territorial units often appear to be coherent only in certain spheres of social life and united only in case of external danger and threats. These units are sometimes weakened by daily internal tensions and disputes between family lineages, and sometimes handicapped by excessive individualism and trends towards autonomy. Poverty may worsen these trends and force individual households to react only according to their own interest and their survival strategies. Therefore, an institutional approach to development needs to be prepared to apply a second principle: to confront existing organisations as well with new ideas, behaviours, and attitudes and to manifest the new ideas and attitudes where appropriate and accepted. Such a transition, when required, from purely kinship-based traditional groups to more adapted forms of problem-oriented "units of collective action" is not easy. The process needs time, incentives and stimulation' (Yemen 1998).

Other countries, like India and Nepal, have chosen the system of popularly elected village councils or *panchayats* as the vehicle through which different segments of the populations can work for their interests. The human development reports of Nepal and the two Indian states of Karnataka and Madhya Pradesh discuss at length the evolution, strengths and weaknesses of this system.

Both India and Nepal have a fairly long history of *panchayat* administration. At the insistence of Mohandas Gandhi, the concept of *panchayat* found a place in the Constitution of India. Article 40, one of the Directive Principles, states that 'the state shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government' (Karnataka 1999). In practice, however, until recently the system was no more than either an appendix of the official bureaucracy or a vehicle for legitimising traditional village hierarchies.

A break from this tradition was first made by the Indian state of West Bengal. Beginning in the 1980s, the ruling Communist Party effectively used the village *panchayats* as a countervailing force against both the traditional elite and the official bureaucracy. At the same time, the central government tried to strengthen the system through new legislation geared towards making the *panchayats* more responsive to the needs of the weaker segments. The first round of *panchayat* elections under the new legal framework took place in Karnataka, followed soon by Madhya Pradesh.

There is a general expectation that the revamped *panchayats* will represent a much greater degree of participatory decentralisation than was the case with the earlier moribund system. First, the new legal framework has made it mandatory to

ensure representation of the weaker segments by reserving seats for women and the lower castes. Secondly, the state governments have committed to transfer much greater power and resources to the *panchayats* than they had in the past. The same two features also characterise the recent attempt at resuscitating the village democracy system in Nepal.

The state of Karnataka has probably gone further than any other state of India in strengthening the *panchayat* system through legal means. The system acquired far more force in 1983 with the enactment of a legislation that transferred a wide range of powers from the state level to the lower levels. Furthermore, the new legislation made the leader of the *panchayats* the chief executive of the relevant administrative unit. This was a bold move intended to do away with the old system of government officials acting as the chief executive even when elected *panchayats* existed. The system was further improved by an act of 1993, which made the village assembly (*gram sabha*), consisting of all persons on the electoral roll in the village, the foundation of the entire structure of decentralised governance. This decision was aimed at ensuring that the elected members of *panchayats* cannot ride roughshod over the ordinary people at their whim. The assembly meets twice a year to review the accounts and performance of the village *panchayat* and identify beneficiaries for various development programmes (Karnataka 1999).

Apart from using the village assembly as a check against abuse of power by elected representatives, measures have been taken to broaden popular representation among the elected members themselves. The law stipulates that at least one third of the seats are reserved for women, apart from reservation for the scheduled castes (15 per cent), scheduled tribes (three per cent) and other 'backward classes' (33 per cent). In practice, the representation of the weaker groups has turned out to be somewhat higher than the minimum stipulated by the law. Thus in the early 1990s, some 43 per cent of village *panchayat* members were women, 22 per cent belonged to the scheduled castes, 9 per cent to the scheduled tribes and 35 per cent to other 'backward classes'.

Another important feature of the law is the reservation of a minimum number of chairpersons and vice chairpersons of different tiers of *panchayats* for the weaker sections. Thus, women must have at least one third of these positions, the scheduled castes and tribes must have positions in proportion to their population (subject to a minimum number), and other 'backward classes' must have one-third of the posts. The statutory reservation of seats for women and other weaker classes have clearly made a difference in ensuring broader participation. In Madhya Pradesh, more than one third of all *panchayat* members were women in the late 1990s. This is no mean achievement in a state where female literacy and other indicators of women's status are among the lowest in the country.

The Nepal HDR, while generally critical of the decentralisation process in the country, also acknowledges that mandatory reservation of seats for women has

Box 1. Village women speak out

The following story was reported in the diary of a resource person in Darhad, Karnataka (India):

'A tank was built in our village. It was inaugurated with great fanfare. The tank had taps on all sides but it didn't have a cover. It was left open. Leaves and seeds from the tamarind and banyan trees nearby would fall into the tank. Water in the tank became so contaminated that many children began to suffer from dysentery. The women's *sangha* in the village sent petitions and appeals to the *zilla* and *taluk panchayats* but there was no response. When they went to the *taluk panchayat* office, they were taunted: 'Why have you women have come to waste our time?' They shouted at the women and sent them back.

Some time later there were elections to the *taluk panchayat*. The women in the village decided that they would boycott the elections. They said they didn't need *panchayat* help for anything and would, therefore, not vote for anyone. Persons who came to the village to canvass votes got worried. They agreed that the tank should be cleaned and provided with a cover by the very next day. They gave a commitment to do so in writing.

What had actually happened was that the *gram panchayat* chairman had pocketed the money meant for the tank cover. Because of the condition laid down by the women and fear of an inquiry into the matter, the chairman took out a loan and got the tank covered overnight!

facilitated much greater representation of women than would otherwise have been possible. The study also notes that while the elite classes still dominate politics in Nepal, the weaker classes have gained a better representation at the level of local governance compared to the national level (Nepal 1998).

All this no doubt represents a significant advance. But representation by itself is not enough. The question still remains: how well do the weaker segments really feel empowered vis-à-vis the traditional elite and official bureaucracy? Some isolated examples of empowerment that have ensued from the electoral process do exist (Box 1). But on the whole, there is still a general presumption that the elite domination of local government is far from over. A graphic description of this reality from the state of Karnataka is cited in Box 2.

The continuation of elite domination is acknowledged by all three HDRs from Nepal, Karnataka and Madhya Pradesh. As the Madhya Pradesh report notes, 'despite the limitations that such efforts at political decentralisation have in a context of unevenly owned economic resources, the emergence of a new leadership at the local level has had a dramatic impact in a churning of rural polity in Madhya Pradesh. The drama is still unfolding and the contestation between existing power structures of landlord-petty bureaucrat nexus with the new leadership is far from settled' (Madhya Pradesh 1998).

The same phenomenon is also found in Uganda. The Participatory Poverty Assessments in the districts of Kumi and Kapchorwa found that people were generally scap-

tical about the participatory nature of the elected local councils. The respondents in Kapchorwa alleged that the council members lacked accountability and transparency, and that they did not inform the ordinary people of the range of benefits to which they were entitled. The women respondents of Kumi felt that the local elite discouraged women from participating in the electoral process. They further despaired that even having a woman representative in the local council was not good enough, because she did not communicate with the rest of the women (Uganda 1999b, 1999c).

Evidence from the rest of the developing world corroborates these findings from the PSI studies. In Bangladesh, for example, it is well known that the chairman and elected members of the local government are drawn from the local elite, because of the influence of traditional patronage relationships. It has been argued that this has had a pernicious effect on social relations, because an authority that formerly entailed some reciprocity vis-à-vis ordinary people has been invested with official sanction and partisan support, thereby facilitating the ability of the local elite to further its own interests at the expense of the community (Khan 1987). Similarly, commenting on the Latin American experience of decentralisation, a recent study observes that the results have not been unequivocally satisfactory, partly because decentralisation has tended to lose effectiveness due to political patronage in the election of local officials (IFAD 1999).

Empowerment, civil society and the economic security of the poor

Deep-seated problems cannot be removed overnight simply by decreeing some system of decentralisation, whether it is done by coopting the traditional social structure as in Yemen or by instituting a system of local democracy, with reservations for the weaker segments, as in India and Nepal. Nobody relinquishes power easily, be they the politicians and bureaucrats at the centre or the traditional elite in the village. Social forces must be created that would compel them to countenance sharing of power. An essential part of this social process is the gradual empowerment of the poor, so that they can convert their numerical strength into genuine bargaining power.

There are two essential elements of this process of empowerment. One is social mobilisation. Because of illiteracy, economic insecurity and a general lack of self-confidence, the poor cannot in general be expected to organise themselves entirely on their own without outside help. It is essential to make a conscious effort at social mobilisation with the help of change agents. But so long as the poor suffer from extreme economic insecurity, it is unlikely that they will be able to exercise effective bargaining power even with the help of social mobilisation. The process of social mobilisation must therefore be accompanied by measures to remove extreme insecurities of the poor.

The Nepal HDR cites one innovative experiment that seeks to make social mobilisation the cornerstone of the decentralisation process. Under the Participatory

District Development Programme, social mobilisation at the grassroots level has been combined with an ambitious programme of administrative decentralisation so that local governance can become truly participatory. The local authorities (District Development Committees and Village Development Committees) have been legally mandated to formulate district development plans and to manage the implementation of district and village level plans through community and user groups. UNDP is helping to mobilise community groups with the help of dedicated community organisers funded by the project, while at the same time trying to strengthen the planning and management capability of the staff of the local government. The overriding objective of the programme is to reflect the needs and priorities of the communities at all levels of development efforts. They will have a voice in formulating local-level infrastructure and income-generating projects and will also interact with local administration to access more effectively various public services such as health, education, extension, veterinary services and others. At present, community organisers funded by the project are acting as the catalysts of social mobilisation and group formation. Obviously, over the long term, others, presumably NGOs, will have to take over this responsibility (Nepal 1998).

A somewhat different model of social mobilisation has been adopted in Madhya Pradesh. There, the primary responsibility has been taken up by a specially designed government institution called Rajiv Gandhi Missions, named after the late Prime Minister of India. There are a number of Missions, each of which is com-

Box 2. When speaking out is not enough

'I was supposed to become the chairperson because the seat was proposed to be reserved for a Scheduled Caste woman. But the landlord in our village didn't want me to become the chairperson. 'Why should she, an illiterate person, become chairperson?', they asked. Four or five men got together, convened a meeting and declared him chairperson — despite the seat being reserved for an SC! I didn't get elected because they couldn't bear to be superseded by someone from a Scheduled Caste. 'How can they be above us?', they asked.

But I fought them. 'Why deny me what is mine? You are not giving me anything that is yours. The government has given us reservation. So let us have it', I asked.

'We cannot do that, Sivanavva', they said. Then I asked them to make me vice chairperson, but that was a general seat. I said that just as they have taken away our reserved seat, they should give us the general one. They hushed up the matter for three months. After that the landlord produced a low-income certificate and was made chairperson. His wife was made vice chairperson.

There were three of us in the reserved category, two men and me. We remained members. The landlord and his wife became chairperson and vice chairperson'.

posed of senior officials from several ministries, works independently of line ministries, and is entrusted with some specific time-bound task — e.g., ensuring primary education for all, eliminating iodine deficiency, watershed development, etc. The officials of the Missions themselves go around organising user groups and other community organisations. The activities of these Missions have engendered a new wave of social mobilisation across the state. In this process, they sometimes, but not always, seek the help of local NGOs (Madhya Pradesh 1998).

Although the potentially important role of NGOs in supporting the decentralisation process is now generally accepted by most people, there remains some disagreement in the wider literature on exactly what role they ought to play. On the one hand, they are advised by some commentators to focus on their core functions, standardise their procedures and concentrate on maximising operational performance in the context of large-scale service delivery (Jain 1994, 1996). On the other hand, there are those who advocate for the flexibility to respond in different ways across a set of activities, with an underlying emphasis on grassroots level empowerment (Edwards and Hulme 1992, 1995; Fowler 1997). This tension between service delivery and social mobilisation is also reflected in some of the studies sponsored by UNDP. The studies on Kyrgyztan and Mongolia, for instance, have expressed concern that the emerging NGOs are far too concerned with service delivery to the neglect of the broader task of social mobilisation.

Recently, Edwards (1999) has tried to advance this debate on the proper role of non-governmental organisations by distilling some lessons from a number of successful NGOs operating in South Asia and also by drawing upon other studies on NGO performance in Asia, Africa and Latin America. He concludes that the NGOs are most successful when they adopt the three-pronged strategy of helping the poor to secure their livelihoods, attempting social mobilisation with the aim of empowering the poor, and trying to influence the overall political process by playing an advocacy role on behalf of the poor. This conclusion resonates strongly with an observation made by Esman and Uphoff (1984) in their path-breaking study on NGOs. According to the authors, 'the ability of rural residents to advance their... interests depends substantially... on their success in sustaining local organisations beyond the immediate tasks that precipitated them'. Non-governmental organisations can play a potentially powerful role precisely in this task of helping the poor to transcend the immediate tasks around which they initially happen to organise.

In view of the potentially instrumental role of NGOs in social mobilisation, their strengthening should itself be an important investment activity for agencies such as UNDP that value participation and decentralisation. Creating a civil society where none exists, and strengthening it where it does, is now an important part of their agenda. Many governments are also embracing this agenda with increasing vigour.

Several of the PSI studies take cognisance of this trend. The Yemen study, for example, notes that strengthening of the civil society is an integral part of UNDP's assistance for poverty reduction in that country. The studies on Kyrgyzstan and Mongolia also note how the state is trying to foster the growth of NGOs, at least partly with the intention of filling the political vacuum left by the collapse of communism (Kyrgyzstan 1998; Mongolia 1997).

But there may be a tricky problem here, as has recently been pointed out by Gray (1999). The problem concerns: what is really a civil society, what is its relationship with the state, and what kind of civil society organisations are going to emerge if the state wants to be their handmaiden?

Two rather different conceptions of a civil society are found in the literature. The first draws upon Alexis de Tocqueville's 1831 work *Democracy in America*, in which the civic associations that constitute the civil society are seen to be an important means for citizens to moderate the power of the state and assert their own interests (de Tocqueville 1831). In other words, the civil society is seen as a distinct entity that has an intrinsically adversarial relationship with the state. The other conception comes from Antonio Gramsci, who defined civil society as a social sphere or a public 'space' where political thought is transformed into action (Gramsci 1971). As such, this sphere is contested by all components of society, including the state. Gramsci believed that, in general, civil society functions as a vehicle for propagating the ideas of the ruling strata to the masses, in the process giving those ideas a legitimacy that they might otherwise lack.

Gray points out that the conception of civil society held by the World Bank and the UN agencies as well as many international NGOs corresponds to that of de Tocqueville, whereas in practice it could be a Gramscian phenomenon. He demonstrates this point by analysing the formation of local NGOs in Viet Nam, which in most cases have become the instrument of the state as opposed to being an adversarial entity. The Nepal HDR (1998) also points out that in the pre-1990 period, before restoration of democracy, the Nepalese civil society was mostly coopted by the state. Non-governmental organisations were incorporated into a quasi-governmental framework under the Social Services National Coordination Council headed by the Queen. The Kyrgyz study also notes that the newly emerging NGOs are mostly institutions created from the top, often with state patronage, and with very little participation of people at the bottom (Kyrgyzstan 1998).

The question therefore arises: if state power belongs to the rich and the powerful, can civil society organisations really mobilise the poor so as to bring them into a harmonious relationship with the state? There is perhaps no unambiguous answer to this question. What is clear, though, is that the possibility of mobilising the poor as a voice to be counted in governance structures depends not just on the character of the mobiliser, but also on the attributes of the poor themselves. So long as

they remain in an extreme state of economic and social insecurity, the prospects of mobilising them as an assertive force must be rather dim. Therefore, an important prerequisite of participatory decentralisation is the removal of extreme insecurities.

The studies on Madhya Pradesh and Yemen reveal that the drive towards social mobilisation in these countries take full cognisance of this requirement. Thus, when the local people are mobilised to preserve the forests or to develop watersheds in Madhya Pradesh, the focus is primarily on the livelihood security of the poor. It is recognised that unless the poor can be guaranteed the security of their livelihood, it is unrealistic to expect them to mobilise themselves, be it for the preservation of forests or to develop water resources. Accordingly, the plan for resource conservation contains as an essential component an integrated livelihood strategy for all segments of society, including the vulnerable groups such as landless labourers and women (Madhya Pradesh 1998).

In Yemen, the approach to decentralisation has been consciously designed to achieve immediate economic gains for the people while engaged in participatory institution-building. Providing matching grants for productive assets or community infrastructure works will be the first step in a phased approach to community-based financing of income generating activities. Depending on their own choices, the poor may thus engage themselves in production intensification of food or cash crops, development of small-scale animal husbandry, input supply and marketing facilities, and micro-enterprises.

To initiate the process, a Regional Community Development Fund will be set up by UNDP. The fund will be initially set up at the national level and be operated at regional and community level. The fund will have two components:

- A Community Development Investment Fund (CDIF) providing matching grants for productive investments will be allocated annually to the community or sub-community level. It will strengthen the local *sandug* systems.
- A Community Loan Fund (CLF) will be established and managed at the community level and provide loanable funds to community members or groups who have mobilised minimum levels of savings. The use of the funds and prioritisation of funding activities will be decided at the community level. The implementing institutions are qualifying community-based financial institutions.

An important aspect of this funding is the provision that no investment will be made in social services or other activities that do not directly produce income. The local committees (*musharakas*) will of course be allowed to use a part of the proceeds earned from productive activities for these purposes, and NGOs and other international agencies will be encouraged to provide social services. Nevertheless, the initial fund given by UNDP is to be used entirely for productive activities. This restriction presumably reflects the concern that social mobilisation will remain a distant dream unless the poor can escape from extreme economic insecurity.

Conclusion

The PSI studies, along with many others, have shown how genuinely participatory governance at the local level can yield benefits in terms of both efficiency and equity by giving the people a sense of ownership, by allocating resources according to people's preferences and by utilising their skills and knowledge.

But the goal of genuinely participatory decentralisation remains a distant one in most developing countries, despite the efforts made during the last half-century. This chapter has identified two major obstacles, based on evidence from several developing countries. The first obstacle lies in the reluctance of politicians and bureaucrats at the higher echelons of governance to relinquish power to the lower levels. The second one lies in the inability of the weaker segments of the population to make their voice heard in the face of elite domination of the traditional power structures.

Some countries have tried to tackle the problem of traditional power structure by introducing popularly elected democratic structures at the community level, fortified by a reservation of seats for the weaker segments. Some others have tried to work around the problem by coopting the traditional structure itself. Both approaches have had some success, but they continue to face many difficulties. The ingrained problem of elite domination has hardly been resolved.

It is inconceivable that the problems involved in achieving genuinely participatory decentralisation can be resolved without empowering the common people, especially the poorer segments of society. Neither the politician-bureaucratic nexus nor the traditional elite will voluntarily share power, let alone relinquish it, unless the poor themselves can exercise enough bargaining power to make them do so. The empowerment of the poor thus becomes the central agenda item in any programme for decentralising governance in a pro-poor manner.

Two components of a strategy for empowerment have been discussed in this paper. One component is to improve the economic security of the poor as an integral part of the drive towards decentralisation. The second is social mobilisation. The poor need to be organised so that their collective voice can overcome the weaknesses of their separate voices. International agencies, local and international NGOs, and civil society in general can play an important role here as the catalysts or change agents.

We have reviewed a number of studies that testify that this effort is taking place in many countries as an integral part of the move towards decentralisation. As a part of this effort, many governments have undertaken the responsibility of grooming and fostering a strong civil society. One potential problem here is that in the process of fostering the civil society, the state may feel tempted to coopt it, to make it work as an instrument of the state, and to prevent it from playing an adversarial role. If this happens, it will defeat the whole purpose of empowering the poor. Much depends, therefore, on how much autonomy the state is willing to grant to civil society actors to organise themselves as a catalyst for social change.

This last consideration brings to the fore the question of the nature of the overall polity within which decentralisation is being attempted. After all, the politics of local government can hardly be divorced from the politics of national government. If graft, patronage and rent-seeking characterise the political process that determines the distribution of power in the centre, local-level government can hardly be an arena of popular participation just because it is local. There is ample evidence dating back many years that the characteristics of democracy at the local level resemble, to some extent, those at the national level (Bulpitt 1972). A more recent overview of current experience also confirms this view, suggesting that 'decentralisation is more likely to be thoroughgoing under liberal democratic/pluralist national regimes. Where the nation state is authoritarian/one-party, the mode of decentralisation tends to follow deconcentration, which effectively preserves central control. This applies equally to capitalist and socialist regimes, where small cliques have captured the power of the state. At the same time, however, the converse does not necessarily hold — democracy need not lead to decentralisation' (Klugman 1994).

Fortunately, however, the correspondence between national and local level politics is not exact. This implies that there exists scope for taking conscious action such that a reasonable degree of participation can be achieved at the local level regardless of the national polity. But this can only happen if the civil society can be strengthened enough to help the poor empower themselves. International agencies such as UNDP have an important role to play in order to help build a strong civil society, which in turn will help empower the poor. Hopefully, the empowerment process will eventually extend beyond the local level and begin to impinge upon the national polity as well to make it more responsive to the voice and the needs of the poor. Truly participatory decentralisation will then become a reality. ■

Notes

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¹ For other examples of indigenous governments with pseudo-legality, see D. Korten (1980, 1986), N. Uphoff (1982) and D. Curtis (1991).

² During the spring, when water is normally very scarce, about one out of four community-managed systems were able to get abundant water to the tail of their systems, while only one out of eleven government-managed systems were able to do so. Even in the high monsoon season, less than half of the government-managed systems got enough water to the tails, while almost 90 per cent of the community-managed systems did so (Ostrom 1994).