

People Matter
**Civic Engagement in Public
Governance**

World Public Sector Report 2008



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DESA

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Foreword

Good governance, rule of law and an accountable and transparent public administration are regarded as key to the realization of sustained economic growth, equity and social justice, and to strengthening implementation of the internationally agreed development goals, including the Millennium Development Goals (MDGs). An important component of efforts by Governments to achieve these goals is the participation of and partnership with the private sector and civil society organizations.

In recent years, a range of forces, both global and local, have been impacting the lives of citizens in a variety of ways – both positive and negative in varying degrees worldwide. On the one hand, the Information Communication and Technology (ICT) revolution and the democracy movements of the 1980s have given citizens much greater access to information and enabled greater political participation in public governance. However, while these developments have undoubtedly benefited the lives of the citizens, the forces of liberalization and globalization that have reduced policy space for the governments, creating marginalizing effects on the poor and the disadvantaged, and seem also to be contributing to growing citizen apathy at the same time.

The spectre of poverty continues to haunt many developing countries and the gap between the poor and rich yawns wider and wider. Even more disturbing, the primacy of the market appears to be altering the political economies of democratic regimes and, in many cases, distancing the citizens from the decision-making processes of the state. This marginalizes the poor and disadvantaged even further. Many governments have now become aware of these challenges and are responding to the risks of social exclusion by broadening the framework of policy discourse and by encouraging greater engagement with civil society organizations. These engagements encompass community participation at the project level through budgeting, local government planning and development. In many cases, they extend to auditing, and even to policy-making at the national level.

The World Public Sector Report 2008, *People Matter, Civic Engagement in Public Governance* presents a picture of the evolution of current governance challenges, especially from the point of view of the countries themselves in their respective efforts to broaden and deepen socio-economic development. The Report also makes the case for greater civic engagement in public governance. It probes several emerging practices of civic engagement and, by analyzing the contexts and operational issues of these initiatives, highlights the kinds of interventions that can bolster the success of these practices. These interventions are institutional and methodological in character and, for the most part, entail capacity-building. The practices themselves also demonstrate that they also involve continuing challenges that the Report presents and probes.

Through this Report, the Department of Economic and Social Affairs is providing a useful input to the ongoing debate on issues concerning public governance, especially in terms of how its frameworks as well as processes can be made more participatory. As this process advances, governance outcomes can better address pressing public needs and ensure that their results become increasingly equitable.

I hope that this report helps Member States in further advancing their knowledge of the important and complex issues of public governance, especially the processes and institutions that assist in achieving the internationally agreed development agenda, including the Millennium Development Goals, more efficiently and accountably.

SHA ZUKANG

Under-Secretary-General for Economic and Social Affairs

June 2008

Preface

The search for suitable options and methodologies that may contribute more effectively and efficiently to sustained economic growth and to the equitable distribution of the benefits of development goes to the heart of all debates concerning public governance. Realizing the goals of the Millennium Declaration and the United Nations Development Agenda also call for public administration systems and processes that are not only responsive, but that engage their citizens proactively.

In recent years, a number of the resolutions of the United Nations General Assembly and its Economic and Social Council have called upon both the Member States and the UN itself to gather information on options and governance innovations that hold promise for overcoming the challenges of exclusion and that contribute to bettering public governance systems and procedures. These should not only become transparent, but should foster and sustain accountability and, most importantly, produce pro-poor development. In response, the Division for Public Administration and Development Management (DPADM) of the United Nations Department of Economic and Social Affairs (UN/DESA) has launched several initiatives to support of participatory governance. In particular, it has embarked on several initiatives that aim at examining the roles of civil society participation in public governance. More specifically the Division's work in participation has focused on the three following vital areas of public governance:

- policy development;
- service delivery; and
- public accountability.

The World Public Sector Report 2008, *People Matter: Civic Engagement in Public Governance* sets out a detailed exploration of the roles of civic engagement and participation not only for serving the areas listed above, but strengthening trust in government itself. The text highlights those emerging practices with promise for shaping policy, 'people budgeting', and auditing. The Report also tries to list the principles and enablers vital to successful operations in civic engagement and capacity-building to this end. In addition, the study draws attention to several challenges that hobble civic engagement processes and alerts readers to a range of means for averting or mitigating them.

The approach taken in the preparation of this Report is both selective and methodologically cautious. It builds from case studies and other empirical evidence to explain phenomena or draw lessons that do not often lend themselves to conventional technical analysis. However, when the opportunity arises and conventional instruments are applicable, the Report makes ample use of them. It also includes in its analysis inputs from several commissioned papers.

In addition, primary data from a United Nations/New York University survey of the National Economic and Social Councils (NESC), multi-stakeholder decision-making bodies that exist in several parts of the world, has been examined to highlight the issues

of civic engagement at the policy level. Further, primary data from another in-house research project on public accountability covering 128 countries is also featured to demonstrate the relationship between existing audit systems and their impact on service delivery and corruption control. The results of this project also point to the potential of civic engagement for improving accountability mechanisms, especially that of audit. Finally, the report benefited from the discussions of the Sixth Session of the United Nations Committee of Experts on Participatory Governance, held in New York from 10 to 13 April 2007 and from the Engaged Governance Workshop on Building Trust through Civic Engagement, held in Vienna from 28 to 29 July 2007.

DESA hopes that this Report will assist in deepening the understanding of the principles and practices of participation and, at the same time, intensify the intergovernmental dialogue on participatory governance. We do not yet know to what extent dialogue between countries as well as within them can move societies further towards realizing the goals of good governance – those vital to achieving prosperity, equity and social justice. But surely, we can increase our efforts in this regard. In addition, the Report's highlighting of some of the innovative initiatives may also furnish Member States with a platform for exploring further the options of North/South and South/South cooperation in areas of public governance that enhance participation, build trust and promote equitable development.

GUIDO BERTUCCI

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June 2008*

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The World Public Sector Report (WPSR) 2008, *People Matter: Civic Engagement in Public Governance* is a product of the collaboration and contributions of many individuals.

Overall Guidance and Supervision

The Report benefited immensely from the substantive comments from Jomo Kwame Sundaram, Assistant Secretary-General of UN/DESA. The Report was finalized under the guidance and direction of Guido Bertucci, Director, DPADM, UN/DESA.

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A separate publication, a monograph, namely *Participatory Governance and the Millennium Development Goals* has been made with several of the commissioned papers mentioned above.

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The WPSR team gratefully acknowledges the invaluable insights and expertise provided by the Peer Review Group comprised of Rachid Benmokhtar Benabdellah, Emilia Boncodin, Jocelyne Bourgon, John Gershman, Natasha Iskander, Pan Suk Kim, Barbara Kudrycka George Minet, Stephen Ndegwa, Pippa Norris, Peter Anyang' Nyong'o, Sonia Ospina, Paul Shaffer, Rehman Sobhan, Paul Smoke and Luis Aguilar Villanueva. Contribution of Michael Bamberger who was invited to join the Peer Review Group, but due to lack of time could not do so, still provided important comments to the chapter outlines, is also acknowledged. Useful comments and advice were also provided by John-Mary Kauzya and Haiyan Qian of DPADM, UN/DESA.

UNDESA Meetings that contributed to the evolution of the theme and inputs to the content of the report

The preparation of the WPSR benefited greatly from the discussions and reports of several meetings and workshops organized by UN/DESA. These include, the meetings of the United Nations Committee of Experts on Public Administration, particularly the 6th Session held in April 2007 which was devoted to the theme of participatory governance. In addition, the following meetings contributed to the substantive development of the WPSR: (i) Workshop on “Auditing for Social Change,” held in context of the 6th Global Forum on Reinventing Government, Seoul, Republic of Korea, May 2005; (ii) “International Conference on Engaging Communities,” Brisbane, Australia, August 2005; (iii) Expert Group Meeting on “Engaged Governance: Citizen Participation in the Implementation of the Millennium Development Goals,” New York, November 2006; (iv) “Workshop on Civil Society Engagement in Public Accountability,” Manila, Philippines, November 2006; and (v) the Workshop on “Building Trust through Civic Engagement,” held in the context of the 7th Global Forum on Reinventing Government, Vienna, Austria, June 2007.

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Executive Summary

The *2008 World Public Sector Report, People Matter: Civic Engagement in Public Governance* centres on civic engagement in public governance and begins by contrasting ‘corporate governance’ and ‘public governance’. **Corporate governance** aims at maximizing monetary profit, whereas **public governance** aims at maximizing public welfare. In contrast to corporate governance, the Report argues that the institutions and processes of public governance should aim systematically at enhancing public welfare fully and equitably.

People Matter: Civic Engagement in Public Governance (a term used interchangeably with ‘participatory governance’) presents ‘**civic engagement**’ as a critical governance norm for our times because it can strengthen state decision-making and invigorate accountability and transparency. The Report puts forward the idea that these attributes have the potential for drawing disadvantaged groups into the workings of governance. The text therefore outlines ways of positioning public administration capacities better for reaching the internationally agreed development agenda, including the Millennium Development Goals. The Report also conceptualizes public governance as having two inter-linking components -- ‘*Rights*’ (such dimensions as the rule of law, political and civil rights) and ‘*Development Management*’ (such areas as planning, budgeting, monitoring) -- and explores civic engagement options and initiatives largely within the latter realm.

People Matter opens by sketching several recent international opportunities, including the Millennium Declaration, that have propelled the recent worldwide rise of civic engagement. These opportunities also include democratization and other initiatives of political and social inclusion adopted by a number of countries, the success of selected NGOs in delivering development inputs, the exponential growth of all forms of media and the increasing enhancement of access to information, largely by information and communication technologies (ICTs). The Report also outlines key challenges that underscore the need for civic engagement:

- recent growth of inequity;
- falling Human Development Indices due to the widening of income disparities at the national and cross-national levels;
- environmental deterioration;
- difficulties in combating corruption;
- overall deficits and shortcomings of democracy; and
- governance arrangements necessary for attaining the internationally agreed development agenda, including the Millennium Development Goals.

The exploration of these opportunities and challenges listed above is interwoven with concrete case studies that show **recent trends in civic engagement**. *People Matter* pays particular attention to bridging the gap between the rhetorical commitments of governments and actual participation that leads to concrete results, benefiting the poor and the marginalized in both developed and developing countries. The case studies concentrate not only on the conventional large issues affecting the evolution of policy but

on the nuts and bolts of participation in practice in important public sector activities such as policy development, budgeting, service delivery and public accountability.

With regard to **civic engagement in policy development**, the Report initially looks at the experiences of Economic and Social Councils (ESCs), examining examples from countries as varied as Brazil, Ireland, Mauritius, the Netherlands and South Africa. The authors conclude that, by and large, ESCs that engage civil society in its processes have the potential to balance and, in some cases, have successfully balanced the needs of the market with the concerns of those whom markets do not directly serve. ESCs have, thereby, become a strategic means for broadening the base of multi-stakeholder participation in policy making. Nonetheless, a number of ESCs in developing countries face difficulties that stem from low credibility, poor representation, under-funding and, most importantly, the lack of ESC linkages to the rural poor, a factor more widespread in poor, rather than rich countries.

People Matter also examines other attempts to engage the poor and the marginalized, **among these, the World Bank's Poverty Reduction Strategy Papers (PRSPs)**. Despite some weaknesses, this participatory poverty reduction policy exercise has highlighted its potential to offer important insights into poverty issues, and stressed the importance of citizen input in shaping policies for raising living standards. In addition, in a number of instances, the **National Human Development Reports (NHDRs)** have gone well beyond reporting on national and sub-national realities. By adopting participatory processes in the formulation of NHDRs, some of these reports have become independent policy reference resources for orienting governments, setting targets, and defining courses of action strongly determined by social development considerations. Similarly, the case of **Queensland, Australia** has demonstrated, over the past ten years, that civic engagement at sub-national levels may well generate a series of incongruities between local planning and service provision, between various competing expectations, and between representative democracy and participatory democracy. Other local participatory initiatives in policy development examined by this Report include cases of 'Network Governance', 'Deliberative Democracy' and 'Direct Democracy.'

Taken together, the case studies demonstrate that civic engagement in policy-making is, by no means, a new process. It dates back at least to ancient Athens and has modalities that differ with each socio-cultural setting in which it is practiced. Moreover, a number of these modalities can be adapted for use elsewhere. One of the main findings of this Report is that **various on-going initiatives, such as the ESCs and PRSPs, can be integrated to make these initiatives more participatory, inclusive and bottom-up. Furthermore, institutional adjustments, free access to information, capacity-building and political commitment** remain crucial elements of supporting, enlarging and deepening civic engagement.

In examining the nature of **civic engagement in budgeting, service delivery and accountability**, *People Matter* analyzes the participatory budgeting cases in several countries such as Brazil, Mauritius and South Africa and highlights the approaches employed and benefits accrued. Although these differ in approach, each of these cases

shows that the efforts made succeeded and produced pro-poor outcomes due to the presence of an enabling political environment and of **pro-poor leadership** – which themselves demand a good deal of strategic planning, inclusiveness, new working procedures and sustained political support.

On the issue of **public accountability**, the Report notes that despite increased investments in independent audit institutions, such bodies cannot always combat corruption or enhance service delivery if they are left to act alone. They became effective only in enabling environments that underline political rights, civil liberties, access to information, freedom of the press and, not least, the rule of law. The Report also analyzes case studies of ‘participatory audits’ through citizen report cards in Bangalore (India), the ‘Participatory Audit Project’ in the Philippines, and the ‘Citizens Audit Request System’ in Korea, among others, and illustrates the beneficial potential of collaboration between civil society organizations and audit institutions in public accountability.

Another important point made by the Report is that successful and comprehensive civic engagement requires an integrated approach throughout the entire decision-making cycle - in planning, budgeting, implementation and monitoring – and that it hinges on the principles of ‘deliberative democracy’, as demonstrated in Naga City in the Philippines. This finding is reinforced by outcomes of the Popular Participation Law of Bolivia, which seem to confirm that participatory processes flourish in contexts of decentralized governance. They also work best when supported by constitutional provisions or specific legislation that spell out their basic functions and purposes.

The Report concludes by reviewing a number of issues related to civic engagement, pointing to various emerging trends in administrative frameworks as well as to the many benefits of participation. These encompass:

- a) the various administrative layers and multiple entry points for participation, from the national to the local level;
- b) diverse models of participation with varying degrees of civic engagement;
- c) the positive relationships among civic engagement, service delivery and corruption control as surveyed in Africa, Asia, Latin America and the Caribbean;
- d) building social capital in rebuilding post-conflict societies;
- e) ‘direct democracy’ situations when a referendum is established; and
- f) potential of ICT in bolstering participation, transparency and accountability.

The main **challenges** of civic engagement usually stem from the complexities of management of participation; who should participate and how; and how to translate participation inputs to policies and programmes. In this regard, the Report shows that well-defined rules of engagement and an accreditation strategy for civil society organizations give the engagement process legitimacy. Political commitment at the highest level is also essential to overcoming a number of problems that will inevitably arise from this enlargement of freedom, at least initially.

The evidence marshaled here leaves little doubt of the values and potential benefits of civic engagement. Instead, the questions become how to initiate, sustain and build

capacities for it. For this reason, the Report's concluding chapter focuses on building institutions and skills to enhance civic engagement for good governance. The Report sets out a framework of capacity-building, based on the following considerations:

- a) recognizing that civic engagement is a core value of good governance;
- b) according legal basis to participation;
- c) understanding the balance in engagement linkages between vertical linkages (between government and citizens) and horizontal linkages (among citizen groups) applied to policy goals, accountabilities, performance standards and management systems;
- d) defining roles and responsibilities for government and non-government actors for specific tasks;
- e) establishing mechanisms, processes, practices and two-way capacities that enable government-civil society engagement; and
- f) providing human, financial and information resources.

This framework is followed by a 'menu of skills' needed for civic engagement, among them the following:

- skills in participation management;
- skills in transforming participation into substance for policy inputs;
- skills in training civil society for policy dialogue; and
- skills in developing accreditation strategies for civil society.

People Matter takes up the issue of leadership in the context of its importance to bridging distances and differences among social actors, and proposes the idea of creating a **Pro-Poor or Pro-engagement Leadership Forum** to establish a platform for exchanging information and drawing on the experiences of those leaders who have introduced and nurtured civic engagement processes in their countries.

The Report also anticipates that sustained civic engagement will eventually bring about significant changes in organizational behaviour, including the shrinking of hierarchies and the disappearance of authoritarian structures. The final chapter also discusses other capacity-building factors- political, institutional and operational, including the receptivity essential to engaging the media and other developments needed for applying information, communication technologies (ICTs) to secure greater public participation.

In short, capacity-building challenges tend to involve not only fostering an enabling political environment but making firm political commitments, addressing operational deficiencies, developing missing skills among both public officials and civil society actors, and -not least – sharing knowledge and experience within and across regions.

While acknowledging that no single recipe exists, *People Matter* ends by outlining a framework for moving forward that comprises:

- benchmarking promising practices;
- advocacy initiatives;
- tools/methodologies and indicators to measure civic engagement processes;

- mechanisms for transforming citizens' inputs into public policy; and
- roles to be played by the international community and the United Nations, universities, and the media, in promoting active citizenship.

Finally, the Report asserts that the countries that have endorsed the international conventions and declarations which include commitment to such principles as pro-poor development, social justice, gender equity, environmental sustainability, human rights and citizens' rights may now find civic engagement a powerful means of affirming these values in practice.

As the preliminary investigations summarized in this Report point towards a positive relationship between engagement and pro-poor as well as inclusive governance, the particular actions that governments now take to advance opportunities for civic engagement will add to our knowledge to date, and thus contribute to empowering citizens in all walks of life.

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Explanatory notes

The following symbols have been used throughout the report:

- **A hyphen** between years, for example, 1990-2003, includes the beginning and end years.

... **Three dots** indicate an intentional omission of a word or phrase from the original text.

Reference to dollars (\$) indicates United States dollars.

The following abbreviations have been used:

ACO	- autonomous citizens' organization
ADB	- Asian Development Bank
BRAC	- Bangladesh Rural Advancement Committee
CCAGG	- Concerned Citizens of Abra for Good Governance
CCEJ	- Citizens Coalition for Economic Justice
CED	- Community Engagement Division
CEPA	- United Nations Committee of Experts on Public Administration
COC	- Control of Corruption Index
COP	- Conselho do Orçamento Participativo (Participatory Budget Council)
COSATU	- Congress of South African Trade Unions
CPI	- Corruption Perception Index
CPD	- Centre for Policy Dialogue (Bangladesh)
CQANM	- Central Queensland: A New Millennium
CQROC	- Central Queensland Regional Organization of Councils
CREDO-Q	- Central Regional Economic Development Organization Queensland
CSO	- civil society organization
CSOPP	- Civil Society Organization and Participatory Program
CV	- Comité de Vigilancia (Vigilance Council)
ECOSOC	- United Nations Economic and Social Council
EESC	- European Economic and Social Council
EGS	- Education Guarantee Scheme
ESC	- Economic and Social Council
EU	- European Union
FNQ	- Far North Queensland 2020
FSI	- Failed States Index
GDP	- gross domestic product
GEM	- Gender Empowerment Measure
HDR	- Human Development Report
HDI	- Human Development Index
HIPCs	- heavily indebted poor countries
HIV/AIDS	- Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome

IAESCSI	- International Association of Economic and Social Councils and Similar Institutions
ICT	- information, communication technology
IFI	- international financial institution
ILO	- International Labour Organization/office
IMF	- International Monetary Fund
INTOSAI	- International Organization of Supreme Audit Institutions
I-PRSP	- Interim Poverty Reduction Strategy Papers
LDCs	- least developed countries
LGAQ	- Local Government Association of Queensland
LGC	- Local Government Code
MDGs	- Millennium Development Goals
MKSS	- Mazdoor Kisan Shakti Sangathan
MMM	- Mouvement Militant Mauricien
MPHDR	- Mathya Pradesh Human Development Report
NALEDI	- National Labour and Economic Development Institute (South Africa)
NCPC	- Naga City People's Council (Philippines)
NDA	- National Development Agenda
NESCs	- National Economic and Social Councils
NGO	- non-governmental organization
NHDR	- National Human Development Reports
NPM	- new public management
NYU	- New York University
OECD	- Organization for Economic Cooperation and Development
OTB	- organizaciones territoriales de base (grassroots organizations)
PARPA	- Plano de acção para a redução da pobreza absoluta (Action Plan for the Reduction of Absolute Poverty) (Brazil)
PB	- Participatory Budget or People Budgeting
PDPS	- Progressive Deterioration of Public Services
PO	- Poverty Observatory
POs	- People's Organization
PPL	- Popular Participation Law
PREM	- Poverty Reduction and Economic Management
PRS	- Poverty Reduction Strategy
PRSP	- Poverty Reduction Strategy Paper
PSAM	- Public Service Accountability Monitor
PT	- Partido dos Trabalhadores (Workers' Party) (Brazil)
SACC	- South African Council of Churches
SAI	- Supreme Audit Institution
SACEPS	- South Asian Centre for Policy Studies
SANEDLC	- South African National Economic Development and Labour Council
SANGOCO	- South African National NGO Coalition
SAP	- structural adjustment programmes
UK	- United Kingdom

UN	- United Nations
UNCTAD	- United Nations Conference on Trade and Development
UN/DESA	- United Nations Department of Economic and Social Affairs
UNDP	- United Nations Development Program
UNU-IAS	- United Nations University Institute of Advanced Studies
USAID	- United States Agency for International Development
WEF	- World Economic Forum

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**Civic Engagement in Public
Governance**

Chapter 1

Civic Engagement in Public Governance

Scope

The concept of public governance -- as opposed to corporate governance – entails integrating strong principles into building institutions, processes and capacities that can help produce prosperity, equity and social justice in each and every society. This Report assumes that corporate governance aims primarily at maximizing profit. By contrast, public governance seeks to maximize welfare. It is this pro-people developmental objective of public governance that provides the rationale for civic engagement and justifies the principle of popular participation. To do this, the Report examines various forms and processes of engagement in public governance.

By drawing its inspiration from the principle that development should not be a privilege of the few, but a right for all¹, the Report assumes that this right is not limited to the results of development, but to the processes and institutions that direct decisions and allocate resources in order to help realize this right.

Intent

The Report aims at fulfilling the following objectives:

- (i) Within the context of the emerging opportunities, challenges and commitments, present a rationale for civic engagement in public governance;
- (ii) Present case studies of various civic engagement practices from around the world;
- (iii) By drawing lessons from these case studies, highlight civic engagement options and procedures that can contribute to overcoming the challenges of exclusion, enhance citizen trust and strengthen accountability and transparency in public governance – and thus accelerate progress towards reaching the goals of the Millennium Declaration;
- (iv) Indicate opportunities for North/South and South/South cooperation in public governance;
- (v) Highlight capacity-building needs of both the governments, on the one hand, and on the other, the civil society organizations and the non-government organizations (NGOs) for implementing civic engagement initiatives; and

¹ Extract from the United Nations Secretary General's statement to Regional Groups of Member States. 11 January 2008. New York.

- (vi) Finally, show various ways in which these processes can be organized within the democratic norms of public governance.

In this context, it is also important to mention that the Report does not present the issue of participation or civic engagement merely as a partnering initiative for realizing narrow project implementation objectives. Nor does it limit itself to seeing participation as an advocacy tool used opportunistically to promote certain messages or market certain products to citizens. Instead, engagement is regarded as an important governance norm that can strengthen the decision-making arrangements of the state and produce outcomes that favour the poor and the disadvantaged. In this light, engagement emerges as conducive, if not critical to attaining the Millennium Development Goals. The Report specifically explores those cases of civic engagement that treat the practice as a norm and those that affect the fundamental aspects of policy development -- including budgeting in the public sector. This Report also explores various institutional and operational challenges that constrain civic engagement. Finally, it highlights the capacity-building issues.

A cautionary word, though, is in order: in no way does this Report claim that civic engagement in public governance in itself can solve all development problems. Instead, it tries to show how such initiatives can make public governance more accountable and transparent. This in itself contributes to making public decisions that bolster social equity -- which in turn makes democracies more sustainable.

Emerging Political Economy, Democracy and Context of Civic Engagement

Emerging Political Economy

A close look at the political economy and public governance in most countries (including some of the advanced democracies) reveals that the poor and the disadvantaged face increasing marginalization. Among other regressions, they are moving farther away from the decision-making processes of the state. This stems from a range of factors. Some are intrinsic due to institutional deficits in the political processes of the countries. Others are exogenous, exacerbating inequalities that already exist and disempowering citizens further.

The growing marginalization of the poor and the disadvantaged is also causing much dissatisfaction, even despair, at the popular level in many countries. This Report examines the contexts of that marginalization and provides a rationale for civic engagement in public governance as a means of addressing that marginalization. The Report also acknowledges that participation in public governance is a long felt need among the Member States. An ongoing study undertaken by UN/DESA indicates that since 1946, numerous United Nations resolutions have strongly urged partnerships and participation in development.

During the last few decades, the world has experienced four major developments:

- (i) Globalization and liberalization of national economies that have encouraged a greater participation of the private and corporate sector in national economies. While this has promoted growth, the process seems to be simultaneously contributing to inequality, political marginalization of the poor and the disadvantaged and a reduction of policy space for governments to act;
- (ii) The democratization of previously authoritarian and semi-authoritarian states that has advanced the agenda of good governance to some extent, but such progress has not always been accompanied by equitable political, economic and social empowerment of citizens;
- (iii) An information revolution that has opened new opportunities for accessing information and thus heightened political awareness; and
- (iv) The adoption of the Millennium Declaration 2000 (reaffirmed by the United Nations Summit of 2005), which sets out a global compact stressing poverty reduction, equity and social justice as the key objectives of all development. Comprising a development framework of eight goals and 18 time-bound targets, the Declaration advocates democracy and inclusiveness in decision-making for reaching these objectives.

Challenges of Public Governance

The inequities that marginalize the poor and the disadvantaged economically, politically and socially can also keep them from participating in the decision-making practices of the state, including the legislative process. These inequities also contribute to distortions in service delivery and promote inefficiency and corruption – and thereby reduce trust in government. To overcome these challenges, a new vision of public governance is required, a conception that goes well beyond the bureaucratic norms of public administration and reaches out to citizens who provide resources for rethinking their roles as members of the body politic. They are, after all, the ultimate elements of that body and therefore have the right to participate in the processes that produce goods and services.

The commitments made to the Millennium Development Goals (MDGs) indicate that the global community is at last awakening to the need to prioritize good governance as the overriding goal of all future development. Seen within the context of the MDGs, good governance must tackle the following questions:

- How best to build trust, participation, legitimacy, accountability and efficacy in public governance;
- How to incorporate competing demands of various stakeholders, including businesses and local communities, so that they complement one another – in short, how to balance *relations* within the governance processes;

- How to introduce engagement practices in communities to achieve sustainable economic, social, cultural and environmental development in line with the MDGs; and
- How to transform public administration from an isolated techno-bureaucratic institution to a more engaging and accountable citizen-based institution, thereby making it more transparent, responsive, effective and, perhaps above all, *trusted*.

These governance challenges underscore the need for both reforming existing institutions and introducing new ones. Governance processes that are equitable, transparent and designed to direct public policies towards equitable outcomes need to be put in place. The institutional framework for such governance arrangements also calls for greater synergy between the demand side of public governance, the citizens, and the supply side, the government.

Democracy and Participation

Since democracy is expected to provide the most legitimate platform of participation, what precise conditions justify civic engagement? Greater civic engagement draws its

Box 1

Citizenship

“The *liberal* conception of the autonomous citizen, the *communitarian* conception of the freely cooperating citizen, and the *egalitarian* conception of the equal citizen are all founded on the proposition that *the good political life emerges only from the positive, active decision of equally choosing human beings*; never from their submission to the constraints of some impersonal fate that dominates them, but that a separate class among them is itself able to dominate. It has to be explicit in any democratic theory that...to be subjected, without real agreement, to another’s power over us within our own community is to become pseudocitizens.”

Source: Green, Philip. (1985) *Retrieving Democracy: In Search of Civic Equality*. p. 270

rationale from the democratic political paradigm that emphasizes constitutional liberties and representative government as the basis of good political governance. This rationale also assumes that deepening civic engagement opportunities will make the existing system more representative, accountable, transparent and equitable.

From the developmental point of view, however, the link between democracy and development is rather tenuous, though several important lessons emerge. (Przeworski, 2008) First, while democracy may not be a guarantee of economic success, it helps stave off the worst failures, such as serious famine (Sen 1981, a and b). Second, forms of democracy – especially institutional details of how people actually participate in national decision-making -- have a strong bearing on the relationship between democracy and development. Third, to understand the possible impact of democracy on development, it is important also to understand the political arrangements of policy-making in different

historical and material contexts. Finally, it has also been argued that the economic impact of democratic reforms depends on the sequence in which economic and political reforms are undertaken – i.e., whether the onset of democracy precedes the adoption of liberalizing economic reforms or the other way around.

Commitment of the International Community

In addition, as a response to the demands of nations to find options and institutions that strengthen public governance, as well as to explore initiatives that support implementing the MDGs, the United Nations has embarked on a programme of work for linking citizens firmly to various aspects of participatory governance. Further, given the subject's normative potential, the work of the United Nations on participatory governance has been defined and conceptualized as 'engaged governance'; this Report captures many of the lessons drawn from this work.² The text has also been prepared to respond to various resolutions of the General Assembly and the Economic and Social Council on Public Administration and Finance that prescribe participation as an important component of governance reform (United Nations, 2006).

Finally, the Report has also been inspired by several initiatives of civic engagement that Member States themselves have initiated in recent years. In this context, it is important to note that many of these home-grown initiatives have emerged to complement democracy, not subvert it.

² Seen as a normative tool, 'Engaged Governance' is defined by UN/DESA 'an institutional arrangement that links people more directly to the decision-making processes in a manner that does not by-pass the representational democracy but complements it.' (United Nations, 2005a)

Box 2
United Nations Resolutions on Civic Engagement

It has been long recognized and affirmed within the United Nations system that civic engagement and participatory processes are vital instruments for addressing the challenges of poverty reduction and achieving internationally agreed development goals, including the MDGs. In recent decades, several major United Nations summits, resolutions and international declarations have focused on the themes of participation and partnership in a wide range of international issues, including Sustainable Development; Economic Development; Crime Prevention; the Status of Women; Action for Peace; the United Nations System; and Science and Technology for Development; Public Administration and Development; and Development in Africa. For example, General Assembly resolution 53/181, along with a number of others aimed at reducing global poverty and promoting economic development, reaffirms the continuing need to strengthen constructive dialogue and genuine partnerships in order to promote further international cooperation for development.

Several of these resolutions concentrate specifically on the need for more participatory approaches to governance, focusing on partnerships among multiple stakeholders at both the national and international levels, including national governments, civil society organizations, non-governmental organizations, media, businesses and the private sector. For example, in its resolution 50/223, the General Assembly acknowledged the importance of undertaking a participatory approach to public administration as a catalyst for supporting the developmental process. More recently, the World Summit of September 2005 captured the value of enhancing participation and civic engagement when world leaders unwaveringly expressed renewed commitment to advance the contribution of NGOs, civil society, the private sector and other stakeholders in national development efforts and to bring to attain the MDGs by 2015. The Summit Outcome document further emphasized the need to introduce and sustain participatory processes in the structures and processes of development management. The Economic and Social Council, in its resolution 2006/99, similarly articulated the importance of civic participation when it encouraged "Member States to strengthen citizen trust in government by fostering public citizen participation in key processes of public policy development, public service delivery and public accountability." The General Assembly in its resolution 60/34 equally noted that the capacities of public institutions will play a vital role in the ability of Member States to effectively achieve the MDGs and acknowledged that measures that increase participatory and transparent governance will help Member States to build and strengthen state capacity to address development and other challenges.

Framework of Civic Engagement

There are several potential areas of civic engagement. These include policy development, budgeting, and service delivery and accountability. Again, operationally, depending on the degree and extent of decentralization, these engagements can occur at various administrative levels of public governance - national, sub-national, local government and/or at community level. Policy level engagements occur mainly at the national and/or sub-national level and service delivery at the local government and/or community level. The element of engagement can be either be direct or indirect. Budgeting exists at all administrative levels.

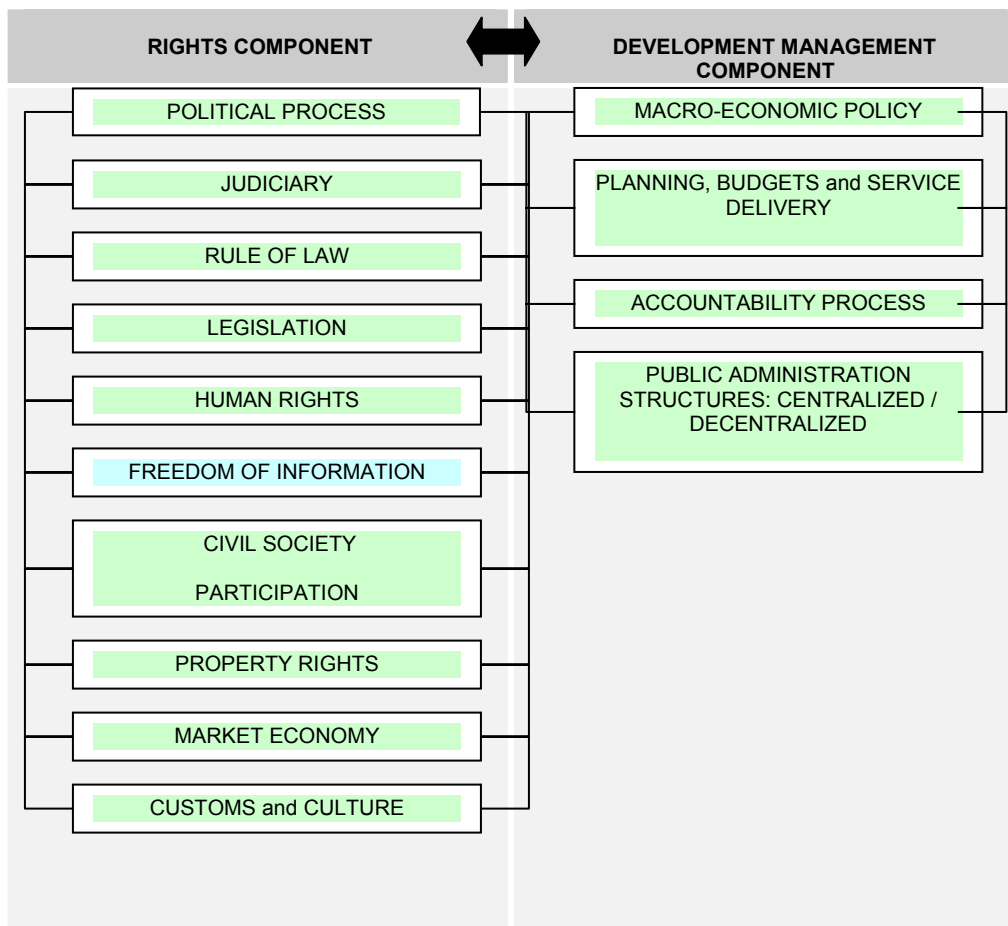
Political engagements occur mainly through elections (the political dimension of civic engagement) or through issue-based referendums or plebiscites ('direct democracy'). Indirect engagement occurs through intermediary participation or through the inclusion of Non-Governmental or Civil Society Organizations at different tiers of public governance.

In addition, the Report conceptualizes public governance as two separate but complementary components – the 'Rights' component and the 'Development Management' component. The 'Rights' component concerns those aspects of political

and human rights principles that shape the fundamentals of citizen/government relationship in a society. The ‘Development Management’ component focuses on public policy institutions and processes that contribute to the material and social well-being of citizens, including the processes that contribute to the realization of the MDGs. Table 1 below shows the interdependence and interplay of the two components in a comprehensive framework of public governance.

This Report also stresses that participation in the ‘development management’ component cannot take place in isolation; from a number of rights, it demonstrates that the rule of law, political participation, judicial arbitration and access to information that guarantee human rights are essential complements of the former and that without the latter, equitable development is likely to suffer.

Table 1. Components of Public Governance



As the table illustrates, the interconnections within the same column mutually reinforce rights. To take one example, an independent judiciary is by far the best guardian for the rule of law. Equally, strong complementarities exist between some of the items across the two columns. For instance, the political process has an immense impact on a country’s

macroeconomic stance. Further, the connectivity runs in both directions between the political process and policy and planning. Engaged governance and participation are affected, to differing degrees, by all the individual cells in each table, as well as by their intricate interrelationships. Indeed, one way of showing how civic engagement works in public governance is aligning the two columns -- Rights and Development Management -- so as to show the intrinsic wiring within each and between the two.

Given this alignment, the Report outlines the administrative structures within which civic engagement initiatives take place. For example, the degree and depth of decentralization within a state tend to determine where most civic engagement initiatives involving budgeting and service delivery will fall – whether the domains of such sub-national entities as provincial or local government. By contrast, policy-making participation tends to occur at the central and, to a lesser extent, at the provincial or state government level. Moreover, in recognition of the complementary nature of ‘Rights’ and ‘Development Management’, the Report also discusses at length the role that investment in democracy should play so as to improve equity and transparency.

In short, the Report analyses the key contributions role a well-functioning democracy can make to strengthening accountability and to creating space for civic engagement from the realm of policy development to that of service delivery in structures of public administration. While people have discussed these themes at least since the Golden Age of classical Athens (despite its slave labour base and disenfranchisement of women), this Report takes on the issues of capacity-building needs and strategies without which no state can function in today’s world. It does not pretend to present faultless models, let alone panaceas – but its authors hope to stimulate ongoing experiments at various governance levels wherever men and women aspire to acting as citizens rather than mere denizens of their societies.

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Chapter 2

The Necessity of Civic Engagement Today

Why This Issue at This Time?

Civic engagement in public governance today is evolving against a backdrop of several worldwide developments that are transforming the socioeconomic dynamics of countries with both opportunities and challenges. Indeed, the recent commitments to the Millennium Development Goals made by the world leaders at the global level reflect a shared vision of development and an effort by the international community to devise strategies that will simultaneously help minimize challenges and maximize opportunities. Civic engagement in public governance may well be a key strategy for serving these twin goals.

Neither globalization nor liberalization is wholly positive or negative. Similarly, while the recent surge of democratization in many countries constitutes an opportunity, it also manifests deficits that this Report will show. The use of the new ICT tools in accessing information has formidable potential for accelerating citizen connectivity and civic participation – but has so far been used to this end in relatively few places. The rise of civil society and its demand for a greater role in public governance have amplified the need for greater civic engagement.

Opportunities

Rise of Democracy

The collapse of the Soviet Union and the end of the Cold War witnessed an upsurge in the democratization of political systems of many countries, especially in the low- and middle-income range (UNDP, 2002). These movements peaked during 1980s and 1990s. In the last two decades of the 20th century, 81 countries democratized – 29 in Sub-Saharan Africa, 23 in Europe, 14 in Latin America, 10 in Asia, and 5 in the Arab States. Often, this meant the overthrow of authoritarian, one-party regimes and their replacement by multi-party political systems, many of which encouraged citizen activism and the free expression on diverse viewpoints. According to a recent estimate, of 147 countries with data, 121 or 68% of the world population now enjoy all or some of the key elements of democracy. In comparison with other regions, democratic movements in the Arab States have been relatively modest, though several of the monarchies have initiated various forms of citizen participation in public governance. Some of these countries, both kingdoms and republics, have also allowed civil society organizations to take root and participate in social development activities.

Undoubtedly, these democratic movements have enhanced citizen empowerment, even though many maintain that progress has been slow and that the task of making democracy

work for the vast majority has hardly begun. A recent study suggests that, 'even where democracy is more firmly established, people are disappointed by the economic and social results' (UNDP, 2002).

While further progress towards democratization has indeed stalled in recent years, many believe that in a number of countries where democracy is operational, electoral governance is often challenged by voter manipulation or intimidation by 'money and muscle'. Both long-established and new democracies frequently fail to enlist the representation of the poor and the disadvantaged in the body politic, which results in conferring further benefits on those who are already advantaged in public decision-making. Despite these shortcomings, democracy has nonetheless contributed to the rise of civil society organizations and their participation in public governance, as well as to an exponential growth of the media – traditional and new – and, in most cases, its active coverage of public issues.

Civil Society Organizations

Even before the recent moves to democratization, non-governmental and civil society organizations were active in many countries, especially in developmental activities. This work often took place where few or no democratic political practices were evident. Nonetheless, it should be borne in mind that according to the broadest of definitions, a recent paper, 'NGOs and Civil Society: Some Realities and Distortions' categorizes NGOs into 30 groups: these range from consultative, press and media, humanitarian, and lobbying bodies to secret societies, religious cults, and international crime rings (Judge, 1994; www.laetusinpraesens.org/docs/ngocivil.php).

Whatever the case, seeing the successes of the non-government organizations in delivering development inputs and taking into account many innovations that NGOs had introduced in community development activities, many donors -- especially the bilaterals -- strongly supported the inclusion of NGOs in donor-funded projects. The number of both national and international NGOs has increased exponentially over the last 20 years. Much of this can be attributed to growth in democratic governance and much to donor patronage. The number of *international* NGOs alone is reported to have increased from 6,000 in 1990 to 26,000 in 1999. International NGOs have also become a major source of development assistance. The OECD reports that in 2003, at least \$12 billion was channeled into development assistance through the international agencies. Again, both nationally as well as internationally, in areas ranging from debt and trade issues to environmental questions, NGOs and the civil society organizations have become key players in governance. By 2005, for the G-8 meeting in Gleneagles, Scotland, the international NGOs had mobilized about 100 million people to influence the discussions of the heads of state and government through the Global Call to Action Against Poverty.

The World Bank (2007a) recognizes the potential of NGOs and the civil society organization in public governance in the following functions:

- (i) ensuring that voices of poor and marginalized are heard by governments and that their views are factored into policy decisions;
- (ii) promoting public sector accountability and transparency;
- (iii) building shared visions of national development and poverty reduction strategies;
- (iv) providing technical expertise and innovative and cost-efficient solutions to service delivery; and
- (v) providing social services in post-conflict/post-disaster settings.

Rather than calling themselves civil society organizations or non-governmental organizations, in some parts of the world, notably Europe, many such associations now prefer to call themselves, ‘Autonomous Citizens’ Organizations’ (ACOs). By taking advantage of the European Union’s Charter of Fundamental Rights, the ACOs of Europe have recently presented a draft of a European Charter of Active Citizenship that contains, among other things, a legal framework and a normative platform for ACO participation in public policies, at both a national as well as at the EU level.

These developments clearly underscore the importance of the role of civil society in public governance and, in the wake of the democracy surge, the increased opportunities for realizing collaboration in this sphere.

Media

Commenting on the importance of the role the media in public governance, a high-level public official of a developing country recently stated that ‘media is the parliament of the citizens’. In recent years, the rise of democracy, as well as access to ICT advances, have generated an exponential growth in all forms of media – print; various types of theatre; street performances with manifest sociopolitical content; cinema; graffiti and sidewalk art; television; radio; diverse multimedia participatory arts festivals; and, of course, Internet blogs, cartoons and other innovations.³ The potential of the media in public governance can be perceived as having three functions (UNDP, 2002):

- (i) a civic forum – giving voice to all segments of society, especially the marginalized;
- (ii) a mobilizing agent – strengthening civic engagement and facilitating public participation on issues of public importance; and
- (iii) a watchdog – checking abuses and enhancing accountability and transparency in public governance.

Worldwide, although there has been a decrease in the readership of newspapers – falling from 107 per thousand in 1970 to 96 per thousand in 1996, during the same period, the number of newspapers has almost doubled -- from 29 per thousand in 1970 to 60 per thousand in 1996. Far more spectacular increases have occurred in radio and television

³ As in other eras in various places worldwide, the emergence of a new media form prompts revivals and renewals of older ones. The above list is hardly exhaustive; nor does it take into account the vigorous – often unlikely -- combinations of differing forms of expression.

outlets and access. In developing countries, radio subscription increased from 90 per thousand in 1970 to 245 per thousand by 1997; during the same period, television, viewing increased from 10 per thousand to 157 per thousand.

The last few decades have witnessed the proliferation of independent media and has promoted media-induced, in-country civic debates on a range of issues concerning public governance:

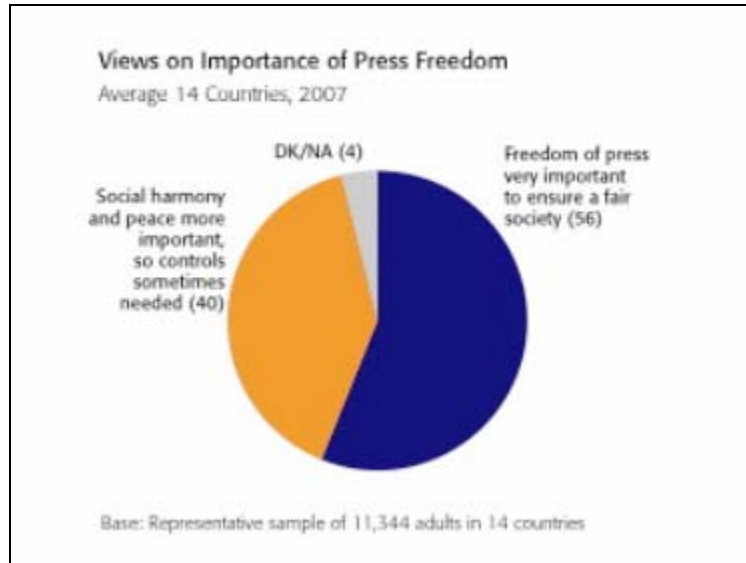
- (v) open debate on economic policies;
- (vi) monitoring elections;
- (vii) exposing human rights abuses;
- (viii) exposing corruption;
- (ix) drawing attention to environmental issues;
- (x) monitoring service delivery; and
- (xi) highlighting conditions of human deprivation.

Despite these gains, many countries still fall far short of achieving or guaranteeing full media freedom. Figures 1 and 2 reflect public anxiety about this stasis or retrogression. Legacies of authoritarian or colonial laws regarding both access to news sources and freedom of expression continue to impede objective and unhindered reporting. In addition to state control, various media are also subject to corporate and political pressures. Given the acquisition of various media outlets by commercial conglomerates, news and public affairs presentations, along with artistic expressions of social and political commentary, are valued in terms of their ratings, the key to profits. Consequently, many media interests seem to be shifting increasingly from issues of public concern to subjects of entertainment, including highly selective and commercially biased 'infotainment'. Emerging media ownership patterns range from family/corporate control (in the case of a number of daily newspapers and even newspaper chains and magazines) to state sponsorship (especially in radio and television). Small wonder, then, that in many cases, these trends have damaged both quality and objectivity in reporting. In addition, journalism as a profession has become quite hazardous – with risks ranging from physical injury and kidnapping to job loss. A recent survey that included 14 countries, both developed and developing) on the issues of media freedom reveals the following key trends (BBC, 2007):

- 56% of adults across all countries believe that freedom of the press is very important to ensuring a free society, whereas 40% believe that social harmony and peace have higher value, even if this means controlling some undesirable news;
- Several countries show concern about private ownership of media: In Brazil (80%), Mexico (76%), USA (74%) and UK (71%), the citizen in the street believes that the concentration of media ownership in fewer hands is undesirable 'because owners' political views emerge in reporting'; and

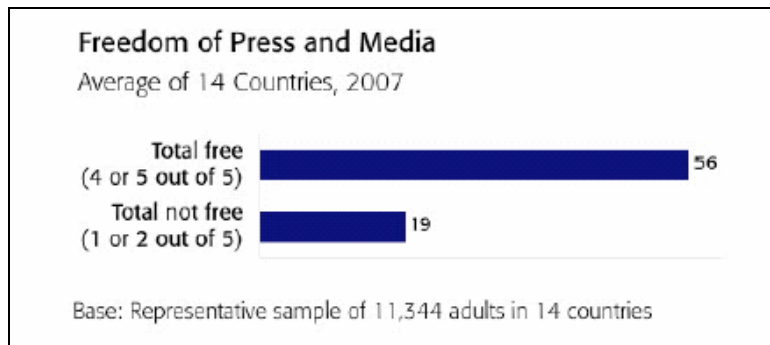
- In high-income Western countries where media freedom is generally valued highly, there is mounting concern about honesty and accuracy in media reporting.⁴

Figure 1. Views on Importance of Press Freedom



Source: World Divided on Press Freedom, BBC World Service Poll, 10 Dec 2007.

Figure 2. Freedom of the Press and Other Information Media



Source: World Divided on Press Freedom, BBC World Service Poll, 10 Dec 2007.

The same survey showed that 56% believe that the media are fairly free, as against 19% who believe the contrary: 22% remained non-committal.

The potential of free and independent media needs to be cultivated and the greater opportunities for informed decision-making through media-induced public debates on

⁴ Other reputable studies also call attention to increasing anxiety about the marked increase of sensationalism and celebrity emphasis.

issues of public concern should be encouraged. Further, the recent explosion of information technology and of the Internet has greatly expanded the scope of mass communication and created greater opportunities to overcome challenges of media control from both the state and the corporate sector. The Internet has helped even the smallest of groups to reach immense audiences.

ICT and Connectivity

In addition to serving as a platform for information-sharing, ICT has opened new opportunities to connect citizens to businesses as well as to their governments at various levels. In some countries – most notably, in Bangladesh -- even the rural poor are gaining access to ICT either through cost-affordable electronic platforms or through the introduction of mobile phone services.⁵ However, for most developing countries, such examples are more the exception than the rule. Nonetheless, even in some of the least developed countries in Sub-Saharan Africa, many a local marketplace buzzes with cell phone activity by roadside vendors, some of whom have charged their devices from old car batteries.

Many governments are also increasingly offering services through e-government. However, these are usually confined to urban areas and often consist of one-stop-shops for enterprise development. The aspects of service delivery essential to the poor are either not covered by these technologies or, because of poverty (which often includes isolation), the poor simply cannot gain access to these facilities. However, the potential of e-government is enormous and more work is needed to extend these facilities to the poor and those who are otherwise disadvantaged.

In general, because of financial and technological deficiencies, the public applications of ICT in most developing countries are only slowly evolving and, in most cases, rural people and the poor remain underserved by the technology revolution. Now members of ‘digital have-not’ communities, most of these citizens eventually fall deeper into the widening gap of the economic deprivation (United Nations, 2005b).

In short, several recent developments, such as the democratization of national political systems, widening space for civil society organizations, increasing independent media outlets, along with mounting access to them, and, certainly, the growing advent of ICT have all created greater opportunities for civic engagement in public governance. Nonetheless, other developments such as globalization and liberalization, as well as some emerging challenges, either stifle or subvert some of the gains made possible by the

⁵ In Bangladesh, the Grammen Bank (Bank of the Poor - a non-governmental micro-credit institution) has introduced mobile phone facilities in the rural areas. The poorest of the women in the villages qualify to receive these phones on a rental basis and, in turn, can re-rent these phones to the villagers, enabling Bangladesh’s poorest women to earn an income for themselves and the villagers the opportunities to connect more directly to the market and obtain better prices for their produce. In the past, urban-based intermediaries monopolized market information, which they then used to exploit the farmers by offering them lower prices.

information revolution⁶ and have also created demands for greater civic engagement in public governance.

Challenges

The emerging challenges of public governance manifest themselves in a number of ways. Similarly, while the recent democratization movement has created opportunities for better political participation, several of its shortcomings continue to distance citizens from the body politic. These challenges also include emerging operational difficulties of democracy and indicate further the need for enhanced partnerships and engagements in public governance. Their nature, dimensions and contexts are sketched below.

Globalization, Liberalization and Inequity

Since the 1980s, globalization and liberalization have opened up new economic opportunities almost everywhere. However, Sub-Saharan Africa, along with some countries in other regions with fragile states, have found themselves excluded. It is also becoming clear that gains have been unequal both within and across nations.

The integration of national economies into global markets that accompanied the privatization of public operations appears to have aggravated further the situation of the disadvantaged groups by reducing the public services earlier available to them. In many instances, the market, which has become the prime provider of social goods, deprives the poor of access to affordably priced basic services. By its very nature, the market responds to those who have the capacity to pay. While carried out with the aim of generating market competition and thereby broadening access, privatization has often led to replacing public monopolies by private counterparts, with all the attendant social costs and few or no commensurate benefits for those without purchasing power (United Nations, 2007a).

At best, the outcomes of these market-based developments have been mixed (Stiglitz, 2002). Resources generated through sales of public assets were not always used by governments for pro-poor developmental activities, but rather for servicing accumulated debts (mostly from non-productive public expenditure) or poured into activities that had little or no relevance to the socioeconomic needs of the poor. While privatization has helped some governments to shed many of their loss-making enterprises and thus save scarce national resources (primarily fiscal), many now realize that the market can only partially fulfil societal needs. Moreover, after privatization, many governments are left carrying the negative burdens of environmental and socioeconomic externalities incurred by market-led operations.

⁶ Notwithstanding the creation of the World Wide Web by the scientific community during the 1960s and '70s, it must be remembered that the information revolution as we now know it could not have come into existence without massive corporate investment and other intervention.

It must be noted, though, that in many developing countries where the state still controls and provides services, these are either poor in quality and often provided only erratically. Nor do these services target, let alone reach the poor. These shortcomings stem from a variety of reasons, including resource constraints, corruption and, more often than not, poor accountability. In many developing countries where the predominant need in the health sector is preventive medicine (what the poor, especially the rural poor, need), most public health resources are frequently allocated to curative care (what is desired by the rich and the advantaged groups). Curative care also tends to cost more than preventive measures. Government policies in this regard often do not address the marginalizing impact of missed-target health measures because of intentional or unintentional disregard for the health needs of the poor. In other words, the absence or fragile ability of the poor to influence decisions has a double deficit: it adds barriers to their existing access to resources without furnishing others that would benefit them directly.

Falling Human Development Indices

In addition, economic liberalization in developing countries has often fallen short of international human rights agreements, environmental standards and required levels of accountability and transparency. In their competition to attract private capital, both local and foreign, many private firms have either ignored or violated these norms. Such unregulated market operations also contribute to the abuse of labour rights, the decay or outright destructions of the environment and a rise in corruption or rent-seeking behaviour – exacerbating the living conditions of the poor even further in a frequently vicious synergy.

Wage labour in particular suffered from globalization. A recent study reveals that though some of the developing countries experienced an overall rise in average per capita income (except the Sub-Saharan region, which experienced a net decrease), in many cases, the income of the lowest quintile of world population increased either marginally or not at all (Cord, Lopez and Page, 2003). This indicates two interconnecting trends. On the one hand, the poor, who for the most part lack not only capital, but the skills required by modern markets, fail either to work in jobs that offer better wages or to invest in micro enterprises that can enhance income. Consequently, they lose political and economic clout to influence policy decisions and to participate in public governance processes. On the other hand, the primacy of the market in economic governance is also encouraging governments to adopt and implement policies that favour the market and the rich even further.

The disempowering effects of globalization are revealed by a recent UNDP study that concluded that after experiencing modest gains during the 1980s and 1990s, the peak period of globalization, a large number of developing countries registered a decline in the Human Development Index (UNDP, 2003); this included the widening of income disparities at both the country and international level.⁷ At the country level, the income share of the top 20% has risen almost everywhere since the 1980s, while the bottom 20% either experienced no income rise or, in some cases, suffered a fall (UNCTAD, 1999).

⁷ There are now 50 Least Developed Countries(LDCs) as against 24 in 1971 and in 2003, LDCs' share of world GNP is 0.5% (Dowlah, 2004)

Many commentators maintain that issues such as poor accountability and inequity in decision-making do not necessarily result directly from globalization and liberalization, but have simply continued to exist in many developing countries in the face of weak rule of law and lack of access to political power by poor citizens. However, the disempowering effects of recent developments for the poor have become more pronounced (Rodrik, 2000). Speaking of the effects of globalization and liberalization in Latin America, one researcher reports, the ‘social fabric of Latin American countries has been disrupted, the income of general population declined, local wealth transferred out of the region, poverty levels expanded and the indigenous inhabitants excluded from the social pact’ (Vargas-Hernandez, 2003).

In summary, globalization and liberalization have benefited many countries, both developed as well as developing, but these benefits have neither spread equitably nor succeeded in translating themselves into meeting the needs of the poor, either at the international or at the national level. Most important, because of their distance from political decision-making, the poor have become further disadvantaged and gradually disempowered in the process. This challenge of inequity in development, therefore, warrants the introduction of public governance arrangements that can better integrate citizens into the decision-making processes of the state and thus assist governments to overcome this challenge more successfully.

Deficits of Democracy

Fareed Zakaria states in *The Future of Freedom* (2004) that, set against a backdrop of weak accountability and the political powerlessness of ordinary citizens, elections in many of the newly democratic countries have become a farce. Instead of providing universal representation for citizens in the legislature, these elections produce nothing but “plundering rotating (*and abusive*) governments”.⁸ According to Zakaria, in many of these countries, multi-party elections act solely as a vehicle to legitimize an existing political economy that simply helps perpetuate a culture of ‘plutocracy’ rather than democracy. Drawing a distinction between ‘liberal democracy’ (democracy with civil liberties and rule of law) and ‘illiberal democracy’ (democracy with inadequate civil liberties, if any, along with weak rule of law), Zakaria (1997) reports that nearly half the newly ‘democratizing’ countries are ‘illiberal democracies’; in these countries, the ordinary citizens remain far removed from the decision-making entities of the government and thus have benefited little if at all from their democratic transitions.

Others also argue that with money and lobbyists playing increasingly powerful roles in elections, many developed countries with long democratic traditions are also becoming victims of this scourge; they nominate and elect law-makers who represent the interests of the few rather than the many. In explaining the evolving malfunctioning of democracies where citizen choices are either manipulated or remain constricted, Roy (2004) suggests that in such situations, elections present the citizens with ‘the government that you vote for and not the government that you want’. These incongruities

⁸ Italics added for emphasis.

are also manifested through falling citizen trust in governments, even those that are democratically elected. While democratically elected governments should be regarded as trustees of the people, the outcomes of the World Economic Forum Trust Survey 2005 paradoxically reveal a different picture: Since 2001, the first year of the Survey, citizen trust in government has fallen drastically throughout the entire world, with the exception of Vietnam and a few other countries. Most significantly, according to this survey, people feel that ‘systems are not delivering’ (World Economic Forum, 2005 and 2006).

It has been argued that in its current operational form -- especially in environments where the majority of the citizens are either poor and/or illiterate and where votes can either be bought or manipulated -- representative democracy can produce unequal and non-inclusive representation of citizens in the legislative process. Further, many also regard the very infrastructure of democracy, historically founded largely on unequal conditions, as tending to favour the rich and the elite at the expense of the poor or the less privileged. And almost universally throughout history until the 20th century, (with New Zealand leading in 1893) political democracy has excluded women, whatever their poverty, wealth or other indicators of socioeconomic status.⁹ Citing the case of a developed country democracy, Rothenburger (2001) argues that the democratic system of the USA is inherently unequal due to the fact ‘that at the time of writing the Constitution, the distribution of power and wealth in [this new country] was already unfair and unjust...’ As in ancient Athens, much American wealth derived from slavery, although each slave (female as well as male) accounted for three fifths of a citizen for purposes of the legislative representation at both the federal and state levels. The situations in most developing countries, where democracy is still evolving¹⁰ in part from colonially-inherited institutions and systems, are also proving to be far less inclusive than their constitutions proclaim.

Decentralization and Empowerment

As a means to bring government closer to people to build trust and enhance transparency and accountability, as well as to improve service delivery, many analysts advocate decentralization and the devolution of a great deal of political and administrative authority to the level of local government. There is no doubt that when implemented

9 In fact, in its 1787 Constitution -- without explicit stipulation -- the new United States of America disenfranchised the propertied women who had earlier had the right to vote in their colonial assemblies and the state legislatures of the colonies that declared themselves independent of Great Britain in 1775. This irony and others similar to it, is underscored by the 2000 UNDP publication, *Women's Political Participation and Good Governance: 21st Century Challenges*. As that collection of papers also points out, efforts by French women to win the vote during the Revolution of 1789 also failed. The self-educated butcher's daughter, Olympe de Gouges, who led a women's march to the nascent National Assembly at Versailles, lost her head to the guillotine, along with many of the working-class women she mobilized -- as did one of their strongest supporters, the Marquis de Condorcet, who had published his *Progress of the Human Mind* in 1787.

10 It should be borne in mind, however, that all democracies are always evolving, though not necessarily in accordance with the norms that emerged in the 1700s and 1800s in Western Europe and the United States of America. These countries have either expanded or added to those principles and, on occasion, departed radically from them, legally or informally. Similarly, all countries are always *developing*, though not always strictly in terms of economic growth.

under favourable conditions, decentralization does have the potential to bring citizens closer to their governance. However, a recent study suggests that there is no clear evidence that decentralization empowers people, produces pro-poor development, or improves the delivery of services. Instead, in certain situations ‘decentralization can actually reinforce the power and influence of the local elites’ (UNDP, 2001). In other words, through decentralization, the same political economy that skews power relationships at the centre can easily translate itself into distorting power relationships at the local level and distance the poor from local governance bodies. Based on a survey of 12 countries, this same UNDP study concludes that there is only weak evidence to indicate that ‘decentralization (automatically) empowers more people, reduces poverty or [even] mitigates spatial inequality’. The same report suggests that decentralization works only when structures of public governance as a whole are open to participatory practices and are made transparent.

Recent Terrorist Acts and Emerging Governance Challenges

The challenges to democratic governance have been compounded further by recent terrorist acts, such as 9/11 and the Madrid railway bombing of 2004. The security concerns brought on by these terrorist acts seem inadvertently to be prompting many countries to curb freedom and dent democratic values. Further, at the international level, the ‘global war on terror’ contributes to two interconnected processes of disempowerment. First, security concerns are encouraging governments -- including several of advanced countries -- to divert resources away from development into protective devices. Second, through the introduction of various security-related laws, civil liberties are curtailed. In addition, because of the perceived and actual security threats faced by countries that had often led the mission of democracy globally, their governments are engaged in building what they call ‘anti-terrorist alliances’ with several states that possess poor records of democratization to join the ‘global war on terror’.

The political necessity of anti-terrorist alliance-building at the international level seems to be either slowing down or reversing nascent democratic movements in many of the developing countries involved. Taking advantage of these geo-politically motivated concessions, several of these countries are suppressing public dissent, curbing and abusing human rights, and obstructing the growth of democracy within their borders. Further, authoritarian regimes have used the threat of terror to compromise the very concepts of democracy and human rights crucial to the survival and spread of their practice. These same dictatorial tactics have a long history that links them to Fascist Italy and Spain, Nazi Germany, the Soviet Union and numerous states worldwide that have conjured up spectres of violence, along with actually perpetrating such acts, precisely to inhibit popular participation in governance.

Trust

The issue of trust is the key to the functions and sustainability of public governance. As the examples presented above indicate, the range of global events that compromise democracy, weaken human rights and marginalize the poor and the disadvantaged also dent citizen trust in public governance. This undermines both its quality and integrity.

Table 2 below sets out a range of components that promote trust and demonstrates how systems, procedures and institutions, the elements that constitute public governance are intrinsically linked to the ingredients of trust. For example, if citizens are to *rely* on governments, how should the systems and processes of public governance operate to achieve this particular element of trust? Conversely, if citizens *stop relying* on government, what would happen? They would circumvent government institutions and adopt informal means to realize their goals – and thereby contribute to a situation of instability, if not outright chaos; vigilante groups are a case in point. Similarly, if citizens stop relying on governments as their *custodians*, what would happen? The most immediate casualty would be the collapse of the tax system and the bankruptcy of the state as citizens refuse to trust governments with their money. This process, too, has a long worldwide history and applies not only to monetary taxes, but in-kind payments and traditional service obligations that kept states viable, from the maintenance of irrigation systems to armed defense.

Table 2 Components of Trust and Governance	
Components of Trust	Elements of Public Governance
<ul style="list-style-type: none"> • To have or place confidence in: <i>rely</i> • To expect: <i>hope</i> • To entrust: <i>custody</i> • Something given to one's care for the benefit or interest of another: <i>charge/authority</i> • To account for entrusted power and authority: <i>accountability</i> 	<ul style="list-style-type: none"> • Institutions • Systems and processes • Capacity • Leadership • Relationships

The challenge, therefore, for every government is how best to strengthen the components of trust by arranging public governance so that citizens can participate in systems, procedures and institutions openly and confidently. This includes delegating a variety of public functions, notably those that require certain technical proficiencies, to government implementation. A central question also concerns the relative degrees to which citizens can actively contribute to governance as well as passively benefit from government systems and processes. The brief answer is to continue with the mission of democracy. But that begs the questions of transparency and accountability, along with those of equity, reducing vulnerability and exclusion, and generating greater public welfare.

The key challenge, therefore, appears to be what can and should be done to *deepen* democracy so that it:

- works for people;
- links citizens to public decision-making concerning policies and public programmes;
- fosters and sustains transparency and accountability; and
- produces outcomes that are equitable not only in generating benefits, but opportunities.

What kind of options are there for making progress towards these objectives?

Commitments

As this Report stated in its opening pages, the emerging international backdrop of public governance prominently features

- (i) *globalization and liberalization* which, while creating new opportunities of economic growth, are also contributing to the marginalization of the poor;
- (ii) *the rise of democracies*, which has created opportunities for improved participation, but at the same time is also experiencing deficits in inclusion and thus distancing the disadvantaged from the decision-making processes; and
- (iii) *the ICT revolution*, which has fostered a promise of universal information accessibility, but due to income disparities, rural/urban differences and constraints on information access, has extended the traditional have/have-not division into the digital realm.

The Millennium Declaration of 2000 recognized these challenges and committed the international community to time-bound developmental targets that are pro-poor. It also called for governance arrangements that are inclusive and participatory -- and have been deemed necessary to achieving these pro-poor development targets.

The 2000 Millennium Declaration and Public Governance

In the autumn of 2000, the world's leaders gathered in New York at the United Nations, and agreed that the 'central challenge [they faced was] to ensure that globalization [became] a positive force for all the world's people.' Those present crystallized their concerns into what has come to be known as the Millennium Declaration, which designated eight development goals, the Millennium Development Goals (MDGs), intended to contribute concurrently to economic growth, eliminating poverty, achieving social equity and ensuring environmental sustainability. Though the Declaration does not stipulate 'good governance' as an MDG, it lists six 'fundamental values' as 'essential to

international relations in the 21st century.’ The first is ‘Freedom’, which the text spells out as follows:

‘Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.’

This conception of democratic and participatory governance is characterized by the following features (Khan, 2005):

- Full protection and promotion of civil, political, economic, social and cultural rights for all;
- Practice of democracy and respect for human rights, including minority rights;
- Inclusive political processes, allowing genuine participation by all citizens in all countries; and
- Freedom of the media to perform their essential role and the right of the public to have access to information.

‘Good governance’ as espoused by the Millennium Declaration 2000 appears therefore to be ‘democracy plus’ – the ‘plus’ being a continuously evolving concept that underscores among others, the elements of egalitarianism, inclusion, participation, transparency and accountability.

Box 3

Democratic Governance for Sustainable Human Development

Democratic governance means that:

- people’s human rights and fundamental freedoms are respected, allowing them to live with dignity;
- people have a say in decisions that affect their lives;
- people can hold decision-makers accountable;
- social interactions are governed by inclusive and fair rules, institutions and practices;
- women are equal partners with men in both the private and public spheres of life and decision-making;
- people are free from discrimination based on race, colour, ethnicity, class, gender, religion [or any other attribute, such as physical disability, ageing, etc..]
- the needs of future generations are reflected in current policies;
- economic and social policies are responsive to people’s needs and aspirations
- economic and social policies are aimed at eradicating poverty and expanding the choices that all people should have in their lives.

Source: United Nations Development Programme (2002). Human Development Report 2002. p.51.

Careful analysis of the MDGs reveals that seven out of the eight goals are related to poverty and/or social development.¹¹ Further, the goal of good governance includes as a centrepiece a democratic system that is politically engaging and developmentally pro-poor. The combined strategies of political engagement and equity imply that not only will the analytical framework of public policy need to become more pro-poor, but that the processes of decision-making that provide inputs to the formulation and implementation of public policies and programmes must also become more engaging and citizen-based. Underscoring the importance of good governance in MDGs, the Second Session of the United Nations Committee of Experts on Public Administrations, held in 2002 in New York, observed that, 'in analyzing the role of good governance in the implementation of the Millennium Declaration, it is necessary to focus on the cornerstones of the *capacity to govern, which includes institutional capacity, policy-making capacity, administrative/managerial capacity, human resources development and technological adequacy*' [emphasis added] (United Nations, 2002a).

The Evolving Nature of Public Governance

Many of the existing structures of public administration are either endogenous or colonial legacies that practice top-down decision-making. They thus breed both inefficiency and alienation, or are market/managerial and cater to the post-globalization needs of private sector-led development. Both approaches are proving inadequate to meeting the dual challenge of economic growth combined with social equity.

According to Felts and Jos (1996), throughout the 20th century, the public service tradition of the politically disinterested, aloof, 'expert' bureaucracy was slowly eroding in many of the developed nations as they became mired in crises related to the growing costs of public services and to alleged inefficiencies. In developing countries, these arrangements were often maintained as colonial heritage. They degenerated into elitist institutions serving, in a collusive manner, the interests of those who ran them and those of the ruling political elite (Khan, 2004). The patron-client-agent nexus that soon emerged, perpetrated through elite bureaucracies and the non-accountable political regimes, made the rich richer at the expense of the poor, contributing to a phenomenon labelled as 'the coalition of indifference' (Korten, 1983).

New Public Management

With the onset of globalization and liberalization, the principles and practices of New Public Management (NPM), that is, private sector 'solutions' to public sector 'problems', were introduced. They emphasized strategic planning; performance measurement in terms of results achieved in relation to predetermined targets; accountability perceived largely in light of these results; and a purchaser/provider split, contracting out and 'doing

¹¹ The eight MDGs are: (i) eradication of extreme poverty; (ii) achieve universal primary education; (iii) promote gender equity and empower women; (iv) reduce child mortality; (v) improve maternal health; (vi) combat HIV/AIDS, Malaria and other communicable diseases; (vii) ensure environmental sustainability; and (viii) develop global partnership for development.

more with less' (Hood, 1991). These managerial tools, which had been developed within a corporate governance focus, were adopted by governments. This public/private synergy that emerged seemed to have been fraught with one major dilemma: the public now became connected to the State as 'consumers with the ability to choose and complain [although] not the ability to proactively shape services' (Corrigan and Joyce, 1997, p. 419).

Further, the NPM phase witnessed a downsizing of the public sector which, in some cases, was accompanied by a reduction in the cost of the delivery of services. But these measures, which either downsized or weakened the state, also constrained citizens' ability to influence the decision-making processes of governments. In developing countries especially, results have shown that the interests of the powerless, the long-term poor, ethnic minorities and the aged have been sidelined, while the existing democratic institutions have been hijacked by the rich and the lobbyists and have served as a platform for these vested interests. As a United Nations Committee of Experts on Public Administration (CEPA) report noted, 'the period of intense liberalization and extensive use of market-based solutions in developing countries was accompanied by a rise in asymmetrical partnerships where the public sector became a minor or disadvantaged partner compared to the private sector' (United Nations, 2004a).

Are these results surprising? Despite the avowed goals of privatization, why should the application of the market/managerial solutions of the West have necessarily -- or even probably -- have produced positive outcomes? Acemoglu (2003), an advocate of the *institutions hypothesis*, maintains that these reforms could not have been expected to produce more than marginal benefits, let alone cut costs or reduce poverty.

New Public Governance

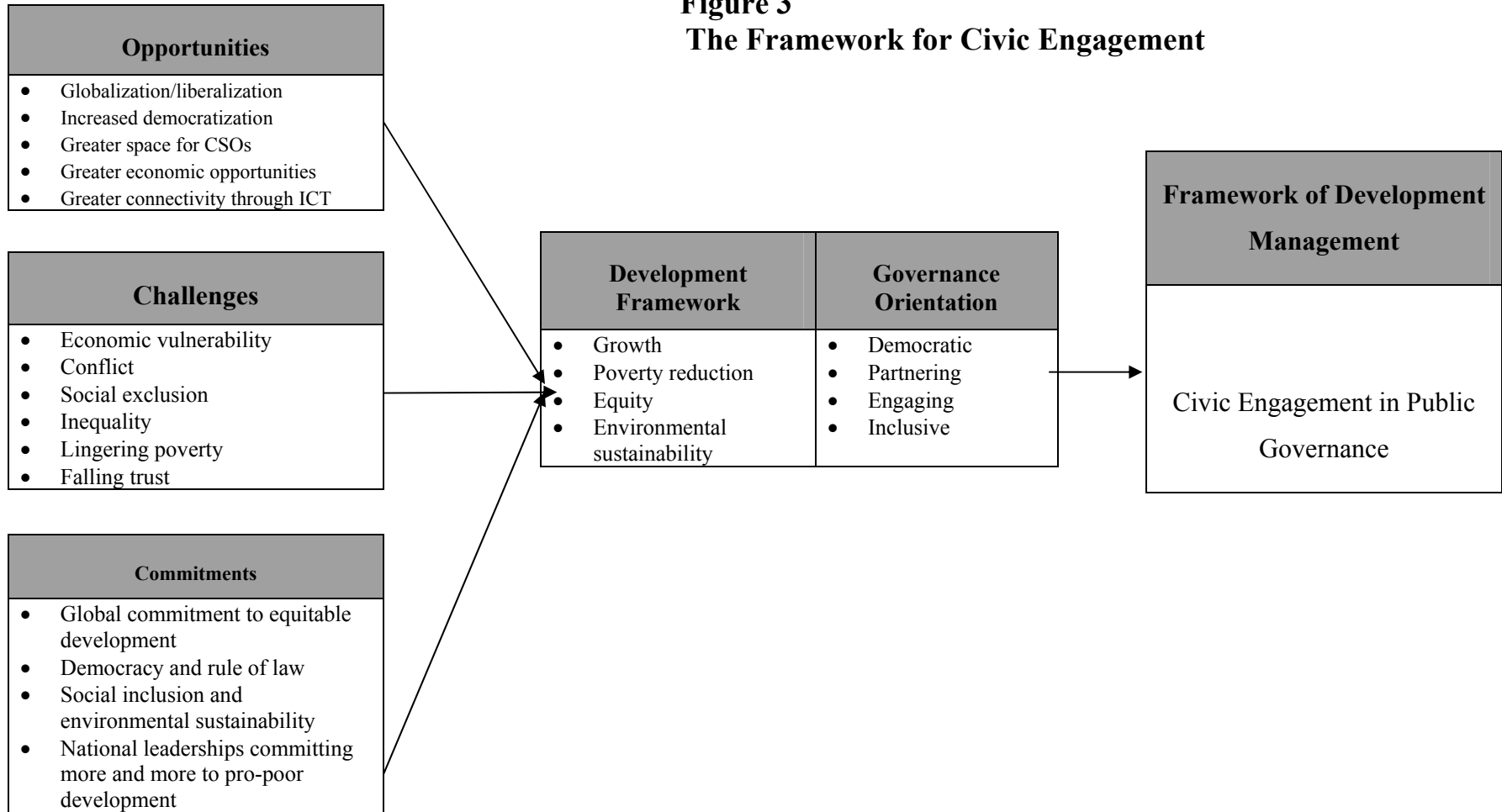
Beset with both challenges and opportunities of globalization and liberalization, endowed with new connectivity possibilities offered through by the application of ICT – as well as, indeed, the world commitments to the MDGs, a concept of *new public governance* must evolve to support economic growth while at the same time giving a pro-poor orientation to the framework of development. This orientation will be meaningless unless public governance puts in motion processes that contribute to public policies to serve it. This entails establishing decision-making processes that are citizen-based. The MDGs specifically call for the introduction of good governance principles that are conducive to deepening democratic practices, that foster institutional means and options that empower citizens so that they can take control of their own affairs.

In summary, realizing the twin objectives of meeting the MDGs and initiating market-based development requires a public administration organized so as to continue giving impetus to the market and, at the same time, address the concerns of the poor and the disadvantaged. Many countries are trying to respond to the latter by pursuing frameworks of civic engagement at different levels of public governance.

Framework of Civic Engagement

Although civic engagement in public governance is by no means new, systematic research involving practices for such policy-making, service delivery and budgeting has only begun. In the past, experiences of civic engagement were confined largely to community development projects initiated by donors. In large measure because these interventions were small and local, their impacts remained rather limited and thereby failed to alter the existing political economy of public governance, especially at the macro level. Consequently, the traditional modes of public governance remain alienated from the poor and the disadvantaged.

Figure 3
The Framework for Civic Engagement



Recent innovations in civic engagement are changing the status quo in public administration and citizen participation in large measure because they are taking place in such hitherto restricted sectors as macroeconomic policy-making, budgeting and auditing. Remarkably, these new initiatives of public governance (or New Public Governance) are not only working to benefit the citizens through an engagement process, but altering the entire spectrum of citizen-government relationships. However, despite the rising popularity of the concept of civic engagement and the promising practices already initiated, several vexing questions need addressing:

- What is the most acceptable form of civic engagement, especially within the framework of democracies?
- What are the transaction costs?
- What are the operational issues of civic engagement?
- What are the pitfalls of civic engagement?
- What are the capacity-building issues – both for the government as well as for the civil society organizations?
- What and who are the enablers of civic engagement?
- Does civic engagement really contribute to pro-poor development – how does one measure both the processes as well as the outcomes of civic engagement?
- Whether civic engagement best practices are replicable and if so, what are the basic parameters of such exchange?
- What is the role of leadership in creating civic engagement values in public governance?

This Report examines civic engagement initiatives within the contexts of:

- (i) policy development;
- (ii) service delivery;
- (iii) budgeting and public accountability;
- (iv) emerging issues and challenges; and
- (v) capacity-building.

Many thinkers in this area feel that because citizen trust in institutions is falling rapidly, and citizen demand for a greater say in public governance is rising, one need no longer

ask whether civic engagement is an acceptable norm of public governance, but simply look for options that can make such initiatives viable and acceptable within the overall norms of public governance.

Finally, while the successes of many of the civic engagement initiatives depend on careful consideration of the politics, institutions, methods and capacities of engagement, in most cases, the commitment of political leadership -- especially *'pro-poor political leadership'* -- has come to play a paramount role in generating the will essential to introducing suitable operational frameworks of civic engagement within the structures of public governance and ensuring their legitimacy.

CHAPTER 3

Civic Engagement in Policy Development

Macroeconomic policies play important roles in shaping citizens' quality of life and, to a great extent, decide who gains and who loses in a society, even at the community level. These policies form the basis for a nation's budget, its fiscal and monetary stance, its trade policies and exchange rates. They also translate into taxes, subsidies, interest rates, the pricing of commodities, imports and exports and the shape and structure of public sector investment programmes. Collectively, macroeconomic policies determine who pays what taxes, who receives what benefits, and what a country will or will not produce. Together, too, they shape not only the economic, but also the social dimension of growth.

In recent times, several participatory initiatives have evolved to bring civil society organizations into policy discussions and policy development. These include:

- (i) Multi-stakeholder participation in policy development through the Economic and Social Councils;
- (ii) Participatory poverty analysis and pro-poor policy development through the formulation of Poverty Reduction Strategy Papers (PRSPs), National Human Development Reports (NHDRs), and comparable exercises;
- (iii) Community engagement at sub-national (state/provincial) level; and
- (iv) Policy development through 'networking governance', 'deliberative democracy', 'direct democracy'.

Multi-Stakeholder Participation in Policy Development

Rarely open or amenable to public discussion, the task of formulating macroeconomic policies remained, until only a few years ago, confined to a select group of people. Experts, public servants and other advisers proposed policy to be debated and ultimately enacted by parliamentarians. However, the challenges of structural adjustment and several recent economic shocks brought on by significant macroeconomic failures have prompted a broadening of the institutional framework for policy-making. To make public policies more balanced, equitable and accountable, many countries are now attempting to transform national policy-making into a participatory and multi-stakeholder process through the formation of Economic and Social Councils (ESCs) and similar institutions.

National Economic and Social Councils¹²

The broadening of the policy arena from a narrowly focused bargaining process to one that deals innovatively with major socio-economic challenges is the hallmark of the participatory structures outlined below.

First established in Europe during the 1950s, national Economic and Social Councils (ESCs) are consultative bodies designed to promote multi-stakeholder consultations on public policy. In general, ESCs include representatives of businesses, civil society organizations, trade unions and government. Depending on their stated purposes, many now also incorporate active and equal deliberations of social and, in particular, environmental concerns into the policy debate.

While many ESCs originated as tripartite bodies to facilitate dialogue among government, employers and workers, they have expanded in many cases to include community-based organizations, academic institutions, the media, and private sector entities. The specific design of ESC membership objectives and legislative power varies from country to country, but the Councils are united in that they all value the role that inclusive decision-making plays in promoting good governance and economic growth.

Evolution

In the early 1980s, there were about 15 national ESCs. That number has since increased to 54 (International Association of Economic and Social Councils and Similar Institutions, 2001). While many ESCs came into being to create platforms for dialogue to resolve challenges arising from liberalization and privatization, a number have since enlarged their scope to include civil society participation to contribute to broader social and environmental issues in policy discourse. An analysis of the history of ESCs offers useful insights into how these councils evolved and how their scope, methodology and orientation has changed over the years.

The establishment of each ESC has been influenced by the cultural heritage and particular moment in the political, social and economic history of a country. Often, the councils presented themselves as useful institutional options to rejuvenate the economy or overcome a particular socioeconomic dilemma in a shared manner, especially after periods of crisis or decline (Trebilcock, 1994). The first ESCs were set up in Western Europe and emerged after the Second World War. They were formed to provide a structured framework for private sector employers, trade unions, and the government to rebuild the war-ravaged economies jointly and consultatively. In Asia, Thailand and Korea formalized their deliberation councils after the Asian financial crisis of 1997-98

¹² The material on Economic and Social Councils has initially been drawn from a UN/DESA/New York University, Robert F. Wagner Graduate School of Public Service joint research project on Economic and Social Councils and from the preliminary findings from the 2007 draft publication, "Institutionalizing Civic Engagement for Building Trust : The Case of the Economic and Social Councils."

that witnessed the collapse of businesses and massive job losses. These councils were established mainly to alleviate labour unrest and design safety-net measures to cope with the difficulties brought on by the financial crisis.

Similarly, several ESCs emerged in the 1970s during the oil crunch that destabilized many national economies, warranting a coordinated and negotiated multi-stakeholder response. The roles played by ESCs in these crises demonstrated the virtues of a shared vision in crisis mitigation and the merits of partnership in the implementation of an agreed strategy (Oberg, 2002; Visser 1997).

Councils have also been formed during or after times of large-scale political change brought about through popular mass movements, creating the political space to accommodate hitherto ignored “voices of the poor” in the body politic. The South African National Economic Development and Labour Council (SANEDLC) was established in its current form in 1995 after the collapse of the apartheid regime. Completely home-grown, SANEDLC evolved in response to the pressing needs of the post-apartheid country for including its entire population, especially the oppressed and the formerly disenfranchised.

More recently, ESCs have also been established in countries like Brazil where the left-of-centre political leadership made pro-poor growth the main agenda of its election campaign and subsequently won the election in 2003. This agenda saw the creation of ESCs and the incorporation of civil society organizations into the policy-making organs of government as a means of mainstreaming the concerns of the poor into policy-making. Other Latin American countries are now following the Brazilian model, though many believe that the full institutionalization and felt effectiveness of these initiatives will take some time. Annex 1 lists the most recent ESCs and similar institutions that exist around the world. Among these, several post-communist countries including Romania and Bulgaria, have established ESCs either as a way to facilitate joining the EU or as a necessary precursor of full membership in that Union.

ESCs in Europe are linked to the European Economic and Social Committee (EESC), which is the multi-stakeholder consultative body of the EU. The EESC advises the European Parliament, Council of the European Union, and the European Commission. Its 317 members fall into three categories: employers, employees, and various interest groups, which include farmers, consumers, environmentalists, and many others. The Committee is currently working to broaden the European national ESCs and involve civil society organizations at both the national level as well as that of the EU. It also is tasked with elevating the role of civil society organizations in non-member countries, particularly those applying for EU membership (EESC, 2006).

There are also regional ESC associations for Asia and Africa. Finally, the International Association of Economic and Social Councils and Similar Institutions (IAESCSI) was created in 1997 to share information among ESCs and encourage the formation of new councils to promote ‘peace and development’ (IAESCSI, 2001). This federating institution is creating opportunities for a ‘best practice’ information exchange, and also

helping to develop similar regional institutions to build capacity. The IAESCI has a close relationship with the EESC, which provides it with additional expertise and assistance.

Scope and Legal Frameworks

Most ESCs are predicated on conflict mitigation among contending parties to generate national agreement on key economic objectives; the mainstreaming of multi-stakeholder views into public policies; providing legitimacy to and wider acceptance of public policies; and increasing citizen's trust in government. A more recent and innovative role of ESCs is providing a platform for their social partners and thereby the development of an agenda on major socioeconomic concerns that may otherwise be neglected or excluded. This goes well beyond traditional bargaining and tripartite discussions among government, employers and unions to encompass members and concerns that are not usually associated with the traditional representatives.

The majority of ESCs have been established by national governments through legislation. Some of the councils, however, have been created by executive orders, such as presidential decrees, and a few operate on a more informal basis, such as social partnership models. Each model has its own merits and demerits.

For example, a country that establishes its council through enacting laws do so as to ensure that the legislative branch supports its formation, accepts the newly created body as a legitimate actor, provides resources to act independently and regularly in the policy-making process and more importantly, enhances its sustainability through government leadership changes. Additionally, by institutionalizing a multi-stakeholder policy dialogue, the government gains the pragmatic advantage of making policies more sensitive to community needs and attitudes. Perhaps even more important, multi-stakeholder deliberations in ESCs can build trust among various actors, especially between social and government actors and consequently establish an ongoing basis of a framework for dialogue on issues of common interest.

Table 3**Some Examples of ESCs Established by Legislations**

Type of Legislation	Countries
Constitution Organic Law (1)	Benin Denmark Hungary Mali Spain Tunisia
Presidential Decree/Executive Order/ Agreement (2)	Brazil Czech Republic Estonia Lithuania Venezuela
Legislation (3)	Belgium Bulgaria Burkina Faso Ireland Lebanon Luxembourg Malta Mauritius
Mixed forms of establishment (4)	Finland France Greece Guinea Peru Senegal Thailand

Source: United Nations (2007c) UN/DESA Database on Economic and Social Councils and Similar Institutions. <http://www.unpan.org/DPADM/Products/ThematicWebsites/DatabaseonEconomicandSocialCouncils/tabid/716/Default.aspx>

Explanatory Notes:

- (1) This category includes ESCs established through a constitution and organic law. An organic law is defined as a system of laws which forms the foundation of a government, corporation or other organization's body of rules. A constitution is a particular form of organic law for a sovereign state.
- (2) This category includes ESCs established through a Presidential Decree, Executive Order and Executive Directives. This category pertains to a directive or order issued by the President or the head of the executive branch of the national government.
- (3) Legislation refers to a law which has been enacted by a legislature or other governing body. The term may refer to a single law, or the collective body of enacted law.
- (4) This category includes ESCs established by a combination of different forms of legislations, which include presidential decree, organic law, legislation and other types of legislation. In some cases, the type of legislation may change when amendments to the original law are enacted.

Many countries establish ESCs through executive orders or directives. In contrast to legislative backing, these ESCs run the risk of collapsing or weakening with the departure of a president or a prime minister who initiated the body -- though this has not always been the case. The ESC in Mauritius, established in the mid-1970s by the administration of those years through a cabinet decision, still functions, even though the country has been through several government changes since. Informal models suffer some risk of non-sustainability, although a strong government and sustained commitment can assure its vitality. Although the Austrian ESC, for example, is not institutionalized, it has a long history of operating as an effective social partnership of government, employers and trade unions. The main merit of such a model is that its flexibility enables it to adapt to changing situations.

Organizational Structures

Traditionally, Economic and Social Councils follow a corporatist structure.¹³ A commonly used model is the three-way division of membership among government, the private sector, and trade unions. Some councils also include civil society members such as academics or NGO representatives. While this is less common, the composition of council membership seems to be closely linked to the context and purpose for which that ESC has been established. In some cases, such as the Dutch ESC, CSOs are not included in the apex body of the Council, but are included in *ad hoc* sub-committees to contribute to specific issues relevant to their mandates, as well as any related emerging needs of the time.

In terms of actual numbers of members, councils may have anywhere from as few as nine (Aruba) to as many as 102 (Brazil). In terms of criteria for selection of non-governmental memberships, different countries follow different accreditation strategies. In some, members are selected on the basis of standards provided through pre-existing legislation; in other countries, members are appointed by government nomination; and in a few, the chair of the council makes the selection. In terms of the representative character of council members, some include a broad range of stakeholders, such as businesses, trade unions, civil society organizations, and religious institutions. In others, the ESC memberships are chosen on the basis of the size of the organizations they represent; in this case, the size of the organization is regarded as a proxy for their representation. In such cases, the larger the organization, the more likely it is to find a place in ESCs.

One feature of interest in the context of the pro-poor policy contribution of some ESCs, especially in low- and middle-income countries, is the absence of the representation of the rural sector. Since ESCs have tended to originate in urban areas and also since rural communities are generally less organized than their urban counterparts, neither the closely intertwined rural poor nor the informal sectors currently find a strong voice in

¹³ Here and in terms of ESCs, “corporatism” is defined as an arrangement between the state and its citizens in which selected organizations, such as large corporations or labour unions, are considered legitimate representatives of citizen interests and participate in the policy-making process on an equal basis with government partners (Öberg, 2002; Visser, 1997).

ESCs. However, in these countries, advocacy for the cause of the poor within the ESCs can come from urban-based civil society organizations. In such cases, issues of rural poverty can become their main agenda of deliberation. Notwithstanding the existence of such possibilities, the absence of formal representation of the rural sector in the ESCs of developing countries compromises the broad appeal of the councils and should be addressed.

Though most ESCs have been established to discuss broad economic and social issues, in some cases they are complemented by subsidiary councils. Otherwise, they might well restrict themselves to deliberative bodies, tripartite commissions, business councils, and wage councils, which work strictly on business and labour-related issues (World Bank, 1993) and aim primarily to stabilize labour markets and to reach agreement on freezing wages to attract private sector investments for economic growth. An ESC in Eastern Europe, created primarily to alleviate labour unrest, regards a decrease in the number of severe strikes it has experienced as its indicator of success.¹⁴ As many of these councils were established during times of economic crisis, their main objective remains the mitigation of labour conflicts through a process of consultation and negotiation. These councils facilitate varying preferences in a mutually inclusive manner and assist trust-building among opposing parties involved in the common business of economic development (Öberg, 2002). One of the key benefits of this corporatist dialogue is the opportunity it provides to hone contentious positions into manageability and/or language conducive to discussion rather than exacerbating acrimony; stabilize employer/labour relations; create a sustained platform for negotiations and problem resolution; and allow for strategic planning opportunities over a long period of time (Visser, 1997).

Operating Methods

Participation procedures in ESCs vary from country to country. In some, governments request advice on a particular issue, thus setting the agenda for the council's discussion, or the council itself may decide on agenda items. In terms of the openness of council decisions, some of these bodies have the leverage to choose and publish their recommendations, which promotes transparency and accountability. For example, councils in France and Italy publish their recommendations to ensure popular support and greater government compliance. Some ESCs have devised mechanisms to monitor the implementation of council recommendations. In the Netherlands, for example, the government responds to policy recommendations of the ESC within three months of their submission. In France, a follow-up process is mandatory, while in Korea it is carried out upon request.

The relationship of an ESC to other government institutions, especially with the legislature, varies from country to country. The ESCs that have been set up with legislative backing have clearly defined an acceptable process of deliberation; even where the guidance of the ESCs is not binding, the government is legally bound to seek its advice. And even where ESC opinions have no legal force, they sometimes act as

¹⁴ Personal communication between a UN/DESA representative and a member of an East European ESC.

signals of concerns arising from diverse constituencies in society. ESCs established through executive orders operate on a more *ad hoc* basis, offering advice when asked, and therefore do not always enjoy the same political clout as those created by legislation. However, there are exceptions. For example, due to the political difficulties of securing a legislative mandate, Brazil's ESC was spearheaded by the President himself and aimed at formulating a pro-poor development strategy with the active participation of the civil society organizations. In this case, though the ESC lacks a formal legislation and is based solely on a presidential decree, the political patronage it receives from its leadership has given it sufficient authority and power to develop the National Development Agenda, which not only buttresses poverty reduction as an overriding goal of all development in the country, but mandates participation as a methodology essential to policy-making in general in Brazil.

Successes and Difficulties

Europe's ESCs, established in the aftermath of the World War II and within the context of employer/employee relations within industry, were designed to conduct 'social dialogue' with 'social partners' to negotiate conflicts between management and labour. With the development of powerful, well-organized labour unions, not only within industry, but the civil service and other areas, Western Europe's social agenda, along with the participation of civil society organizations as agents of social concerns, has grown and gained prominence.¹⁵ This social dialogue has become more codified since 1985 (EESC, 2003). Though systematic and cross-cultural surveys of ESCs are rare, most European ESCs believe that councils are useful and that they fulfill the following objectives (De Vera et al., 2007):

- (i) influence government decisions;
- (ii) influence budgets;
- (iii) improve service delivery;
- (iv) promote pro-poor/pro-welfare initiatives; and
- (v) become (marginally) involved in monitoring and evaluating public expenditures.

The same survey done on Brazil's ESC reveals similar trends (De Vera, et al., 2007:32).

As indicated above, however, the most outstanding achievement of Brazil's ESC has been its success in formulating a National Development Agenda (NDA) that is both pro-growth and pro-poor.

ESCs in Africa exist largely as a colonial legacy and largely in francophone Africa. In following the French model, these countries established ESCs almost immediately after independence. Currently, there are about 20 ESCs in Africa, 14 of them in former French colonies and 3 in former Portuguese colonies; the rest are in anglophone countries. Even

¹⁵ These unions enjoy popular support and have earned legitimacy in the policy development process. In other regions without such strong organized unions, the tripartite model has not had as much success.

though their actual *modus operandi* may vary, most francophone ESCs have been set up with similar goals of providing policy advice to government. In the absence of systematic studies of African ESCs, it is difficult to draw conclusions on their effectiveness, though a recent study of the Guinea ESC reveals that after a broad-based consultation, the council formulated an operational definition of ‘Civil Society’ -- which in turn helped in the formation of a National Council of Civil Society Organizations in 2000, thus formally establishing the role of CSOs in future policy discussions.¹⁶ The study observes that this example spread across the borders of Guinea and other civil society organizations in the region soon followed the Guinea example. However, as in many income-poor countries that lack physical and other infrastructure, the African ESCs still suffer from similar challenges of low credibility, poor follow-up capacity and under-funding.

Nonetheless, from the limited information available through the few studies that exist, where efficiently operational, ESCs have indeed achieved both instrumental change (spurring developmental growth) as well as intrinsic values (facilitating multi-stakeholder participation and thus ensuring better ownership of policies). Referring to their tripartite character in decision-making, an ILO publication notes:

...a reconciliation of interests, whereby government, employers and trade unions, despite their inevitable differences, find areas of common accord to obtain medium- and long-term advantages for themselves and society as a whole. It is ultimately based on an ideology that advocates a certain accommodation between distinct interests, implicitly rejecting both the doctrines of class struggle and unrestrained capitalism. Another basic idea behind tripartite cooperation is representative democracy, in a sense that is complementary to parliamentary democracy (ILO quoted in Trebilcock, 1994).

An ongoing DESA study that has successfully measured the process aspect of ESCs, though lack of data, especially in developing countries where many ESCs have only recently been established, has made it difficult to draw conclusions on the contributions of these councils to development. However, the Human Development Index (HDI) data of two European countries provides some insights. In Ireland and Netherlands, ESCs have been operating since the early 1970s and have in recent times included civil society organizations and the social agenda as important elements of their deliberations. Both countries have experienced significant improvements in HDI values: from 0.823 to 0.959 for Ireland and from 0.873 to 0.953 for the Netherlands between 1975 and 2005. Though not all the credit for these positive changes can go to the respective ESCs, the contributions of the councils in shaping policies that contributed to social development cannot be completely ignored. Table 4 tries to demonstrate the possible impact and significance of ESCs and other similar institutions for a number of countries in policy-making and other policy-led initiatives. The table also shows their HDI indices as illustrative tools to examine the possible role of ESCs in these pro-poor indicators. DESA recognizes and advocates the need for further research and analysis in this regard.

¹⁶ From a UN/DESA unpublished internal research paper.

Table 4
Impact of Economic and Social Councils and similar institutions on Policies and Development

Economic and Social Council	Human Development Index 2005 (1)	Major Accomplishments Examples of Government Policies Which involved ESC participation (2)
Austria	.948	ESC played a vital role in the following initiatives: labour market packages for young people; issues pertaining to flexible working times and overtime bonuses for part time workers; wage policies. Produced a comprehensive paper on training and education which waits for transposition, and made contributions for financing packages in the health sector.
Brazil	.800	Formulated the National Development Strategy and Strategic Statements for Development, which elaborate the priority goals and actions required from all stakeholders to achieve sustainable economic and social development; Enacted policies on political and tax reform, social security reform and acceleration growth plan (PAC)
Bulgaria	.824	Initiated activities to prepare civil society for full-fledged EU membership; Established public consultations and organized public discussions with the President of the Republic, the Council of Ministers, the National Assembly and other CSOs not represented in the Council to discuss strategic issues of economic and social policy; Proposed the development of a National Demographic Strategy of the Republic of Bulgaria 2006–2020; Passed a Law on renewable and alternative energy sources; Proposed the development of a long-term National Strategy for the Development of the Education in Bulgaria.
Denmark	.949	Provides a semiannual report on the Danish economy where each issues of the report raises a specific policy question. The reports are discussed in the council and stimulate public debates on economic issues. Policy proposals raised in the reports are often used as a starting point for policy reforms. Examples of issues this ESC has worked on include: active labour market policy and fiscal policy as an instrument for stabilization (2007), fiscal sustainability, income distribution and poverty, and lifetime income profiles for different occupational groups (2006).
Greece	.926	Most of the laws which concern social and economic issues have been submitted to the ESC before they were enacted by the Parliament. Fields where the suggestions of the ESC are usually adopted are labor relations, immigration law and health policies.
Guinea	.456	Conducted intensive consultations with major stakeholders (social, economic, administrative, and political actors) throughout Guinea to agree upon a common definition of “civil society”. This resulted to the organization of a National Council of Civil Society Organizations;
Republic of Hungary	.874	Participated in the nationwide consultation of the long-term development concept, the National Strategic Reference Framework (required by the EU for development support), the Operational Programmes of the latter, the National Reform Programme (about the delivery of the Lisbon Strategy in Hungary) and the national strategy of sustainable development.
South Africa	.674	Played a critical role in enhancing the economic and social development of the country; Its major accomplishments include : Skills Development Amendment Bill; Unemployed Insurance Amendment Bill; Industrial Strategy Report; Higher Education Report Co-operatives Bill; Trade Policy Framework; Corporate Law Reform; National Consumer Credit Bill; Energy Electricity Bill; and Cooperatives Bill;

Thailand	.781	During the past two years, NESAC has made about 50 recommendations to the Cabinet most of which were accepted. Examples include policy recommendations in areas of: infrastructure development, agricultural development, educational development and Free Trade Agreement. ESC has also provided comments on the 10th Five-Year Economic and Social Development Plan.
Venezuela	.792	The Executive authority annually requests the position of the CEN on wage negotiations and decisions. Additionally, their ESC has presented before the National Assembly on their position on the reforms to the Law of the Central bank. Recently, the CEN presented to society on their position concerning the Project of the Constitutional Reformation.

Explanatory notes:

(1) The human development index (HDI) is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge, and a decent standard of living. Obtained from the Human Development Report 2007/2008.

(2) Information on ESCs Major Accomplishments and Examples of Government Policies initiated by ESCs were obtained from a 2007 UN/DESA survey among Presidents and focal contacts of ESCs and similar institutions. Some responses pertain to specific government policies and laws adopted over the last 3 to 5 years in which ESC participated in the policy-making process.

Difficulties

Based on the available information, can one say that ESCs are the most viable institutional mechanisms of civic engagement in public policy? Despite all the gains indicated above, many challenges persist. The most fundamental questions remain to be explored;

- How important is it to have participatory arrangements in policy-making?
- Can ordinary citizens, especially the rural poor in a developing country, be truly represented?
- How does the element of participation in decision-making fit within the norms of democracy?

The ability of the ESCs to balance inputs of multiple stakeholders into policy decisions and to orient policies to pro-poor and social development outcomes depends on the purposes for which these bodies are set up, as well as on other factors, both endogenous and exogenous, that contribute to a country's economic and social development. Nonetheless, the agenda of an ESC determines not only its composition, but operational arrangements, the recognition the governments accord it and, indeed, the results it produces. In this regard, a recent study notes that 'Effectiveness, defined here as having a demonstrated impact on public policy, is not always achieved by these institutions [ESCs]. Some have become mired in bureaucracy or division, reducing their ability to influence decisions. Others were created as weak institutions that have reformed over time to become powerful forces' (De Vera et al., 2007).

Participatory Poverty Analysis and Pro-poor Policy Development

In 1999, the World Bank introduced in the least developed and heavily indebted poor countries (HIPC) the concept of ‘Poverty Reduction Strategy Papers (PRSPs)’, which follows a participatory process for articulating the needs of the poor for policy-making. Similarly, some countries are also adopting participatory processes to prepare their national human development reports (NHDRs) and attempt to mainstream the key findings of these Reports into the frameworks of macroeconomic policies through a variety of follow-up processes.

While the World Bank’s PRSP calls for intense participation as a method of incorporating the concerns of the poor into macroeconomic policies and is mandatory for accessing bank loans on favourable terms by the developing countries, UNDP’s NHDRs are more holistic in focus and do not entail any conditionality for either follow-up at the national government level or for accessing United Nations grants/aid. Originally designed for advocacy purposes and generally prepared by cross-sectoral teams that often conduct rigorous surveys, many governments now employ participatory processes in one way or another and regard NHDRs as useful instruments for articulating issues and prioritizing concerns for poverty reduction and social development in macroeconomic policies in an integrated manner.

Poverty Reduction Strategy Paper (PRSP) Initiative

Initiated in 1999, Poverty Reduction Strategy Papers (PRSPs) came as a response to the difficulties created by structural adjustment programmes (SAPs), especially because of their negative impacts on the poor, especially the most vulnerable segments of the poor population, e.g., children, the elderly, the disabled and low-or-no-income women. For example, during the 1980s, the early years of SAPs, per capita GDP in Sub-Saharan Africa declined by 1.3% annually and, during the 1990s, by about 0.6% (Collier and Gunning 1999). Further, during the last decade of the 20th century, the proportion of persons below the internationally accepted poverty line of one dollar a day remained unacceptably high -- at around 48% cent in Sub-Saharan Africa, and 23% for the entire developing world. Though the poverty situation in East Asia and the Pacific showed commendable improvements, the majority of the least developed countries – even a number rich in natural resources -- continued to suffer from both a lack of economic growth and worsening poverty conditions (United Nations, 2002b). This combination necessitated a better -targeted strategy.

As a response, many donor agencies -- especially the World Bank and the International Monetary Fund (IMF) -- advanced the concept of Poverty Reduction Strategy Papers, (PRSPs), a participative poverty reduction policy document, as an important instrument for formulating pro-poor macroeconomic policies. Indeed, PRSPs became a precondition for loans to developing countries. These documents are expected:

- to ‘describe a country’s macroeconomic, structural and social policies and programmes to promote growth and reduce poverty, as well as associated financing needs’; and
- to be ‘prepared by governments through a participatory process involving civil society and development partners, including the World Bank and the International Monetary Fund (IMF).’ (World Bank, 2007b).

In return, the International Financial Institutions (IFIs), namely the IMF and the World Bank, committed to providing concessionary finance in support of the objectives stated in the PRSPs, while encouraging greater coordination and alignment of policies by the bilateral donors. Starting slowly, by 2005, 23 countries had completed full PRSPs and 5 Interim PRSPs (I-PRSPs).

The first phase of the PRSP programme, as conceived by the IFIs, is the formulation of a national strategy for poverty reduction, which must involve participative processes. The IFIs assume that such processes will create a sense of broad-based (government and civil society) ownership of the strategy and, indeed, that civil society involvement will assist via the participatory process, providing practical inputs to the poverty analyses, prioritizing public actions, and monitoring the delivery of the programme within the agreed strategic framework.

On the fifth anniversary of the PRSP programme in 2005, the World Bank and several independent sources carried out a number of studies from which the following results emerge from the major civil engagement perspectives:

- the process brought a new dimension to poverty assessment that also opened doors to several stakeholders, including civil society organizations;
- due to an absence of clarity, different stakeholders conceived different expectations resulting in strong disagreement on the ownership question (governments ‘completely agree’ and international NGOs and civil societies ‘completely disagree’, donors being in the middle, but tending to the ‘completely agree’ response);
- the absence of indicators to assess whether the process is reaching its goals also weakened the linkage of the process to its stated goals; and, finally
- the aspect of ‘participation’ has been a success, though it has had only limited impact on the actual formulation of policies and seems to wane after the completion of the PRSP (World Bank, 2004).

Most agree that the PRSP process is a useful tool for enhancing participation and building helpful partnerships between the civil society organizations, the government and the donor agencies provided that:

- civil society participation and their capacity-building are given due attention;
- the purpose is clear and the information is accessible;
- special efforts are made to reach vulnerable groups;
- an appropriate mechanism of participation is designed from the local to the central level;

- safeguards are put in place against political wavering about commitments to participation; and finally,
- parliamentarians become actively involved and demonstrate their willingness to build participatory capacity (World Bank, 2005).

Though the PRSP process has fallen short of achieving its avowed goals in many instances, there is general agreement that the initiative has contributed significantly to two useful interlinked phenomena: it has helped deepen the understanding of the issues of poverty and its use of a participatory process has highlighted the importance of participation and partnership in advancing the strategies of poverty reduction. The PRSP process also called attention to the importance of other enablers of participation, such as ‘freedom of expression’ and ‘freedom to access information’.

By drawing mainly from Sub-Saharan Africa experiences, Table 5 below presents the PRSP process as it works within three basic principles of participation: developmental (enhancing change); organizational (articulating rules of business); and capacity (changing institutional behaviour).

Table 5- Engagement Principle at Work in Sub-Saharan PRSP Process

Principles	Findings (McGee et al, 2002)
<p>Developmental: Participation contributes to achievement of objectives.</p>	<p>CSOs' work in facilitating the involvement of the poor in poverty assessments widened government's understanding of poverty.</p> <p>Too early to gauge national ownership.</p> <p>Mixed results with respect to participative practice changing the prevailing economic policy-making <i>modality</i>. CSOs were not invited generally into the analysis and decision-making around macroeconomic policy and budgeting.</p>
<p>Organizational: Clear roles and responsibilities;</p> <p>Adequacy/appropriateness of participation opportunities;</p> <p>Clarity of rules for decision-making;</p> <p>Adequate provision of information; and</p> <p>Breadth of inputs considered.</p>	<p>Some CSOs/NGOs initiated their own involvement, while others were invited to the process.</p> <p>Some CSOs established parallel processes in order to advocate for entry into the mainstream process.</p> <p>Little time to consider information and deliberate.</p> <p>Consultation more than collaboration and little involvement by the poor in analysing poverty data.</p> <p>Government formulation of the PRSP closed and top-down (e.g. reference to a 'black box' process).</p> <p>Poor information provision by government and lack of government openness during the interpretation and planning stages.</p> <p>Greater reliance on CSOs' input than that of the grass-roots poor.</p> <p>Some CSOs managed to raise public awareness of the PRSP process, but no reports on whether this awareness contributed to greater involvement have yet been carried out</p>

<p>Capacity: Commitment to the process;</p> <p>Enhanced capacities for establishing an engaging governance process; and</p> <p>Broader grassroots involvement, network development and resources mobilized.</p>	<p>Uncertainty about continuing CSO involvement, as indicated by lack of government transition planning for CSOs' ongoing role</p> <p>Generally, CSOs motivated to continue involvement but lack capacity, as well as the commitment of the government.</p> <p>Capacity development in the PRSP process and its institutionalization into the overall national policy-making process has not yet been considered, either by the Bank's senior management* or by the governments involved.</p> <p>CSOs broadened awareness often either lacked the capacity to represent or have been indifferent to grassroots involvement.</p> <p>CSO network resources mobilized but not clear with respect to the poor.</p>
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Source: Adapted from R. McGee, J. Levene and A. Hughes (2002). Assessing participation in poverty reduction strategy papers: a desk-based synthesis of experience in Sub-Saharan Africa.

Given the results charted in Table 5 above, although the PRSP process succeeded in achieving a 'developmental' value of participation by incorporating civil society organizations (and also by initiating grassroots consultations in poverty needs assessments), the exclusion of the CSOs from actual policy-making compromised the ownership element of the exercise.

Further, because of its ad hoc nature and the fact it is donor-driven rather than home-grown, the PRSP initiative could not effectively improve the rules of engagement in government (the 'procedural issues pertaining to engagement and the improvement to the environment of engagement'). Nor did it succeed in accruing the 'capacity' benefit (making the PRSP process a norm of public governance) expected of such an exercise, especially with regard to participation.

With new commitments made through the MDGs in 2000 -- reaching beyond the goals of poverty reduction to social and environmental development, together with a quest for exploring options for micro-macro linkages in policy-making -- it may be useful to examine how the participation elements introduced through PRSPs could be broadened. Further, how might the PRSP process itself be deepened and linked to the structures and processes of macroeconomic policy, in ways similar to the Economic and Social Councils? These proposed synergies could, on the one hand, broaden the analytical framework of development and, on the other, enhance ownership and ensure greater transparency and accountability in government decision-making.

National Human Development Report (NHDR) Initiative

An initiative parallel to PRSP, but one that is more comprehensive developmentally, has been UNDP's National Human Development Reports (NHDR), the first of which – from

Bangladesh -- appeared in 1992. Though the NHDR process is not mandatory, its holistic nature and its encouragement by UNDP, along with Amartya Sen, led many countries to undertake a participatory approach to the production of their own HDRs. Their central themes ranged from rural redevelopment to HIV/AIDS and changing gender roles in the wake of civil war to the linkages between poverty and governance through the advantages and disadvantages of popular participation itself. The Government of India has now adopted the HDR process as a means of orienting provincial administrations to the human development agenda, setting measurable targets and defining courses of action. It is also strengthened by a mandate for adopting more participatory processes in delivering on its HDR commitments. Indeed, the Government integrated the HDR process into its national planning framework for the Tenth Five Year Plan (2002-07).

India's adoption of the National HDR process was successfully followed up by a number of its states, such as Madhya Pradesh and Sikkim, which included civil society organizations and the media to formulate their respective Reports and adopted the outcomes as frameworks for planning and budgeting the socioeconomic development activities within their borders.

Case of Madhya Pradesh, India: an Example of Development Prioritization through Comprehensive Participation

In the case of Madhya Pradesh, a large state in India with historically poor social indicators (e.g. in health, education, livelihoods), a new provincial government in 1993 initiated the first sub-national HDR process and funded its development accordingly. The government in this case was seeking a credible, independent, policy advocacy document that could bring human development to the forefront of the political agenda and facilitate transparent, inclusive and more rational resource allocation decisions.

The Report, *Madhya Pradesh HDR*, was distributed throughout the civil service, civil society and the academic sector. The media and NGOs working at the grassroots level were incorporated fully in the entire diagnostic process. Now in its third round, the Madhya Pradesh Human Development Report has stimulated public debate, mobilized public support for human development goals, and has become an important instrument of state policy (Katoch, 2003).¹⁷

The process also promoted a new organizational culture in the government institutions and built institutional capacities to work with the poor. The Madhya Pradesh government also introduced the concept of *district* human development, which helped further the understanding of how issues that appeared distinct and unrelated were actually intimately bound together in neighbourhoods and even households. District human development

¹⁷ This evaluation, from a report that traced the success of the HDR process in India, especially in Madhya Pradesh, also states 'as a direct use, the MPHDR has become a standard referral and companion document for people and activists in the field of development - both for its analyzed data and to use it to compel government on its claims of being human development friendly' (Katoch, 2003).

thereby focused far more sharply on the target areas of interventions. One example of an innovation generated by these new connections between the government and the poor became the *Education Guarantee Scheme (EGS)* – a programme through which the government promises, given in-kind contributions from the community, to provide primary education within one kilometre to any settlement in which a minimum of 40 children had no access to a school. By 1999, the state of Madhya Pradesh had achieved universal access to primary education. The increase in the state’s literacy rate now far exceeds the national average.

Sub-National or Provincial /State Level Participation Initiative

As in the Madhya Pradesh example, in many countries, the issues of service delivery, regional development and socioeconomic development are increasingly becoming subjects for the echelons of government below the national level. Many now also recognize the value of civic engagement in policy development as an important methodology of public governance. One such case that has attracted considerable attention from analysts and civil society organizations alike lies as far from Madhya Pradesh socioeconomically as it does geographically -- the State of Queensland, Australia.

Case of Queensland, Australia

The Queensland Government’s engagement initiative is a sub-national engagement model introduced in the early 1990s involving extensive community consultation for all public policies and programmes, especially in infrastructure development, natural resource management and regional development. A massive state that covers the northeastern corner of Australia, Queensland had a difficult history stemming primarily from periodic cultural and livelihood struggles between its aboriginal population, which settled much of the territory between 15,000 and 39,000 years ago and the Europeans who began arriving in the 1600s, including the penal colony established in 1825 in Brisbane, the state’s capital. In 1896, the Local Government Association of Queensland (LGAQ) was established not only to mediate land use and other disputes, but, by 1997, to develop the capacity of community councils to serve their citizens – in short, to build public sector capability. From its initial mandate for “roads, rates and rubbish”, LGAQ has now expanded into functions as diverse as water desalinization, environmental protection, lifelong learning projects and delivering immunization services to babies in through 157 local councils.¹⁸

The government has introduced several guidelines, manuals, handbooks and training programmes to support community engagement processes and practices. These point not only to improved quality, accountability and transparency in public programmes, but also to institutional reforms for the structures and processes of decision-making crucial to the success and sustainability of the engagement process itself.

¹⁸ See Hellmuth, 2003, for details of the methodological and institutional arrangements of the Queensland model.

While the level of 'engagement' varies considerably across the state, *regional planning* is an increasing focus within Queensland and has been applied to varying degrees throughout Australia. Regions of various size and character have a sense of identity and commonality that makes them viable units for social, environmental, and economic planning. Communities in these regions are increasingly seeking to be recognized as unique entities with specific demands and aspirations (Hellmuth, 2003).

The relatively recent regional planning process called Central *Queensland: A New Millennium (CQANM)* provides an opportunity to actively reflect on the intent and processes applied. In addition, the process provides an opportunity to consider regional planning within the context of contemporary community engagement and the governance activities of the three tiers of government in Queensland – the state, local, and regional. The ultimate success of CQANM hinged upon strong relationships with *sectoral* networks and on establishing relevance and credibility with individual communities and indeed, on its ability to translate planning into tangible actions that recognize regional priorities and optimize the resources applied to, and within, the region. A Community Engagement Division (CED) was set up at the Premier's office to facilitate the engagement process, including inter-agency coordination, and to monitor and to evaluate the outcomes of such processes. Initiatives were also taken to introduce several inter-agency coordinating mechanisms and capacity-building interventions in engagement techniques. As access to information and knowledge management constitute an important part of any participatory process, steps have also been taken to establish clearing houses of information for knowledge-sharing and data access.

Now in place for nearly ten years, the Queensland initiative is undergoing an evaluation of the system by the ruling parties, including an assessment of its cost-effectiveness.¹⁹ The initial findings are revealing not only for Queensland, but for civic engagement initiatives worldwide, in part because they feature a number of interlinked paradoxes (Doyle, 2008):

- *The paradox of competing expectations and demands:* the role of public service managers is to reconcile the competing and often contradictory expectations and demands created by:
 - hierarchical systems of organization and governance within their departments;
 - a public service culture that is economically rational, departmentally focused (on the core business assigned to it in the bureaucratic structure), risk-averse and politically sensitive;
 - expectations of community, industry and politicians that departments from all tiers of government will work collaboratively with each other and engage with

¹⁹ In this connection, it should be noted that Prime Minister Kevin Rudd plans to convene a 2020 Australia Summit, one of whose twin critical agenda items will be 'The future of Australian governance: renewed democracy, a more open government (including the role of the media), the structure of the Federation, and the rights and responsibilities of citizens'.

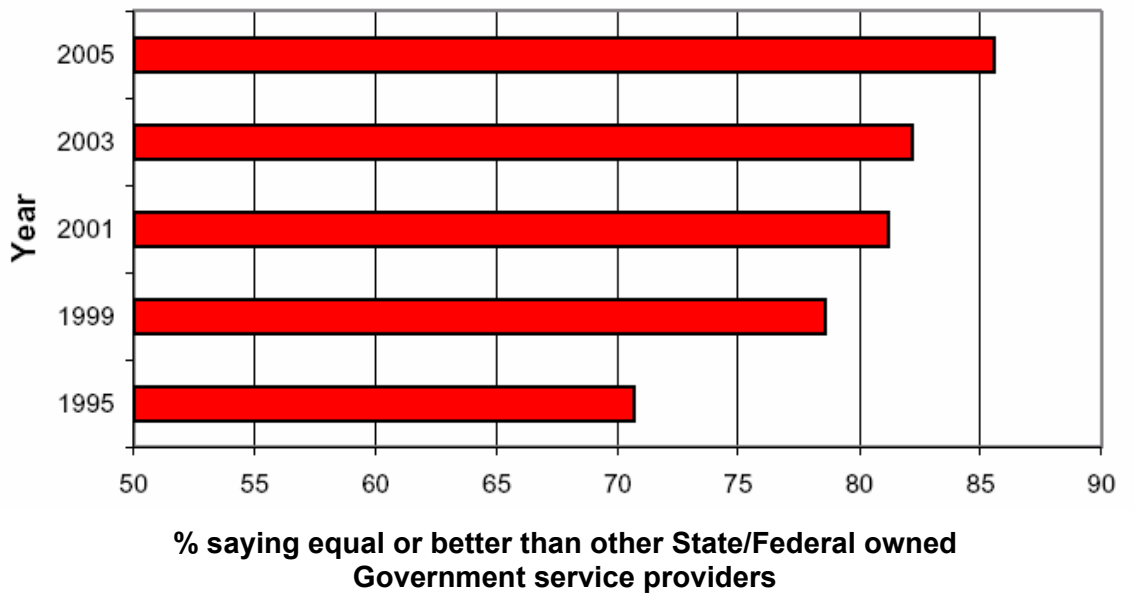
communities, private sector bodies, and politicians to meet identified needs and expectations;

- a rhetoric of whole-of-government policy statements that lack legislative authority.
- *The paradox of whole-of-state regional planning and service provision:* public service managers should plan and provide services from a whole-of-state perspective while also ensuring that competing regional needs and expectations are met.
- *The paradox of regional and local planning and services provision:* public service managers must plan and provide services regionally while also ensuring that competing sub-regional and local issues are addressed.
- *The paradox of silo/place and issue:* public service managers must provide services at regional, sub-regional and local scales while also ensuring they meet the competing demands of a departmentally organized, silo-based, centralist system of government.
- *The paradox of ideological/instrumental motivation:* the engaged government approach is underpinned by an ideology of the public sector working collaboratively to provide improved service to citizens. However, the decisions and actions of public service managers can at times be driven primarily by the core business interests of a department.
- *The paradox of participative/associative democracy - representative democracy:* the ideals of participatory and associative democracy can sit uncomfortably within governance systems based on the ideals of representative democracy (Oliver, 2005).

Among the paradoxes presented above, it becomes evident that civic engagement processes in public governance require adjustments to the existing structures and procedures of public administration that often resist civic engagement. The issue of motivation and capacity-building also warrants similar attention. Public administration managers need to be convinced that the engagement option produces win-win situations for all actors.

Nonetheless, experience to date seems positive, notably in the area of service delivery illustrated by Figure 4 below (Hoffman, *et.al*, 2008).

Figure 4
Service Delivery : Pre (1999) and Post Engagement (2001-onwards) Periods



Source: Adapted from Hoffman, Renton and Morton (2008).

The Queensland Government’s community engagement programme is of particular value for two reasons. first, the initiative originated from the Government itself, indeed the top political leadership of the state, the Premier. Consequently, the entire Government was mobilized to internalize engagement behaviour within its organizations; and it reveals that the experiment presented the paradoxes that characterize government institutions generally – and that must be addressed if engagement initiatives are to succeed.

Other Participatory Initiatives in Policy Development

In addition to structured and formal arrangements, there are several ad hoc and less formal initiatives of participation in policy development – most prominently among these, ‘network governance’, ‘deliberative democracy’ and ‘direct democracy’.

Network Governance

Network governance aims at interdependency and collaboration for mutual benefit. Sectors and actors (state, market and civil society) come together in the policy cycle through joint interest in a specific activity or outcome that no one party can address without the contributions of the others (Agranoff, 2001:676). At the same time, none of the parties has the power to determine the strategies of the other; decisions about the direction and management of operations are reached through negotiation.

Networks provide flexibility in partnering and tend to be catalysed by non-binding opportunism, which also sustains them – unless and until they stop offering advantages or performing in terms of expectations. When this happens, partners and resources are

rearranged or shifted. The relevance of the rent-seeking concept is not totally out of place when describing behaviour in networks, even public management behaviour.

One case that highlights the problems of *opportunistic* partnering concerns ‘associative governance’ or networked governance in Ontario, Canada. This mode was tried from the mid-1980s to the mid-1990s to address policy issues around the labour market, diversified quality production, and industrial matters through innovative partnership structures involving government, labour, and business. However, after a decade of limited policy achievements, the experiment ended. Bradford (1998) argues that the failure could be attributed to:

- the sector representative groups not being inclusive in their membership and lacking a coherent policy position;
- limited trust between the sector groups and a limited history of working together; and
- a political culture that did not value decentralized policy initiatives and social partnerships.

On balance, an asymmetrical power relationship favoured business, which was unwilling to share power responsibly with the other sectors while assuming equitable concessions (Bradford, 1998).

Opportunistic investment in partnerships tends to be speculative in nature and is unlikely to encourage trust or build social capital within a system. Collaborating partners often do not want to negotiate for mutual benefits. Consequently, despite strong incentives to operate in networked partnerships, their policy processes are frequently unpredictable, as well as complex and, as in the Ontario case, tend to produce limited success. This creates particular difficulties in development contexts, which require long-term strategic and operational commitment, irrespective of conflict.

However, network governance does have a place, especially in the area of policy advocacy and where government may be seeking to build coalitions for short-term benefits. Networks may also add value in policy-setting and analysis where relationships between network partners are sufficiently formalized. As stated above in the discussion of PRSPs, an institutionalized form of engagement framework can work well in assessing poverty needs, which, in turn, can be integrated analytically into a task network so that their interrelationships with other bodies, such as an ESC, can be identified and the scale of their risks anticipated. For example, a claim that commercial information is necessarily confidential might jeopardize the enactment of the governance principle of transparency and thereby undermine the institutional basis for government-civil society engagement. Alternatively, that very risk could induce willingness to make commercial information public.

Deliberative Democracy

Deliberative democracy refers to informed dialogue and negotiation around matters of policy. Reasonable people presumably choose ‘the most empirically valid and logical course’ so that ‘a community (or society) may establish its normative guidance of conduct and its policies’ (Etzioni, 1996: 97). Etzioni contends that deliberation is elusive, in part because information is always insufficient. Participants are either representatives of particular sub-groups or individuals whose thinking and choices largely reflect their membership in various groups and sub-communities. Moreover, the issues communities face tend to be normative rather than empirical or logical and therefore invariably require an appeal to values. However, these limitations do not stop participants from learning to appreciate the value-laden nature of policy issues. They may also experience an enhanced sense of social responsibility (Woodward, 2000; Cooke, 2000).

Naga City in the Philippines, a local government authority, has been experimenting with a ‘deliberative democracy’ initiative for quite some time and reveals the following key elements:²⁰

- supporting individuals, communities and sectors in regions to develop their own planning and management capacity;
- building stronger institutional arrangements that facilitate negotiation between varied interests; and
- facilitating better understanding among key stakeholders of the social, economic and environmental processes that affect lives and livelihood.

The Naga experiment also reveals that the process involves structured arrangements of local governance so that each partner understands both the opportunities and limitations of the other. Most importantly, by giving civil society organizations an equal stake in the local government council, this experiment created a normative platform for incorporating the concerns of the poor into the policy-making processes of the council. The Naga City experience also shows that locating deliberative processes within a specific task network enables the evolution of an informed analysis of roles, relationships and likely resource implications -- including information demands and knowledge management strategies that are vital for inclusive decision-making. Further, these intense processes foster a wide skills repertoire that strengthens democracy (Woodward, 2000).

Direct Democracy

Since the early 1990s, the USA has been developing direct democracy, a form of direct citizen engagement in policy deliberation. Devised to open up or circumvent institutions that ‘stood between citizens and government’, direct democracy entails two mechanisms in particular:

- citizens *initiate* petitions through bypassing the legislature to pass a law; the legislature then invites citizens, through a *referendum*, to vote on and ratify a bill; and

²⁰ A more detailed discussion of the Naga City model is presented in Chapter 4.

- citizens use the *recall* mechanism to remove a lawmaker before his or her term concludes (Goldsmith, 2005).

While many observers advocate direct democracy as a useful way of seeking public views on important policy issues, some conclude that this initiative has not necessarily empowered the poor and that the ‘privileged few and not the common citizens have taken the greatest advantage of these plebiscitary institutions’ (Goldsmith, 2005). According to this author, ‘Responsible and pro-poor citizen participation works best through organizations, including political parties and membership groups.’ The challenge, therefore, is to find the best modality of participation, especially in situations where the poor – especially the rural poor -- are either not well organized or lack the capacity to influence political parties. The interests of the marginalized and the disadvantaged continue being co-opted, often distorted beyond recognition, in the policy-making processes.

Participation in Policy Development: Lessons

The call for civic engagement in policy development is by no means new. Where primary freedoms of association and expression have been assured, various forms of civic engagement, often irregular and unsystematic, have sprung into being. They have also done so in the face of the repression or removal of these freedoms. But their successes and shortcomings derive in large measure from historical factors and the specific cultural and institutional contexts. For this reason, transplanting or adopting models across cultures is often difficult, if not impossible.

Government Commitment

Although the ESCs originated in one historical context, they readily transformed themselves -- at least in some European countries -- to respond to the new and emerging challenges, such as the environmental concerns and the social deprivations in policy-making. But the institutional settings of these councils vary markedly from country to country. Some enjoy legislative backing, while others operate either under government directives or function as opportunistic “networks”. Some include CSOs as full members, while others engage them on issue-specific discussions.

Among the developing countries, Brazil’s ESC enjoys the broadest-based participation and has successfully produced a pro-poor development agenda for the government. Mauritius’ long-standing ESC has already proven its merit in terms of the clarity and openness of its operating principles. However, ESCs in Africa – even those in place for quite some time -- encounter several challenges: low credibility, asymmetrical power distribution among various stakeholders, especially the civil society organizations, low political clout, and under-funding. The most common challenge of ESCs in most developing countries – especially in Sub-Saharan Africa -- is how to bring the rural poor into the ESC process.

The other factor of crucial importance for driving the processes of civic engagement in policy development is leadership and political commitment. Neither factor is easily quantifiable nor replicable, yet many analysts and commentators have stressed their importance as crucial to initiatives of civic engagement at the policy level. For the most part, civic engagement initiatives have come from governments. Even in cases where these emerged because of the demands of the civil society organizations, subsequent government support has proved essential to their viability as well as legitimacy.

Micro/macro Linkages

Despite some of its operational flaws, the World Bank/IMF's PRSP process has demonstrated the viability and importance of a bottom-up participatory process in tackling the formulation of national policies and strategies for poverty reduction. In addition, with the advent of the MDGs, there may now be an opportunity to use a similar participatory methodology to assess needs more holistically and provide inputs at the national level. Here, it may also be worthwhile to explore the possibilities of linking PRSP-type processes to a multi-stakeholder decision-making forum such as an ESC. Such a synergy may significantly overcome the challenges that many developing country ESCs face with regard to integrating the rural poor into their deliberative processes within the body politic.

By mainstreaming PRSPs into the MDGs and by linking and formalizing the bottom-up consultative processes of PRSPs into a multi-stakeholder decision-making entity such as an ESC, both the macroeconomic frameworks and the deliberative processes they require might not only improve, but begin producing pro-poor results. Currently, given its ad hoc nature and without a formalized link to the national planning process, the PRSP initiative runs the risk of vanishing in the long run. Furthermore, because their agenda is limited to the goals of poverty reduction, PRSPs may prove inadequate to reaching the holistic targets of the MDGs. Currently, each of these initiatives often operates in isolation -- even in competition -- with the other. Though each has shortcomings, their individual strengths could well be merged and result in synergies that support more effective, integrated and inclusive deliberations at the policy level.

UNDP's NHDR, 'network governance' and 'deliberative democracy' are complementary methods of engagement that fulfil issue specific objectives. Linking the grassroots-based HDR process with an ESC mechanism has significant potential for moving further along the path of the MDGs. In this context, it should be noted that most NHDRs produced today incorporate MDG reporting into their explorations of human development indicators, from the HDI through the Gender Empowerment Measure (GEM).

Institutional Adjustments

All models of civic engagement point to the importance of institutional changes. The Queensland model demonstrates how strategic changes within the structures of the government became vital to the successful incorporation of civic engagement into public

governance. The Queensland model, along with the Brazil, Mauritius and Madhya Pradesh cases, also highlights the importance of political leadership.

All the cases outlined in this chapter reveal the importance of capacity-building and changes in organizational behaviour. Equally important is the choice of interlocutors in civic engagement. As a number of ESCs show, not all countries involve civil society organizations directly, although many do. The accreditation of civil society organizations is another issue that needs attention, as does capacity-building in participation management for both civil servants and CSO members. Last but hardly least, the issue of free and unhindered access to information needs calls out for due consideration.

Chapter 4

Civic Engagement in Budgeting, Service Delivery and Accountability

Within a broad commitment to pro-poor development and social inclusion, many participation initiatives have evolved to ensure better accountability and transparency in public governance. At the same time, they seek to influence processes that affect public finance, notably budgeting, service delivery and accountability. Further, the growth of many participatory practices have come about through factors such as:

- national policies of decentralization;
- the vision and commitment of the political leadership, both at the local as well as national level, to participatory processes;
- constitutional provision for civil society participation in public governance; and, indeed, by
- the consistent demands of civil society organizations for a greater say in public governance, especially in public finance.

By concentrating on both poverty reduction and inclusive social advancement as the overarching goals of development, the MDGs have encouraged a pro-poor orientation in institutions and policy processes, as well as the deployment of resources at the local government level to deliver services more efficiently and equitably.

The combined effect of such reforms opens space for citizen participation. Where political leaders have committed themselves to pro-poor development, they have tended to clear the ground for a number of citizen-empowering innovations in planning, budgeting, and monitoring.

Budget Transparency and Accountability

Like macroeconomic policies, the budget is a crucial instrument for realizing the goals of development, including the MDGs. Yet in most countries, citizens can neither participate in budget formulation nor access budget information. The financial crisis of 1990s has, for the first time, drawn the attention of the international community to the implications of a lack of transparency and accountability in the budgetary and fiscal matters of national economies. Citizen interest in budget formulation has risen sharply because of concerns about corruption, inefficiency in service delivery, and what is perceived as inequity in resource allocation. In terms of budget transparency and accountability, a recent survey reveals that of the 59 countries surveyed (International Budget Project, 2006):

- Only 6 (10%) countries (mostly developed, except South Africa and Slovenia) provide full budget information to their citizens;
- 30 (51%) countries provide ‘some’ to ‘significant’ budget information to citizens, with Botswana falling into the ‘significant’ category; and
- 23 (39%) countries provide ‘minimal’ or ‘scant or no’ information on budgets to their citizens. Among these, some do not make the budget information public until the draft has reached the legislature and a number only after its adoption.

All in all, a majority of countries perform poorly on budget transparency and a full third provide little or no information at all. These include a diverse group of low-to middle-income countries from Africa, Asia, Latin America and the Middle East. The survey also notes that the level of budget transparency in a country is influenced much less by its technical capacity to handle information than its willingness to do so.

Additionally, the survey calls attention to major flaws in the mechanisms of checks and balance in public expenditure. This often means that corruption and malfeasance in public governance go undetected or unreported. As the text states, ‘An alarmingly high number of countries (17) do not issue audit reports at all to the public. A further 25 countries make available only partial information to the public. In many countries, audit institutions are far from being immune from interference by the executive branch of the government.’

The lack of transparency and accountability in the budget has significant bearings on a country’s accomplishments in socioeconomic development, including its quality of governance. Table 6 presents a listing of the categories of countries in terms of Budget Openness and their respective human development indices and corruption indicators. It would be safe to assume that it is not purely coincidental that in the majority of the countries surveyed, there are indications of an inverse relationship between a lack of budget information provision and higher levels of corruption.

Table 6: Open Budget Index 2006 Survey

PROVIDES EXTENSIVE INFORMATION TO CITIZENS		
Country	HDI (2004)	Control of Corruption 2006
France	0.942	1.44
New Zealand	0.936	2.38
Slovenia	0.91	0.92
South Africa	0.653	0.56
United Kingdom	0.94	1.86
United States	0.948	1.3

PROVIDES SIGNIFICANT INFORMATION TO CITIZENS

Country	HDI	Control of Corruption 2006
Botswana	0.57	0.81
Brazil	0.792	-0.33
Czech Republic	0.885	0.36
Norway	0.965	2.13
Peru	0.767	-0.35
Poland	0.862	0.14
Romania	0.805	-0.18
South Korea	0.912	0.31
Sweden	0.951	2.24

PROVIDES SOME INFORMATION TO CITIZENS

Country	HDI	Control of Corruption 2006
Bulgaria	0.816	-0.05
Colombia	0.79	-0.22
Costa Rica	0.841	0.37
Croatia	0.846	-0.02
Ghana	0.532	-0.12
Guatemala	0.673	-0.7
India	0.611	-0.21
Indonesia	0.711	-0.77
Jordan	0.76	0.38
Kazakhstan	0.774	-0.92
Kenya	0.491	-0.97
Malawi	0.4	-0.74
Mexico	0.821	-0.35
Namibia	0.626	0.16
Pakistan	0.539	-0.93
Papua New Guinea	0.523	-1.13

PROVIDES MINIMAL INFORMATION TO CITIZENS

Country	HDI	Control of Corruption 2006
Albania	0.784	-0.67
Algeria	0.728	0.16
Argentina	0.836	-0.47
Azerbaijan	0.736	-0.99
Bangladesh	0.53	-1.29
Cameroon	0.506	-0.94
Ecuador	0.765	-0.75
El Salvador	0.729	-0.18
Georgia	0.743	-0.36
Honduras	0.683	-0.78
Nepal	0.527	-0.75
Uganda	0.502	-0.71
Zambia	0.407	-0.78

PROVIDES SCANT OR NO INFORMATION TO CITIZENS

Country	HDI	Control of Corruption 2006
Angola	0.439	-1.14
Bolivia	0.692	-0.64
Burkina Faso	0.342	-0.44
Chad	0.368	-1.18
Egypt	0.702	-0.41
Mongolia	0.691	-0.54
Morocco	0.64	-0.06
Nicaragua	0.698	-0.76
Nigeria	0.448	-1.29
Vietnam	0.709	-0.66

Note: The Human Development Index is measured on a scale from 0 to 1, with 1 being the highest level of development; The control of corruption is one of the World Bank's governance indicators. The values pertain to governance scores at 90% confidence level which range from -2.5 to 2.5, with higher scores corresponding to better outcomes.

Sources: United Nations Development Programme (2006). *Human Development Report 2006*; Control of Corruption, World Bank Governance Indicators Database; International Budget Project (2006). *Open Budget Initiative 2006: More Public Information Needed to Hold Governments to Account*.

Further, the commitments made to MDGs and pro-poor development have also prompted many national government leaders, civil society organizations and, more prominently, local government leaders to undertake major programmes of decentralization -- complemented in some cases by participatory budget initiatives. In these countries, local government is experimenting, with some success, with participation interventions in budgeting; local government planning and development; as well as public monitoring and evaluation of public expenditure. Lately, some countries have also encouraged the participation of civil society organizations in the accountability processes of the government, including auditing.²¹

'People budgeting'²² or 'Participatory Budgeting' (PB)

Of all the citizen-empowering innovations of recent times, 'people budgeting', 'participatory budgeting' or 'alternative budgeting' became the most pronounced models of participation, as civil society organizations began to play a much larger role in the budgeting processes in some countries. Referring to the progress on the concept of 'participatory budgeting', a recent study suggests that 'growth has been particularly rapid in the past few years and corresponds with the political trends towards democratization'

²¹ Many describe the civic engagement work in expenditure monitoring and tracking -- some of which occur at the national and sub-national level -- as 'participatory audit', though the traditional audit communities regard the concept as incompatible with the standards and norms of audit. However, recently, many Supreme Audit Institutions (SAI) including the International Organization of the Supreme Audit Institutions (INTOSAI) have started to explore the potentials of civil society participation in audit work.

²² The term 'people budget' was first coined in 1909 when Lloyd George, the Liberal Party Chancellor of Exchequer of the United Kingdom, introduced a radical budget that included and eventually implemented, despite initial strong opposition and rejection by the House of Lords, the concept of progressive taxation, including a land tax on the rich (the landed gentry and the nobility) to pay for public services for the poor.

(Krafchik, 2005).²³ As stated earlier, the demand for participation in budgeting has also grown within the context of the insistence on transparent public financing subject to accountability procedures.

Concept

‘Participatory budgeting’ has been defined as ‘...a process in which a range of stakeholders debate, analyze, probe and monitor decisions about public expenditure and investment. The stakeholders can include the public, poor and vulnerable groups including women, organized civil society, the private sector, representative assemblies or parliament, and donors.’ (World Bank, n.d.) In general, ‘participatory budgeting’ can take place at three levels:

- budget formulation and analysis: citizens either determine their own priorities or hold the government accountable for previously agreed upon priorities concerning resource allocations;
- expenditure monitoring and tracking: citizens monitor expenditure to evaluate consistency between allocation and expenditure and the flow of funds to the agencies responsible for the delivery of services; and
- monitoring public service delivery: citizens monitor the quality of publicly provided goods and services and their impact as well as links of these to the budget.

The three cases that follow -- from Porto Alegre (Brazil), to South Africa through Mauritius -- illustrate the diverse paths that participatory or people budgeting can take. These examples also highlight some similarities embedded in the process. Further, although the budget cycle includes preparation, analysis, discussions, approval and audit, these case studies reflect mainly on the stage of preparation to approval. This Report deals with the very last activity of the budget cycle -- audit or, more generally, the initiatives of public accountability -- separately and more extensively in a latter section.

Porto Alegre’s (Brazil) ‘Participatory Budget’²⁴

The most widely discussed and innovative model of engagement in budgeting at the municipal level is that of Porto Alegre’s (Brazil) ‘people budgeting’ system. Though not wholly limited to this municipality, Porto Alegre is regarded as the most comprehensively designed citizen engagement initiative at the local government level, not only in Brazil, but the world.

²³ One exception has been Mauritius, where the budget process has been made a subject of open public discourse since mid-1970s.

²⁴ Most of the details of Porto Alegre’s ‘People Budget’ have been taken from Blair, Harry (2008), ‘Innovations in Participatory Local Governance’ in *Participatory Governance and the Millennium Development Goals*.

Political Background

The 1988 constitution of Brazil defined municipalities as federal entities and stipulated their share of the national income tax receipts. Dynamic mayors used their new constitutional and fiscal authority to reform and innovate in areas critical to sound municipal governance -- primarily participatory planning and management, along with developing partnerships with private enterprise and NGOs for sustainable and equitable development of their cities.

Successive constitutional amendments reformed state and local governance, culminating in the enactment of the *Law on Fiscal Responsibility*, which stipulated, among other things, 'public access to fiscal and budget information'; this provided the institutional setting for participatory budgeting in Brazil. Further, the 2001 *Statute of City Law* oriented urban development to regularizing squatter settlement and upgrading areas occupied by the lower income communities. Together, these two measures provided a framework for budgeting, especially at the local government level, that was both participatory and pro-poor.

In 1989, the *Partido dos Trabalhadores* (Workers' Party or PT, which is the party of President Luis Ignacio Lula da Silva, elected President in 2003) leading a Popular Alliance coalition, won municipal elections in Porto Alegre, at that time a city of some 1.3 million people in southeastern Brazil. This PT-led coalition, which held office until the election of 2004, took advantage of decentralization in the country's new 1988 constitution and instituted within the context of its pro-poor political agenda a Participatory Budget (PB) process called *Orçamento Participativo* in 1989. After undergoing several methodological changes, the PT coalition under the leadership of Mayor Olivio Dutra and his successors had, by the mid-1990s, put in place a comprehensive system of budget participation.

Methodology

Pursuing a bottom-up framework for participation, the city of Porto Alegre has been divided into 16 regions and, below that, into neighborhoods, where the PB process begins with public meetings at the outset of the annual budget cycle. Citizens debate the previous year's plan and its outcomes, determine priorities for the coming year, and elect delegates for the Participatory Budget Council, the regional meeting at which neighborhood proposals are prioritized and weighed. Citizens also debate issues and elect delegates to five 'theme' or sectoral panels, covering areas such as transportation, education, health, environment, and taxation.

Given its complexity, the whole system requires a good deal of technical support from the municipal executive office so as to function properly. An array of technical offices has since been set up to provide this support, in particular the municipal planning and coordinating offices (Santos, 1998). Annex 3 sets out the Flow Chart on the Workings of the Porto Alegre 'People Budgeting' System.

Impact

In addition to functioning remarkably well for more than a decade, PB also accounts for several other accomplishments. First, it has brought in many new participants, particularly among the poor. One estimate (Koonings 2004: 92) holds that approximately one-third of the poor population has taken part in the process. Others are more modest, e.g., city officials reporting that about 8% of the city's total population participated in the 1996 cycle (Fung and Wright 2001: 14). More importantly, though, poor people seem not just to have attended meetings, but to have participated actively, speaking up just as often as the non-poor (Baiocchi 1999: 9). Moreover, such participation has carried over into electoral office, as is evident in Table 7 below.

Table 7 . Impact of 'People Budget' on Political Transformation

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

(Source for data: CIDADE 2006, quoted in Blair, 2008)

While the poor and less educated are not represented on these bodies quite in proportion to their numbers in the general population, their attainments of elected office is considered extraordinary. Moreover, PB has helped replace a patron-client political structure in which citizen loyalty went upward and political largesse came downward with a budget system based on neighborhood wants and objective needs. Patronage distribution, a common phenomenon in local government budgeting prior to PB, seems to have been virtually eliminated as the scope for discretionary budgeting has decreased for municipal council members (Koonings 2004: 85-91). Lest it be thought that the new system is simply building a patronage base of a different sort, Baiocchi found no statistical correlation between PB voting strength and geographical investment patterns, contrary to what would be expected as the outcome of a patron-client political system.²⁵

In a third and related achievement, PB shows that it is possible to overcome the disincentives to cooperate that characterize a patron-client system. More specifically, poor people had to see themselves as gaining in public services and investments sufficiently to outweigh the transaction costs, risk of embarrassment and time spent in the PB process (see Abers 1998, 2000). In doing so, Baiocchi (1999: 3) observes, PB 'offers a particularly successful resolution to the problems of equity in distribution among unequals.' In this regard, the World Bank reports that since the introduction of PB in Porto Alegre, 'Between 1989 and 1996, the number of households with access to water

²⁵ He found a zero-order correlation coefficient (r) of .0117 between these two variables (Baiocchi 1999: 13).

services rose from 46% to 85%; the number of children enrolled in public schools doubled; in the poor neighborhoods 30 kilometers of roads were paved annually since 1989; and because of transparency affecting motivation to pay taxes, revenue increased by nearly 50%' (Bräutigam, 2005).

Seeing its political appeal (giving 'voice to the poor') and its positive developmental consequences (improved and pro-poor budget allocations and delivery), many countries including several municipalities within Brazil, are experimenting with PB. Within Brazil, over 100 municipalities have undertaken PB reforms, along with several states in the country's federal structure (Selee 2005). The system has also spread elsewhere. Bräutigam (2005) provides examples from Chile, Costa Rica, Ireland and Mauritius. Selee (2005) notes municipalities with similar experiences in Guatemala and Mexico and Indonesia (Leisher and Nachuk, 2006).

Challenges

Notwithstanding its successes, the Porto Alegre PB faced several coordination problems. For instance, sewage disposal was a very high priority, and by 2001 or so, some 80% of the city had been covered within the sewage network. This eliminated a great deal of the drainage problem, but no investment was made in sewage treatment, resulting in untreated waste flowing into the main city water source, Lake Guaíba (Wainwright 2003: 59)

Porto Alegre's replicability is also questioned. While participation in the budgetary process of this locality certainly made an impact on pro-poor development, its being a resourceful municipality enabled it to raise the revenues needed for PB. In addition, the city possesses state machinery that is quite efficient and had the capacity to deliver the goods and services the PB process demanded. Lastly, a strict monitoring process, uniquely obtained through the then-Mayor's strategic leadership, also helped in overcoming the challenges of elite capture often seen in endeavours such as these. As experiments with PB spread in Brazil, it would be useful to see how these evolve in other municipalities, especially municipalities that have fewer resources.

However, with regard to the PB process of Porto Alegre, some raise more fundamental questions. For example, is PB in effect setting up a parallel structure that usurps the proper role of the legislature, substituting itself for the constitutional institutions of representative democracy? (Bräutigam, 2005). The same study also asks whether the best answer to corrupt and/or clientelist institutions is bypassing them (as with participatory budgeting) or reforming them to enable the fulfillment of their constitutional mandate to design and manage public spending. Finally, there is the more theoretical question of deliberative democracy. Is Porto Alegre a case of "empowered deliberative democracy," as Fung and Wright claim (2001, 2003)? Or is it something more predetermined and confined?

These questions notwithstanding, a number of other positive attributes deserve attention. For example, the way in which open, participatory and inclusive community meetings

empower community members to add their voices to policy-making automatically creates a space for greater political participation in public governance. The social mobilization capacity of a reformist political party (committed to altering the existing political economy and power structure in public governance) should also not be underestimated²⁶.

'People Budgeting' in South Africa

South Africa's 'people budget' experience, which targets the national budget, is nearly a decade old and originated from the Anti Poverty Hearings of 1997. It has been a joint initiative of several civil society organizations, namely the Congress of South African Trade Union (COSATU), the South African Council of Churches (SACC) and the South African National NGO Coalition (SANGOCO).²⁷

Indeed, moderated by the National Labour and Economic Development Institute (NALEDI), a research centre, the coalition of civil society organizations developed a unique model of 'people' or 'participatory budget' in the country. The coalition lobbies the government by producing alternative analytical frameworks on macroeconomic issues and priorities for budget allocations for pro-poor activities. The proponents of 'people budget' in South Africa claim that over the years, their approach has modified the national outlook so that, for example, the 2005-2006 budget framework '[does not need to seek] a populist alternative, but rather an alternative that is credible and evidence-based' and that aims to locate itself within a fiscal policy that targets a pro-poor, pro-growth and pro-employment development perspective (SANGOCO, 2004).

In terms of the processes leading up to the production of the people's budget document, NALEDI, through its coalition of CSOs, follows a combination of strategies:

- it calls for submissions from its constituencies;
- it has instituted community-based training and priority determination training workshops; and
- it has led to a final consultative conference of coalition partners.

To stimulate debate and to build capacities, NALEDI also generates several issue-based research papers.

While PB advocates claim that they have influenced the government's recent movement from neo-liberal fiscal policies to other better oriented to social development -- for example, the rolling out of anti-retroviral treatment for HIV/AIDS; expanding child support grants, and expanding free basic services -- its main strength is perceived in

²⁶ This is confirmed by the fact even though the left-of-centre political party that introduced the 'people budgeting' concept has since lost election to a more right-of-centre political party in Porto Alegre, the initiative has not been abandoned. On the contrary, 'people budgeting' seems to have become a permanent feature of the budget exercise in Porto Alegre.

²⁷ See <http://www.sangoco.org>

terms of the CSO capacity it has built to engage with government in vital policy issues and, most importantly, in ‘keeping economic policy alternatives on the public agenda’. (SANGOCO, 2006)

The PB initiative in South Africa also includes a simple booklet published before budget discussions begin in Parliament to educate citizens in general to read, analyze, and give their own feedback on the budget. Hence, the PB process in South Africa is primarily an advocacy and capacity-building initiative that aims to represent the poor and the underclass of the country, who otherwise would find few consistent champions of their causes.

Participatory Budgeting in Mauritius

Unlike Brazil’s activist and South Africa’s advocacy model, Mauritius, a democracy since its independence in 1968, followed a more corporatist model of participatory budgeting. Initiated during the period of structural adjustments in 1980s, the newly elected government of the Mouvement Militant Mauricien (MMM) broke with the ‘secretive practices of the past’ and moved to put in place a framework for transparency and accountability in public governance, especially in budgeting. To implement this strategy, the government established the multi-stakeholder National Economic and Social Council (NESC) whose main job was formulating macroeconomic policies in a more inclusive manner than the country had hitherto experienced. As a follow-up, the government introduced the PB system. Bräutigam describes the Mauritian process as follows:

Each year in the spring the Minister of Finance makes the rounds of the country’s major stakeholders, listening to their views, exchanging comments, accepting their recent analysis. Each evening, television news is full of brief reports of these consultations: union members meet the Minister one day, business associations another, and the major social welfare NGOs and other groups have their days. When the budget is finally presented to Parliament, the details are splashed across major newspapers. Almost instantly (since 1996/97), the budget speech and the budget (including all loans) are accessible on the Ministry of Finance’s website on internet. (2005:46)

Given an absence of the activism seen in Porto Alegre, it is not completely clear how much these pre-budgetary consultations actually affect the budget itself. What is clear though is that these broad-based discussions have built stakeholder capacity in budget discussion and, most importantly, enhanced citizen awareness in the issues of public finance.²⁸

Experience to Date

Table 8 below tries to sum up what has been learned so far about ‘People Budgeting’. Notwithstanding the challenges posed by the cases presented here – and despite their

²⁸ Bräutigam (2005, p 47) reports how an open letter to the major newspapers questioned the merit of an education project funded through a World Bank loan. The Minister was reminded that the Mauritian people as tax-paying citizens have stakes in the loan and as such, the government is accountable to them in this regard. Mauritians believe that they play a role in public finance, with citizens having a dual role: the *revenue role* as well as a *citizen role*.

widely different approaches – all three succeeded only within an enabling political environment and pro-poor leadership. This entails a good deal of strategic planning and continuous monitoring, as well as sustained political support, because PB involves multiple layers of organizational adjustments – some, as in the case of Porto Alegre, alterations to the existing power structure.

Most PB initiatives take place at the local government level following the central government’s commitment to a significant devolution of political, financial and developmental authority – especially concerning the delivery of service. This in itself tends to create space for other innovations in pro-poor development, including the induction of civil society organizations into local governance.

Even the Mauritian PB initiative, guided more by political necessity in its beginnings a decade ago than by the considerations of a pro-poor development agenda, has strengthened citizen capacity to engage in budget dialogue and as a result, strengthened the public accountability of the government’s fiscal policies.

Table 8. People Budget and Impact

Criteria	Findings
<p>Developmental: Participation contributed to achievement of pro-poor development.</p>	<p>Pro-poor goals achieved as per the allocation of resources and distribution of works undertaken in disadvantaged areas/issues relative to the overall volume of public works/policies undertaken and the steady increases each year in distribution of pro-poor activities (Porto Alegre, South Africa, Bolivia, Mauritius)</p> <p>High quality of public works delivered, likely due to citizen oversight bodies (Porto Alegre, Bolivia);</p> <p>In some cases, provided incentives to citizens to pay more taxes for public works (Porto Alegre).</p> <p>Improved accountability in public governance (South Africa)</p> <p>Establishment of participatory culture in public governance(Mauritius)</p> <p>Enhanced media interest/participation in public governance(Mauritius, South Africa)</p> <p>Political empowerment led to radical power shift (Porto Alegre)</p>
<p>Organizational: Clear roles and responsibilities;</p> <p>Adequacy/appropriateness of participation opportunities;</p>	<p>Delegates and citizens’ Council members/spoke persons elected/chosen by peers (Porto Alegre);</p> <p>Clearly prescribed participants’ roles, responsibilities and accountabilities (Porto Alegre, Mauritius);</p> <p>Involvement of civil society in approving/analyzing and producing technical plans/alternative budget reports and overseeing/advocacy for implementation (Porto Alegre, South Africa, Mauritius)</p> <p>Meetings held at neighbourhood levels. Targeted information provision (Porto Alegre); Pre-budget</p>

<p>Clarity of rules for decision-making;</p> <p>Adequate provision of information; and Breadth of inputs considered.</p>	<p>multi-stakeholder open discussions (Mauritius).</p> <p>Use of the Quality of Life Indicator as a decision tool (Porto Alegre, South Africa).</p> <p>Deliberative processes coupled with 'on the ground' assessments contributed to delivery of public good beyond self-interest/group interest (Porto Alegre, Mauritius).</p> <p>Decisions made in public for better accountability and transparency (Porto Alegre, Mauritius).</p> <p>Clear rational and systematic rules for the implementation of projects (Porto Alegre, Mauritius);</p> <p>Clearly structured processes and mechanisms for deliberation and decision-making (Porto Alegre, Mauritius);</p> <p>Significant investments in public information (Mauritius).</p> <p>Citizen inputs into government decision-making and planning facilitated by citizen groups (Porto Alegre, Mauritius, South Africa)</p>
<p>Capacity: Commitment to the process;</p> <p>Enhanced capacities for engagement;</p> <p>Broader grass roots involvement, network development and resources mobilized;</p>	<p>Participation in thematic deliberations; government/local government authority maintaining regularity of participation (Porto Alegre, Mauritius).</p> <p>Enhanced negotiation skills of both the citizen groups and the government/local government authority (Porto Alegre, Mauritius, South Africa).</p> <p>Increased knowledge of rights, government processes and policy matters (Porto Alegre, Mauritius).</p> <p>Department working across government and sectors (Porto Alegre, Mauritius, South Africa).</p> <p>Steadily increasing levels of civil society participation (Porto Alegre, Mauritius, South Africa).</p>

Challenges

PB continues to pose several challenges. In a situation where the legislature is weak and feels marginalized (as in Porto Alegre), the integration of the PB system into the structures of democracy remains a problem, especially if a quietly disenfranchised legislature attempts to undermine the programme in the long term, whether deliberately or through a passivity born of puzzlement. Because PB programmes in most countries have no constitutional basis, what may happen if a pro-PB political regime changes or pulls back from its earlier commitments to social justice? On the other hand, though many PBs lack formal legislative backing, their promoting the active engagement of

citizens and providing a space for dialogue about development priorities and their relative costs, a number of these initiatives may well create for themselves a sense of legitimacy that will be difficult to deny in the future. Additionally, the need for extensive capacity-building in methodology, participation techniques and a grasp of budget analysis and dialogue poses major resource problems in time, talent and money. And these very factors contribute to the risk of ‘elite capture’.

Box 4

PB: Expert Comment

“The trend towards enhanced participatory budgeting will definitely continue. At the end of the day, the question that must be asked is: what is the best way to articulate people’s needs and how are these needs addressed?

Budget for sure, will be a major instrument to measure needs and how government responds to them. Thus, ensuring that budgets reflect the true aspirations of the people over the short and long term will remain a dynamic feature of people’s participation in the public governance debate”.

Source: Boncondin, Emilia T.

Former Secretary (Minister) of the Department of Budget and Management
Republic of the Philippines (1998-2005)
Member, UN Committee of Experts on Public Administration

Civic Engagement in Local Government Planning and Development

The PB experiences set out above show that a pro-poor development agenda, a decentralized governance strategy and a commitment to improved and equitable service delivery (a tangible factor of participation) form the base of all participatory initiatives, including budgeting. Nonetheless, complementarities between budgeting and pro-poor service delivery can emerge only when citizens are involved in the entire decision-making cycle – planning, budgeting, implementation and monitoring. While the Porto Alegre PB initiative reveals a clear connection between planning and budgeting, the actual scope for new planning and budgeting after accounting for all the existing expenditure seems to be startlingly limited: the amount available for new initiatives has never gone higher than 5-7% of the total municipal budget. Moreover, Porto Alegre’s thematic -- but silo-type -- civic engagements also seem to have contributed at times to

incoherent development outcomes. In one instance, over-investment in infrastructure led to a neglect of drainage, which resulted in waste disposal problems (Blair, 2008).

Granted, such imbalances can – and do -- grow out of governance that involves no civic engagement at the local level. However, especially in the present technocratic age, one common argument against virtually any deepening of democracy remains the presumed ignorance and/or indifference of local citizens to the practical elements of development. Consequently, institutional mechanisms must be developed and put in place to overcome such biases.

In sharp contrast to Porto Alegre, which focused on a social mobilization process for budget preparation, the Philippines Naga City initiative applied civic engagement principles to *all* facets of local governance – planning, budgeting, implementation and monitoring. The Naga City experience far more than the others discussed in this Report hinges upon the principles of deliberative democracy, where civil society organizations are embedded as participants within the local government council itself.

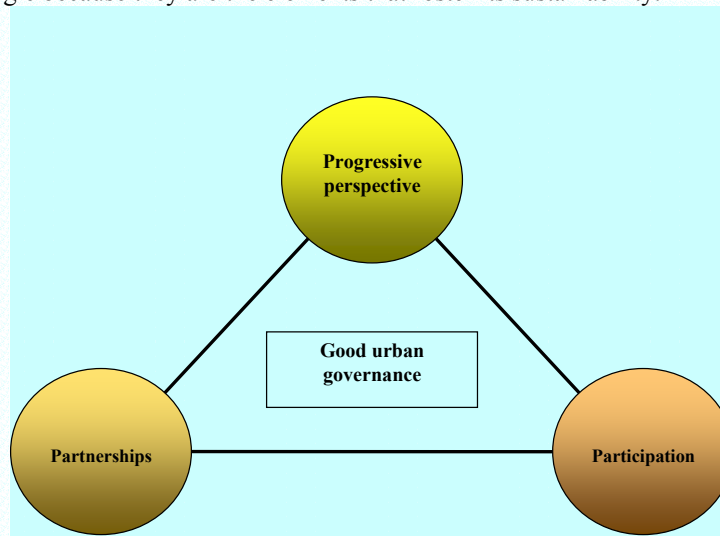
Case of Naga City, Philippines

Naga City, a municipality of about 140,000 inhabitants located some 450 kilometers southeast of Manila in southern Luzon, has been well documented as an example of effective governance. According to Ilago (2005), during the 1980s and early 1990s, Naga City faced a sluggish local economy, high unemployment, and public service whose quality and delivery were far from ideal. The election of Mayor Jesse Robredo, who sought to stimulate the economy and service delivery by embracing ‘a policy of engagement or partnership with the private sector, including NGOs and POs (Peoples’ Organizations),’ was a significant catalyst for change.

Box 5 The Naga Governance Framework

In this framework, three elements form the foundation of good urban governance:

- **A Progressive perspective.** In this model, it forms the apex of the triangle depicted below because it is a function of leadership that the local administration must provide. While a progressive perspective seeks to build prosperity for the community at large, it emphasizes the empowerment of the poor as one of the prime goals of governance itself.
- **Functional partnerships.** These are vehicles that enable the city to tap community resources for priority undertakings, in the process broadening its capacity and enabling it to overcome resource constraints that usually hamper local governments.
- **Participation.** These are mechanisms that ensure long-term sustainability by generating broad-based stakeholderhood and community ownership of local undertakings. Partnerships and participation lie at the base of the triangle because they are the elements that foster its sustainability.



Source: Robredo, Jesse M. (2008). Mayor of Naga City, Philippines. Civic Engagement in Policy Development at the Local Government Level: The Experience of Naga City, Philippines. In *Building Trust through Civic Engagement*.

Given the gains from the partnership initiatives -- popularly known as *Kaantabay sa Kauswagan* or Partnership in Development Programme -- and with the enactment of Empowerment Act of 1995, a Naga City People's Council (NCPC) was established.²⁹ The NCPC included the CSOs/NGOs, as voting members of the Development Council to contribute to the formulation of the city's development and land use plan, its annual investment plan and the annual budget. The NCPC is also included in the Appropriation Committee that debates and approves the budget. Further, under the *Comprehensive and Continuing Development Programme for the Urban Poor Sector and Appropriating*

²⁹ The Empowerment Ordinance Act of 1995 allows the city government to partner with duly accredited Naga-based people's organizations and non-government organizations in the conception, implementation and evaluation of all government activities and functions.

Funds for the Purpose Act, the city government keeps a minimum of 10% of the city budget for targeted pro-poor activities.

Among other legislation, the 1991 Philippine Government's *Local Government Code* (LGC) created legal space for civil society participation in local governance. This set off an explosion in participatory governance throughout the country. The LGC was championed by Senator Aquilino Pimentel and supported by President Corazon Aquino, who helped shepherd the package through the legislature (Barns, 2003). On the supply side of local governance, the LGC devolved service delivery functions in such areas as health, education and environment, while allocating an automatic 40% of internal revenues to pay for them. In addition, some 70,000 central government employees were transferred to the local level and thereby staffed the newly devolved activities.

On the demand side, the LGC mandated full NGO³⁰ participation in all 'local special bodies' or statutory committees at the various levels – *barangay* (village or urban neighborhood), municipality, city and province – to include membership in committees overseeing health, education, 'peace and order' (not the police,) and perhaps most importantly, 'Prequalification, Bids and Awards' (local construction and service delivery contracts). In addition, NGOs were to constitute fully 25% of the voting members of the Local Development Council (local planning functions) at all levels. (Barns, 2003) In effect, civil society – the so-called 'third sector' of organized life outside the domestic sphere (as distinct from the state and private sectors) –now had significant direct influence on the governmental structures.

Nationwide, the new local governance system generated much enthusiasm, but the country's best case also best illuminates all the initiatives under the LGC mandate. Individual sub-national governmental units were free to go beyond LGC requirements. By all accounts, the most daring was the municipality of Naga City. Starting with the the Partners in Development Programme, the city over the years has developed multiple participation mechanisms such as:

- the Participatory Planning Initiatives that strengthened local capacity on participatory approaches;
- reinventing the Local School Board, which, for the first time, initiated participatory approaches to influence a national agency in addressing a key local concern; and
- the ongoing preparation of Naga's MDG-aligned local development plans, which seeks to further institutionalize people's participation in governance and development planning.

To make participation more strategic and systematic, a 1995 city ordinance invited all NGOs that met minimum accreditation standards³¹ to join a new Naga City People's Council (NCPC), which would then have the exclusive right to appoint representatives to all city government bodies (excluding the city council itself) -- not to exceed 25% of their

³⁰ The LGC also authorized local government units to officially accredit NGOs.

³¹ The accreditation standards consisted mainly of a year's prior existence, proof of past activity (to preclude "suitcase NGOs" from infesting the program), officers and by-laws and a financial statement.

total membership. The NCPC representatives were entitled to participate, vote and introduce legislation in all committees. The system gradually expanded, so that by 2004, the NCPC consisted of 105 accredited organizations in 13 areas, which ranged from transport workers and the urban poor to senior citizens, business people and academics. Its representatives sat with full rights on some 29 standing committees of the city legislature as well as 14 ‘special bodies’, generally with one or two delegates to a 5-to-12 member group. NCPC members constitute fully half the membership of the city’s Investment Board and its Urban Development and Housing Board. Moreover, each of the city’s 27 *barangays* also has a people’s council, modeled on the NCPC.³²

In December 2001 the NCPC launched an ‘i-governance’ programme that featured both printed and online guides to city services and specific persons and the offices (accompanied by maps) to be contacted for them (Rodriguez and Min, 2003). Citizens can contact government offices by Internet or by text messaging (the popular form of electronic communications in the Philippines). The city has also started “cyberbarangays” – village kiosks where citizens can use the Internet free of charge or at subsidized rates. (Naga City Government, 2004).³³

In terms of participatory decision-making impact, the Naga comprehensive participatory governance can claim several tangible outcomes. Its participatory interventions in education have helped raise student performance from 32% to 60% and 37% to 54% for elementary and secondary students respectively between 1999 and 2005. Similar progress was also recorded in all other sectors (Robredo, 2006). In addition, Naga City participation initiatives helped, over a period of time, to empower the poor and the disadvantaged. For example, employing both its inside track on the committees and its outside ability to mobilize the citizenry, it succeeded in frustrating a city scheme to relocate a garbage dump next to poor neighborhoods and to stall the seizure of agricultural lands for a golf tourism condominium.³⁴

Naga City’s comprehensive engagement in all aspects of local governance – from planning to service delivery and the incorporation of CSOs into the council with voting rights helped in yielding not only tangible developmental benefits, but also induced changes in the way that service providers conducted their business (Mangahas, 2005).

Case of Bolivia

Bolivia’s *Popular Participation Law* (PPL) in 1994 undertook to devolve significant resources and responsibilities to its citizens at the local level, along with providing several avenues for citizens to participate in local governance and demand accountability

³² See Naga City Government (2004) and ADB (2004).

³³ Although this digital availability may sound too expensive for a developing country, the high Philippine educational levels should make this not only feasible, but efficient. Some 42% of the population had graduated from secondary school as of 2003, and functional literacy for 1994 (the latest year available) was reckoned at 86% for the province in which Naga City is located, just a bit above the national average of 84% (HDN 2005: 126 – 128).

³⁴ For an analysis of these examples and the Naga City experience more generally, see Blair (2004).

from those they elected. PPL also aimed at empowering the hitherto disenfranchised majority of the country, its indigenous peoples. This was deemed by some an ‘audacious reform’ (Grindle, 2000).

The PPL, epitomizing Heller’s (2001:141) notion of a “big bang” decentralization initiative, introduced a number of major reforms simultaneously. To begin with, it divided the entire country into 311 municipalities — in contrast to the hitherto less than 30 recognized municipalities – with council elections every four years. The number of sub-national elected positions therefore increased from less than 300 to more than 2900. Second, the PPL devolved responsibility for health, education, sanitation, irrigation, and roads, accompanied by a guaranteed transfer of 20% of national tax revenues, to the municipalities according to their respective populations. Of this cash transfer, 85% had to be spent on investment rather than the recurring costs of administration.³⁵ Third, PPL established a parallel municipal structure called a *Comité de Vigilancia* (Vigilance Committee or CV) in each municipality, charged with preparing investment plans as well as oversight of the council’s implementation of these plans. The PPL also gave CVs authority to lodge actionable complaints (*denuncias*) of council malfeasance to the national Senate -- which, at its discretion could withhold central funds from the municipality. In addition, CVs could bring charges against a mayor in his/her first year in office. Fourth, the rural CVs were to be composed of representatives from some 13,000 now officially recognized geographically-based community organizations (*Organizaciones Territoriales de Base* or OTBs, each selected according to the organization’s mores and customs (*usos y costumbres*) for two-year terms. In urban areas, the CVs consisted largely of representatives selected by *juntas vecinales* (neighborhood councils), which were also given authority over a discrete geographical area. Finally, the PPL provided a process (the *voto constructivo de censura* or ‘constructive censure’) whereby minority mayors (whose party had not received an absolute majority of votes at the last election) could be unseated by a council vote.³⁶

Together, these reforms established two paths for direct citizen participation (choosing members for the council and the CV) and at least four for indirect participation through their representatives (for the council, its normal business and its censure votes, and for the CVs, their regular work and the *denuncias*).³⁷

The PPL brought a number of advantages to the municipal level. First, the two-fifths of the population that had no official governance structure now had elected accountable councils, along with substantial budgets. Even the municipalities that had earlier been allotted government grants (except for the capital, La Paz) now received increases (Blair, 2001). Second, the new system provided a school for democracy, especially for the poor.

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

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

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

Grootaert and Narayan (2001: 23-24, 57) found in their detailed study of four municipalities that people from the poorest quintile assumed leadership positions in the OTBs as often as those in the top quintile. Third, associational investment paid off, again especially for the poor. Joining and participating in associational life brought a greater return than other activities, even education (at least in the short run) -- more for the poor than the rich (Grootaert and Narayan, 2001: 58-59). Fourth, municipalities could and did decide how to allocate their funds. While the larger and richer towns that had been favoured prior to the PPL tended to spend their new money on such urban amenities as streetlights and new municipal offices, the smaller and poorer localities invested far more heavily -- by about 3-to-1 -- in human capital sectors like education and health (Grindle, 2000: 130-131). Finally, the CV structure appeared to give grassroots OTB organizations some leverage vis-à-vis local elites, who tended to have more influence with the town councils (Grindle, 2000: 132).

There were, however, some notable drawbacks as well. The territorial representational rights accorded to just one OTB in each canton almost always went to some longstanding men's organization, albeit unrecognized before PPL. However, this left the equally venerable rural women's associations with even less power than they had had before. In addition, the *voto constructivo* procedure quickly escalated unchecked. Bland (1999) estimated that over half the 311 municipalities had replaced their mayors at least once during the first electoral term established by the PPL. Small wonder, then, that Hiskey and Mitchell (2003) in their survey found a marked decline in respondents' confidence in local government where such changes had occurred. Further, despite efforts by the donors to educate CV members on municipal planning, budget monitoring and the like, the new office holders -- generally less literate than their predecessors, as well as unfamiliar with the technicalities of local governance -- found it difficult to participate in these activities meaningfully. In addition, they were expected to work free of charge, while the council members held paid positions -- a definite disincentive. However, the grassroots empowerment movement created by the PPL not only gave space to the local indigenous community for participation in both the economic as well as political processes of the country more assertively; the movement created through these processes finally contributed to the capture of political leadership at the national level by the indigenous people.³⁸

In short, the impact of the PPLs has been far-reaching. What started as a decentralization initiative to improve local governance through direct participation of local communities contributed to empowering the indigenous majority, leading ultimately to the capture of political power at the central level. Notwithstanding a few expressions of political instability expressed through citizen dissatisfaction and the frequent changeovers in local governments, Bolivia's PPL significantly improved pro-poor investments at the local government level. In addition, the parallel Vigilante Committees, which prepare the investment plans and monitor implementation equally, assist in providing the local planning options of checks and balances.

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

In Lieu of a Conclusion

By comparison with isolated interventions of participatory or people budgeting, a broad framework of civic engagement that involves civil society participation throughout the entire decision-making cycle seem to yield better and more cohesive outcomes. In the case of Porto Alegre, isolated and compartmentalized priority setting by the community led to unbalanced development. When civic engagement has been pursued through an integrated framework of planning, budgeting and monitoring, as in both Naga City and Bolivia, the outcomes have been more balanced and productive.

Both these cases also indicate that participatory processes flourish if they receive legislative backing along with a decentralization of political, administrative and financial power. Additionally, the role of leadership in envisioning and steering a participatory process should not be under-emphasized. In Naga City in particular, it would be difficult to overestimate Mayor Robredo's visionary role and strategic leadership in furthering civic engagement. Not for nothing that he has been re-elected five times.

Nonetheless, key questions remain. How easy is it for civil society organizations to deal with government? Can the civil society community become an inside player within the state structure without changing the nature of the political process itself? Can this "third sector" autonomously represent the interests of its constituencies vis-à-vis the state if it becomes part of the state?

Each of these questions will be answered differently in different cultures and contexts. Once a society begins to feel that all its citizens should participate in shaping its future, it will find ways to make this happen. The processes will rarely be rapid or error-free. It should also be borne in mind that each solution will give rise to new challenges and questions.

Box 6
Decentralization in Africa: Report on Progress

Sub-Saharan Africa's progress in decentralization is uneven. Its impacts so far are less tangible than they seem elsewhere. The challenges of decentralization emerge both from structural inequities, as well as from the outcomes of globalization and liberalization that have promoted the idea that less government is somehow more in a region largely starved of private capital for social development.

The UNDESA Division for Public Administration and Development Management has held two major workshops – the first in Senegal in 2003, the second in Kenya in 2005 -- on decentralization, civil society engagement and the role of the state. Taken together, representatives from some 20 countries, including government and civil society, together with international partners, identified the following points most strongly:

- That the quest for nation-building during the 'independence explosion' of the 1960s aimed at developing strong states and attached secondary importance to decentralization;
- The subsequent weakening of the state during the neo-liberal reforms of the 1980s and 1990s left behind significant capacity gaps, especially at the community level, that remain to be rectified;
- Fiscal decentralization lags behind political and administrative decentralization. Even political decentralization, however, is often flawed, as it is subject to elite capture at the community level or it remains a constitutional possibility with little practical effect; and
- It is possible to make progress with decentralization even when overall performance regarding governance is patchy or uneven. In this respect, Ethiopia, Ghana, South Africa and Uganda were singled out as countries with promising innovations in decentralization, including 'participatory budget' and revenue appropriations.

Sources: United Nations (2004b). *Decentralization and Poverty Reduction: Africa and Asia Experience*; United Nations (2005c). *Citizen Government Dialoguing: Evaluating Policies for Poverty Reduction*.

Civic Engagement in Public Accountability

Public accountability refers to the tracking of public expenditure and reporting on the propriety and effectiveness of this spending process. Though accountability is a crucial element of public governance, several weaknesses plague its level of effectiveness. These are both internal and external. Based on the findings of a global survey, a recent study reports that many countries lack 'external checks on the executive's financial management' and that they often do not have '...strong and independent supreme audit institutions known in many countries as the auditor general or the court of accounts' (International Budget Project, 2006). The same study also reports that for a variety of reasons, in countries where audit systems do exist, some do not function particularly efficiently.

Another study reveals that even though in recent times several countries have increased their investments in Supreme Audit Institutions (SAIs) and expanded both the capacity and coverage of external audit, weaknesses in overall political and civic governance arrangements, such as

lack of access to information, shackled media, weak rule of law, and the pre-eminence of the executive over the legislative branch stifle the desirable impacts of audit on corruption and service delivery (Khan and Chowdhury, 2008). This study also indicates that other things being equal, investment in democracy (improving political participation, the rule of law, free media) has the capacity to strengthen audit effectiveness and to enhance public accountability in general.

Further, in the face of ongoing concerns with corruption and inefficiency many governments as well as civil society organizations have also started to explore innovations in public accountability measures. These innovations are being pursued within the contexts of ‘...rising democratization of countries and emergence of strong civil societies and open media [that] are creating new and more radical demands of transparency and accountability in the public sector. These demands are centered on stronger monitoring and evaluation and more rigorous audit of public expenditure’ (Khan and Stern, 2007).

Popularly known as ‘participatory audit’, some of the initiatives of participation in expenditure tracking and monitoring have evolved through government interventions and some through civil society activism.³⁹ Several such initiatives were presented in detail in papers discussed at the 2006 DESA/EROPA/IBP interregional Workshop entitled ‘Dialogue on Civil Society Engagement in Public Accountability.’

Government initiatives

To complement its Anti-Corruption Act, the Republic of Korea has made legal provisions for its citizens to make direct audit requests for those government programmes, projects and even organizations ‘in which violation of law or corruption could seriously undermine the public interest’ (Lee, 2006). Known as “Citizens Audit Request System”, this new mechanism allows civil society organizations and voluntarily organized citizens groups to link up and mobilize some 300 petitions for requesting audits of institutions and programmes that they regard as vital to the public interest, but that appear to have indulged in questionable dealings. Korea also introduced an open and transparent audit information disclosure system. These measures of civic engagement in public accountability have already yielded several benefits and, as a response to public demands, have launched rigorous investigations of several major public sector programmes in that country (Lee, 2006). Korea’s audit disclosure system, which, informs citizens of audit findings, also assists in creating demands for prompt audit compliance and follow-up actions.

Similarly, in India, for its national programme of rural employment (a poverty alleviation effort involving several billion dollars), the government has now made participatory or social audit

39 See Lee, Kangwon (2006), *Civil Society Movement and its Audit Request Activity in Korea*; Krafchick and Ramkumar (2006), *The Role of Civil Society Organizations in Auditing and Public Finance Management*; Dalman, E. (2006), *Participatory Audit: The Philippine Experience*; The Mazdoor Kisan Shakti Sangathan (2006), *Social Audit-Tracking Expenditures with Communities*; Asociación Civil por la Igualdad y la Justicia (ACJI) Argentina (2006), *Publicizing reports of the SAI*; Public Service Accountability Monitor, South Africa (2006), *Monitoring Follow-up to the Auditor General’s Report*.

and the inclusion of NGOs and civil society organizations into the audit process mandatory (Krafchik and Ramkumar, 2008). Indeed, India's participatory audit catalyzed a major governance reform: the adoption of the Right to Information Act. In the Philippines, the launching of the "Participatory Audit Project" by the Commission of Audit, which has piloted participatory audit in the province of Abra, has already experienced several beneficial effects of 'participatory audit' (Dalman, 2006). However, with the change of the Philippine SAI leadership, experiments with 'participatory audit' have since been abandoned.

In Mexico the *Civil Society Organizations Act*, as well as the *General Law of Social Audit* (2004) has empowered the civil society organizations to participate in the 'social audit' of social development programmes of the government.

Civil Society Initiatives

Of several CSO-initiated audit interventions, Bangalore's (India) 'citizen report card system', which monitors the quality of service delivery of the Bangalore Local Government Authority, has earned international reputation for its innovation and its effectiveness⁴⁰ (Paul, 2007). Distinguishing between the 'long and short routes of accountability' the proponents of the Bangalore experiment argue that the long route – the formal audit – usually involves a myriad of organizations and stakeholders who often espouse differing -- sometime conflicting -- objectives and operate in governance environment that imposes barriers on information. Such overly bureaucratic arrangements of accountability seem to weaken rather than strengthen such initiatives and, more often than not, encourage 'collusive corruption' in the processes of accountability themselves. By contrast, the 'short route of accountability' – the citizen report card – that engages citizens more directly in tracking expenditure and assessing and rating the quality of service delivery from the perspectives of the users, presents information more accurately than any other method (Paul, 2007).

Issues

Although the preliminary results of several case studies of 'participatory audit' reinforce the idea that civic engagement in this area can make the process more effective and the frameworks of public accountability more transparent, difficulties have nonetheless emerged. Many stem from organizational as well as ideological incongruities between the Supreme Audit Institutions and the civil society organizations concerned. Supreme Audit Institutions fear that the involvement of civil society organizations in the audit process may risk compromising the independence, objectivity and the rigor of audit. By contrast, civil society organizations feel that traditional audit practice does not go far enough, especially in tracking expenditure to the impact level. They argue, with good reason, that until and unless audit

⁴⁰ Bangalore's 'Report Card System' is a civil society-initiated citizen-based rating system whereby citizens are asked to rate, on an annual basis, performances of various service providers (local government departments) and to publish three ratings in the local newspaper. This innovative civic action in public accountability seemed to have been very effective in rectifying mistakes and improving services. The Report Card system has been in place in Bangalore for more than a decade.

processes track expenditure to the beneficiaries and assess to what extent and in what ways these public resources have reached and benefited target groups, the fundamental objective of public accountability through audit will lose much of its meaning.

Though limited in number, the existing successful cases of ‘participatory’ or ‘social audit’ reveal that these concerns can be largely overcome or mitigated through better understanding of the positions of each party and through appreciative collaboration and mutual training, both on and off the actual audit job. There is considerable space for a strategic partnership between civil society organizations and SAIs. CSOs often lack access to timely, accurate data, but can offer analytical capacity, with direct experience of service delivery, and the ability to engage effectively in policy processes. In turn, SAIs can offer access to data, but often struggle with access to sufficient analytical capacity and are frequently prevented from ensuring that their results reach the policy-makers and are taken seriously. Yet recently, both SAIs and CSOs have increasingly found ways to dovetail their relative strengths – with significant potential for even broader civic engagement in budgetary processes and, concomitantly, broader prospects for overcoming the obstacles to trust in government.

More research is needed to understand the precise conditions within which these practices can operate and achieve greater success. Promising situations reveal the following needs:

- a legal basis for the CSOs and SAIs to collaborate;
- the development and institutionalization of an accreditation and selection procedures, including the training of CSOs in audit norms;
- training of supreme audit institutions (SAIs) in participation management; and
- the creation of enabling governance conditions for establishment of rule of law, freedom of expression and right and access to information.

Box 7

Audit Work by Civil Society Organizations

In India, *the Mazdoor Kisan Shakti Sangathan (MKSS)* – a peasant and workers' union – uses public hearing forums to conduct social audits of local government expenditures in village communities. During these social audits, local communities check accounts of other public works programmes funded from sources other than the local governments, in order to identify instances of unfulfilled works, fraudulent billing for project activities, and falsified labor rolls. MKSS' social audit methods are now being used all over India by citizen groups to monitor a recently introduced entitlement program -- the National Rural Employment Guarantee Scheme – under which rural households are eligible to receive minimum wage employment for 100 days in a year.

In South Africa, the Public Service Accountability Monitor (PSAM) – a research and advocacy organization – works closely with the legislature to track government agency responses to instances of financial misconduct and corruption identified in the Auditor General's reports.

In the Philippines, a participatory audit was successfully conducted as a joint undertaking of the national Commission on Audit and a non-governmental organization called the Concerned Citizens of Abra for Good Government (CCAGG). CCAGG specializes in monitoring infrastructure projects within its province and uses the assistance of local monitors (volunteers drawn from the area) to verify that road construction projects are executed as per contract norms. Also in the Philippines, *Procurement Watch, Inc.* (another non-governmental organization), specializes in building systems of transparency and accountability into government contracting and procurement practices.

In South Korea, the Concerned Citizens for Economic Justice (CCEJ) – the oldest non-governmental organization in the country working on economic rights issues – routinely uses the national citizen audit request system to request government audit investigations of public projects that are plagued with corruption and/or result in wasted resources.

Source: Krafchik, Warren and Ramkumar, Vivek (2008). Can Civil Society Engagement in Budgeting Processes Build Trust in Government? In *Building Trust through Civil Engagement*.

What We Now Know

As the institutional arrangements of participatory audit vary from country to country, it is unlikely that a generic model of this practice will ever emerge. What we can conclude is that none of the innovations outlined above – whether that of Bangalore, India at the national level, the Philippines at a provincial level, Korea or Mexico -- can work without an enabling democratic environment that enhances political rights, provides access to information and strengthens civil liberties. Though ‘social audit’ itself in India contributed to the adoption of the *Right to Information Act*, the fact remains that the Indian democracy enabled civil society organizations to rally support against a practice that went against the norm of democracy.

The Role of the Media

The role of the media in public accountability and in linking citizens to public issues calls for greater emphasis and further exploration. Happily, with the rise of democracy and citizen demands for greater accountability, the general role of the media is shifting from mere information providers to stimulants of social change. Further, the work of the media in fighting corruption and amplifying the culture of transparency and accountability in public governance stems not only from the idea that they should assume advocacy responsibilities at the behest of citizens, but also from their sense that they have a role for social mobilization assisting them ‘...to come together for the purposes of protecting public resources’ (Anam, 2007). But this opportunity will not be seized unless SAIs, CSOs and media outlets form strategic partnerships. Commenting on the situation in the USA, one analyst summed up the situation as follows:

‘... this [media] industry is now beset with competition and striving to maintain profit margins, is less concerned with informing citizens than featuring stories that sell papers and attract viewers... Therefore with declining ability to count on the press, it becomes incumbent on auditors and evaluators to think of new ways to assure the appropriate dissemination of their work.’ (Chelimsky, 2007)

Box 8
Auditing for Social Change

A UN Expert Group Meeting discussing the issue of civil society participation in audit came to the following conclusions:

1. The participation of civil society organizations in auditing, whether in a formal or in an informal process, has real potential to enhance accountability and align public services to citizens' needs in such important areas as achieving the MDGs;
2. The inclusion of auditing in the budgeting and planning process can equally strengthen the accountability process proactively;
3. The media can help mainstream citizens directly into the auditing process and improve transparency and compliance by building citizen consensus against corruption, misappropriation and mismanagement of public resources; and
4. By strengthening legislative oversight, audit can enable the parliament to play a more proactive role in public sector expenditure.

Source: United Nations (2007b). Auditing for Social Change: A Strategy for Citizen Engagement in Public Sector Accountability

Tabulating Experience to Date

Table 9 below sets out graphically the enabling factors and persistent challenges to the civic engagement ventures set out in this chapter.

Table 9 – Synthesis of Civic Engagement Initiatives in Budget, Service Delivery and Expenditure Tracking/Audit

Civic Engagement Initiatives	Outcomes	Enablers	Challenges
'People Budget'	Pro-poor allocation of resources; citizen capacity-building in budgetary process and analysis; citizen empowerment in public governance; greater transparency and accountability in budgeting	Pro-poor political commitment and shared vision of development; legal backing; pro-poor leadership; rigorous methodology and continuous monitoring and evaluation of the processes; civil society commitment; clear rules of participation	Unclear political commitment; bureaucratic resistance; elite capture; risk of compromising legislative process; weak civil society capacity; untested methodology and weak coordination of conflicting/competing priorities
Comprehensive Local Government Planning and Development and Service Delivery	Strategic planning and cohesive service delivery; mainstreaming of civil society organizations into the planning, budgeting and monitoring; efficient and sustainable service delivery; transparency and accountability in local governance	Significant decentralization of political, administrative and financial authorities at the local government level; policy on civil society participation in public governance; civil society capacity; clear rules of participation; accreditation of civil society organizations; leadership	Inadequate decentralization; policies that either limit or constrain civil society participation in public governance; elite capture; weak civil society capacity; civil society organizations doing the bidding for the government; unclear rules of participation

"Participatory Audit"	Control of corruption and wastage; citizen empowerment; greater transparency and accountability; improved programme effectiveness	Democratic environment with high degree of political rights and civil liberties; national policy conducive to civic engagement in public accountability; cooperation of the supreme audit institutions; media interest in accountability issues; capacity.	Absence of democratic rights and lack of free access to information and absence of freedom of expression; weak civil society capacity; absence of clear rules of participation.
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So far, the tangible benefits of participation in budgeting and service delivery are more discernable and measurable at the local government level than at the national level. However, it is also true that participatory processes in budgeting and local government planning produce built-in mechanisms for civic engagement in auditing and monitoring as well – and may well reach upwards to higher tiers of public governance. The role of a free press is central. However, where blatantly commercial interests limit the substantive information purveyance functions of the media, various types of CSOs and grassroots groups can compensate to some extent for these shortcomings and even spur the restoration and realization of basic media responsibilities.

Chapter 5

Issues and Challenges

In one way or another, many countries face the challenges of exclusion, corruption and inefficiency in public service delivery. Worldwide, civic engagement in public governance is evolving into an increasingly important tool to address these deficiencies. Various participation options offer opportunities for equitable and sustainable growth, deepening democracy, building trust, mainstreaming social concerns into economic processes and ensuring accountability in public governance. Participatory practices are evolving within the contexts of⁴¹ :

- (i) an institutional value base or political mandate that legitimizes the principle of participation;
- (ii) the development of organizational arrangements that reflect the values-in-use; and
- (iii) Building capacities that enable connections between values and actions so that the values are strengthened and reproduced.

The Issues

Generally, the issues concerning participation fall into three broad categories:

- those related to the administrative frameworks of participation;
- those concerning the enablers; and
- those involving the multi-faceted benefits of participation.

Common challenges emerge in all three areas.

Administrative Layers of Participation

The forms and extent of participation practices range from the micro or project level to influencing national policies. Generally required by donor agencies, micro- or project-level participation aims at increasing project ownership, guaranteeing an equitable distribution of project benefits, supporting post-implementation sustainability and, most importantly, ensuring project cost recovery. (Mansuri and Rao, 2004). However, a range of substantive and operational difficulties calls into question the efficacy of such participation. Platteau (2008) maintains that asymmetrical power relationships lead to information distortion; the embezzlement of external resources by elites when their members capture the management of donor-funded projects; and the perversion of participation caused by donor conditionality of project finance, which often insists upon contributions from the poor without distributing any subsequent benefits to them. In short, donor conditionality can jeopardize the outcome of participation, undermine its motivation, and endanger its sustainability.

⁴¹ See Guthrie, 2008.

National Level

Other kinds of participation that occur at the macro level, such as the Economic and Social Councils (ESCs), aim at balancing multi-stakeholder priorities and more recently, mainstreaming the social dimensions of macroeconomic policies. Yet another form of participation, the Poverty Reduction Strategy Paper (PRSP) process, is applied in least developed and in highly indebted countries as a condition of World Bank loans to mainstream the concerns of the poor into macroeconomic policies. The governments of these countries have experienced a very different set of processes and outcomes. As Chapter 3 showed, each of these models produces different kinds of successes and difficulties. Except in a few cases, ESCs have proven to be ineffective, especially in developing countries. However, in many cases, PRSPs have failed to incorporate the concerns of the poor into the macroeconomic framework of their national development strategies successfully. The failure of PRSPs arises largely from a lack of accountability and ownership. The fact that PRSPs are donor-driven and undertaken on an ad hoc basis to meet donor conditionalities weakens the long-term prospects of sustaining the participation of the poor in national development.

The failure of some of the ESCs seems to stem from a number of factors, especially weak government support; unclear linkage between the government, the legislature and the council; and lack of capacities. Further, the urban bias of ESCs and their lack of linkage to rural communities are also considered a major drawback of their operational arrangements. However, those ESCs that are successful point to national ownership as key to their effectiveness and sustainability. Also, more often than not, ESCs tend to engage the stakeholders in the entire policy cycle – from needs assessment to actual policy-making -- and therefore result in high national ownership. By contrast, participation in PRSP processes is limited to needs assessment only. In PRSP, the participation of the civil society organizations does not extend to actual policy-making. This weakens accountability. Moreover, while many countries have installed ESCs permanently within their policy-making structures, PRSP processes remain a stand-alone exercise linked to World Bank loans.

Local Government Level

Still other forms of participation, such as those of Porto Alegre's (Brazil) 'people budgeting', Naga City's (Philippines) embedding of civil society organizations into the local government council and Queensland's (Australia) 'community engagement' initiatives are home-grown and have been introduced not only to produce equitable development outcomes, but also to change the entire political economy of decision-making. The challenges that these initiatives encounter differ significantly from those of the macro or national level civic engagement processes. Challenges to this kind of participation include:

- managing changes in organizational behaviour;
- balancing the relationships between the elected legislators and the NGOs and civil society organizations;

- capacity-building in participation management of both the government and the civil society organizations;
- devising proper accreditation strategies for participatory agencies; and
- converting participation into policy outcomes and their subsequent implementation that is subject to accountability procedures.

Box 9. Challenges of Participation and Engagement: A Snapshot

1. Donor-induced participation, regardless of whether it takes place at macro level (such as PRSPs) or at the project level, runs the risk of not being sustained. When marked by asymmetrical power relationships in management structures, the outcomes of these processes, especially at the project level, may preserve or exacerbate inequality.
2. Civic engagement does encourage disparate views, preferences, priorities, and sentiments that may induce indecision or hasten a decision that is improperly vetted.
3. The absence of clear 'rules of the game' that specify who participates and how; lack of a civil society accreditation policy that defines who can do what; and an inadequate definition of the objective of engagement, along with poor monitoring of the processes of engagement, endanger productive dialoguing and its outcomes.
4. Capacity deficits both of the government (in how to engage) and of civil society organizations (in how to dialogue with technical competence) compromise both the process as well as the outcomes of participation.
5. Civic engagement requires a long-term strategy, especially in a post-conflict situation; therefore investment in strategic planning and systematic implementation of the strategy is a necessity, although both these processes can be costly.

Political and Institutional Enablers

Practical examples presented in preceding chapters reveal that most participatory practices have emerged from within the countries themselves. With few exceptions, these initiatives have also emanated from the demands made by the civil society organizations.

As a result, civic engagement initiatives not only permeate multiple layers of public governance and range from macroeconomic policy-making to planning for local sanitation, but have fostered the recognition that participation is a value *in itself*. With this has come an awareness of added value in organizational performance when participation is integrated into an organizational dynamic. Both these perceptions have led to applying the idea usefully to new areas. For example, the Economic and Social Councils, established originally to harmonize industry-labour relations, via the participation of civil society organizations, have since been incorporating into their agendas the social dimensions of macroeconomic policies. As noted in Chapter 4, in India, CSO involvement in the expenditure tracking of a public programme identified barriers to information as a major source of malfeasance. The mass movement that this triggered contributed to the ultimate adoption of the Right to Information Act.

While governance enablers like democracy, decentralization and a pro-poor political agenda have been crucial for the introduction of participatory practices, in some countries, the introduction of participation alone has led to major governance reforms. For example, the policies of decentralization and the provision made by some countries for inclusion of civil society organizations in public programmes – notably in Bolivia and the Philippines -- have witnessed the institutionalization of civic engagement at different tiers of public governance, most prominently at the local government level. Further, the policies of the Republic of Korea concerning ‘participatory and transparent government’ have promoted civic engagement at multiple sites of public governance, significantly in the arena of public accountability. Similarly, South Africa’s and Brazil’s national anti-poverty initiatives have opened opportunities for civil society organizations to participate in budgets and audits of their public programmes. In addition, Porto Alegre’s participatory budgeting went well beyond producing a pro-poor budget framework; it contributed to changing the existing power-sharing arrangements at the local government level.

Such changes have by no means been limited to Africa, Asia and Latin America, the so-called ‘global South’. Many European countries now reveal how, through the establishment of national ESCs and several other means, the gradual inclusion of civil society organizations in policy dialogue has helped embed social issues in macroeconomic policies. Ireland, for example, which boasts the most comprehensive participatory arrangements in its economic and social councils, has consistently recorded impressive gains on the HDI, in part because of this process. In this connection, it is also worth noting that until the 1920s, Ireland had been a colony of England for more than three centuries and one of the poorest areas of Europe.

Further, in the case of Queensland, Australia – yet another former colony -- the introduction of the ‘community engagement’ initiative that accompanied the ‘devolution’ of authority to the local level, yielded positive gains in all five thematic areas of local government activities: ‘Basic Services’, ‘Community Life Style Services’, ‘Managing the Shire/City’, ‘Customer Service/Communication’ and ‘Qualities of Council’. What this example also shows is that community engagement in local governance has since gone well beyond service delivery to support multiple goals. Under the theme of ‘Community Life Style’, for example, local authorities in Queensland pursued, among other things, an initiative in multiculturalism that aimed at building bridges among various ethnic communities that had suffered mutual loss of trust, emanating from the events of 9/11 (Hoffman *et. al*, 2008).

These examples of participation drawn from different contexts as well as different places show that practices of participation respond to different needs in different circumstances and produce different results. In some cases, participation has first and foremost helped build trust in government – its intrinsic value. In others, its initial prominent outcome has been improved service delivery and strengthened accountability -- the instrumental value of participation. In yet other cases, it has increased efficiency and effectiveness in resource allocation – the ‘allocative/technical efficiency’ value of participation. As

indicated earlier, participation has also helped in reforming governance, changing organizational behaviour and empowering citizens. Indeed, this empowerment has given the concept of citizenship a new meaning. A theoretical framework of civic engagement, presented in a chart below, shows these multiple attributes simultaneously at a glance.

Incremental Frameworks of Participation

There are many models of participation. Arnstein (1969) conceptualizes a ‘ladder of citizen participation’ that ranks different levels of interaction between government and the community into a hierarchy. Each ascending rung of the ladder represents an increased level of influence granted to citizens, from the bottom (‘manipulation’)⁴² up to the top (‘citizen control’).⁴³ Others have since recast this schema as a continuum or sliding scale. At one end of the scale sits information provision – a one-way government-to-citizen provision in which a government simply tells its citizenry what it wants them to know through media or other means. At the other end is the active citizenship or empowerment model, in which citizen groups are involved in agenda-setting and decision-making and monitoring. Following the continuum model of participation, the International Association of Public Participation (IAP2) conceptualizes participation in five categories of relationships: inform, consult, involve, collaborate and empower. Table 10 below presents the IAP2 model of participation.

⁴² This is somewhat reminiscent of beneficiary participation in donor-funded projects.

⁴³ ESCs, the ‘people budgeting’ of Porto Alegre and the CSO embedded participation in the local government council of Naga City, Philippines, depict this sort of participation.

Table10. Public Participation Spectrum

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Objective	Objective	Objective	Objective	Objective
To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, and/or solutions	To obtain public feedback on analysis, alternatives and/or decisions	To work directly with the public throughout the process to ensure that public issues and concerns are consistently understood and considered	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution	To place final decision-making in the hands of the public
Promise to the Public	Promise to the Public	Promise to the Public	Promise to the Public	Promise to the Public
We will keep you informed	We will keep you informed, listen to and acknowledge concerns, and provide feedback on how public input influenced the decision	We will work with you to ensure that your concerns and issues are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement what you decide
Tool Examples	Tool Examples	Tool Examples	Tool Examples	Tool Examples
Fact Sheets Web Sites Open Houses	Public Comment Focus Groups Surveys Public Meetings	Workshops Deliberative Polling	Citizen Advisory Committees Consensus-building Participatory Decision-Making	Citizens' Juries Ballots Delegated Decisions
INCREASING LEVEL OF PUBLIC EMPOWERMENT				
→				
Source: International Association of Public Participation (IAP2) 2000, Victorian Parliament Outer Suburban/ Interface Services and Development Committee Report – Building New Communities.				

Moving from left to right in this continuum, there is a corresponding increase in role, expectations and impacts of participation. For example, informing ‘stakeholders’ may not entail any expectation of feedback, while ‘empowering’ combines high expectations with a dimension of accountability.

However, the effectiveness of each of these participation relationships also hinges upon governance enablers such as full political rights; civil liberties; rule of law; the right to information; freedom of expression; an independent judiciary; freedom of association and unimpeded operations of civil society organizations. Many analysts also argue that a democratic political system that stresses multi-party elections is only one of the many forms of citizen representation. Consequently, participation through complementary

mechanisms of multi-stakeholder participation, such as national Economic and Social Councils and civil society participation in local government councils, reinforce direct citizen engagement and thus overcome some of the deficits of democracy.

The road to participation is never smooth. One of the most important factors that influence both the quality and outcome of participation is the capacity of the civil society organizations involved. Yet fierce debates still take place about what constitutes civil society. The issue of mutual trust between the government and the civil society also needs careful scrutiny. Finally, the issue of accreditation – who participates, what criteria should be used to select credible civil society organizations, and who makes this selection -- are all questions that continue to surround the issue of participation.

Multi-faceted Benefits

In view of the multiple functions and benefits of participation, analysts have used various theoretical constructs, such as ‘deliberative democracy’ and ‘empowered participatory governance’, or, as in the case of Brazil, ‘participatory republics’, to describe both the scope and opportunities of participation in the processes of public governance.⁴⁴ More generally, the recent surge of democracy and, indeed, the emphasis on good governance as a prerequisite to sustained and equitable development has encouraged greater citizen claims on public governance; many assume that participation is necessary to promoting the values of good governance and achieving equitable development.⁴⁵ In addition, the achievement of the MDGs hinges in large part on the quality of national development strategies and, indeed, on the robustness and inclusiveness of their preparation.

Similarly, in the Northern world, citizen participation in decision-making processes is increasingly being emphasized as a means of combating a range of social dysfunctions, including social exclusion, political apathy and falling trust in government. Finally, in fragile post-conflict and post-transition countries, broad-based participation in public affairs is becoming crucial to rebuilding sustainable cohesive societies (Brown, 2006).

As indicated in the discussion of “Institutional Enablers” above, the multiple possibilities of participation have led some analysts to conceptualize participation as producing three distinct sets of values (Osmani, 2008):

- instrumental/developmental;
- intrinsic; and
- allocative and/or technical efficiency values.

Some writers add a fourth category of value to participation – the *constructive* value, which ‘enables us, both individually and collectively, to form our values, principles,

⁴⁴ The idea of deliberative democracy has been explored extensively in a number of recent contributions, which include Bohman and Rehg (1997), Elster (1998), Freeman (2000) and Conover *et al.* (2002). For an authoritative account of the notion of Empowered Participatory Governance, see Fung and Wright (2003).

⁴⁵ Mansuri and Rao (2004), Hickey and Mohan (2004) and Bardhan and Mookherjee (2006) contain detailed discussion of recent experience.

purposes, and priorities through interaction with others' (Briand, 2007). For the purposes of this Report, the three listed above are regarded as the basic building blocs of participation. Also as noted earlier, participation has the potential to change organizational behaviours and change the way organizations conduct business. In other words, participation has the potential to instil new cultural values in organizations.

Developmental Benefits

Globally, no systematic study is available to demonstrate the associational relationships, positive or otherwise, between participation and developmental or 'instrumental' benefits.

Nevertheless and albeit with some challenges, several case examples presented in previous chapters do highlight positive impacts of participation on development. However, these examples of participation are quite varied, both in scope as well as in context, and therefore, difficult to present as generic lessons of participation. To overcome this challenge, this report presents findings of some preliminary in-house research. The study examined globally any trends in civil society participation in major public programmes and impact on service delivery. (See Annex 3 on Civil Society Participation in Major Public Programmes and its Impact on Public Service Delivery expressed through the Progressive Deterioration of Public Services: Results of Preliminary In-house research of UN/DESA).

Using secondary data on Progressive Deterioration of Public Services (generated by the Funds for Peace)⁴⁶ and comparing them to the data on participation of civil society organizations in major public sector programmes (generated by the International Monetary Fund), the study reveals that civil society participation in public programmes reduces the risks of progressive deterioration of public services, given positive enabling governance environment, (namely full political rights and civil liberties). In this case, the lack of deterioration in public services, serves as a proxy for better services. The study reveals that when participation occurs within the framework of several governance enablers such as political freedom, civil liberty and decentralization, it produces positive impacts on service delivery, globally. The study, nevertheless, reveals regional variations on such impacts, caused most likely by the regional variations in governance enablers.

⁴⁶ The Progressive Deterioration of Public Services (PDPS) is one of the indicators included in the Failed States Index developed by the Fund for Peace and defined as the: disappearance of basic state functions that serve the people, including failure to protect citizens from terrorism and violence and to provide essential services, such as health, education, sanitation, public transportation; and state apparatus narrows to those agencies that serve the ruling elites, such as the security forces, presidential staff, central bank, diplomatic service, customs and collection agencies.

Intrinsic Benefits

The ‘intrinsic’ merit of participation is now widely recognized. It refers to the idea that the act of participation is valuable in itself, quite apart from any value it may have in helping to reach other desirable goals. Amartya Sen’s exposition of the idea of ‘development as freedom’ clearly recognizes the intrinsic value of participation in the development process (Sen,1999). From his perspective, development concerns, among other things, the expansion of choices – one critical expansion being the freedom to participate in public affairs.

In his 2002 volume, *Rationality and Freedom*, Sen also distinguishes between the *opportunity for* freedom and the *process of* freedom. *Opportunity* refers to the freedom to achieve valuable outcomes, such as the ability to lead a life free from hunger, disease and illiteracy, while *process* refers to the manner in which these outcomes are achieved – in particular, whether people have the freedom to influence the processes that lead to valuable outcomes. Development entails the expansion of *both* these aspects of freedom, as people attach value not only to the final outcome, but also to the way through which the outcome is reached. So the intrinsic value of participation derives from the value people attach to promising processes.

International human rights discourse designates participation as a fundamental right of each and every person. Reinforcing this view, the Declaration of the Right to Development adopted by the United Nations in 1986 stipulates:

‘The right to development is an inalienable human right by virtue of which every human person and all peoples are *entitled to participate in*, contribute to and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.’ (UN 1986, Paragraph 1 of Article 1; emphasis added).

It is evident from this statement that the right to development is seen not simply as a right to ‘enjoy’ the fruits of development, but also as a right to participate in the process of realizing them.

In line with the multiple benefits participation makes possible, a recent study concludes that ‘community engagement draws upon many disciplines, including social justice, risk management, conflict resolution [and] public relations. Also, there are numerous levels of engagement...’ (Hoffman *et.al*, 2008).

In addition, some observers maintain that ‘participation has the potential to achieve more efficient and equitable outcomes in many different contexts of decision-making, such as allocation of budgetary resources among alternative uses [a point highlighted in Chapter 4 of this Report], management of common property resources, delivery of community services, and so on’(Osmani, 2008).

Allocative / Technical Efficiency Benefits

As it promotes the expressed preferences of citizens in decision-making, participation spurs better ‘allocative efficiency’ in resource allocation and distribution. Ascertaining these preferences, however, is not simple. For private goods, the market has its own way of eliciting information on preferences, despite occasional inaccurate signals that arise from imperfections in market operations. Small wonder, then, that studying allocative efficiency becomes even more difficult in non-market spheres; bureaucratic decision-making processes usually have few reliable mechanisms, if any, for revealing citizens’ preferences.⁴⁷ Decisions based on mistaken perceptions or those without regard to what people actually want can result in wastage or skewed use of scarce resources and inefficient allocation. Indeed, such circumstances foster situations of unfulfilled expectations and therefore falling trust in government. This is one of the major pitfalls of top-down or insular decision-making. By contrast, strategically managed multi-stakeholder participation in decision-making processes succeeds in overcoming the challenges of insularity and, through facilitating the awareness of citizen preferences, contributes to ensuring efficient allocation and ownership of policies and programmes.⁴⁸

Analysts have also claimed that by removing the informational asymmetry common in most top-down decision-making, *technical efficiency* – which refers to the efficiency with which resources are used for a given end – can also be improved through participation in the design and implementation of community-level projects. Those in charge of such projects may not know about important conditions of which local people are keenly aware (Osmani, 2008). In such cases, participation also helps both accountability and equity in resource allocation.

Building Social Capital

In addition to the fundamental values discussed above, participation includes others – among these, building social capital, empowering citizens as both individuals and groups and, as mentioned earlier, thereby changing organizational cultures and dynamics.⁴⁹

Participation is integral to social capital formation and to empowerment. The causal link between participation and empowerment can best be understood by looking at the relationship between non-participation and disempowerment. In most governments, decisions are made by an elite comprising politicians, bureaucrats and technocrats.

⁴⁷ In 1999 Gallup International Millennium Survey asked more than 50,000 people in 60 countries if their country was governed by the will of the people. Less than a third of the respondents said yes. And only 1 in 10 said their government actually responded to the will of the people. (United Nations Development Programme. *Human Development Report 2002*).

⁴⁸ It should be noted, however, that participation does not always guarantee that allocations will be made on the basis of true preferences; for various reasons, distortion of preferences can occur even in participatory processes (Blair, 2008). All that is being claimed here is that resource allocations or decisions based on participation have the potential to reflect true preferences.

⁴⁹ One obvious late 20th century development is the empowerment of women in countries as diverse as France and South Africa.

Ordinary citizens are generally not part of this nexus – though its decisions may have far-reaching consequences for their lives and livelihoods. Even if some of these decisions happen to favour ordinary citizens, the relationship is usually one of patron/client, which puts the latter at the mercy of the former. By contrast, well entrenched participation has the potential to empower citizens and make decisions more inclusive, equitable, and subject to accountability procedures.

Another form of participation, often termed ‘citizen-to-citizen networking’, consists of relationships between different individuals and groups operating outside the market sphere, often builds and strengthens social capital. Building social capital through creating networks that bond citizens across class, caste and creed is particularly important in post-conflict societies.⁵⁰ However, for the most part, social networks do not spontaneously engage themselves in political participation. (Chanan 2003:49) Usually, governments and influential individuals – at times, neighbourhood elders or local heroes - - must help create situations that draw social capital into public decision-making processes – and also constructive action and the pooling of resources to meet obvious needs.⁵¹ Through ‘horizontal involvement’ and putting social capital to use in public governance, public decisions become more equitable and enhance social integration.

Changing Organizational Behaviour

There is also evidence that mainstreaming participation or civic engagement into the decision-making processes helps change the organizational culture of public institutions (Outer Suburban Interface Services and Development Committee, Parliament of the State of Victoria, 2006). Once participation is embedded into the working procedures of many institutions, it transforms them from authoritarian and paternalistic bodies into organizations that become more open and accountable in their discourse and decision-making. Table 10 below demonstrates the nature of the transition likely to occur.

Table 10. Civic Engagement and Change in Organizational Behaviour

Pre-engagement Behaviour	Post-engagement Behaviour
<ul style="list-style-type: none"> • Advocating for the organization at all times • Being technocratic –“we know the right answer, we will tell you” – or “if only you understood, you would see that we are right” • Being secretive, being defensive • Public institutions are distinct from the 	<ul style="list-style-type: none"> • Brokering and facilitating decisions across a variety of stakeholders • Balancing technical, economic and social issues in decision-making • Being transparent and accountable • Equal partners

⁵⁰ The majority of these networks, which almost always vanish in post-conflict societies, do not concern public decision-making, but rather sharing interests, making friends, entertaining neighbours and people of other neighbourhoods and villages or giving something back to the society-at-large -- all elements that are crucial to building post-conflict relations, to reconstruction and to rehabilitation.

⁵¹ Organizations such as the Klu Klux Klan could be said to have high social capital, but it is what is termed *bonding* social capital only. It does not develop the kind of social capital that connects across groups, which is *bridging* social capital.

community and regard themselves as superior to it	
Source: Adapted from Outer Suburban Interface Services & Development Committee, Parliament of the State of Victoria (2006). Inquiry into Building New Communities: Final Report.	

Post-Conflict Situations

Building participatory initiatives in post-conflict situations involves a very different set of challenges because social capital has virtually disappeared, inter-community trust is low, and hardly any civil society exists. In these countries, participation in public governance is pursued to achieve two inter-linking goals of peace-building:

- first, there is a need to recreate social capital in almost every sphere of life – the horizontal dimension of participation; and
- second, there is a need to link the nascent social capital to public organizations – the vertical dimension.

Work on both must progress hand-in-hand so that inclusion in public governance follows an evolutionary and mutually nurturing process.

Interlocutors of Participation

There are several intermediaries or operational frameworks of participation – among these, democratic elections, which allow broad-based political participation in public governance, and referendums (‘direct democracy’) or collective action through the Internet (“E-government”, etc.). However, among all these, the involvement of civil society organizations has emerged as the most prominent form of linkage between citizens and their governments. The mediating role of the civil society organizations in governance is gaining popularity not only at the national level on a variety of issues, but equally so at the international level. Because of this worldwide trend, debates about the definition of civil society groups, as well as the forms of their participation, remain a challenge.

Civil Society

Starting with Scottish Enlightenment thinker Adam Ferguson, who published his *Essay on the History of Civil Society* in 1767, the definition of civil society has undergone many changes, though many use the basic concept set out by Georg Friedrich Hegel in 1822 in his *Elements of the Philosophy of Right*, meaning voluntary associations that are not part of the state or the extended family. Civil society organizations and their members may seek to advance broad social interests, narrow group interests, or even narrower individual interests – significantly complicating the subject of definition alone. *The Concise Oxford Dictionary of Politics* (McLean and McMillan, 2003), for instance, defines civil society as ‘the set of intermediate associations which are neither the state nor

the (extended) family; civil society therefore includes voluntary associations and firms and other corporate bodies'. Table 12 below provides a summary of various definitions.

Table 12. Definitions of Civil Society since the 18TH Century

Source	Definition
Ancient Greeks and Romans, revived by Adam Ferguson in 18th century	Participation in political (civic) life, by voting, holding office, etc. Motives are altruistic, so this definition excludes 'uncivil' participation for personal gain.
Georg Hegel 1822	All voluntary associations outside the state and outside the family, including business firms. Participants are motivated by collective well-being <i>or</i> personal gain.
Karl Marx (1840s)	Follows Hegel, but motivation of participants is exclusively self-interest, <i>never</i> collective well-being.
Antonio Gramsci (1930s)	Associations that stand between the economic structure and the state. Excludes the economic sphere itself, but includes employers' associations and trade unions, as well as political parties, recreational associations and non-government cultural institutions.
Alexis de Tocqueville (1835), revived by Robert Putnam (1993, 2000)	All voluntary associations and social networks that make up the 'social capital' of society. Includes professional associations, choral societies, bridge clubs, family picnics. Excludes activity for purely private and commercial purposes, such as business firms, but includes family activities.
World Bank (2000)	Defines civil society narrowly as 'not-for-profit organizations and special interest groups, either formal or informal, working to improve the lives of their constituents'.
United Nations Development Programme – UNDP (n.d.)	Follows Gramsci by defining civil society as 'non-state associations whose main aims are neither to generate profits nor to seek governing power', adding that they operate 'outside both the market and the state'.
United Nations University Institute of Advanced Studies-UNU-IAS (2004)	All actors—organized or unorganized—who 'promote the goals of sustainable development'. Groups that "often represent certain business interests" are explicitly excluded, as 'uncivil society'.
UNDP (2004)	Voluntary associations other than political parties, the military, business firms, trade unions, churches, news media and intellectuals
United Nations Committee of Experts on Public Administration (2006)	Civil society organizations include non-governmental organizations, professional and private sector associations and trade unions. They also include families, churches, neighbourhood groups, social groups and work groups.

Adapted from Willmore, Larry (2005). 'Civil Society Organizations, Participation and Budgeting' in *Citizen Participation and Pro-Poor Budgeting*.

Currently, the general view is that civil society organizations are non-profit socially conscious entities dedicated to the cause of the poor, human rights, environment and sustainable human development – goals that approximate those of the MDGs and include the UN Development Agenda.⁵²

Experiences from around the world of civil society participation in public governance highlight the following issues:

- (i) there is general agreement that civil society participation in public governance adds value and provides useful alternative views on issues of public interest;
- (ii) effective civil society participation requires an enabling governance environment, encompassing such elements as freedom of association, rule of law, and freedom of expression, including free media;
- (iii) in democracies where there are large numbers of CSOs, the challenge is to decide which of these are most credible, what criteria are used to determine their accreditation and inclusion, and what weight is given (formally or otherwise) to the inputs emerging from their participation;
- (iv) in non-democratic authoritarian regimes, the element of engagement by itself may be a problem; therefore the presence of autonomous CSOs in these countries is unlikely;
- (v) in post-conflict situations where civil society organizations require rebuilding, it will take time before they gain capacity to engage meaningfully; and finally,
- (vi) capacity deficits in civil society itself, especially in policy dialogue, may limit their participation at this important level.

Challenges

Even the limited sample of examples cited above shows that the challenges of participation take many forms, each of which has multiple facets. Even in the supposedly simple situation of sustaining community-based development projects, asymmetrical power-sharing in project management structures may result in failing to reach the desired results or, due to skewed outcomes of project decisions and benefits, failing to achieve or maintain broad-based engagement, especially by poor people. In such cases, participation becomes unsustainable over time.

⁵² The UN Development Agenda has been spelled out more explicitly in the document, United Nations (2005d) *Implementation of the decisions from the 2005 World Summit Outcome for action by the Secretary General: report of the Secretary General*. 19 October .

Other challenges of participation concern its operations and methods. For example, managing the processes of participation efficiently and effectively is indeed a major challenge. Many participatory processes face difficulties in balancing and mainstreaming multi-stakeholder inputs into decisions because leaders do not show sufficient objectivity or sensitivity. Other challenges of participation involve issues of capacity, commitment, resources and, as shown earlier in this and other contexts, an enabling governance environment.

Osmani (2008) identifies three gaps that are likely to affect participation: *capacity*, *incentive* and *power*. As he puts it, ‘the *capacity gap* arises from the fact that meaningful participation in the process of governance requires certain skills which common people, [most] of all the traditionally disadvantaged and marginalized segments of the society, do not typically possess; the *incentive gap* stems from the fact that participation in public affairs is not costless and [that] most people would not be keen to participate actively unless they perceive the potential gains to be large enough to outweigh the costs; and finally, ...[because] the *power gap* defined in terms of class, gender, ethnicity, religion, and so on – has long been internalized by the oppressors and the oppressed alike, it is very likely that the dominant groups will use participation merely as a ruse to further their own ends’.

To Sum Up

The following challenges can either weaken or completely nullify the processes of participation, as well as their outcomes:

- (i) *Participation as a donor condition*: To take only one example, most PRSPs require participation in the early stages of consultation, but do not retain it for the implementation and feedback phases;
- (ii) *Complexities arising from increases in the number of stakeholders*: Incremental increases in the number of stakeholders can increase the complications of participation exponentially. Any given project or programme has an optimum number of participants, depending on the issues at hand and the availability of resources. Participation involves opportunity costs that must be taken into account. Even where participants have nothing else to do, an opportunity cost is still present;
- (iii) *Deciding which concerns would benefit from participation and which ones would not*: Agreed ‘rules of engagement’ are crucial for successful and productive participation. So are agreed criteria for deciding both its scope and objectives. Poor judgements in this area can either create conflicts or contribute to confusions;
- (iv) *The issues of leadership and an enabling environment for participation*: Even for countries where civil society activism is not new and democratic values are strongly upheld, again there must be leaders who protect and encourage participation. This is particularly true in countries that have experienced ethnic, racial, and religious

conflicts – among these, such high-income democracies as Belgium, Canada, Ireland, and the USA;

(v) *The issue of representation:* Who participates and on whose behalf? This in essence has been the critical history of participation at the project level, especially in Africa, where it becomes a temporary arrangement that allows an elite to siphon resources to its own ethnic group or community (Platteau, 2008); and

(vi) *The issue of shared responsibility:* Participation is no substitute for the parliamentary process or those of other democratically elected institutions. But it can and should complement them in a number of ways. Public governance should be understood as a shared responsibility in which different citizen stakeholders play relevant roles in the policies and programmes that they consider especially important to themselves, their families, their neighbourhoods and their particular communities of interest.

The Future

The importance now attached to participation seems to have been prompted by a convergence of two realizations: a need felt by many governments to work in partnerships with citizen groups in public governance and, conversely, citizen demands for greater transparency and accountability in matters that are public. The persistence of poverty, rising inequality and increasing economic vulnerability have also prompted the need to connect better with the poor and the disadvantaged and mainstream their concerns into the public policies. The issues of gender neglect, rising risks to environment and a neglect of the concerns of minority and indigenous groups have also underlined the need for a more inclusive framework of public governance.

According to the UN Millennium Project Report (UNDP, 2005), countries must pursue three key themes in their national planning process:

- undertake in-depth analysis of extreme poverty by region, locality and gender;
- formulate a public sector management plan that focuses on good governance standards and employs strategies for decentralizing the MDG planning and implementation process; and
- introduce processes that engage all key stakeholders, domestic and foreign, in strategy development.

Often, especially in the kind of planning framework of the MDGs cited above, it may well be possible to combine several existing practices of participation – for example, the PRSP type of needs assessment with the ‘people budgeting’ methodology. In turn, these kinds of grassroots activities can feed into an inclusive multi-stakeholder mechanism at the national level, such as the Economic and Social Councils. Regardless of whether or not a country is working towards the MDGs, this kind of linkage could pave the way for a plausible framework of multiple levels of engagement that could strengthen democracy, foster social justice and move towards achieving the other multiple goals of good

governance. The question is not *whether* civic engagement is good or bad, but rather *how* to initiate, sustain and build capacities for it.

Capacity-building must derive not only from successes to date, but the difficulties encountered in implementing this kind of initiative so far. The more successful cases of civic engagement seem to indicate the following trends:

(i) In some countries, such as the Philippines, the Constitution provides open options for different tiers of public governance (central government agencies, local government authorities, etc.) as well as civil society organizations themselves. Willing partners can decide together if and how they wish to participate. Many agencies, along with local government authorities, like Naga City, took full advantage of this latitude of choice.

(ii) Porto Alegre's 'people budget' concept has led to similar participatory budget movements worldwide. Many Latin American countries are also witnessing a surge of political takeovers of local governance by indigenous populations, many of which have traditions of participation that long predate the European colonization of the region;

(iii) In recent times, civil society participation in the audit process has also gained prominence.⁵³

(iv) In India, the involvement of grassroots organizations in community projects revealed anomalies between promise and delivery at the local level. This triggered a nationwide social movement that culminated in mandating the incorporation of NGOs into poverty alleviation programmes from their inception to monitoring and auditing. As indicated earlier, this civic movement undertook action that also led to the adoption of the national *Right to Information Act*.

(v) Also in India, the reservation of seats for women and other disadvantaged groups in village councils (*gram panchayats*) have ensured the political empowerment and participation of the members of these groups in village development activities.

(vi) In many countries the establishment of national ESCs, especially those that successfully incorporate civil society perspectives into macroeconomic policies, lead to positive outcomes.

(vii) Last, but hardly least, leadership elements and political commitment to participation are crucial to both the introduction as well as sustainability of civic engagement practices, including their capacity-building.

⁵³ In its XIX Congress held in Mexico City during 5-10 November 2007, the International Organization of Supreme Audit Institutions (INTOSAI) agreed to explore potentials of civil society and Supreme Audit Institutions (SAIs) collaboration in public accountability.

Box 10
**Participatory Governance in ‘Alternative Municipalities’:
Socioeconomic Governance in Indigenous Municipalities of Ecuador**

Otavalo and Cotachi have many traits in common. In the 1990s, after 500 years of colonization, they began democratically electing mayors of indigenous descent for the first time in the history of Ecuador. While openly representing indigenous rights, both mayors defend harmonious inter-culturalism. In line with their traditional approaches of consensual resolution, they are both dynamically supportive of participatory governance and have both achieved concrete benefits through participation.

But their similarities may stop here. As the Uruguayan journalist, Eduardo Galeano, observed ‘...each village requires a different pill for its own headaches.’

Cotachi (pop. 50,000) has established County Assemblies and claims to decide 100% of its investment budget of US\$ 1.8 million through them. Cotachi has undertaken a comprehensive policy of cooperation with international organizations, thus expanding the municipal budget.

Otavalo (pop. 100,000) has established a participation secretariat within City Hall and liaises directly with communities for the resolution of their own problems through cost-sharing. In the urban area, residents contribute 60% of the cost while the city contributes 40%. In the rural area, neighborhoods contribute 25% and the city contributes 75%. These neighborhoods were incrementally engaged.

Challenges remain. The people of Cotacachi sometimes become frustrated by not seeing all their requests adopted by the Assembly. The people of Otavalo sometimes express frustration at being required to share costs for services. However, both groups seem to be content with being able to see concrete results; the impenetrable curtains of bureaucracy have largely disappeared. The trust the participatory governance has succeeded in building between the government and the governed in both these municipalities is equally underscored by the fact that the communities have consistently kept re-electing their respective leaders for successive terms.

Source: Rabinovitch, Jonas (2007). UNDESA Mission Report to Ecuador, 12-16 September.

Many recent international conferences and dialogues also confirm these trends of civic engagement. The First United Nations/Government of Queensland (Australia) meeting, the *International Conference on Engaging Communities 2005*, stated in its introductory comments that

Around the world, greater engagement of citizens, clients, consumers and communities is becoming a feature of many governments and both public and private organizations. People are expecting to be involved and have a say in the business of the government and in the decisions of the organizations that affect their lives....Accordingly, some governments and organizations are responding with a renewed commitment to effective engagement and some are using innovative methods of doing so to deliver better results for customers, citizens and communities (Queensland Government, 2005).

Table 13 below presents a summary of the significant features of some of the key civic engagement initiatives, highlighting the context, institutional options and capacity issues of participation. However, the most revealing aspect of this table is that except in one case (India), all these civic engagement initiatives were sponsored by their respective governments and were undertaken either to stave off public dissent caused by economic crisis (as in Ireland, the Republic of Korea and Mauritius) or to give expression to political commitments made by left-of-centre political parties to alter an existing political economy of public administration (as in Brazil) and bring citizens to the centre of public governance (as in South Africa). In all these situations, the role and determination of political leadership in fostering and promoting a culture of participation within the framework of democratic governance should also be stressed.

Table 13. Civic Engagement Initiatives, Forms and Arrangements: A Summary View

Civic Engagement Initiatives	Administrative Level	Initiator	Institutional Form	Engaging Entities	Purpose	Method	Leadership Motivation
Ireland's National Economic Council	National	Central Government	CSO/ Government consultative body: <i>Normative</i>	Interest Groups (Civil Society, Trade Unions, Business, Technocrats)	Macroeconomic policy with strong social underpinnings	Consultations among Council members	Sustained economic growth with equity
Mauritius' National Budget	National	The Finance Minister of the time, who later became Prime Minister	CSO/ Government consultative body: <i>Normative</i>	Interest Groups (Civil Society, Trade Unions, Businesses etc.)	Pro-poor macro-economic policy and accountability/ transparency in national budget	Broad-based citizen consultations	Linking social concerns to economic growth strategies
Queensland's (Australia) community engagement	Sub-national (state or provincial)	The Premier	CSO/Gov't consultative arrangements, horizontal/ vertical: <i>Directive</i>	Community groups	Accountability/ transparency/ equity in infrastructure, environment, regional development	Direct community consultations, regional parliament	Building trust
MKSS Social Audit	Local Government Village Level	A group of social activists	Participatory audit and monitoring: <i>Normative, specific to national poverty programme</i>	Connecting community groups with public sector development implementers	Accountability/ transparency in programme delivery	Incorporation of poor people in public accountability	Empowerment of the poor
Porto Alegre's (Brazil) 'People budgeting'	Local Government	The Mayor	CSO/Local Government bottom-up consultation arrangements: <i>Directive</i>	Citizen Groups, mainly those representing the poor	Accountability/ transparency/citizen empowerment in budgeting for pro-poor outcomes	Social mobilization, direct consultations with citizen groups and participation of citizens in budget discussions, resource allocations and monitoring	Changing the political economy of decision-making, in favour of the poor.
Naga City's (Philippines) participatory governance initiatives	Local government	The Mayor	CSO/Local Government participation in decision-making: <i>Normative/ Directive</i>	Incorporation of NGOs/CSOs in local government . planning and development	Empowering citizens to participate directly in urban development processes to ensure accountable outcomes	CSO participation in Local Government Council/direct feedback and consultations through ICT	Changing the political economy of decision-making in favour of the poor

Capacity-Building

While most democracies have introduced some form of civic participation in public governance, the capacity deficits of governments as well as of civil society organizations may either stall or stymie success in these initiatives. Another failure factor is weak commitment to participation or lack of genuine appreciation of its values. As Winston Churchill famously remarked, ‘Democracy is the worst form of government – except for all those others that have been tried from time to time.’

The capacity-building needs of civic engagement range from simple skills development in participation management to major institutional reforms, including democratic reform. Because participation in public governance has the potential for introducing a whole new culture into public administration, the issues of restructuring and re-orientation of public institutions, including changes to their organizational behaviour, call for ample attention.

Special attention should go to suitable regulatory frameworks and intra-governmental coordination. Too many government agencies pursue policies or strategies that diverge or conflict rather than cohere and reinforce one another effectively. Similarly, the capacities to internalize community inputs into cohesive policies and coordinated service delivery need close examination. The latter may require strengthening and capacity-building of decentralization processes in public administration.

Furthermore, since civic engagement may include both ‘vertical involvement’ (civil society/government participation from national to sub-national and local government levels) as well as ‘horizontal involvement’ (citizen-to-citizen engagement – crucial to building social capital in post-conflict countries), capacity development in both these kinds of engagement initiatives calls for careful study and innovative thinking.

The issue of capacity-building of civil society organizations, especially in social mobilization and policy dialogues, requires concerted efforts. Other more open and less structured forms of participation include media participation in public interest issues and citizen feedback that can be gathered rapidly. The importance of free media and their sustained coverage of the issues of public concern cannot be over-emphasized. The connectivity made possible by using Information Communication Technology (ICT) in public administration can facilitate participation and enhance transparency and accountability in public governance. But it is not a prerequisite for the rule of law, checks and balances, freedom of information and expression, and all the other human rights and civil liberties conceived and developed worldwide over centuries. These are the basic planks for building platforms of participation at multiple levels. During the years to come, these will all require further work for building and rebuilding trust between governments, citizens and the civil society organizations they create.

Chapter 6

Building Capacity for Civic Engagement

The question of building capacity implies the question ‘for what?’ In this instance, capacity-building efforts aim at creating processes and institutions that contribute to transparent and accountable governance. Many of the administrative dilemmas that arise around engagement stem in large measure from puzzlement about how participation can and should function in the day-to-day operations of the formal institutions of government and thus make these more accountable and transparent. Disparities arise and increase between the rhetoric of participation and protection of equality on the one hand and, on the other, the ways in which most bureaucracies continue to conduct their businesses – simply because no single plan unites the two in a systematic programme for incremental change.

Appreciating the Fundamentals

The issues at stake are the tools and instruments that guarantee citizen rights to participate in all aspects of public governance. A democratic constitution not only ensures human rights. It serves as a tool for creating democratic discussions about how we should conduct and direct our lives for ourselves and for the generations to come. By showcasing several cases of participatory governance from around the world, this Report has attempted to put forward some of the operational conditions for such discussions.

There is now ample evidence to conclude that shared visions require shared responsibilities. In this regard, most governments of developing countries, especially in fragile states, will have to rely more and more on multiple stakeholders, hardly least the citizens themselves, to attain the common goals of development, including the Millennium Development Goals. While this Report has focused on positive experiences, it seems clear that governments that have not embraced participatory practices have been less effective in providing basic social services to their citizens. Meeting these needs and addressing the shortfalls in participatory practice calls for increasing attention to capacity-building. But capacity for engagement cannot be generated in isolation from other governance systems – the ‘Rights’ component of the public governance. Civic engagement needs to be integrated and embedded into the overall political, administrative, organizational and institutional structures and processes of public governance. Without the careful consideration of existing institutional environment, any attempt at engagement initiatives is likely to risk collapse.

At a substantive level, it is also important to recognize that implicit in the MDGs agreement are a number of normative positions. These include:

- the value of pursuing equity in development both across and within nations;
- the value of investing in human capital as a pathway to global development equity;

- the mutual obligations of donor and developing countries for achieving equitable development;
- the obligations on the part of developing countries to account for their performance in meeting the time-bound MDG targets; and
- a commitment to distribute the resources and actions required to achieve the MDGs across a range of multiple stakeholders -- governmental and non-governmental, collective and individual.

Frameworks for Capacity-Building

The institutional and operating frameworks for capacity-building depend upon the purposes for which civic engagement is undertaken. Because these purposes vary from one country to another, together with its institutions, there can be no single recipe for capacity-building worldwide. Nonetheless, this chapter tries to set out a very general road map and other materials that policy-makers may find useful.

Building Institutional Frameworks

As earlier chapters of this Report have shown, the values that emerge from civic engagement can be classified under the headings *intrinsic, instrumental, and efficiency*. In many cases, the objectives of *efficiency values* are subsumed within the *instrumental values* of these practices.

Most practices of civic engagement aim first and foremost at its potential instrumental or developmental value. Whether or not a country is an advanced democracy, governments generally seek civic engagements to guide developmental outcomes towards social goals, whatever these may be in any given context. Some emphasize social justice and social services, others stress social harmony, while still others aim at increasing GDP with equity or winning membership in a regional body that offers economic benefits, such as the European Union. *But only very rarely do governments enter civic engagements simply to bolster the rights of citizens as natural participants in the affairs of the state.*

Building Capacity for Developmental Outcomes

Cases of several multi-stakeholder-based policy institutions, especially the national Economic and Social Councils (ESCs) demonstrate that government commitment to inclusive policy-making, accompanied by suitable operating mechanisms that guarantee the equitable and transparent participation of civil society organizations, as well as other stakeholders, can contribute to successful and sustainable operations for development. However, several key elements such as who participates, how participatory inputs are translated into policies and, indeed, how these policies are implemented and monitored require equal attention. As we have seen in the case of the ESCs, the relationship between the Councils and the Parliament needs also to be closely examined. In addition, the issue of how to incorporate into the ESC process the concerns and inputs of the rural poor also

deserves special attention. As this Report has indicated earlier, it would be useful to see whether the World Bank's PRSP process can be made genuinely participatory and linked to ESCs. Finally, the question of legal backing for participatory mechanisms plays a vital role in supporting their integrity, efficiency and sustainability of their operations.

In short, successful capacity-building for inclusive policy development calls for:

- identifying linkage options and methods;
- developing capacity among civil servants as well as that of the members of civil society organizations to participate and manage the process; and
- establishing accurate and transparent monitoring and evaluation so as to determine the correlation between participation and desirable developmental outcomes.

It should also be noted that these factors give participation both legitimacy and credibility.

Building Capacity for Human Rights Outcomes

There are very few instances in which governments have invited their citizens to participate in public matters *as a right*, i.e., for its intrinsic value. These citizens are, after all, taxpayers and these governments implicitly acknowledge the principle of 'no taxation without representation'. Indeed, the Philippines and South Africa have constitutional provisions for the participation of civil society organizations in programmes supported or sponsored by the government. These cases call for ongoing attention and study.

In the Philippines, the Constitution simply states the importance of engagement and encourages government agencies, including local government, to engage civil society organizations in planning and development. But it does not make participation mandatory. Nonetheless, by taking advantage of this provision, many public sector agencies, especially at the sub-national and local government levels – notably that of Naga City -- took steps to mainstream civic engagement as a normative value. Bolivia's decentralization programme and India's affirmative action to incorporate disadvantaged groups into village councils through quota systems are also good examples of civic engagement established for realizing intrinsic values.

In post-conflict societies where national rebuilding demands building trust in government and reinvigorating civil society through building social capital, civic engagement initiatives are pursued for both their instrumental and intrinsic values in tandem. Here the tasks are most daunting. They involve not only the challenges of persuading civil society organizations to participate, but more importantly of rebuilding civil society organizations and of finding workable options to promote citizen-to-citizen contacts. In other words, capacity-building initiatives here have a dual thrust: structuring processes that help rebuild trust in government, along with rebuilding trust within the community itself. These tasks entail both 'vertical involvement' (connecting community organizations to the government agencies, both central and local) and 'horizontal involvement' (fostering citizen-to-citizen contacts to rebuild social capital).

Building Operational Frameworks: The Road Map

The generalized civic engagement framework set out below⁵⁴ a governance system that has three dimensions (Guthrie, 2004):

1. a *normative* dimension that describes ideals, values and ethical practices in terms of universal and societal governance principles – the intrinsic basis of participation;
2. a *regulative* dimension that involves systems for organizing behaviour and resources around development and governance goals – the operating mechanisms, as well as the instrumental or developmental intent of participation ; and
3. a *regenerative* dimension that posits governance as a system for shaping attitudes, influencing perceptions, and guiding behaviour, all of which in turn, contribute to culture-making, capacity-building and citizenship – and all of which relate to capacity development and the sustainability dimension of participation.

This road map for developing institutions aims at the incremental strengthening of the governance system. It also sets out a ‘programme logic’ (Dahler-Larsen, 2001) that allows for description, analysis and the development of a template for formulating change programmes. Given its incremental nature, the map can serve both democratic and authoritarian regimes, because it offers a pathway for reform and improvement regardless of the starting point of the government. Tables 14 and 15 below set out check-lists for two of the dimensions indicated above: organizational arrangements and enabling capacities.

⁵⁴ This is similar in many ways to Jessop’s (1998) typology.

Table 14

Organizational Arrangements for the Principle of Participation in Practice

Policy Tasks for Engagement

- Clear definition of the engagement task in terms of goals, objectives, actions, timelines and outputs; and
- Definition of agreed frameworks of engagement and their processes, including mechanisms of monitoring.

Structures and Processes

Clear description of expectations of all actors, especially the civil society and opportunities for input, expressed within the frameworks of well-defined policy functions and rules of engagement, specifying:

- Structures and time frames of the processes appropriate to the task objectives (e.g. deliberative processes, consensus seeking processes).
- For complex policy tasks (e.g. budget processes, regional planning), the provision of multi-layered and diverse opportunities of engagement (e.g., neighbourhood, village or district) to allow space for skills, interest and motivation. Deliberative processes around complex tasks tend to take either of two forms:

- formal structures for deliberation at the grassroots level to generate inputs that are progressively discussed by civil society representatives at various governance tiers; or

- formal structures for deliberation involving civil society representatives, combined with formalized expectations that grassroots views will be solicited and visibly taken into account.

- Processes supported by the provision of equal access to information, along with assistance (e.g., a paid community worker, staff member) in understanding how this information relates to the policy task at hand.;
- Decision-making procedures are formalized and made transparent
- Clear accountabilities by government sectors and actors to both internal stakeholders as well as the civil society representatives and grassroots forums;
- Clear accountabilities for civil society representatives to grassroots forums and to government sectors and actors; and
- Cost of engagement processes factored into budgets

Mediated by...

- Involvement of civil society organizations performing educative and advocacy functions, particularly organizations with policy analysis capability and an interest in accountability processes for policy implementation and performance; and
- Concerted efforts by government and/or non-government sectors and actors to address asymmetries in power between stakeholders through either process design (e.g., election of community representatives, formal decision-making tools) or management (e.g., ensuring accountability processes take place, transparency of decision-making process etc.); and
- Adoption of a transparent and accountable accreditation policy for civil society organizations to determine who should participate in what and how.

Source: Guthrie, Diane (2008). *Strengthening the Principle of Participation in Practice for the Achievement of the Millennium Development Goals*. In *Participatory Governance and the Millennium Development Goals*.

Table 15
Capacities for Enabling the Principle of Participation in Practice

Public Administration Capacity

- Political mandates for engagement clearly translated into administrative rationales;
- The establishment of a coordinating entity/mechanism with oversight authority and responsibilities for promoting, supporting and monitoring enactment of engagement obligations; and
- Critical level of organizational maturity, including:
 - An ethos of continuous improvement and professionalism;
 - A number of staff who adapt easily to change or potential change agents with (formal or informal) power;
 - A critical level of collective understanding among senior staff as to the purpose and requirements of government/civil engagement; and
 - A critical level of collective skills among senior and operational staff that match the strategic and day-to-day management demands of engagement processes.
- The preparation for engagement systems takes place through a programme of planned change that provides phases for reflection, the consolidation of achievements and the diffusion of knowledge;
- Attention to staff development initiatives at senior and operational levels and the integration of staff development interventions into programmes involving organizational change;
- Organizational flexibility to adapt to change;
- Willingness and capacity to provide support to civil society organizations and citizens in organizing, mobilizing and building knowledge to facilitate their inputs into the engagement process.

Civil Society Capacity

Building civil society capacities in policy dialoguing are crucial to success of all engagement processes. Among others, these include

- Experience of practice that enlarges skill sets and attitudes and enhances social and political capital, both individually and collectively;
- Existing networks and potential to expand networks, build coalitions, and make collective contributions;
- Civil society organizations that create dialogue spaces for multiple stakeholders (including government) and can strengthen the connections between civil society sectors and actors on the one hand and, on the other, elected representatives.

Source: Guthrie (2008).

Guiding Principles

Among various risks to successful participation, asymmetry in power relationships seems to be the most prominent of all. Five broad sets of principles to resolve the challenges of inequity in the exercise of power and its results can be identified. These five principles also outline broad operating directions for civic engagement. A summary of these principles is set out below:

- **Legitimacy and Voice**
 - Recognition of a person's right to participate in decision-making, whether directly or through intermediaries who represent their intentions and wishes;
 - Consensus orientation that mediates differing interests in the best interest of the group and on policies and procedures;

- Direction
 - Leaders and the public share a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development, and understand the historical, cultural and social contexts for such development;
- Performance
 - Responsive institutions and processes that serve the needs of all stakeholders,
 - Effective and efficient institutions and processes that produce results that meet needs while making the best use of resources;
- Accountability
 - Government, private sector and civil society decision-makers have some form of accountability to the public as well as to institutional stakeholders,
 - Transparency through direct accessibility to institutions, processes and information for those concerned, along with enough information to permit adequate understanding and monitoring of these institutions and processes;
- Fairness
 - Equity of opportunities for all persons to improve or maintain their well being,
 - Rule of law that is equitable and enforced impartially (Graham et al, 2003).

Graham et al (2003) suggest that these principles can be also translated into criteria for determining the practice of good governance.

Box 12 provides the OECD summary of guiding principles. It is important to note that they are largely normative in nature and, as the foregoing discussions indicate, that the countries which have successfully incorporated civic engagement into public governance enshrine these principles of equality either through constitutional or legislative provisions (as in the Philippines, South Africa, Mauritius, Brazil, Bolivia, Ireland) and/or through executive directives (as in Queensland, Australia). *Stipulating appropriate legal provisions for participation is also a clear expression of the values and governing principles that these countries attach to participation. Consequently, the practices that participation entails must be recognized as matters of right.* These countries are therefore bound to:

- (a) ensure that public administration follows a template for organizing, performing and accounting for the effectiveness of participation; and
- (b) provide citizens with an awareness of the range of their political opportunities to shape policies and monitor and evaluate government performance at different levels.

Box 11 OECD Guiding Principles of Participation

1. **Commitment:** leadership and strong commitment to information, consultation and active participation in policy-making is needed at all levels-- from politicians, senior managers and public officials.
2. **Rights:** citizens' rights to access information, provide feedback, be consulted and actively participate in policy-making must be firmly grounded in law or policy. Government obligations to respond to citizens when exercising their rights must also be clearly stated. Independent institutions for oversight, or their equivalent, are essential to enforcing these rights.
3. **Clarity:** objective for and limits to information, consultation and active participation during policy-making should be well defined from the outset. The respective roles and responsibilities of citizens (in providing input) and government (in making decisions for which they are accountable) must be clear to all.
4. **Time:** public consultation and active participation should be undertaken as early as possible to allow a greater range of policy solutions to emerge and to raise the chances of successful implementation. Adequate time must be available for consultation and participation to be effective. Information is needed at all states of the policy cycle.
5. **Objectivity:** information provided by government during policy-making should be objective, complete and accessible. All citizens should have equal treatment when exercising their rights of access to information and participation.
6. **Resources:** adequate financial, human and technical resources are needed if public information, consultation and active participation in policy-making are to be effective. Government officials must have access to appropriate skills, guidance and training, as well as an organizational culture that supports their efforts.
7. **Coordination:** initiatives to inform, request feedback from and consult citizens should be coordinated across government to enhance knowledge management, ensure policy coherence, avoid duplication and reduce the risk of 'consultation fatigue' among citizens and civil society organizations. Coordination efforts should not reduce the capacity of government units to pursue innovation and ensure flexibility.
8. **Accountability:** governments have an obligation to account for the use they make of citizens' inputs received through feedback, public consultation and active participation. Measures to ensure that the policy-making process is open, transparent and amenable to external scrutiny and review are crucial to increasing government accountability overall.
9. **Evaluation:** governments need the tools, information and capacity to evaluate their performance in providing information, conducting consultation and engaging citizens in order to adapt to new requirements and changing conditions for policy-making.
10. **Active citizenship:** governments benefit from active citizens and a dynamic civil society and can take concrete actions to facilitate access to information and participation, raise awareness, strengthen citizens' civic education and skills, as well as to support capacity-building among civil society organizations.

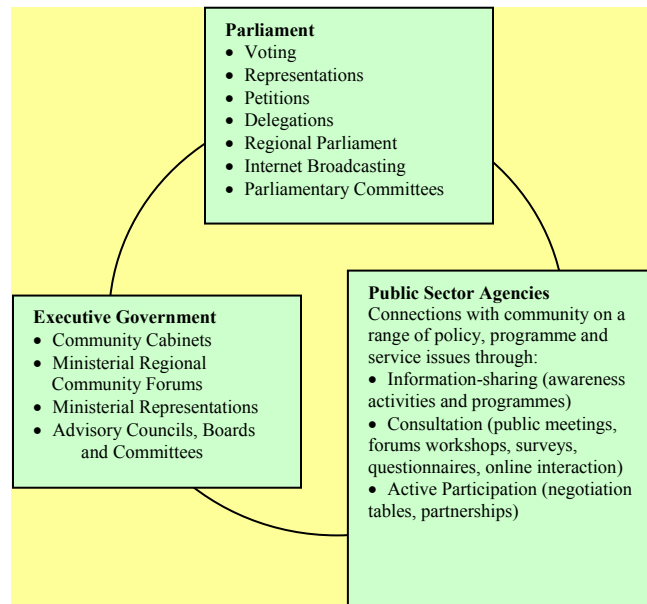
Source: Organization for Economic Co-operation and Development (2001). *Engaging Citizens in Policy-Making: Information, Consultation and Public Participation*, PUMA Policy Brief No. 10

Management of the Process

If the rationale for participation is accepted and its framework of operation is identified, the issues of efficiency and effectiveness in management of the processes of participation emerge as the next important challenge. For many administrators, government-civil society engagement is an unfamiliar and risky venture. It calls for resolving tensions between the enactment of democratic principles and the economics of performance management. This is particularly true for those civil servants steeped in the managerial emphasis of corporate governance. For example, the New Public Management (NPM) regime emphasizes economy and appraises success partly in terms of thrift; its benchmarks of failure include waste through muddle, confusion, and inefficiency (Hood, 1991). By contrast, participation is resource-costly. It also threatens administrators with a sense of 'loss of control' of the policy process. How does one minimize the risks and

maximize the gains of participation? The Queensland (Australia) approach, pictured in Figure 5, may prove helpful.

Figure 5. Queensland Government Community Engagement: An Integrated and Multi-Level Approach



Source: Outer Suburban Interface Services and Development Committee, Parliament of the State of Victoria (2006). *Inquiry into Building New Communities: Final Report*

Administrative or Regulative Frameworks

Policy tasks are likely to have local/sub-national as well as national dimensions. Traditionally, much policy is formulated at the central government level. However, in a decentralized system of government, the information generated through local/regional government-civil society dialogue may influence the policy agenda at the national level. Conversely, an issue may be identified at a national level, but may require substantial public input from the local, regional and community level (for example, the PRSP process for determining the national poverty reduction strategy).

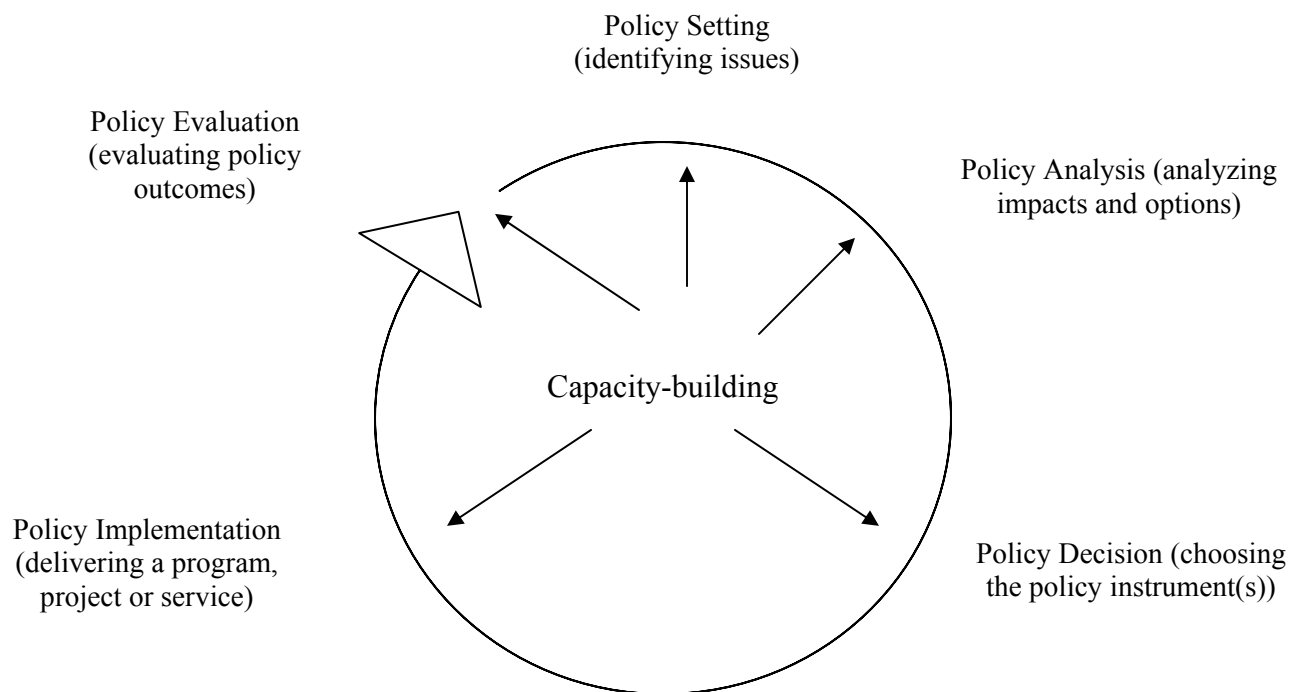
While some planning processes may be centralized, a decentralized system of government that aims at responding to local/regional needs will have at its heart a deliberative, strategic planning process that involves both government and civil society in identifying local priorities and solutions. This is a necessity in a number of social sector activities such as health, education and targeted poverty alleviation programmes. The central government may determine the core elements of these activities, but actual delivery in a decentralized system usually takes place at the local government level.

These multi-tier engagements should be pursued within a well-defined regulatory framework that satisfies two key needs:

- clearly defines the roles, functions, and responsibilities of different actors in both the government and non-government sectors and actors for each policy task (e.g., across state, regional and local levels); and
- designates institutional forms of participation -- deciding who should participate, what information and engagement opportunities should be provided, what capacities are needed, and what engagement mechanisms are appropriate.

Figure 6 sets out these tasks and opportunities and their implications for capacity-building.

Figure 6 - Policy Task and Opportunities for Participation



Source: Guthrie, Dianne (2004). Engaged Governance: An Institutional Approach to Government-Civil Society Engagement. Background paper for the UNDESA Interregional Workshop on Engaged Governance for Pro-poor Policies.

In short, this kind of regulative or administrative framework of civic engagement can help ensure:

- a policy cycle that can be understood as a task network in which roles and responsibilities are both vertically and horizontally distributed;
- clear roles and responsibilities for government and non-government sectors and actors within the task network at any point in time;
- mechanisms, processes, practices that enable government-civil society engagement throughout the policy cycle; and
- resources (human, financial and informational) needed to carry out the policy tasks.

Organizational Behaviour and Relationship Issues

The removal of hierarchical and authoritarian structures implied by a more participatory approach to governance calls for a different set of relationships and behavioural attributes among public officials. Given the emphasis on collaboration and engagement among government agencies, various tiers of government, and communities themselves, much of the business of policy development and service delivery now takes place in the 'grey areas' that exist between organizations. From experience in the field, along with involvement in the Engaged Government Project of Queensland (Australia), government partners have determined that individuals working in these 'grey areas' need to be: politically informed; personable; trusted; committed and knowledgeable. They must think both strategically and laterally. They should also possess well-honed negotiation abilities, along with networking and communication skills. Further, they should be well aware of the limits to engagement. Above all perhaps, they must be able to transcend traditional organizational boundaries. (Bishop, 2007)

In the end, engagement processes are based on relationships between people. Civil servants in these 'grey areas' need to be empowered to build these relationships. The responsibility for this empowerment lies with senior management of the agencies and elected officials at the tiers of government involved in the engagement process – many of whom may perceive engagement as a risk. They must learn to regard effective engagement as essential input to difficult government decisions that ultimately provides for greater acceptance of the outcomes among all whom they may affect. Potential risks need to be weighed against potential benefits. Although mapping the specific relationship skill set for a human resources programme is no easy task, it must be undertaken if the benefits of engagement are to be realized.

Building Skills

The skills development aspect of civic engagement includes:

- development of strategies for the whole governance system focusing on, for example, knowledge and skill capabilities of the various sectors and actors to access the political opportunity structures within the policy cycle;

- strategies and skills development for behavioural change in the conduct of business, especially by the public sector change agents;
- skills in participation management;
- skills in transforming participation inputs into policies subject to accountability procedures;
- training civil society organizations in policy dialogue;
- developing a strategy for civil society accreditation; and finally
- citizenship development – the evolution of a culture of informed and responsive community members and voters.

Building Civic Capacity

Of the seven skill areas listed above, ‘citizenship development’ warrants special attention. A survey of approximately 10,000 individuals across 47 countries indicates that citizens want ‘a deepening of the principles and practices of democracy by means of a participatory democratic culture and a greater role for citizens and their organizations’ (Commonwealth Foundation, 1999). While the right to participate applies equally in most contexts to individual citizens and civil society organizations, the latter are usually better positioned to access or advocate for participation opportunities and thus have a greater influence in the policy process. This creates a serious problem because of the limited success of many CSOs in engaging with grassroots members of a community, especially the poorest of the poor and other marginalized groups. (Deolalikar et. al., 2002) It becomes all the more disturbing because many governments enlist the assistance of CSOs that are largely urban-based and that in one way or another are connected to the establishment. This, in turn, means that many processes aimed at involving civil society in policy development tend to enlist the better mobilized, educated, and capable individuals and groups who are somewhat removed from grassroots organizations.

Despite legal provisions for citizen participation in public governance and/or opportunities provided by government for participation, these factors often retard or stymie the evolution of broad-based citizen involvement. Worldwide, the political process tends to cater to the interests of elite groups at the expense of the marginalized. These interests rarely coincide. To take an obvious example in the economic realm, the elite are likely to concentrate on taxes and budgets, while the poor are far more concerned with livelihood issues (Verba, 1995). Or, as indicated in the pro-poor initiative of Participatory Budgeting in Brazil, citizens show great interest in the instrumental value of participation -- solving a local physical infrastructure issue -- and far less in broad social policy issues or the fiscal responsibility of the government. (Wampler, 2000) In this situation, the challenge becomes how to bridge the gap.

Box 12

Policy Dialoguing: A Bottom-up Approach by the South Asian Centre for Policy Studies

In some parts of the world, for example in South Asia, a network of South Asian CSOs, the South Asian Centre for Policy Studies (SACEPS), initiated a lengthy process of social mobilization on their own and produced, with some support from UN/DESA, a policy document entitled *A Citizen's Social Charter for South Asia: An Agenda for Civic Action*. This report was intended to serve as a dialoguing tool for the formulation of national level Social Charters in South Asian countries. However, the response of the South Asian Governments to these documents has been mixed. Among the South Asian countries, the Sri Lankan government has since been actively considering the SACEPS report, while Pakistan held its first meeting on a 'Citizen Social Charter' in 2004.

UN/DESA's support to the SACEPS process was pursued through the organization of a regional meeting in Colombo, Sri Lanka in 2003, where the country focal points of SACEPS, along with the government representatives were invited, *as observers*, to discuss and provide inputs to the draft report. The UN/DESA methodology of inviting the CSO representatives as principals and government representatives as 'observers' aimed at two objectives: (i) allowing civil society organizations full autonomy to analyze issues and suggest policies from their own perspective; and (ii) encouraging government representatives to listen and to orient themselves in a non-binding way to the CSO views on issues. The latter helped in (i) sensitizing the government representatives to alternative and independent views on issues of common concerns and, at the same time, (ii) creating mentors within the government for future policy dialoguing on these issues in a collegial rather than confrontational mode -- the latter being the bane of so much government/CSO interchange on policy matters.

Recognizing the value of this type of methodology, SACEPS noted, 'UN/DESA has demonstrated how the United Nations system can interact with such citizen initiatives around the world to support the process of social mobilization on behalf of the underprivileged of the world.'

Source: Adapted from the South Asia Centre for Policy Studies and Centre for Policy Dialogue (2005). *A Citizen's Social Charter for South Asia: An Agenda for Civic Action*.

Building Active Citizenship Capacities

While governments may provide opportunities for civil society engagement, what is their role in building active citizenship or an informed civil society? The Participatory Budgeting process, as exemplified by a number of Brazilian cases and by the Naga City experience of the Philippines, aims at promoting public learning and active citizenship. Certainly, some examples (e.g., Porto Alegre) demonstrate considerable success in creating greater knowledge among citizens about their rights, duties and responsibilities, thereby fostering greater appreciation of the link between local needs and the importance of increasing the numbers of citizens who participate in the process. Similarly, the Naga City programme aimed at reaching out to the ‘ordinary citizens and households’ with two major objectives: (i) to deepen citizen empowerment with ‘more pervasive information openness policy’; and (ii) to improve transparency and accountability in public service delivery by documenting the city’s frontline services. (Robredo, 2008) These efforts of Naga City have now resulted in the *Naga City Citizen’s Charter*, a guidebook on 140 frontline government services.

Another example of government-initiated citizenship development is Rwanda’s commitment to reviving traditions of *Ubudehe*, collective action at the community level. The government seeks to institutionalize the value of collective action through localized community self-evaluations, including poverty assessments, priority identification and action planning. While the process brings communities together and enhances community spirit – so important in post-conflict situations -- its primary aim is ‘the on-going political and financial decentralization process and... [providing] a direct injection of financial capital into the rural economy, aimed at overcoming one of the main obstacles to pro-poor economic growth.’ (Musoni, 2008)

Other governments focus on building knowledge about democratic institutions of governance and readiness for participation in these bodies and processes. For example, in 2001, the Premier of the State Government of Western Australia (WA) established a Citizens and Civics Unit within his portfolio so as to achieve ‘[a] stronger, more democratic society where all citizens have the confidence and capacity to participate effectively in all aspects of community life.’⁵⁵ The current development of the Unit’s five-year work plan has followed a broad state- and sector-wide consultation process on what it means -- and takes -- to be an active citizen.

In many countries, however, emergencies rather than education for citizenship lead to the organization of civil society with the assistance of established CSOs, NGOs or donor agencies. In many successful cases, CSOs or NGOs have facilitated social organization for the provision of basic services (Narayan 1999; Deolalikar 2002). Some, such as the Bangladesh Rural Advancement Committee (BRAC), have resulted in the state’s seeking partnership arrangements with these non-government entities in various social development activities, especially in non-formal education and primary health care for the poor. (Narayan, 1999)

⁵⁵ See <http://www.ccu.dpc.wa.gov.au/> for more details.

Box 13
**Role of Participatory Governance in Post-Conflict Reconstruction:
the Case of Rwanda**

Bringing together a fractured society, especially after a genocide, is no small task. In such situations, citizens lose all trust in government and the social capital vital to national cohesion and harmony all but vanish. This is what Rwanda faced in 1994 in the aftermath of the Tutsi genocide.

The post-conflict government stressed civic engagement at all levels of public governance and followed the strategy outlined below:

- Extensive grassroots consultations to identify the ‘missing link’ by the people themselves.
- Decentralization – well beyond the devolution or deconcentration of power and authority from the centre to the local level – but as a means of addressing people’s needs, both economic and social, through a process of cross-participation (government-to-citizen and citizen-to-citizen).
- Formulation of major public programmes through an extensive process of consultation with national actors.
- An inclusive citizen empowerment approach introduced for all the country’s population sectors -- women, youth, the disabled, widows, orphans and all others hurt by the civil war.
- Involvement of civil society organizations in all aspects of public governance.
- Capacity-building of both government and civil society organizations in the engagement processes.

Though challenges remain, these engagement initiatives and inclusive governance practices, accompanied further by the building of new citizenship values, are already yielding significant dividends. Rwanda is gradually recovering and its citizens are starting to regain trust in government -- and more important, in themselves.

Adapted from Musoni, Protais (2008). Minister, Ministry of Local Government, Good Governance Community Development and Social Affairs, Rwanda. Rebuilding Trust in a Post-conflict Situation through Civic Engagement: The Experience of Rwanda. In *Building Trust through Civic Engagement*.

Box 14
Poverty Observatory of Mozambique

In 2003, the Government of Mozambique established its Poverty Observatory as part of an effort to evaluate and monitor the implementation of its current poverty reduction programme, the Action Plan for the Reduction of Absolute Poverty (PARPA). As a consultative body, the Poverty Observatory supports the Government and its partners, including civil society, in implementing PARPA. The Observatory's creation was hardly the first step for civil society participation in governance in the country, but rather, emerged from a decade-long civil society movement encouraged by the 1990 Mozambique Constitution, which introduced freedom of association and expression. The Observatory has permanent monitoring capacities that evaluate implementation of the Action Plan through the collection and analysis of data related to its performance. In addition, the Observatory conducts research, holds seminars, and documents promising practice experiences.

Institutionally, the Observatory comprises both an Advisory Council and a permanent Technical Secretariat. The Advisory Council consists of 60 members, 24 of whom are from selected government bodies and ministries, such as Planning and Finance, Health, Education, Agriculture, State Administration, Justice, the Central Bank, and the National Institute of Statistics. The remaining 36 members include representatives of international development partners, the academic and business communities, and civil society organizations. The Technical Secretariat is administered by the Mozambique Ministry of Planning and Finance.

It is important to note that the Poverty Observatory currently exists purely as a consultative body, convening in plenary session once a year. However, it represents an important advance in the evolution of civil society participation and increasing public awareness. Given the widespread demand by civil society organizations in Mozambique for greater participation in poverty reduction, the Observatory has the potential for creating many more channels for civic participation in the monitoring and implementation of PARPA. Although the Poverty Observatory was initially set up as a national institution, since 2005, civil society partners and international cooperation agencies have persuaded several provincial governors to replicate the institution at their governance tier. As a result, several Provincial Poverty Observatories have been launched, holding plenary events at the provincial level since 2005.

Source: Da Silva Francisco, Antonio Alberto and Konrad Matter (2007). Poverty Observatory in Mozambique: Final Report.

The Issue of Leadership

Reports on reform processes related to pro-poor policies and decentralizing governance, including initiating measures for inclusive governance, point to the critical factors of vision and commitment of a certain kind of political leadership. Studies of local government leaders who are considered ‘exceptionally able at bringing people together and instituting structural and transformational change’ refer to these capabilities as ‘bridging leadership’ (Barns, 2003). These leaders focus on institution-building for collaborative processes; they initiate collective actions to effect *social* change. The Barns paper concentrated on pro-poor leadership that stressed the importance of participation as means of solving problems of equity and social justice.

In these cases, leadership derives from a number of sources. In some instances, leadership arose from strong ideological commitments described as ‘left of centre’ and associated with progressive politics (such as Brazil and Mauritius). Other cases were born out of protest against decades of corrupt, inefficient and patronage-based and even racist regimes, along with nation-wide commitment to social justice and citizen empowerment (such as South Africa and the Republic of Korea) (Wampler, 2000); some are driven by political orientation to pro-poor development, such as Naga City (Sahni 2003; Narayan 1999). Still others, like that of Queensland Australia, began with State Premier’s 2001 vision of a new form of governance in which government officials and communities would learn and work together to solve problems. In an acute post-crisis situation, the Government of Rwanda has made public commitments to democratization, the sharing of power, and the strengthening of local governance structures as cornerstones of its post-conflict recovery strategy. These political pledges are reflected in the broad-scale institution-building now being undertaken from the national through the community levels and its emphasis on inclusion, dialogue, consensus and collective action to overcome deep ethnic and societal divisions and to rebuild institutions of governance from the ground up (Musoni, 2003).

Just as there is no one model of democracy, no one form of political leadership can be associated with a commitment to participation. So far, we understand little about ‘creating’ desirable political leadership capital for civic engagement within a specific context. It is therefore all the more important to understand how political leaders construct democratic ideals; how they translate the concept of the ‘social contract’ into public governance, including the power and trust that inhere in that relationship; and how the roles of government and civil society in governance change through their beliefs about the benefits, costs and trade-offs associated with participation. Enlarging and deepening the understanding of pro-engagement political leadership may involve the following elements (Guthrie, 2004):

- The development of a model of pro-engagement leadership qualities, motivations, aspirations and strategies;

- A space in which political leaders can engage in reflective and supportive dialogue around concepts and experiences of implementing pro-engagement strategies; and
- A basis for advocating civic engagement leadership to a broader audience of political leaders.

This kind of dialogue on engagement initiatives, together with the development of benchmarking tools, may well lead to a template on training in pro-poor or pro-engagement leadership that is useful not only to political leaders, but also to public administrators engaged in socioeconomic development, especially in the context of the MDGs.

Box 15
**Enhancing Public Accountability through Civic Engagement:
 the Case of the Republic of Korea**

In recent years, public accountability procedures in the Republic of Korea has undergone several radical reforms. The country initiated a number of measures to incorporate citizens and civil society organizations into the auditing processes of the state.

In 2001 the Bureau of Audit and Inspection (BAI), the supreme audit institution of the Republic of Korea, introduced the ‘Citizen Audit Request System’, backed by its ‘Anti-Corruption Act’, that empowers citizens to seek freely ‘audits in areas where they feel that the public entity entrusted with carrying out a certain function has not done so effectively or judiciously’. A ‘Citizen Audit Request Screening Committee’, chaired by an eminent citizen, determines the veracity of these requests and grants or withholds approval for the audit.

To enhance transparency in auditing, the BAI is also implementing an ‘Advanced Audit Notice System’ (AANS) to inform citizens of the direction and period of the audit of a particular enterprise or institution. AANS can also receive from the citizens complaints of malpractice related to the audit targets and factor these into the agenda of the particular audit. In addition, BAI operates a civil petition department to deal with public complaints about executive agencies. Considerable change has also taken place with regard to the disclosure of audit reports.

Several local governments have also introduced the ‘Citizen Auditor System’. At this level, civil society leaders rather than public officials serve as auditors for a period of time, review the grievances and other complaints submitted by citizens, and conduct audits.

Given several cautions concerning possible misuse of these transparency measures, citizen participation in audit in Korea seems to have produced a number of benefits: corruption rates have gone down, while service delivery equals that of many developed countries.

Source: Adapted from Pyun, Ho-Bum, (2007). Audit and Civil Society. In *Auditing for Social Change: A Strategy for Citizen Engagement in Public Sector Accountability*

Mentoring at the Organizational Level

Political leadership is not only critical to taking the first step in developing engaged government, but to supporting the mentoring of staff and sustaining the ongoing successes of engagement practices. However, engagement requires a new concept of leadership within the public sector that differs significantly from the traditional model. Tradition posits the head of a hierarchical system who, like the classical military leader, 'leads from the front'. Those whom the person 'in charge' now leads are in several senses his or her superiors – whether the staff of a departmental hierarchy or the citizens they serve who hold them to account through the principle of responsible government.

The kind of leadership capacities required of the contemporary public service manager can be summed up as 'leading from where you are'. The networks that form around common interests or functions may be viewed as a flat plain on which people with different levels of formal and informal authority act across the entire terrain. Leading within the network becomes a collective exercise. The public manager must constantly bear in mind the terms *public* and *service* even as she or he works within an organization that, to at least some extent, must be hierarchically structured.

Fostering an Enabling Political Environment

Because government-civil society engagement is fundamentally a political activity, many thinkers in this area state that engagement begins with the normative democratic ideals of political equality and the public good. This approach gives citizens the right to equal participation in a representative democracy and, beyond that, provides opportunities for them to shape what constitutes the public interest. As an approach, engagement initiatives *enable* the expression and coordination of political, administrative and civic interests for reaching policy coherence aimed at achieving social justice, transparency, accountability and sustainable development. Because it is people-centred, civic engagement in public governance is also expected to promote the realization of the MDGs. Therefore, a democratic environment that, in one form or another, creates space for citizens to engage in public governance offers the best opportunity to foster participation. The key elements that strengthen democracy and citizen connectivity are political freedom, civil liberties, free media and where appropriate, application of ICT in public governance.

Investment in Democracy

Researchers have consistently demonstrated the benefits of democratic political systems to development, especially its social component. Amartya Sen (1981, a and b) puts forward the idea that because civil society and the media participate in government actions during periods of natural disasters and monitor these actions, democracies prevent famine better than non-democratic countries. Przeworski (2008) argues that democracy produces more pro-poor development and concludes that:

- incomes of the bottom quintile are higher in poor democracies⁵⁶ than in dictatorships at similar income levels⁶²; and that
- democracies redistribute income from the top to the bottom quintile at all income levels...⁶²

Przeworski (2008) and Kaufman and Segura-Ubrego (2001) also found that competitive elections lead to increased spending on primary education, higher enrolment rates (as in many Latin American countries after their transitions to democracy) and that democracies reduce infant mortality faster than autocracies.

Despite the elements of political expediency in the way representative democracies function, there are compelling examples of how they create an overall framework of accountability, respond promptly to crises, and can provide significant impetus for pro-poor policy initiatives.

Impact of Democracy on Public Accountability

To gauge government commitments to transparency and accountability in public expenditure and its relationships to democracy, UN/DESA conducted a preliminary study on the relationship between the quality of democracy and its impact on service delivery and perceptions of corruption. The study concludes that countries that guarantee full political rights and civil liberties demonstrate better record on corruption control and

⁵⁶ Countries that are economically poor, but have democratic government.

⁶² Similar to the ‘people budget’ concept initiated and practiced in several developing countries, the Australian Labour Party which won the recent election on a strong agenda of inclusive governance, has in the wake of preparation of its first budget, opened up the process and asked for citizen submissions and consultations for its preparation (Press Release- New Treasurer [the recently elected and appointed Finance Minister of Australia] Calls for Community Input into Budget, dated December 4, 2007). Similarly, in audit activities many developed countries are now taking lessons of participatory or social audit from several developing countries – a United Nations/International Organization of Supreme Audit Institutions (INTOSAI) Platform on Public Accountability has since been formed to examine and disseminate information on civil society participation in government audit.

service delivery than regimes that severely curtail these freedoms or suppress them altogether. (See Annex 4 for the full survey data and explanations of indicators of ‘political rights’ and ‘civil liberties’.)

This study also examined audit expenditure, via the budget of the respective country’s Supreme Audit Institution (SAI), an important instrument of public sector expenditure control, over a period of five years (2000-2005). The exercise found that compared to the ‘partly’ and ‘not free’ countries the ‘free’ developing countries allocate, on an average a higher amount of resources to their SAIs. This is a clear revelation that “free” countries tend to give more attention to the issues of mechanisms of public accountability than their “partly free” and “not free” counterparts. As has been noted in the previous section, these countries also seem to reduce perceptions of corruption and deliver services at a significantly higher rate than those that are either ‘partly’ or ‘not free’. However, what is most revealing is that even though many of the ‘partly free’ and ‘not free’ countries increased their respective SAI budgets during the same period, these increases made virtually no impact on either the levels of corruption perception or on the quality of service delivery.

Furthermore, a regression analysis presented in Annex 5 attempts to quantitatively demonstrate the impact of democracy on public accountability. It suggests that keeping other variables, such as efficient audit and other mechanisms of checks and balances in public expenditure constant, investment in political rights and civil liberties reduces perceptions of corruption. Further, when the investment in political rights is accompanied by a similar investment in civil liberties, perception of corruption drops significantly.

On a regional basis, the same study reveals that the Asia/Pacific region tends to gain most from investment in democracy – an indication perhaps that while Asia as a region has progressed much in according political rights, similar progress in civil liberties is proportionately less. In other regions progress in both political rights and civil liberties is likely to be less than that of Asia/Pacific. (See Annex 6 for the Regional Trends on Impacts of Political Rights and Civil Liberties on Corruption).

What is revealing is the fact that though many countries improve political rights through the introduction of multi-party competitive elections and other instruments of democracy, the absence of similar progress in civil liberties continue to remain a problem. This situation, in turn seems to compromise the achievement of full benefits of democracy, especially in corruption control and improvement of service delivery. Nonetheless, the positive relationship between civil liberties and corruption control in Asia, as highlighted by Khan and Chowdhury (2008) demonstrate how an increase in civil liberties strengthens public accountability and reduces corruption perception (CPI) in these countries.

In conclusion, it is evident that both political rights and civil liberties have important and positive relationships to corruption control and service delivery. The Asia/Pacific results of the study also demonstrate that these two governance enablers can strengthen the public accountability initiatives of a government, such as audit. For these reasons, in

addition to putting in place various accountability mechanisms, civil liberties strengthened by the rule of law -- freedom of information and freedom of association (including participation of the civil society in public governance) -- must be given special attention. In this way, citizens can become empowered to participate more actively and transparently in the accountability mechanisms of the government.

Does this, however, indicate that investment in democracy is the single most important factor in building capacity for civic engagement? Certainly, it allocates space for meaningful participation and thus creates a better enabling environment for effective public accountability.

Box 16

Access to Information: A Key to Holding the Public Sector to Account

In October 2006, the International Budget Project (IBP), Washington D. C. released findings from a survey it had conducted in 59 countries to assess the extent to which budget practices in the countries achieved best practices in transparency. The survey also measured the extent of transparency in public audit processes.

The main findings of the survey pointed to the lack of transparency in public audit processes employed in countries assessed. These findings include the following:

- In 23 countries included in the survey, findings from audit reports are either not released within 24 months of the end of the budget year or are never released to the public; in 10 of these countries, even the legislature does not receive audit reports;
- In 25 survey countries, the audit reports do not contain an executive summary and therefore may not be easily understood by the public; and,
- In 30 countries, the executive, legislature or SAI does not report publicly on steps taken by the executive to implement audit recommendations. These findings demonstrate that citizens have no control over how their money has been spent because they are not made aware of findings and are not involved in the process.

Source: International Budget Project (2006). *Open Budget Initiative 2006: More Public Information Needed to Hold Governments to Account.*

Is There an Appropriate Model of Democracy?

While there is now broad consensus that democracy is an essential element of good governance, there is no agreement on which model of democracy best enhances both political rights and civil liberties. This is hardly surprising – or unwelcome. Each country differs from every other. Each has produced one or more distinctive cultures with artefacts that range from architecture to cuisine. Democracy models are no different. Indeed, the more, probably the better. Each country has to make its own decisions, and find its own pathway as to how best to invest in democracy. The plurality and diversity of

forms broadens the range of opportunities for citizens worldwide to gain access to equitable and fair public governance. Now more than ever before, there exists opportunities for cultivating research and practitioner leadership among institutions; to optimize occasions for collaborative learning; and to ensure a practical and results-oriented focus throughout activities by utilizing action research methodologies wherever practicable.

In short, investment in democracy has the potential to enlarge the political space for participation, as well as to engage the media and civil society organizations in assuming responsibilities to project the issues of the poor and the disadvantaged to a far larger audience. But this may still not be enough. Chapter 2 of this Report has pointed out some of the difficulties that democracy has encountered, especially in situations where it has been limited to competitive elections without due regard to the issues of civil liberties. Democracy has also demonstrated its potential in enhancing the space for participation and engagement; mitigating the negative impacts of globalization and the growing power of the market -- and, indeed, enhancing the global commitment to the MDGs. While engagement initiatives are crucial, they call for reinforcement through the formal operating arrangements presented in Chapter 3 and 4. As some of these cases have led to positive outcomes, it is important to understand better the capacity issues related to the practices of promise.

Investment in the Media

The capacity of a free press is essential to facilitating civic engagement. In democracies, the media constitute not only the most significant source of information for civil society, but serve as its prime forum for debate. While it is the duty of governments to inform their citizens, their efforts to do so more efficiently and effectively seem to be strengthened further by the existence of a free press. In addition to bridging the information gap between the government and other authorities and the public at large, the media also give voice to the poor by expressing their concerns publicly. Furthermore, the media can actively conduct campaigns in addition to disseminating the information required for informed active participation in public governance. In South Africa, for example, the press publishes budget information in an accessible form as a preliminary to the engagement process. Similarly, the role of the media in exposing malfeasance in public governance cannot be underestimated.

However, the media faces many challenges, including the following, even in countries considered full-fledged democracies:

- the government's withholding of vital information, often on grounds of 'national security';
- self-censorship to avoid risking the antagonism of powerful vested interests;
- circulation shrinkage when the public prefers sensationalist reporting to discussion of true public interest issues; and

- in the case of many developing countries, a lack of professional training in journalism, which lowers the quality of reporting and analysis.

E-governance

Closely linked to the media is the issue of application of Information, Communication and Technology (ICT) in public governance, more commonly known as E-governance. However, strictly speaking, there is no such thing as E-governance. Nonetheless, since governance entails exchanges among citizens, we can easily speak of E-applications to governance.

Whether E-applications are positive or negative depends largely on the administrative capacity of a particular government and its socio-political character. In a number of countries, it has produced significant improvements in service delivery and responsiveness to citizen requests and queries. In many, it is improving accountability and transparency in public governance as well. While access, or the problem of the 'digital divide', remains a serious challenge, this capacity needs to be fully developed and exploited to build successful engaged public governance. Not only can this produce an efficiency dividend; the delivery of government services via the Internet can help ensure equal treatment and remove corruption at the local level (Anderson and Bishop, 2005).

The new media technologies have already made immense contributions to stimulating activism on a number of environmental and social issues and potentially offer both citizens and government the possibility of developing democracy further through on line forums that encourage debate and facilitate deliberation. This potential, however, requires a volume of its own far beyond the scope of this Report.

Multiple Issues, Structures and Processes

It is evident that capacity-building in civic engagement encompasses factors that are political, institutional and operational. In addition, the success of engagement practices depends on a number of exogenous factors such as investment in democracy, rule of law, freedom of access to information, and independent media. All in all, the ingredients essential to creating political space for participation can be summed up as:

- normative values (the right to participate);
- regulatory measures (setting the standards, norms and principles) and, finally,
- regenerative (skills development for stakeholders in participation techniques and approaches).

Participation also calls for changes in government structures and processes that open them to greater collaboration. Because the existing bureaucratic culture of delivering

services through individual line agencies causes confusion, conflict and incoherence and thus makes the outcome of participation less tenable, the best platform for participation, especially for integrated planning, development and service delivery is generally considered a corporate type of setting. This is far more readily available at the local government level than at the provincial or national tiers – and is indeed the reason why so many of the successful cases of participation are found in local communities. This in turn implies that the decentralization of public authority is indeed an important governance enabler of participation. However, local government level initiatives are difficult to grow if they are not backed either by a national level commitment to or by provisions created through constitutional means.

North/South, South/North and South/South Cooperation

Finally, the capacity for innovation in participatory practices must be shared globally. The examples cited throughout this Report reveal dynamic and cooperative learning that has not streamed North/South or from developed to developing nations. While institutions such as some ESCs have colonial origins, many more of the initiatives – among them ‘people budgeting’ and ‘civic engagement in public accountability’ -- have been successfully developed in the South and are now being adopted in the North 62. This Report also aims at being one vehicle for collaboration and cooperation in setting up dialogue about developing capacities in leadership and developing institutions development for participatory governance – and, above all, citizen capacities for engagement. People matter.

Because they matter, because they are the means as well as end of both participation and development, civic engagement, direct or representational, can improve the quality of life – when and if it is ‘home grown’. Civic engagement practices have already demonstrated significant potential to yield pro-poor benefits, to re-arrange decision-making political institutions, to deepen democracy, to create new citizenship values, to enhance transparency and accountability and, indeed, to build trust in government. We no longer need to ask whether participation works or if it is necessary. Instead, we must explore further the means of putting it into practice.

People Matter: An Agenda for Action

This Report has presented various cases that highlight key areas to be addressed in mainstreaming civic participation. These include challenges related to the transfer and adaptation of promising practices, advocacy initiatives, indicators to measure and compare commitments to civic engagement, investments to transform a generic interest in participation into concrete and equitable participatory action, the role of media and

universities in improving capacities for proactive citizenship, and the role of the international community and the United Nations in promoting civic engagement.

The Report also concludes with a call for the creation of a possible *Pro-engagement or Pro-poor Leadership Forum* designed to exchange experiences, promote horizontal cooperation and discuss lessons learned among governments, practitioners, media, academic institutions, donor agencies and civil society as a whole.

One can frame follow-up actions along the following basic lines:

- Identify key principles behind current successful experiences, identification of lessons learned and modalities for benchmarking and transferring promising practice knowledge from one location to another, especially civic engagement practices concerning policy-making, service delivery, and budgeting;
- Identify and develop advocacy initiatives to create commitments to promote civic engagement;
- During its implementation phase, identify suitable tools, methodologies and indicators to monitor and evaluate the processes of civic engagement and their outcomes and devise appropriate measures to offset challenges;
- Promote active citizenship values, knowledge and practices within existing traditions and enhance social capital through education and training;
- Build government and/or civil society capacities in engagement and involve the media in engagement processes and initiatives; and
- Identify and establish an active role to be played by the international community, including the United Nations, to deepen understanding, to transfer knowledge, and to build capacities for enhanced civic engagement.

Finally, it is important to bear in mind that the constitution of a country sets out the relationship between those who govern and those who are governed. Consequently, any action towards furthering participation calls for examining how the highest law of a country provides or implicitly makes provision for participation and engagement beyond deliberations at the parliament 63.

The suggestions set out above can become building blocks for framing an international, regional, national and local architecture for civic engagement through the creation of a Pro-engagement and Pro-poor Leadership Forum. The Forum would exchange ideas to

63 A recent study suggests the need for a 'Universal Constitution' that can 'provide guidance to decision-makers in two separate and real world situations. The first is where fledging nations are struggling to develop democratic political processes from the scratch. The second situation is where the political processes of established nations have now become corrupt, outdated or ineffective.' (Hills, 2007)

understand the motivations, approaches and risks faced in civic engagement and create a pro-engagement leadership model for those who are interested.

The countries that have endorsed the international conventions and declarations that include commitment to pro-poor development, social justice, gender equity, environmental sustainability, human rights and citizens' rights may now wish to extend these commitments so as to identify those practices, leadership and institutional initiatives in civic engagement that affirm these values in work on the ground. As the preliminary investigations summarized in this Report and others point towards a positive relationship between engagement and pro-poor and inclusive governance, the particular actions that governments now take to advance opportunities for civic engagement will add to our knowledge to date and thus contribute to empowering citizens in all walks of life worldwide.

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ANNEXES

Annex 1

Continent	Countries and Territories with Economic and Social Councils and similar institutions*
Africa	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Cote d'Ivoire, Gabon, Guinea, Mauritius, Mali, Morocco, Mozambique, Niger, Senegal, South Africa, Tunisia
Asia	China, Republic of Korea, Lebanon, Macau, SAR, China, Singapore, Thailand
Europe	Albania, Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Poland, Portugal, Republic of Macedonia, Romania, Russia, Serbia, Slovakia, Slovenia, Spain
South America	Brazil, Ecuador, Mexico, Nicaragua, Peru, Venezuela
Caribbean	Aruba, French Guyana, Guadeloupe, Jamaica, Netherlands Antilles, Martinique

* This list includes countries and territories with ESCs and similar institutions operating at the national level. Information on these ESCs were obtained from UN/DESA's Database on Economic and Social Councils and similar institutions: <http://www.unpan.org/DPADM/Products/ThematicWebsites/DatabaseonEconomicandSocialCouncils/tabid/716/Default.aspx> and the websites of the International Association of Economic and Social Councils and Similar Institutions and the CES Link Online Cooperation between Economic and Social Councils.

Annex 2-Participatory Budgeting Methodology

What is Participatory Budgeting?

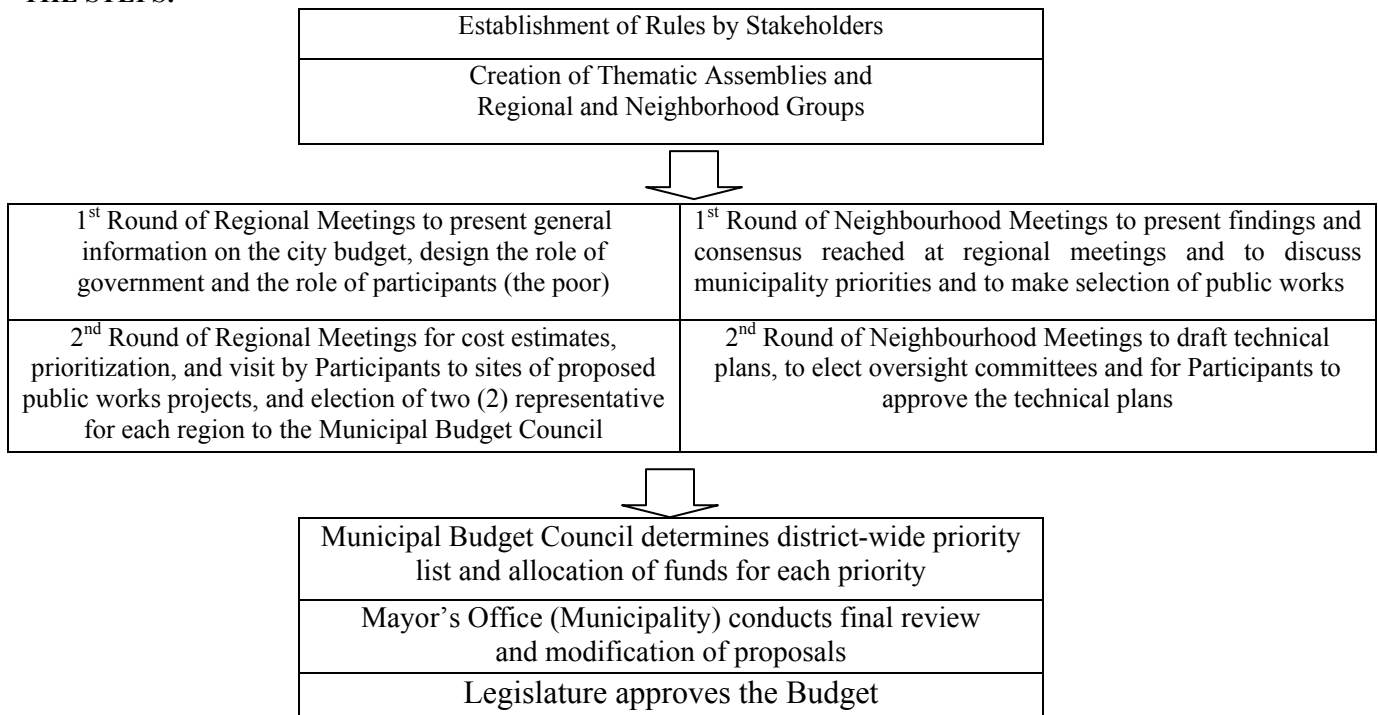
Participatory Budgeting (PB) programmes are innovative policy-making processes. Citizens are directly involved in making policy decisions. Forums are held throughout the year so that citizens have the opportunity to allocate resources, prioritize broad social policies, and monitor public spending. These programmes are designed incorporate citizens into the policy-making process, spur administrative reform, and distribute public resources to low-income neighborhoods. Social and political exclusion is challenged as low income and traditionally excluded political actors are given the opportunity to make policy decisions. While the material benefits of Participatory Budgeting are still being empirically studied and examined, it is without doubt that these programmes are able to:

- Promote public learning and active citizenship
- Achieve social justice through improved policies and resources allocation
- Reform the administrative apparatus. *(Wampler, 2000)*

ISSUES TO CONSIDER:

- **Socio-Economic Context:** There is no precise or exact model or methodology for PB programmes. While there are similar tenets and institutional mechanisms, PB programmes are structured in response to the particular political, social, and economic environment of each city or state. Each situation imposes its own methodology and approach. This annex presents the most well-known framework for PB that was utilized by the Brazilian city of Porto Alegre, and can be implemented elsewhere as long as the national and local peculiarities are taken into consideration.
- **Political Context:** PB programmes tend to be implemented by local and state governments. The elected governments tend to be progressive, with a focus on citizen participation and social justice. The presence of political will has been the main catalyst for the implementation of many PB programmes around the world.

THE STEPS:



References: Souza, Celina (2001). Participatory Budgeting in Brazilian Cities: Limits and Possibilities in Building Democratic Institutions. *Environment and Urbanization*. v. 13, n. 13, p. 159-184; Wampler, Brian (2000). A guide to participatory budgeting. Washington, DC: World Bank.

Annex 3
Civil Society Participation in Major Public Programmes and its Impact on Public Service Delivery expressed through the Progressive Deterioration of Public Services (PDPS) : Results of Preliminary In-house Research of UN/DESA⁶⁴

Country	Civil Society Participation in Major Public Projects	Progressive Deterioration of Public Services (PDPS) 2007
Africa		
Benin	Yes	8.1
Botswana	Yes	6.5
Cape Verde	Yes	7.4
Chad	Yes	9.1
Egypt	Yes	6.7
Gabon	Yes	7
Gambia	Yes	6.6
Ghana	Yes	6.9
Guinea	Yes	8.9
Ivory Coast	Yes	7.9
Libya	Yes	4.5
Madagascar	Yes	8.7
Mali	Yes	8.6
Morocco	Yes	6
Namibia	Yes	7.5
Niger	Yes	8.8
Nigeria	Yes	8.7
Rwanda	Yes	6.9
Togo	Yes	8
Uganda	Yes	8.2
Zimbabwe	Yes (except in Chegatu)	9.6
		7.64
Asia		
Armenia	Yes	6.2
Indonesia	Yes	7
Japan	Yes	1.2
Kyrgyzstan	Yes	6.3
Laos	Yes	8
Malaysia	Yes	5.4
Mongolia	Yes	5.3
Nepal	Yes	6.6
Philippines	Yes	5.9

⁶⁴ Progressive Deterioration of Public Services is a proxy indicator for measuring public service delivery.

Singapore	Yes	1.5
South Korea	Yes	2
Sri Lanka	Yes	6.5
Turkey	Yes	5.4
		5.17
Latin America & Caribbean		
Argentina	Yes	3.8
Bolivia	Yes	7.4
Brazil	Yes	6.3
Cuba	Yes (except Pinar del Rio)	3.8
Guatemala	Yes	6.6
Mexico	Yes	5.7
Paraguay	Yes	6.5
Uruguay	Yes	4
Colombia	Yes (except in Medellin)	6

5.56

PDPS in countries without CS Participation in Major Public Projects

Country	CS Participation in Major Public Projects	PDPS 2007
Africa		
Algeria	No	7
Burkina Faso	No (except in Onagadougou)	8.9
Burundi	No	8.9
Cameroon	No	7.5
Central African Republic	No	8
Congo - Brazaville	No	8.8
Dem. Rep. of Congo	No	8.7
Ethiopia	No	7
Kenya	No	7.4
Lesotho	No	8.9
Liberia	No	8.6
Malawi	No	9
Mauritania	No	8.1
Mozambique	No	8
Senegal	No (except in Dakar)	6.7
South Africa	No (except in East Rand)	5.7
Tunisia	No	5.9
		7.82
Asia		
Bangladesh	No	7.4
Cambodia	No	7.6

India	No (except in Mysore and Chennai)	6.7
Jordan	No	5.6
Kazakhstan	No	6.1
Pakistan	No	7.1
		6.75
Latin America & Caribbean		
Dominican Rep.	No	6.9
El Salvador	No	6.9
Jamaica	No	5.8
Nicaragua	No	7
Panama	No	5.6

6.44

PSDI in countries with and without CS Participation in Major Public Projects

Country	CS Participation in Major Public Projects	PDPS 2007
Chile	Yes / No	3.7
Ecuador	Yes / No	6.8
Peru	Yes / No	6.2
Thailand	Yes / No	5.5
Vietnam	Yes / No	6.5

5.74

Legends:

1. Civil Society Participation

Yes: Participation

No: No Participation

Yes/No: Participation in some parts of the country

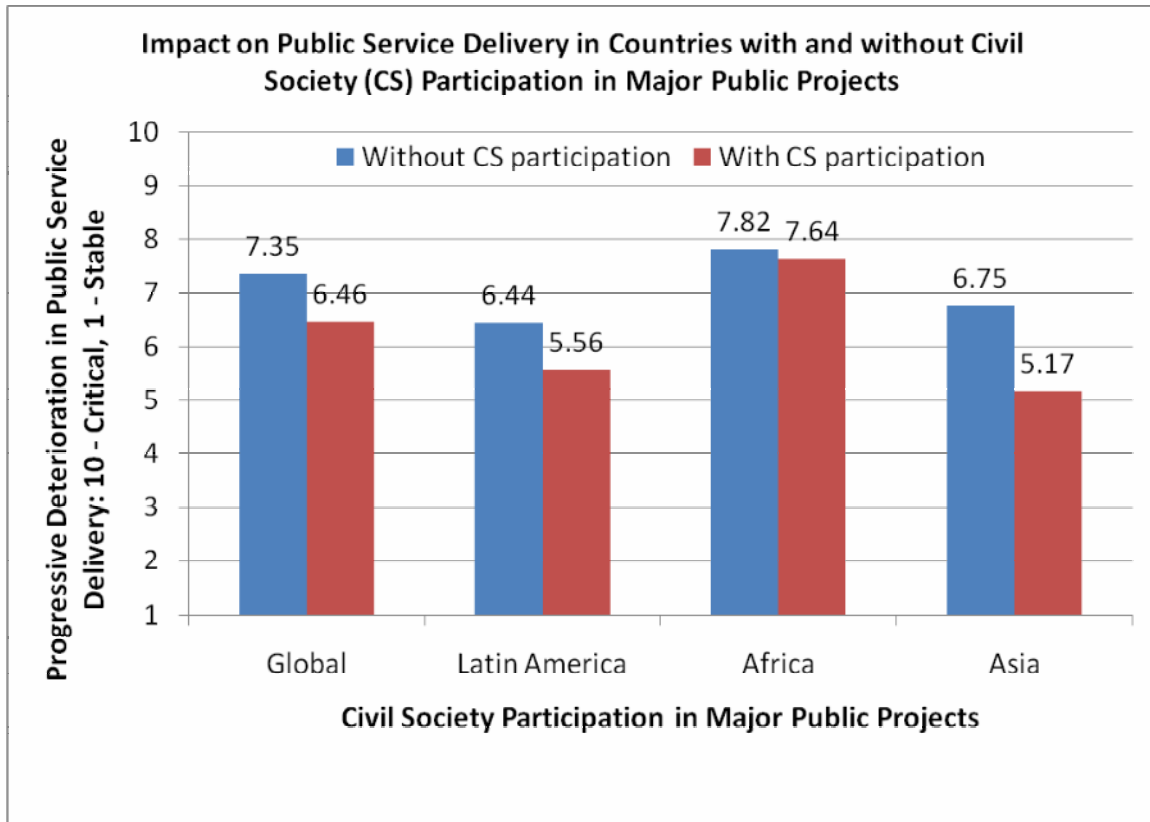
2. PDPS

1:Stable; 10:Critical

Data Sources:

1. Data for Progressive Deterioration in Public Services (PDPS) was attained from the Failed States Index developed by the Fund for Peace. <http://www.fundforpeace.org/>. This is a proxy indicator for measuring public service delivery.

2. Data for Civil Society Participation in Major Public Projects obtained from the International Monetary Fund, Government Finance Statistics, Fiscal Decentralization Indicators. http://dcp.unitar.org/IMG/pdf/decentralization_matrix.pdf



Note: The indices used in the bar chart above are mean values of PDPS scores.

ANALYSIS – CIVIL SOCIETY PARTICIPATION IN MAJOR PUBLIC PROGRAMS AND ITS IMPACT ON PUBLIC SERVICE DELIVERY

1. Global

A. Of the **43 developing nations** in Asia, Africa and Latin America (plus Japan and South Korea) **WITH civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **6.46**. This average score would indicate a “**Moderately High**” level of deterioration in public service delivery.

B. Of the **28 developing nations** in Asia, Africa and Latin America **WITHOUT civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **7.35**. This average score would indicate an “**Alerted**” level of deterioration in public service delivery.

C. Of the **5 developing nations** in Asia Latin America both **WITH AND WITHOUT civil society participation** in major public projects, the **average rate of progressive**

deterioration in public service delivery is **5.74**. This average score would indicate an **“moderate” level of deterioration** in public service delivery.

Conclusion:

It is clear from the results in 1A and 1B that globally, when civil society is allowed to participate in major public projects, there is a significant improvement in public service delivery, where the rate of deterioration improves by **0.89 points** from 7.35 to 6.46.

However, given that 6.46 still indicates a moderately high level of public service delivery deterioration, civil society participation alone – in and of itself cannot singularly contribute to quality public service delivery. Nonetheless, given that civil society participation in public projects can make an impact on service delivery, **the nature and the definition of civil society in individual states and the governance environment within which they operate must be studied in depth in order to address the following questions:**

- (i) In countries where civil society does participate, what is the extent of their participation?
- (ii) In countries where civil society does participate, what is the nature of their participation?
- (iii) In countries where civil society does participate, what institutional and legal mechanisms in place to guarantee adequate and effective representation and participation of civil society?
- (iv) In countries where civil society does participate, what institutional and legal mechanisms in place to guarantee civil society participation in the long-term?
- (v) In countries where civil society does participate, how long have they been doing so in their respective countries?
- (vi) In countries where civil society participates, what is the status of governance enablers such as political freedom, civil liberties, etc within which they operate?
- (vii) In countries where civil society does participate, what sort of institutional capacities do they have?

2. Regional – Asia

A. Of the **13 Asian nations WITH civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **5.17**. This average score would indicate a **“Moderate” level of deterioration** in public service delivery.

B. Of the **6 Asian nations WITHOUT civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **6.75**. This average score would indicate a **“Moderately High” level of deterioration** in public service delivery.

Conclusion:

A. The average level of improvement in public service delivery when civil society is allowed to participate in major public projects is greater in Asia ($6.75 - 5.17 = 1.58$) compared to the global average (**0.89**).

3. Regional – Africa

A. Of the **21 African nations WITH civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **7.64**. This average score would indicate an **“alerted” level of deterioration** in public service delivery.

B. Of the **17 African nations WITHOUT civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **7.82**. This average score would also indicate an **“alerted” level of deterioration** in public service delivery.

Conclusion:

A. African nations with civil society participation in major public projects fare only marginally better in public service delivery ($7.82 - 7.64 = 0.18$ units) compared to African nations with no civil society participation raising questions about the nature, definition, the capacity etc. of the civil society as well as the overall governance environment within which they operate. .

4. Regional – Latin American and Caribbean

A. Of the **9 Latin American and Caribbean nations WITH civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **5.56**. This average score would indicate a **“moderate” level of deterioration** in public service delivery.

B. Of the **5 Latin American and Caribbean nations WITHOUT civil society participation** in major public projects, the **average rate of progressive deterioration** in public service delivery is **6.44**. This average score would also indicate a **“moderately high” level of deterioration** in public service delivery.

Conclusion:

A. Latin American and Caribbean nations with civil society participation in major public projects fare significantly better in public service delivery ($6.44 - 5.56 = 0.88$ units) compared to the countries of the region without civil society participation. The average improvement is at par with the global average improvement (0.89 units) for countries with civil society participation.

5. Overall Conclusions

A. Asian nations with the civil society participation have the best public service delivery compared to other regions with an average score of 5.17. A major part of the improvement may largely be accounted by the fact that three developed nations with high degree of governance enablers are included in this category – Japan, Singapore and South Korea. Indeed, these are the only 3 developed nations of 76 countries that have been analyzed in the study. The remaining 73 are all developing nations.

B. Latin American countries with CS participation in public projects fare better in public service delivery (5.56) than their African counterparts with CS participation in public projects (7.64). It may be due to two factors: (i) governance environment in Latin American and Caribbean countries is relatively better than the African countries; and secondly, (ii) civil society capacity in these countries is also likely to be of better quality.

C. More systematic and cross-cultural research is needed firstly, to establish exact nature of relationships that exist between civil society participation and service delivery (the instrumental or the developmental benefits of participation); and secondly, the precise conditions that are important for enhancing participation effectiveness.

Data Sources

1. Progressive Deterioration of Public Services 2007

Fund for Peace

Failed States Index Scores 2007

http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=229&Itemid=366

2. Civil Society (CS) Participation in Major Public Projects

International Monetary Fund

Government Finance Statistics

Fiscal Decentralization Indicators

http://dcp.unitar.org/IMG/pdf/decentralization_matrix.pdf

Annex 4- Table on Public Accountability

Status of Corruption and Service Delivery within the context of Position of Supreme Audit Institutions (SAI) and Governance Situation											
	Governance Environment			Corruption and Service Delivery					Position of National Supreme Audit Institutions (SAI) expressed through allocation of annual budget		
	Indices			Indices					Allocation / Expenditure		
Country and Regions	PR65	CL66	PR+CL67	CPI68	CPI69	COC70	COCΔ71	PD72	Audit73	Audit74	Audit75
	2005	2005	2005	2005	Δ	2005	2001-5	PSDI	Budget /Exp	Budget /Exp	B /Ex
			Status					2006	(USD) 2001	(USD) 2005	% Δ

66 CL – Civil Liberties score (1=Best; -7= Worst) 2005

67 PR + CL 2005 Status – Rating of a country as “Free (F)”, “Partly Free (PF)” or “Not Free (NF)” based on the combined average of their Political Rights and Civil Liberties scores in 2005.

68 CPI 2005 – Corruption Perceptions Index (0=Worst;-10=Best or fully corruption free) 2005

69 CPI Δ - Change in Corruption Perceptions Index between 2001 and 2005

70 COC 2005 – Control of Corruption score (-2.5 =Worst to +2.5+ Best) 2005

71 COC Δ - Change in Control of Corruption between 2000 and 2005

72 PDPSD (1=Best; -10=Worst) – Progressive Deterioration in Public Service Delivery 2006

73 Audit Budget /Exp (USD) 2001- Annual Audit Expenditure / Audit Budgetary Allocation in 2001 in United States Dollars. Data for all countries provided directly by the SAI. Data for Canada, Fiji, India, Oman, UK & US obtained from their national SAI websites. Where the financial year does not run from January – December, figures for 2000-2001or 2001-2002 is used and the countries are indicated in endnotes. Where information for 2001 is not provided, the closest year with available data is used and the countries are indicated in endnotes. Where information was provided in the local currency, the figures are converted into US Dollars using the annual average exchange rate for 2001 as provided by the International Monetary Fund’s International Financial Statistics Yearbook 2006. All figures are rounded to the nearest US Dollar.

74 Audit Budget /Exp (USD) 2005 - Annual Audit Expenditure / Audit Budgetary Allocation in 2005 in United States Dollars. Data for all countries provided directly by the SAI. Data for Canada, Fiji, India, Oman, UK & US obtained from their national SAI websites. Where the financial year does not run from January – December, figures for 2004-2005 or 2005-2006 are used and the countries are indicated in endnotes. Where information for 2005 is not provided, the closest year with available data is used and the countries are indicated in endnotes. Where information was provided in the local currency, the figures are converted into US Dollars using the annual average exchange rate for 2005 as provided by the International Monetary Fund’s International Financial Statistics Yearbook 2002. All figures are rounded to the nearest US Dollar.

75 Audit B/Ex % Δ - Percentage Change in Annual Audit Expenditure / Audit Budgetary Allocation between 2001 and 2005.

Africa												
Angola	6	5	NF	2	0.3	-1.09	0.43	7.6	639,344	4,021,787	529	
Botswana	2	2	F	5.9	-0.1	1.10	0.15	6.8	1,335,53176	2,943,46777	120.4	
Burkina Faso	5	3	PF	3.4	NA78	0.06	0.82	8.4	287,504	626,748	118	
Cameroon	6	6	NF	2.2	0.2	-1.15	-0.03	8	3,256,419	3,018,936	-7.29	
Ethiopia	5	5	PF	2.2	-1.3	-0.79	-0.78	6.2	912,74079	949,74680	4.05	
Gambia	5	4	PF	2.7	0.2	-0.70	-0.48	6.5	147,355	133,329	-9.52	
Ghana	1	2	F	3.5	0.1	-0.38	0.18	6.8	3,150,023	9,843,451	212.4	
Lesotho	2	3	F	3.4	NA	-0.15	0.69	NA	1,055,14281	1,341,05882	27.1	
Madagascar	3	3	PF	2.8	1.1	0	0.83	NA	1,366,017	100,784	-92.6	
Mauritius	1	2	F	4.2	-0.3	0.32	-0.2	4.5	1,187,820	1,718,558	44.68	
Namibia	2	2	F	4.3	-1.1	0.06	-1.04	7.8	1,247,44483	2,617,729	109.8	
Rwanda	6	5	NF	3.1	NA	-0.81	-0.8	6.9	857,428	1,298,228	51.4	
Seychelles	3	3	PF	4.0	-0.4	0.01	-0.11	NA	497,000	500,000	0.60	
Sierra Leone	4	3	PF	2.4	0.2	-0.99	-0.12	8	200,484	590,576	194.6	
South Africa	1	2	F	4.5	-0.3	0.54	0.05	6	43,519,73584	103,397,22885	137.6	
Swaziland	7	5	NF	2.7	NA	-0.60	-0.40	NA	418,70486	667,59887	59.4	
Tanzania	4	3	PF	2.9	0.7	-0.73	0.33	7.8	2,815,13288	6,240,79089	121.7	

76 Botswana - Fiscal Year April 2000 to March 2001 data used for 2001

77 Botswana - Fiscal Year April 2004 to March 2005 data used for 2005

78 NA – Not Available

79 Ethiopia – Fiscal Year 8 July 2001 to 7 July 2002 data used for 2001

80 Ethiopia – Fiscal Year 8 July 2004 to 7 July 2005 data used for 2005

81 Lesotho – fiscal year 2001-2002 data used for 2001

82 Lesotho – fiscal year 2004-2005 data used for 2005

83 Namibia – fiscal year 2001-2002 data used for 2001

84 South Africa – fiscal year 2001-2002 data used for 2001

85 South Africa – fiscal year 2004-2005 data used for 2005

86 Swaziland - fiscal year 2000-2001 data used for 2001

87 Swaziland - fiscal year 2004-2005 data used for 2005

88 Tanzania – fiscal year 2002-2003 data used for 2001

89 Tanzania – fiscal year 2004-2005 data used for 2005

Uganda	5	4	PF	2.5	0.6	-0.87	0.01	8	1,958,90390	3,247,62791	65.8
Zambia	4	4	PF	2.6	0	-0.82	0.02	7.8	963,77692	3,076,147	219.2
Zimbabwe	7	6	NF	2.6	-0.3	-1.24	-0.27	9.5	2,117,537	380,546	-82.0
Asia Pacific											
Australia	1	1	F	8.8	0.3	1.95	-0.05	1	26,025,446	47,278,456	81.7
Bangladesh	4	4	PF	1.7	1.3	-1.18	-0.5	7.5	6,102,300	6,904,700	13.1
Bhutan	6	5	NF	NA	NA	0.84	0.36	6	581,10593	813,15294	39.9
Brunei	6	6	NF	NA	NA	0.25	0.44	NA	4,715,000	5,530,00095	17.3
Cambodia	6	5	NF	2.3	NA	-1.12	-0.33	7.5	712,60096	932,800	30.9
Micronesia	1	1	F	NA	NA	-0.28	0.14	NA	347,088	474,376	36.7
Fiji	4	3	PF	4.0	NA	-0.60	-1.06	NA	728,09297	1,674,47298	130
Hong Kong, SAR, China	5	2	PF	8.3	0.4	1.68	0.25	NA	16,155,91799	15,095,795100	-6.56
India	2	3	F	2.9	0.2	-0.31	0	6.7	179,377,357	229,541,950	27.9
Indonesia	2	3	F	2.2	0.3	-0.86	0.19	7.2	11,347,998	27,284,353	140.4
Israel	1	2	F	6.3	-1.3	0.76	-0.35	7	40,780,000	49,225,000	20.7
Japan	1	2	F	7.3	0.2	1.24	-0.04	1	149,882,107101	171,795,115102	14.6
Kiribati	1	1	F	NA	NA	0.22	0.51	NA	267,082	404,050	51.3
Malaysia	4	4	PF	5.1	0.1	0.27	0.06	5.8	12,280,000	22,110,000	80.0
Maldives	6	5	NF	NA	NA	-0.28	0.25	NA	293,058	576,186	96.6

90 Uganda - Fiscal Year July 2000 to June 2001 data used for 2001

91 Uganda - Fiscal Year July 2004 to June 2005 data used for 2005

92 Zambia – 2004 data used for 2001

93 Bhutan - Fiscal Year 1 July 2000 to 30 June 2001 data used for 2001

94 Bhutan - Fiscal Year 2 July 2004 to 30 June 2005 data used for 2005

95 Brunei – 12 months ending 31 March 2005 data used for 2005

96 Cambodia - 2002 data used for 2001

97 Fiji - 2000 data used for 2001

98 Fiji – 2002 data used for 2005

99 Hong Kong, SAR, China – Fiscal Year April 2000 to March 2001 data used for 2001

100 Hong Kong - Fiscal Year April 2004 to March 2005 data used for 2005

101 Japan - Fiscal Year April 2001 to March 2002 data used for 2001

102 Japan - Fiscal Year April 2005 to March 2006 data used for 2005

Nepal	6	5	NF	2.5	-0.3	-0.71	-0.08	6.2	781,118103	735,678104	-5.8
New Zealand	1	1	F	9.6	0.2	2.24	-0.07	1	14,949,386	30,084,220	101.2
Pakistan	6	5	NF	2.1	-0.2	-1.01	-0.07	7.5	7,735,238105	12,096,624106	56.4
Palau	1	1	F	NA	NA	NA	NA	NA	360,000	326,000	-9.4
Philippines	3	3	PF	2.5	0.4	-0.58	-0.05	6	88,195,458	77,883,270	-11.7
Samoa	2	2	F	NA	NA	0.17	0.37	NA	289,820	418,529	44.4
Tonga	5	3	PF	NA	NA	-1.28	0	NA	150,691	255,606	69.6
South Korea	1	2	F	5.0	0.8	0.47	0.14	1.5	44,557,278	73,954,224	66
Taiwan Province of China	1	1	F	5.9	0	0.63	0	NA	31,451,775	37,257,963	18.46
Caribbean											
Bahamas	1	1	F	NA	NA	0.64	0.33	NA	1,205,727	1,321,931	9.64
Belize	1	2	F	3.7	-0.8	-0.22	-0.33	NA	327,112107	425,253108	30
Bermuda	NA	NA	NA	NA	NA	1.25	NA	NA	1,813,000109	2,248,000110	24
Guyana	3	3	PF	2.5	NA	-0.58	-0.14	NA	665,147	927,239	39.4
Jamaica	2	3	F	3.6	-0.4	-0.50	-0.26	6.5	2,421,950111	2,527,256112	4.35
Montserrat	NA	NA	NA	NA	NA	NA	NA	NA	158,256	208,997	32.1
N. Antilles113	NA	NA	NA	NA	NA	1.25	NA	NA	1,249,873	1,800,000	44
Puerto Rico	1	1	F	NA	NA	1.10	-0.24	NA	28,081,000114	41,087,539115	46.3

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- 103 Nepal - Fiscal Year 16 July 2000 to 15 July 2001 data used for 2001
104 Nepal - Fiscal Year 16 July 2004 to 15 July 2005 data used for 2005
105 Pakistan - fiscal year 2001-2002 data used for 2001
106 Pakistan - fiscal year 2005-2006 data used for 2005
107 Belize - Fiscal Year 1 April 2001 to 31 March 2002 data used for 2001
108 Belize - Fiscal Year 1 April 2005 to 31 March 2006 data used for 2005
109 Bermuda - Fiscal Year 1 April 2000 to 31 March 2001 data used for 2001
110 Bermuda - Fiscal Year 1 April 2004 to 31 March 2005 data used for 2005
111 Jamaica - fiscal year 2000-2001 data used for 2001
112 Jamaica - fiscal year 2004-2005 data used for 2005
113 N. Antilles – Netherlands Antilles
114 Puerto Rico - fiscal year 2000-2001 data used for 2001
115 Puerto Rico - fiscal year 2004-2005 data used for 2005

SKN116	1	1	F	NA	NA	1.00	0.88	NA	165,112	175,511	6.3
St. Lucia	1	1	F	NA	NA	1.15	0.64	NA	446,524,117	530,563,118	18.8
Suriname	2	2	F	3.2	-1.1	0.05	-0.09	NA	469,314	670,762	42.9
T&T119	3	2	F	3.8	-1.5	0.01	-0.3	NA	2,088,741	2,752,389	31.8
Eastern Europe & Commonwealth of Independent States (CIS)120											
Azerbaijan	6	5	NF	2.2	0.2	-1.37	-0.24	6.5	151,037	1,366,214	804.5
Belarus	7	6	NF	2.6	-2.2	-0.90	-0.78	7.5	4,300,000	13,800,000	220.9
BiH121	4	3	PF	2.9	-0.4	-0.32	0.23	5.8	2,020,357	4,028,978	99.4
Bulgaria	1	2	F	4.0	0.1	-0.05	0.15	5.3	2,820,021	8,163,892	189.5
Croatia	2	2	F	3.4	-0.5	0.07	0.1	4.1	4,911,642	7,169,710	46
Czech Rep.	1	1	F	4.3	0.4	0.42	0.03	3.9	9,783,714	20,326,738	107.7
Estonia	1	1	F	6.4	0.5	0.88	0.17	4	1,525,403	2,822,312	85.0
Hungary	1	1	F	5.0	-0.3	0.63	-0.08	4.2	13,936,612	38,136,515	173.6
Kazakhstan	6	5	NF	2.6	-0.1	-0.94	-0.02	6.7	248,276	1,547,193	523.2
Latvia	1	1	F	4.2	0.8	0.33	0.37	4	1,942,732	4,822,124	148.2
Lithuania	1	1	F	4.8	0	0.26	0.04	4.1	3,694,500	7,345,350	98.8
Macedonia	3	3	PF	2.7	0.4	-0.5	0.02	5.6	305,311	1,153,271	277.7
Moldova	3	4	PF	2.9	-0.2	-0.76	0.16	7	397,437	842,908	112.1
Poland	1	1	F	3.4	-0.7	0.19	-0.29	4.3	45,763,941	67,851,028	48.3
Romania	2	2	F	3.0	0.2	-0.23	0.27	5.3	11,937,360	23,243,378	94.7
Russia122	6	5	NF	2.4	0.1	-0.74	0.3	6.9	2,526,698	6,616,474	161.9
Slovak Rep.	1	1	F	4.3	0.6	0.43	0.23	4.3	2,422,790	4,414,533	82.2

116 SKN – Saint Kitts and Nevis

117 Saint Lucia - fiscal year 2000-2001 data used for 2001

118 Saint Lucia - fiscal year 2004-2005 data used for 2005

119 T&T – Trinidad and Tobago

120 Eastern Europe and Commonwealth of Independent States

121 BiH – Bosnia and Herzegovina has three audit offices, one at the state level and the other two at the entity level (Federation of BiH and Republic of Srpska). Figures reflect total planned budgets for all three audit offices for 2001 and 2005.

122 Russia – Reflects the total annual budgetary allocation for 2001 and 2005 for the Chamber of Control and Accounts of Moscow

Slovenia	1	1	F	6.1	0.9	0.88	-0.15	3.5	3,999,000	7,699,000	92.5
Ukraine	3	2	F	2.6	0.5	-0.63	0.4	5.5	2,003,200	5,689,900	184
Latin America											
Argentina	2	2	F	2.8	-0.7	-0.44	-0.04	4	27,491,509	11,875,630	-56.8
Bolivia	3	3	PF	2.5	0.5	-0.81	-0.08	7.8	7,599,178	6,245,630	-17.8
Brazil	2	2	F	3.7	-0.3	-0.28	-0.27	6.7	192,084,219	316,188,134	64.6
Chile	1	1	F	7.3	-0.2	1.34	-0.16	3.5	20,720,048	25,438,148	22.8
Colombia	3	3	PF	4.0	0.2	-0.22	0.29	6.5	64,203,574	66,149,892	3.03
Costa Rica	1	1	F	4.2	-0.3	0.38	-0.6	2.5	19,526,353	16,800,074	-14
DR123	2	2	F	3.0	-0.1	-0.66	-0.29	8	2,436,291	7,376,106	202.5
Ecuador	3	3	PF	2.5	0.2	-0.81	0.24	7.4	19,649,274	47,220,941	140.3
El Salvador	2	3	F	4.2	0.6	-0.39	-0.15	7.4	16,571,429	20,290,645	22.4
Guatemala	4	4	PF	2.5	-0.4	-0.98	-0.28	7.1	8,910,744	15,960,687	79.1
Honduras	3	3	PF	2.6	-0.1	-0.67	0.04	6.9	6,800,000	6,190,000	-9
Mexico	2	2	F	3.5	-0.2	-0.41	0.08	6	52,855,220	62,498,200	18.2
Nicaragua	3	3	PF	2.6	0.2	-0.62	0.34	7.2	4,793,580	5,268,738	10.3
Panama	1	2	F	3.5	-0.2	-0.27	0.13	5.8	33,700,000	32,100,000	-4.7
Paraguay	3	3	PF	2.1	0.4	-1.19	-0.11	6.8	5,253,716	5,864,512	11.6
Peru	2	3	F	3.5	-0.6	-0.49	-0.33	6.4	13,618,113	46,779,479	243.5
Uruguay	1	1	F	5.9	0.8	0.78	0.06	4	9,017,514	5,582,902	-38.1
Venezuela	4	4	PF	2.3	-0.5	-1.00	-0.29	7	66,584,433	49,117,670	-26.2
Middle East North Africa (MENA)											
Bahrain	5	5	PF	5.8	-0.3	0.64	0.33	NA	1,861,720,124	3,989,400	114.3
Iran	6	6	NF	2.9	-0.1	-0.47	0.2	6.1	37,565,942	25,791,838	-31.3
Iraq125	6	5	NF	2.2	0	-1.27	-0.02	8.3	564,968	10,800,998	1,811.7
Kuwait	4	5	PF	4.7	-0.6	0.84	0	3	25,498,876,126	53,673,029	110.5

123 DR – Dominican Republic

124 Bahrain – 2003 data used for 2001

125 Iraq – figures do not include the Kurdistan region

126 Kuwait - fiscal year 2001-2002 data used for 2001

Morocco	5	4	PF	3.2	-0.5	-0.09	-0.39	5.7	6,650,000	10,130,000	52.3
Oman	6	5	NF	6.3	0	0.69	0.01	3.5	5,334,375	6,923,277	29.8
Qatar	6	5	NF	5.9	0.3	0.82	0.15	NA	4,643,999	8,404,438	81
Saudi Arabia	7	6	NF	3.4	-1.1	0.23	0.2	4.1	23,912,140	31,598,000	32.1
Tunisia	6	5	NF	4.9	-0.4	0.13	-0.5	6	2,179,507	3,488,829	60.1
Yemen	5	5	PF	2.7	0.1	-0.63	0.12	8.2	8,828,296	15,015,710	70.1
Western Europe and North America (WENA)											
Andorra	1	1	F	NA	NA	1.25	NA	NA	455,973	798,731	75.2
Austria	1	1	F	8.7	0.9	1.99	0.11	1	20,001,790	29,154,334	45.7
Belgium	1	1	F	7.4	0.8	1.45	0.13	1	32,243,004	51,988,285	61.2
Canada	1	1	F	8.4	-0.5	1.92	-0.33	1	40,999,483	59,415,745	44.9
Cyprus	1	1	F	5.7	-0.4	0.69	-0.35	NA	2,701,411	5,446,524	101.6
Denmark	1	1	F	9.5	0	2.23	-0.08	1	16,819,416	26,838,252	59.6
Finland	1	1	F	9.6	-0.3	2.39	-0.1	1	7,692,170	13,674,916	77.8
France	1	1	F	7.5	0.8	0.78	-0.63	1	88,107,383	147,531,402	67.4
Germany	1	1	F	8.2	0.8	1.92	0.25	1.8	63,176,734	97,873,399	54.9
Greece	1	2	F	4.3	0.1	0.40	-0.44	3	16,888,152	29,396,141	74.1
Iceland	1	1	F	9.7	0.5	2.49	0.07	NA	2,761,785	5,727,206	107.4
Ireland	1	1	F	7.4	-0.1	1.70	0.20	1.3	3,938,255	10,156,697	157.9
Italy	1	1	F	5.0	-0.5	0.41	-0.38	1.5	213,375,520	299,586,466	40.4
Liechtenstein	1	1	F	NA	NA	1.25	NA	NA	357,905	636,042	77.7
Luxembourg	1	1	F	8.5	-0.2	1.84	-0.17	NA	2,926,053	4,287,196	46.5
Malta	1	1	F	6.6	-0.2	1.04	0.9	NA	1,555,820	2,519,433	61.9
Netherlands	1	1	F	8.6	-0.2	1.99	-0.31	1	21,118,568	32,707,375	54.9
Norway	1	1	F	8.9	0.3	2.04	-0.03	1	29,408,232	51,199,379	74.1
Portugal	1	1	F	6.5	0.2	1.13	-0.24	3.8	18,401,604	27,278,998	48.2
Spain	1	1	F	7.0	0.0	1.34	-0.28	1.5	36,327,696	59,996,107	65.1

Sweden	1	1	F	9.2	0.2	2.10	-0.33	1	25,365,230127	40,000,401	57.7
Switzerland ¹²⁸	1	1	F	9.1	0.7	2.12	-0.05	1	9,525,907	13,006,959	36.5
Turkey	3	3	PF	3.5	-0.1	0.08	0.44	5.7	18,978,930129	21,955,190130	15.7
UK	1	1	F	8.6	0.3	1.94	-0.16	1.8	63,973,440	141,439,619	121.1
USA	1	1	F	7.6	0	1.56	-0.17	1	387,200,000	474,500,000	22.5

Notes: Table obtained from Khan and Chowdhury (2008). This table has been conceived and developed to examine the relationship between audit and its impact on service delivery and corruption. This has been done within the context of differing governance conditions (political freedom, civil liberties, etc.), mainly to see whether changes in governance situations change the impact of audit on service delivery and corruption. Furthermore, changes in the budget of the national supreme audit institutions (SAIs) have been compared to see whether changes (increase or decrease) in the budgets of SAIs produce different impacts on service delivery and corruption control. The data on budgets of SAIs have been collected directly from the SAIs, through an e-mail survey conducted by DESA. Data on governance indicators, including service delivery and corruption, have been collected from other sources.

Sources:

1) CPI Rank: Transparency International's *Corruption Perceptions Index (CPI)* ranks more than 150 countries in terms of perceived levels of corruption, as determined by expert assessments and opinion surveys. TI requires at least three sources to be available in order to rank a country in the CPI. Andorra, Liechtenstein and Maldives currently have only source of data available; at least two more sets of data are necessary for them to be included in the CPI rankings. To date, no assessment has been conducted in Palau.

Source: *Transparency International.* www.transparency.org

2) Political Rights and Status (2001 & 2005): A rating of 1 indicates the highest degree of freedom and 7 the least amount of freedom. Those whose ratings average 1.0 to 2.5 are considered **Free (F)**, 3.0 to 5.0 **Partly Free (PF)**, and 5.5 to 7.0 **Not Free (NF)**. The ratings process is based

127 Sweden – Riksrevisionen, the Swedish National Audit Office, was established on 1 July 2003. The 2001 figure indicates the total expenditure for the two former state audit bodies: Parliamentary Auditors (Riksdagens revisorer) & the former Swedish National Audit Office (Riksrevisionsverket). Figures also include international development cooperation expenditure carried out by these offices.

128 Switzerland – Expenditure reflects that of the Swiss Federal Audit Office only and does not include expenditure by the audit offices of the 26 Swiss Cantons and the communities.

129 Turkey – 2002 data used for 2001

130 Turkey – 2003 data used for 2005

on a checklist of 10 political rights questions (grouped into three subcategories). Even though the report is classified as *Freedom in the World 2001-02*, the actual period measured is 2001. **Source:** *Freedom House*. www.freedomhouse.org

3) Civil Liberties & Status (2001 & 2005): A rating of 1 indicates the highest degree of freedom and 7 the least amount of freedom. Those whose ratings average 1.0 to 2.5 are considered **Free (F)**, 3.0 to 5.0 **Partly Free (PF)**, and 5.5 to 7.0 **Not Free (NF)**. The ratings process is based on a checklist of 15 civil liberties questions (grouped into four sub-categories). Even though the report is classified as *Freedom in the World 2006*, the actual period measured is 2005. **Source:** *Freedom House*. www.freedomhouse.org.

4) Public Service Delivery Index (PSDI) 2006 is taken as the score of the indicator “Progressive Deterioration of Public Services.”
http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=229&Itemid=366.

Annex 5

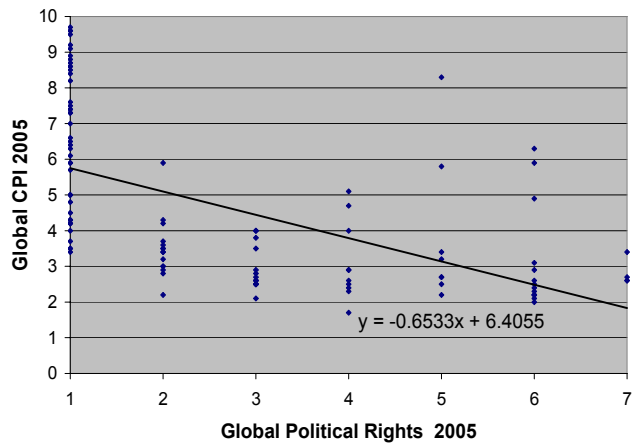
Correlation of Political Rights (PR) and Civil Liberties (CL) to Corruption: Global and Regional Variations

Coefficients of PR & CL to Corruption: Global & Regional Analysis (111 Countries, 2005)

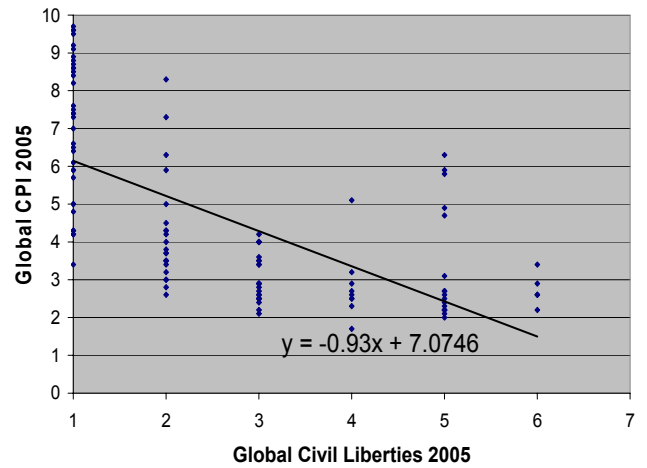
Region	Political Rights & CPI	Civil Liberties & CPI
Global (111 Countries)	- 0.65	- 0.93
Asia Pacific	-0.71	- 1.52
Sub Saharan Africa	- 0.34	- 0.53
Eastern Europe & CIS	- 0.43	- 0.53
Middle East & North Africa	- 0.14 (not reliable)	- 0.38 (not reliable)
Latin America & Caribbean	- 0.88	- 0.99
W. Europe & N. America	- 2.16 (not reliable)	- 2.52 (not reliable)

Globally: Increasing political rights by 1 unit globally (where the scale runs from 1-7 with 1 being Free and 7 being Not Free) reduces the perception of corruption by 0.65 units (where the scale runs from 0-10 with 0 signifying rampant corruption and 10 signifying minimal corruption). The relationship between civil liberties and corruption is even more evident where a unit of improvement in civil liberties (using the same scale as political rights) reduces the perception of corruption by 0.93 units.

Global Political Rights & CPI

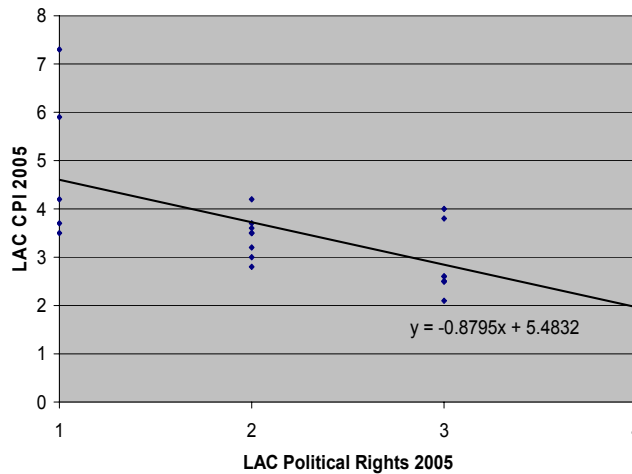


Global Civil Liberties & CPI

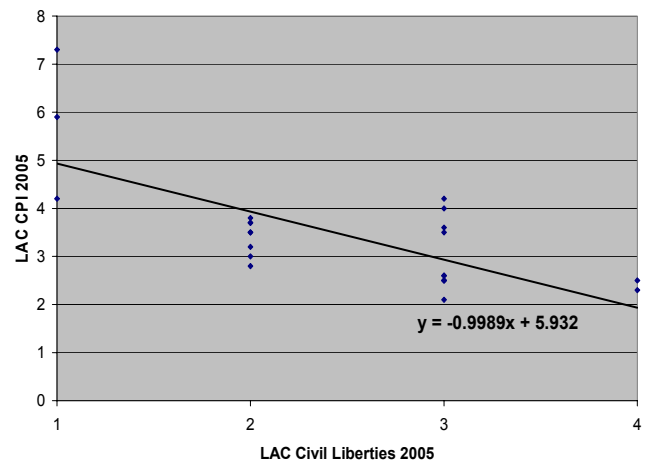


• **Latin America and the Caribbean (LAC):** The relationship between increasing political rights to reduce corruption perception is strongest for the 23 Latin American (includes all countries in the region except Cuba) and Caribbean countries where a 1 unit of increase in political rights decreases perceptions of corruption by 0.879 units. The trend is even stronger for civil liberties where a 1 unit increase in civil liberty decreases perceptions of corruption by 0.998 units.

LAC: Political Rights & CPI

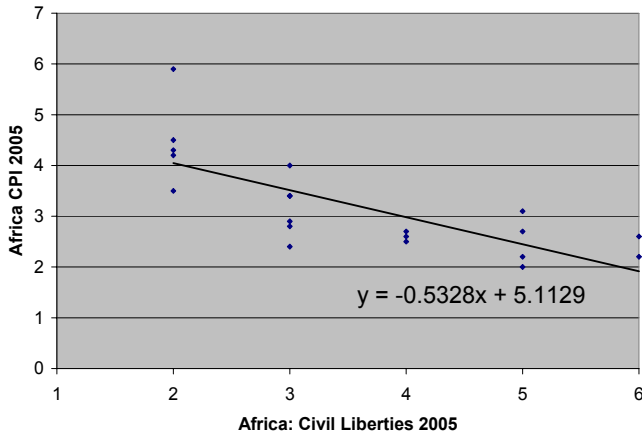


LAC: Civil Liberties & CPI

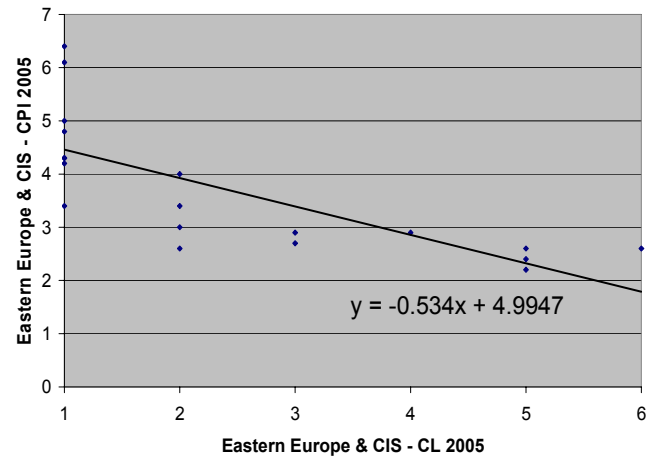


- Sub-Saharan Africa & Eastern Europe / CIS:** Nearly identical trends can be found for the 20 Sub-Saharan and 19 Eastern European and CIS countries with regards to the impact of civil liberties in reducing perceptions of corruption. Corruption perceptions drop by 0.53 units in both regions when there is an improvement in civil liberties by 1 unit.

Sub Saharan Africa: Civil Liberties & CPI

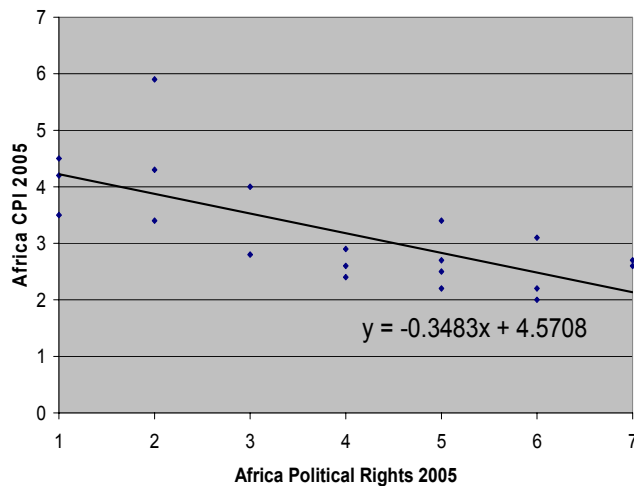


Eastern Europe & CIS: Civil Liberties & CPI

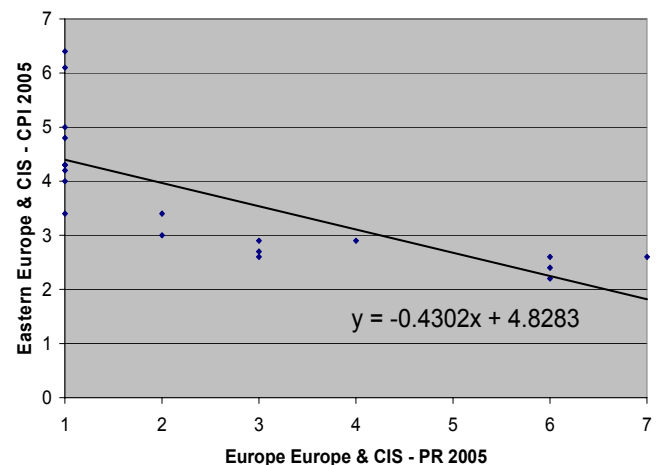


However the impact of improving political rights on reducing perceptions of corruption is somewhat stronger in the transitional economies of Eastern Europe and the CIS. Perceptions of corruption drop by 0.34 & 0.43 units respectively in Africa and Eastern Europe when political rights are improved by 1 unit

Sub-Saharan Africa: Political Rights & CPI

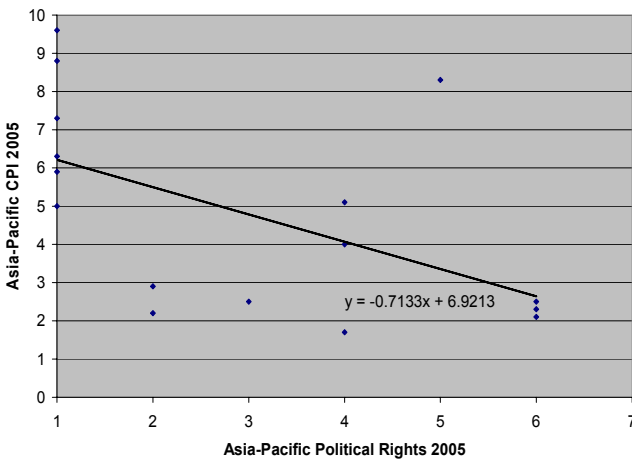


Eastern Europe & CIS: Political Rights & CPI

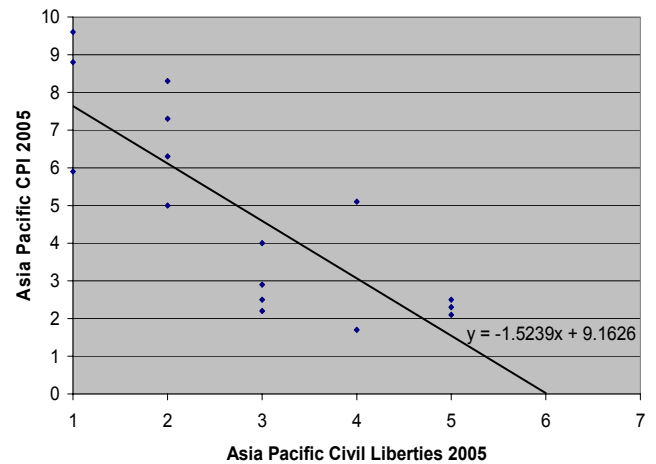


- Asia-Pacific:** The relation is also very strong for 16 Asia-Pacific countries where for every 1 unit of deterioration in Political Rights the CPI deteriorates by 0.71 units. However the relationship becomes even stronger if Hong Kong, SAR, China is excluded from the equation, where for every 1 unit of deterioration in Political Rights, the CPI deteriorates by 0.90 units.

Asia-Pacific: Political Rights & CPI



Asia-Pacific: Civil Liberties & CPI



Hong Kong, SAR, China is a unique case as given its recent transfer to China from British control, the Chinese authorities have imposed their political will while allowing the island to maintain essential economic freedoms. As such while Hong Kong, SAR, China moves more and more towards political unfreedom with a score of 5, CPI is at par with advanced European nations with a score of 8.3. However, time will tell whether Hong Kong, SAR, China’s low corruption perception and top quality service delivery can be maintained over a long period of time, given further deterioration in political rights and civil liberties.

Improved civil liberties have the greatest impact upon corruption reduction in the Asia-Pacific region when compared to all other regions globally. Each unit of progress in civil liberties in the 16 Asia-Pacific countries reduces corruption perception by 1.52 units.

- Middle East & North Africa (MENA):** Reliable conclusions cannot be made with regards to the impact of political rights and civil liberties on perception of corruption in the ten Middle Eastern and North African countries as none of these countries score above 4 in either category, indicating that none of these countries are free.
- Western Europe and North America (WENA):** No reliable conclusion can be made for this region as the reverse conditions of the Middle East hold true here - all 23 states enjoy full political rights (except Turkey) and civic freedoms (except Greece and Turkey); additionally the average CPI score for the 23 states combined is the lowest for any region globally. However, what is noteworthy is that Greece

and Turkey who are less free (compared to the other 21 countries in the region) also have the highest levels of corruption perception in the region.

Hypothesis 5: All other variables being held constant increase in civil liberties and political rights lead to a significant decline in corruption in all regions except the MENA & WENA. As far as the latter is concerned, this may be because corruption is already at a low level in these countries and that audit's capacity to reduce corruption in these countries may have reached a threshold; consequently, there may be need for exploring additional means of public accountability in these countries. More research is needed to explain the situation in MENA countries.

Source: Khan and Chowdhury (2008)

