

Democratic Decentralisation and Poverty Reduction: Exploring the Linkages

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1. Introduction

Democracy and decentralisation are often assumed to be critical preconditions for efficient poverty reduction and development.¹ This is based among others on an assumption about the state as a large, centrally located and top-down bureaucracy representing an ineffective means of allocating resources within society. Democratic decentralisation, according to the argument, brings government closer to the governed in both spatial and institutional terms and makes government more exposed and responsive (Crook and Sverrisson, 2001:1; World Bank, 2000a/b). In turn, this is assumed to create systems of governance that are more effective in reaching the poor – and in particular the rural poor – many of whom reside in remote areas outside effective market reach and with little purchasing power (Blair, 2000; Manor, 1999; Crook and Manor, 1998). However, democratic decentralisation in developing countries has more often than not been associated with a ‘rolling back of the state, the extension of bureaucratic control, and the marketization of social services’ (Heller, 2001: 132; Crook, 2003). It has been designed in fairly technocratic and top-down manners

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with limited poverty reducing effects. Cross-country evidence referred to in this article suggests that the argument above conflates decentralisation with democratisation *and* greater accountability and participation at local level. The literature suggests that it is only under certain benign conditions – for example, *when extended participation or accountability mechanisms are adopted* – that decentralisation will work to respond to local demand and reduce poverty (Crook, 2003).

This article is organised in three key sections. First, it explores the nature of linkages between democracy, decentralisation and poverty reduction – and introduces the particular linkages to be examined and why. In so doing, the article illustrates the key problems faced by a country when making the initial transition to procedural democracy and, in turn, trying to make democracy work and matter for the majority of (poor) people. Second, through a review of the literature, the article examines the problems and constraints that are likely to limit the impact of democratic decentralisation on poverty reduction (or make things even worse). Third, the article presents a few country cases as relative ‘success stories’, and synthesises possible preconditions for such success.² These conditions are worth building on when pursuing more pro-poor democratic decentralisation. Key arguments are underscored through a comparison of the illustrative country cases with the historic experiment of building local government and democratic systems in Scandinavia.

Democratic decentralisation is defined as transfer of powers and resources to authorities representative of and downwardly accountable to local populations (Manor, 1999). Democratic decentralisation is considered an institutionalised form of a participatory approach to development (Ribot, 2002).

This definition raises the following three questions in relation to the scope of the article:

- i) how powers and resources are transferred from central state authorities to elected bodies,
- ii) how relatively autonomous, representative and downwardly accountable bodies are enabled and ‘elite capture’ limited, and
- iii) who participates and how people become empowered through the political interactions that determine the transformation of society.

2 These cases are primarily India (Kerala, West Bengal, Madhya Pradesh), the Philippines, Uganda, Mali and Bolivia, but also other cases are brought in from the broader literature.

The concept of democratic decentralisation places a premium on the political aspects of decentralisation – while recognising that bureaucratic change that fosters devolution of administrative and fiscal processes is key to making decentralisation work on the ground.

Hence, another important question addressed by the article is how democracy and decentralisation seem to matter for the poor, in a situation where developing states have become politically more answerable through formal democratic rules and practices (Heller, 2001). And in this regard, have state bureaucracies changed to become more downwardly accountable and open to participation of various society groups? If so, what conditions made this happen?

Decentralisation is essentially about *devolution* – the transfer of powers, functions and financial authority to locally elected bodies. But this process depends on the parallel process of *deconcentration* – the transfer of central bureaucratic power and resources to local branches of state agencies. The transfer of tasks and responsibilities to, for example, internally evolved community organisations, or externally evoked user groups such as forest or water committees, school committees or farmers groups, is a type of quasi-devolution, since the governing bodies of such groups are often not elected according to formal democratic rules or through secret ballots. Such community or user groups are of less concern in this study, although both types of organisations have become of considerable importance for local governance and resource management – possibly also for rural livelihoods (Baland and Platteau, 1996; Alsop *et al.*, 2002).

Democracy is essentially about participation and empowerment, not simply as an instrumental good, but also as an intrinsic value for those involved, in terms of – for example – ownership, self-esteem and dignity. The ‘deepening’ of democracy would require a certain institutionalised strength of participation in terms of its breath and depth. Since local government is frequently dominated by elites what are important are the processes of local politics – political engagement, contestation and struggle – challenging those elites. This would foster greater downward accountability and responsiveness. Moreover, while most people now seem to enjoy greater freedom related to election processes (e.g. to local government), freedom in other arenas of society is often denied (e.g. administrative, social, economic, legal). The combined opportunities for an individual agent in addressing poverty or livelihoods concerns are inescapably conditioned by the society’s institutions (Sen, 1999). The complementa-

rity that exists between individual agency/voice and social and political institutions is captured in more recent definitions of poverty (Drèze and Sen, 2002).

Poverty reduction is here understood as a complex and multi-faceted concept, with the following dimensions (building on Crook, 2003):

- ▼ empowerment of the poor – understood as effective participation and voice – met by some degree of responsiveness on the government’s part (hence, it complements ‘democracy’);
- ▼ social or human capacity development through, for example, better access to health, education, water, infrastructure;
- ▼ economic gains by the poor through pro-poor growth or improved economic opportunities;
- ▼ social inequality reduction through income redistribution – here under reduced inter-regional disparities.

The degrees and forms of poverty reduction are assessed fairly crudely in the article – since different authors relate to different dimensions of the concept, often without being explicit about which are of key concern. Most authors seem to place a premium on income, economic gains and income redistribution, reflecting that some of the broader aspects of poverty reduction are not (yet) fully ‘internalised’ in the literature. This may be one reason why it is often observed that the connection between poverty reduction and democratic decentralisation is limited. Democratic decentralisation is perhaps first and foremost about reforming governments and making them more accountable and responsive in order to enable participation, empowerment and the strengthening of human capacity, while effects on income and income redistribution are perceived to emerge as a consequence (and perhaps later in the process). But, as will be argued, there are also several other reasons for a weak connection.

The article tries to capture the larger picture of relationships between democracy and poverty reduction – partly by referring to the historic evolution of the Scandinavian experiment – without losing sight of some of the more specific and intriguing changes in institutional mechanisms that are employed in many developing countries today (Goetz and Gaventa, 2001). In particular, the article considers the challenges involved in enabling pro-poor decentralisation and democracy in rural areas, where political agency is frequently constrained by both traditional elites and modern public bureaucrats –

acting under command and control systems. Moreover, rural areas often have high levels of poverty, few resources and weak communication systems.

PART I: NATURE OF LINKAGES

2. Linkages between Democracy, Decentralisation and Poverty

The rationale for democratic decentralisation

Over the past decade, a majority of countries across Africa, Asia and Latin America have initiated transitions from centralised and authoritarian regimes to more decentralised and democratic forms of governance (Heller, 2001). Such moves towards democratic decentralisation have implied an emergence of new institutions with important effects on the relationships between the central state, a variety of partly new local organisations, and individual citizens.

The explanations for the emergence of democratic decentralisation as a major reform are diverse. First, there are increasing political demands for democracy and self-rule from a diversity of societal groups, especially in countries previously governed by authoritarian regimes, such as the Philippines, Nepal, Bangladesh, Mali, Uganda and Brazil. A second compelling factor is the dissatisfaction with the state and the failure of large, centralised development schemes to reach and involve intended beneficiaries and deliver tangible benefits to local people, including disadvantaged groups, in countries such as the Philippines and India (Aziz and Arnold, 1996; Crook and Sverrisson, 2001). A third and increasingly important factor relates to the desire for national unity in a situation of ethnic and regional diversity, especially in many Asian and African countries.³ The motives for democratic decentralisation are typically mixed, a key driving force frequently being administrative and fiscal considerations (Manor, 1999; Crook, 2003; Bossuyt and Gould, 2000; World Bank, 2000a).

3 In India, for example, the over-concentration of power at the federal centre is frequently held to be a contributing factor to the upsurge of regional forces, manifested in caste-based regional parties and resistance at the level of the states to federal control (Dreze and Sen, 2002). And in Mali, the Tuaregs of the northern regions rebelled in the early 1990s, partly in reaction to long-term neglect from the central government, demanding greater local autonomy and a greater share of total societal resources through nationwide decentralisation (Bingen, 1998).

To what degree have these fairly recently established programmes for democratic decentralisation started to address the severe social inequalities that characterise most developing countries?

The relationship between democratic decentralisation and poverty reduction is not clarified in the literature. In a review of the subject matter, referring among others to the background papers of the World Development Report 2000/1, *Attacking Poverty*, it is argued that there was no consistent connection between pro-poorness and democracy – nor was there any convincing evidence that linked decentralisation to poverty reduction (Johnson, 2001). ‘While the very worst performers tend not to be democracies – democracy does provide some kind of safety net – there are non-democracies among the best performers’ (*ibid.*: 521).

The subsequent sections look first at the broader issue of how democracy relates to poverty reduction; then, at the specific contributions that democratic decentralisation has had or may potentially have in terms of addressing social and economic inequalities.

Democracy and poverty

To what degree does democracy matter for development – and poverty reduction? Or in general terms, can democracy address the serious social and economic inequalities often observed in developing countries? This article does not answer this larger question in any detail. References are made to Johnson (2001) for some possible hypotheses on why democracy is not necessarily linked to poverty reduction. He suggests, for example, that high growth rates, economic performance and macroeconomic stability might require stern and authoritarian governance – more so than democracy.

However, the history of democratic decentralisation in Scandinavia provides several plausible explanations for why – at least in the longer term – there is likely to be a fairly strong link between democracy and poverty reduction – depending on how the process evolves (see also Heller, 2001). This is supported by Douglas North (1990), who holds that while short-term growth can be achieved with authoritarian systems, long-run economic growth – with equal distribution – requires responsive government, adapting to local people’s demands, the development of the rule of law, and protection and promotion of civil rights.

Two problem areas are of key concern here. First, to what degree do processes of democratic consolidation in developing countries reflect genuine and significant demand ‘from below’ – from organ-

ised interests of the majority of (poor) rural farmers and workers? Has any lower class mobilisation started to drive through significant political transformations? Or: have the poor or subordinate groups obtained any effective representation in politics, strengthened their political clout, and, in turn, obtained a 'fair' share of scarce societal resources? Second, to what degree have democratic state reform processes made the state institutions and bureaucracy gradually more accountable and responsive to the demands of the majority of (poor) people?

The first problem is captured in the literature on the emergence of democracy, welfare states and local government in Western Europe. This literature focuses on the importance of 'patterns of interest aggregation' and, in particular, the 'dynamics and effects of lower class formation' on central government, modes of governance, and distribution of social and economic surplus (*ibid.*). This literature – including the experiences from Scandinavia – provides convincing evidence that political rights, as are now provided in many developing countries, are translated into social rights and tangible benefits (increased access to resources and services) 'only to the extent that lower class demands are organised and find effective representation in the state' (*ibid.*, see also North, 1990).

However, in most developing countries referred to here, social formation is such that lower class presence is less obvious (e.g. in sub-Saharan Africa), or their organisation and representation have been deliberately frustrated by central politico-bureaucratic elites through clientelism and cooptation (e.g. in India and Latin America). There are important exceptions to this pattern, however, where working class elements – and farmers/farm labour – have organised and driven through political transitions to democratic change (e.g. in Brazil, South Africa, Kerala/India; see Heller, 2001). But in many instances, organised labour movements and unions often have had a fairly narrow (urban) basis, or they have not (yet) caused a major shift in political and bureaucratic governance of the type observed, for example, in Scandinavia and elsewhere in Europe.

This brings up the second problem area, which relates to the institutional nature of democratic states and the state bureaucracy's capacity for reform of. As Heller argues, even where formal (local) democracies have been established, questions arise as to how responsive the new democratic state bodies are, and whether the state bureaucracy is able to change. To what extent and how are modes of governance changing? To what degree is the language of reform reflected in new laws and administrative systems translated

into new practices? In Heller's words: 'Developing states have become politically answerable through periodic elections, but have the bureaucratic institutions they inherited from authoritarian or colonial rule become more open to participation by subordinate groups? Have they really changed their modes of governance, the social partners they engage with and the development goals they prioritise?' (*ibid.*: 132).

Decentralisation and poverty

The main purpose of this article is to explore the conditions under which a particular form of decentralisation – democratic decentralisation – is initiated and enabled to the extent that it promotes sustained poverty reduction. What types of linkage are there likely to be between democratic decentralisation and poverty reduction in the short and longer-term? In this regard, decentralisation and devolution in political, administrative as well as fiscal terms depend critically on committed central state agencies – from the higher to the lower echelons. However, the political or democratic aspect of decentralisation – involving an empowered and accountable local government – is perhaps as critically dependent on associational dynamics, engagement and the capacity of local actors to hold bureaucrats and local governments accountable (Heller, 2001: 132).

Poverty reduction depends perhaps first and foremost on the capacity of the poor to gain access to productive capacity and to demand a higher share of total social surplus – through organised civil action. This requires sufficient representation in political parties and the state to ensure government transformation of power, institutions, and resources to initiate mobilisation and promotion of poverty reduction on a large scale.

Two key issues need to be considered. First, how can decentralisation – and local democracy – help to promote the capacity of the poor and lower class groups to organise and have their interests represented effectively, first at local government levels, then at higher levels? How can participation be widened in scope and institutionalised? Second, how can decentralisation facilitate transfer of powers and resources and improve the efficiency of resource allocation and service delivery by reducing the incidence of rent-seeking among local elites and improving the development impact of public expenditure? How can mechanisms of downward accountability be introduced and sustained? Does decentralisation bring the state and government 'closer to the people'?

There seems to be little systematic evidence relating to the outcomes of decentralisation processes in the development literature in general. Evidence reviewed in many of the case studies is partial or piecemeal – and little systematic comparison has been made.⁴ Moreover, decentralisation is a complex process, in its goals, design and implementation, which makes it difficult to measure – in degree as well as in outcomes/effects. There are even differences, for example, in the way that the terms ‘devolution’ and ‘deconcentration’ are understood (e.g. between the British and the French traditions) (Smoke, 2003:7). Comparisons have been made using the degree of decentralisation as the main independent variable – that is, related to expenditure at local government level as a proportion of total government expenditure, or employment as a proportion of total government employment, or even the number of tasks transferred (see, for example, Olowu, 2003; and below). But such figures tend to be fairly flawed (Crook, 2003).

3. Limited Evidence of Connections with Rural Poverty Reduction

Positive achievements

Even if hard evidence is limited, certain general agreements seem to be emerging regarding the connection between democratic decentralisation and poverty reduction, based on an increasing body of case studies (see also the country cases presented at the end of the article). First of all, there seems to be agreement that (democratic) decentralisation has often had a variety of positive outcomes in terms of efficiency, governance and even – occasionally – poverty reduction. From the illustrative cases presented in this article, positive achievements relate to, for example, the creation of new laws and institutions; the establishment of new locally elected bodies; a shift in the policy and practice of central state-bearing elites towards local level issues; emergence of multi-party systems; new fora and freedoms for citizens and civil society to organise and voice claims; more open public discourse (including in the media); the introduction of accountability mechanisms; increased local capacity to mobilise and manage resources; and greater participation

4 Schou and Steffensen (2003), Crook (2003), Hadenius (2003), Loquai (2001), Crook and Sverrisson (2001), ISS (2000), World Bank (2000a/b), Blair (2000), Crook and Manor (1998).

in local decision-making and public affairs (Hadenius, 2003; Johnson, 2001; Crook, 2003). Some initial changes have also emerged in the way rural services and resources are being managed at local level, and in coordination of roles, rights and responsibilities between the state, local government, and civil/private bodies. In some countries – for example, Ethiopia, Mozambique and Guinea – citizens and local governments have started to occupy spaces created by a state that withdraws and entered into new partnerships (Bossuyt and Gould, 2000). Participation has become part of local vocabularies, and scattered mechanisms of participation and accountability are being employed by the local administration and the technical services (Blair, 2000 and 2001; Johnson, 2002). Though modest in terms of effects on the ground, such processes of change are likely to point to a ‘way forward’.⁵ The relative successful stories bring us closer to understanding some of the key preconditions for good performance in democratic decentralisation, even if the ‘good practice’ countries, or areas within countries, in which some degree of accountability and participation has been adopted or poverty reduction observed, are limited in number. They include India (e.g. West Bengal, Kerala, Karnataka and, more recently, Madhya Pradesh), the Philippines, North Eastern Brazil, Colombia, Bolivia, South Africa, Mali and Uganda, to mention some of the most cited. Although somewhat ‘overexposed’ in the literature, several of them are also referred to in this article.

Limited connection to poverty reduction

The degree of success, and criteria for success, are being debated, however. Some of the initial successes have faded on the grounds of little accountability and inclusiveness being found on closer scrutiny (Kerala, Karnataka, South Africa, Uganda),⁶ while others are considered successful on certain accounts and less successful on others. However, compared to assumptions or goals of these important programmes, major deficiencies in the processes are often observed, in particular in some of the sub-Saharan countries, reflecting that democratic decentralisation faces many enemies and obstacles – from central to local levels (Smoke, 2003; Crook, 2003).

5 Evans (1996), Tendler (1997), Crook and Manor (1998), ISS (2000), Crook and Sverrisson (2001), SIDA (2002).

6 For a critical review of participation and inclusion in the Panchayat Raj system in India, see Alsop *et al.* (2002).

An increasing body of literature underscores a weak connection between democratic decentralisation and poverty reduction.⁷ In an assessment of decentralisation across a selection of African, Asian and Latin American countries, Crook and Sverrisson (2001) concluded that responsiveness to the poor was a rare outcome. Even in countries with relative success in devolving authority to locally elected bodies, decentralisation only slightly reduced poverty or income disparities between regions, such as in Colombia, Brazil and West Bengal. Manor (1999) is equally pessimistic about the experiences in Bangladesh, Bolivia and India. He held only Karnataka to be relatively successful, measured according to responsiveness to local demand, in a comparison between Ghana, Ivory Coast, India (Karnataka) and Bangladesh. Similar evidence emerges from Blair's work in Bolivia, Honduras, India (Karnataka), Mali, the Philippines and Ukraine, assessing the employment of mechanisms of accountability and participation and the degree to which these contributed to responsiveness and effective service delivery.

This is also underscored by a recent comparison between countries, undertaken by Crook (2003), relating to linkage between democratic decentralisation and poverty reduction. He relied on some of the 'best documented' African cases – Nigeria, Tanzania, Ivory Coast – all three with a 'devolved' decentralisation type – and Ghana, Kenya and South Africa – the first two characterised as having 'decentralisation with minimal devolution' (this according to Olowu, 2003). Crook based his analysis on the same independent variables (related to poverty reduction) as utilised in this article. He concluded that 'in none of these African countries is it likely that decentralisation will empower any real challenge to local elites who are resistant to or uninterested in development of pro-poor policies, except possibly South Africa if the regime sees a political advantage in using local government for this purpose' (Crook, 2003: 86). He perceives, on the contrary, elite capture of the new structures being promoted by the ruling elites in a desire to create or maintain power bases in the rural areas. Accountability arrangements are too weak to represent the substantive interests of the poor in decision-making, even if there are cases of the rural poor acquiring some representation through the democratic decentralisation processes.

It is important, however, that some of the largest-scale decentrali-

7 Schou and Steffensen (2003), Crook (2003), Smoke (2003), Crook and Sverrisson (2001), Blair (2000), World Bank (2000a/b), Manor (1999), Crook and Manor (1998), Bossuyt and Gould (2000), for Ethiopia, Guinea and Mozambique.

sation operations in the largest countries have been internally driven with more limited donor/Western pressure or influence, such as in India, China, and Brazil, and, to some degree, the Philippines (Blair, 2000). Efforts to decentralise work best when internally initiated and owned; think of the example of SIDA withdrawing support for decentralisation in Botswana after 20 years (see Schou and Steffensen, 2003).

4. Local Government – Limited Relevance to the Poor?

As outlined in the illustrative case studies – and in earlier sections – there are many recognised benefits from decentralisation, some of which may not have accrued on the ground yet. Direct effect on poverty reduction has been modest for several reasons, partly since local government has not yet been given a chance to work, partly since it is (initially at least) less geared towards addressing income and livelihoods. A case study in Mali may serve to illustrate part of the general problem in many sub-Saharan African countries (details are provided later).⁸ In Mali, the legal, institutional and political arrangement for democratic decentralisation is basically in place. Local governments were established across the country through elections in 1998–99. A technical and funding support structure ensures a minimum of finances available for local capacity building, planning and execution of small-scale infrastructural projects. The local councils decide upon the work to be done, prepare a proposal and a budget and acquire funds through the local treasury (after approval by the state). The councils are supported by a community advisory board and the funds derive from a national fund for decentralisation – funded 90 per cent by external donors. According to one study in 48 local governments ('communes'), the following types of projects were embarked upon over the last 2–3 years (EU representative, Géza Straumer, personal communication, 2003):

Municipality hall	28%	Local market/stalls	6%
Primary school	20%	Rural bridle path	4%
Health/maternity centre	12%	Lodging for administration	4%
Well	12%	Others	14%

⁸ The author recently carried out a review of the decentralisation process in Mali for NORAD.

Although these projects are clearly relevant in terms of poverty reduction, they are of a fairly small scale. If the US\$55 million or so that are distributed over three years through this national fund were divided equally between the 704 municipalities created – it would amount to less than US\$8,000 per unit – or about US\$5 per capita. Moreover, these projects would only reach one or two villages among perhaps 10 or 15 within a municipality. Hence, as economic or social development efforts, this work is relatively insignificant in livelihood terms (compared, for example, to the US\$230 per capita production in Mali). Combined with other projects under the umbrella of decentralisation – the total amount allocated is several times larger, however, but still not of the magnitude required to address poverty in a significant manner. The local governments have not yet become involved in any significant degree in service provision (e.g. education, health, water supply, natural resources management) – as envisaged by the local government act. Even so, these small-scale projects would help transition processes by creating some local-level capacity in planning, economic management, execution and maintenance of projects. They may also increase participation and the sense of ownership of local development within the elected councils. Moreover, the total amounts provided through the decentralisation process in Mali at the moment by far exceed what is presently mobilised from internal sources through taxation at village and municipal levels.

This picture seems to reflect a general problem with local governments across many countries, especially in sub-Saharan Africa. Local government is established as a democratically elected institution, but often delivers very little in the way of goods and services of direct benefit to the poor, due in part to lack of finance, but also due to the way the process operates and the kind of tasks for which the local government is allocated and able to take responsibility. Narayan *et al.* found that local governments across 23 countries and all regions were often neither responsive nor accountable to the poor; rather, that poor people were met with arrogance and disdain (2000: 197). Even if local government is perceived as important by many, it dominates in poor people's list of ineffective organisations (*ibid.*:210). People feel powerless and, some argue, do not attempt much to influence government policy or decisions – locally or centrally – except when encouraged by external agents, such as NGOs/CVOs or reformist state officials. Only a few examples were mentioned about 'caring' mayors who established any potential for change. Poor people depended mainly on their kin, their

own informal networks, religious organisations and community-based organisations for support.

Another related problem is to do with the way in which local politics and governance work. In an assessment of inclusion in the Indian Panchayat Raj system (Madhya Pradesh and Rajasthan), people were found to be more concerned about consolidating income and social relations than about using local democratic government to reduce inequities in rural society. Local government organisations were perceived as bodies concerned with ‘politics’ – dealing with power and playing power games (outside community arenas and control) – not development. Participation in other political activities related to village panchayats was substantially lower than participation in voting (although not significantly different from that observed in other developing countries or the US) (Alsop *et al.*, 2002). But people simply did not value the activity of the local government, compared to, for example, basic services provided by state bodies, such as education, which benefited all villagers (*ibid.*).

However, Europe’s experience in building democracy and decentralised welfare systems – presented below with reference to the Scandinavian experiment – suggests that such institutional transitions require efforts over longer periods of time to have any major impact on people and poverty reduction (see also Smoke, 2003).

The Scandinavian experiment: democracy, local government and welfare ‘from below’

Local government in each of the three Scandinavian countries⁹ is today responsible for a large share of total public expenditure (about 35 per cent) and of total government employment (about 60 per cent) (Page, 1991).¹⁰ The emergence of today’s local government with important welfare distribution functions and wide responsibilities for public functions was a process that started more than 150 years ago. In the context of this article, it is particularly important to note that only as organised labour and lower-class movements were able to expand their political influence and become represented in the state through political parties, did major welfare re-

9 Scandinavia refers to Denmark, Norway and Sweden. The section draws in particular on Danielsen (1997), Baldersheim and Ståhlber (eds, 1994) and Kuhnle *et al.* (2002).

10 These figures are much higher than, for example, for sub-Saharan African countries – and most other developing countries, with the exception of some states in India, and Brazil and Argentina (Page, 1991; Olowu, 2003).

forms extend to the poor, furthered by the post-World War II economic growth period. However, the evolution in social formation conditioned the patterns of political economic interaction and outcomes. Moving back in history, political and democratic rights were *initially* promoted mainly through pressure from organised civil society groups and associations – not working class elements – since these only became significant in numbers and well organised at a later stage in time.

Norway, whose social movements were more active and social formation more egalitarian than Sweden and Denmark, became the forerunner in forming local government and democratising the constitution.¹¹ Local government was introduced in Norway in 1837; Denmark soon followed suit (1841), while Sweden introduced representative government in urban areas in 1862 – and full local government only in 1918. The establishment of local self-government reflected a largely liberal Norwegian state government wishing to relinquish certain tasks it did not perceive as genuine state concerns but nevertheless considered important to resolve (such as primary education and the growing problem of poverty) (Danielsen, 1997: 214). The new legal and administrative change introduced almost 400 local governments across the country.

A key feature of the process in Norway was that democratic local government was initially the outcome of long-term political struggle between the land-owning peasants and farmers of the rural periphery, in alliance with urban middle-class groups, and the central powers represented by the King, his administrators (the ‘*Embetsmenn*’), and a few larger landlords (as well as the state-controlled Church). The emergent coalitions of (civil) society groups acquired the majority in Parliament and were thus able to drive the local government legislation through (‘*Formannskapslovene*’). Hence, local government came as a result of ‘bottom-up’ forces – reflecting changes in patterns of political actors (and social formation) and interactions.¹² By around 1870 a limited modernisation of the constitutional arrangements and civil society had taken place in each of the three Scandinavian countries in the direction of greater

11 This was linked also to a stronger nationalist movement in Norway and opposition to the bureaucratic culture inherited from the period of Danish dominance (up until 1814) and, subsequently, a subordinate position in the Union with Sweden (1814–1905). Moreover, politics from below in Norway was enabled through the abolition of the nobility in 1822 (among people from that year onwards).

12 These forces still dominate today in the modernisation processes taking place within Norway’s local government (Baldersheim and Ståhlberg, 1994).

democracy.¹³ At this stage, a coalition of farmers and urban middle-class groups in Norway – later in the Liberal Left Party (Venstre) – organised with the aim of further deepening democracy, while attacking the bureaucracy-based government (‘Embetsmannsstaten’).¹⁴ A key issue was whether state ministers were to be subordinated to Parliament – as in today’s parliamentary system – or not. The King, the bureaucracy, and ultra-conservative groups were so against the proposed change that threats of a military *coup d’état* were made, but these groups backed out in the end. The introduction of parliamentarism (1884) reflected deeper popular engagement among a rich variety of social movements. In fact, the ‘fall’ of the ‘Embetsmannsstaten’ in Norway has been directly associated with the growth of these voluntary movements and organisations into a political force (according to the Norwegian historian J. A. Seip). This growing civil activity was perceived as a manifestation of emancipatory processes and an escape from the ‘patronage’ of the state and state-dominant (bureaucratic) elites. These organisations started exerting direct influence on the nomination processes of key political parties for both local and central elections, reflecting a close interdependence between civil society, political parties, ruling coalitions and, in turn, government reforms at central and local levels. The emergent political elites became convinced that reforms were obtainable through a combination of dialogue and pressure upon the established elites (a ‘culture of dialogue’) (Danielsen, 1997).

Around 1910, local government withheld 85 per cent of direct income tax in Norway (while the revenues for the central government mainly consisted of fiscal duties). Hence, local government was an important arena for allocation of economic resources as well as a platform for gaining political rights (rights to vote). This gave a strong rationale for citizens to engage in local-level politics. Even if there were differences in the initial social formations, Norway al-

13 However, in Sweden and Denmark, a two-house parliamentary structure – a ‘House of Commons’ and a ‘House of Lords’ – remained, reflecting the power of the nobility and feudal landlords and giving greater representation to these elite groups and to elements of the urban business elites. This reflected the relative strength of these groups – and particularities of the election system which gave these groups’ votes greater weight in the elections.

14 ‘Embetsmannsstaten’ was a state-administrative arrangement inherited from more than 400 years of Danish colonial administration and administrators. Its culture and association of state officials – with high status and close associations – resemble present-day bureaucracies in many developing countries, for example, those of the ‘All-Indian administrative services’ (AIS) or those in former French colonies, where officers are educated and socialised through particular education systems (Baldersheim and Ståhlberg, 1994).

ways being the most egalitarian, the three Scandinavian countries moved in fairly similar directions regarding the constitutional arrangements, party systems and political culture from the 1920s onwards – reflecting a growing similarity in social formation (the growth of a labour class) and the emergence of social democratic parties in hegemonic political positions in each of the three countries from the 1930s on.¹⁵ With the labour parties in place, occasionally capturing 40 per cent of the national vote, the welfare system was broadened and deepened, funded by a constantly growing economy (until the mid/late 1970s).

At the beginning of the 20th century, many women in the ‘first’ major women’s movement became engaged in voicing demand for legal rights to vote and rights to take part in political affairs. This engagement grew out of civil society movements, such as the religious and teetotal movements, within which women were more on a par with men (compared to their relative standing in political affairs). The strength of women’s roles in these movements gradually convinced male politicians on the political left about women’s potential capacities in political affairs, and as participants in political constituencies (as part of the vote bank). Hence, the women’s movement became a key force in the deepening of democracy and reorientation of government institutions. The ‘second’ women’s movement, in the politically active 1970s, concerned with further inclusion of women in politics as well as with economic and social affairs, was greatly influenced by the global feminist movement and women’s firmer role in higher education and in employment outside the domestic sectors. An important feature of the women’s movement was that powerful alliances were created across the gamut of heterogeneous organisations, ideologies, social/class background, party lines and rural–urban divides.

The relative success of the Scandinavian countries in promoting democracy and equality provides important potential lessons for developing countries (in terms of understanding the process, not necessarily the models). First, the emergence of democratic decentralised government – and effects on poverty reduction – requires historical and contextual explanation – that links the engagement of deep-rooted civil society movements to political action and the formation of political parties over longer periods of time. Second, the social movements and organisations critical to challenging the

15 Denmark and Sweden, for example, having a feudal nobility, which Norway had abolished by law in 1822; by people born in that year and onwards.

bureaucracy (the ‘Embetsmannsstaten’ – in the mid/late 1900s) formed a multifaceted associational landscape involving social groups with a diversity of mandates and motives, ranging from narrow economic interest-based organisations (e.g. initially peasants, later labourers and other employees), to social movements (teetotal, language), and religious and missionary associations. Hence, the process towards democratic decentralisation became messy and complex, not uniform and straightforward. It reflected engagement ‘from below’ – from a variety of political agents of middle-class and labour class groups. Third, the state, being challenged from below, gave appropriate concessions to pressure groups and gained broad legitimacy as a development-oriented state. Gradually it provided power and relative autonomy for self-governance. In this way, local government and the welfare state grew out of a ‘culture of dialogue and compromise’ between the state, left-of-the-centre political parties and civil society movements, more than out of confrontation and destructive violence. Finally, the social movements and civil society created an important platform for furthering women’s emancipation and turning women into political and economic agents – broadening and deepening the democratic process as well as women’s share of the total social and economic surplus in society.

PART II: CONSTRAINTS TO MAKING DEMOCRATIC DECENTRALISATION PRO-POOR

The Scandinavian experiment is somewhat in contrast to the literature on democratic governance in developing countries. Regarding the weak connection observed between democratic decentralisation and poverty reduction, most commentators focus on deficiencies in the *interactional relationships* between the state and society – between state bodies and non-state actors, related to issues of authoritarianism, limited devolution of powers, weak accountability, dialogue and participation.¹⁶ Constraints seem first and foremost to be of an institutional nature and relate to the difficult problems of transforming state bureaucracies and governance systems – which are built on legacies of ancient chiefdoms, colonial administration and post-colonial one-party systems (Heller, 2001). But constraints are also about overcoming traditional rule, patron-

¹⁶ Crook (2003), Smoke (2003), Crook and Sverrisson (2001), Johnson (2002), Blair (2000), Drèze and Sen (2002), Sen (1999), Crook and Manor (1998), Blair (1997).

age and despotism at the local level. At the centre of concern is the creation of more accountable and responsive governance systems. In particular, there has been a problem in promoting devolution of fiscal and administrative aspects and devolution of public services, such as water, health, education, rural roads and natural resource management, which needs to start with deconcentration of the public services (Crook, 2003; Ribot, 2003; Smoke, 2003).

In concrete terms, major problems referred to and discussed below relate to factors such as: i) central state agencies' desire to remain in control and lack of commitment to transferring powers and resources; ii) the paucity of attempts genuinely to strengthen the participation of citizens and civil society or to respond to demands; iii) weak democratic basis and structure of political parties; iv) local elite capture of processes and lack of downward accountability in the new structures; v) limited capacity at the local level to seize new opportunities, in particular among women and disadvantaged groups, and iv) weak civil society and support of external agents.

5. Lack of Government Concern and Political Will

A key limiting factor for successful democratic decentralisation seems to be the lack of deep, sustained and broad-based government commitment and political will to decentralisation and rural development (Crook, 2003). Central governments and state bureaucrats often desire to remain in control. Statist governments across developing countries tend to be dominated by relatively authoritarian or patronising state bureaucracies and political regimes. Political systems are invariably built to dominate and exploit; often more so than to include and develop in a planned manner, even if there are also 'reformists' within most monolithic state institutions (Evans, 1996; World Bank, 2000b). In crude terms, one might claim that centralised control by urban governing elites, which dominate key political parties, the state and private business, is underpinned by patronage and personal loyalties to 'big men' or intermediaries in the rural periphery – based on caste, ethnicity, regional or other concerns – often more so than common political goals, shared class concerns and divides over economic interests. This provides for a top-down system of governance and mobilisation. There is little political mobilisation based on 'real' economic interests, both at local and national levels. Patronage within the state or political parties is supported by the exchange of gifts, money and offices and by the sharing of power. The politics of local government is per-

ceived to be a game of ‘money and muscle’ – something ‘dirty’ that few rural people want to be associated with. Regarding India, Mathew explains why the panchayat raj system of local government has not been successful:

Evidence suggests that there has been a deliberate attempt on the part of the bureaucracy, local vested interests and their elected representatives in the state legislatures and in Parliament to cripple and eventually discard panchayati raj, the ascendancy of which they fear (Mathew, 1996: 142).

Mathew claims that the lack of political will resulted in meagre financial and administrative resources being provided by the states. He sees a grand alliance between the bureaucracy and the federal and state-level political elite in controlling development programmes centrally. Moreover, central political elites would not allow the emergence of a new local leadership to erode their established power bases in rural (and urban) areas.

It is thus reasonable to conclude that the bureaucracy, commercial interests, and professional middle class, the police and the political elite colluded with each other against democratic decentralisation (*ibid.*: 143).

Mathew holds that a popular discourse was developed by these vested interests, which suggested that a centralised bureaucracy would benefit the poor better than locally elected ‘vested interests’. A coalition evolved between ‘urban officialdom’ and the rural rich, which excluded the rural poor. Rural decentralisation, which was initiated by constitutional amendments at the centre, became an affair for the individual states, which were not prepared to devolve funds and authority – some even held back elections for years (ISS, 2000; World Bank, 2000b; Robinson, 1999; Kohli, 1994; Mathew, in Hadenius, 2003). Key aspects related to transfer of funds, administrative authority and powers, responsibility for service delivery, participation and accountability systems, were left to the discretion of the individual states and mostly not implemented. While the 73rd Amendment of 1992 was a formal instrument introduced by the central Indian government, blessed by the State Assemblies, to ensure a minimum level of rural decentralisation across all Indian states, local government has, for all practical purposes, remained an extension of the state structures. Key state officials at local level (such as the district commissioner and line agency

officials) remain in control of planning, service delivery and governance (World Bank, 2000a/b). Similar observations have been made for countries in sub-Saharan Africa. The introduction of local government ‘from above’ did not lead to real transfer of authority and funds, for example in Botswana, Ghana, Tanzania and Zimbabwe (Eriksen *et al.*, 1999). In practice, local government remained controlled by the central government. Ironically, local people, who were supposed to become ‘self-governed’ were largely absent as a force in the decentralisation process.

6. Lack of Firm Democratic Basis of Political Parties

A major problem for broad political mobilisation is that the state-dominating political parties are not being manifestations of social or professional movements of the type that emerged in Scandinavia, for example. The political parties are not mass parties, genuinely democratic – or participatory – in their structure and mode of operation – that foster participation. As observed for India, the National Congress party forged patronage links with regional and local people of influence, thus creating a chain of authority that stretched from the capital to rural villages – such links now being eroded – and not replaced by more democratic channels (Kohli, 1994; Aziz and Arnold, 1996; Drèze and Sen, 2002). The lack of large local constituencies and of democratic channels between the periphery and the centre undermine the stability of Indian democracy. In this sense, democratic decentralisation has the potential to deepen democracy and stabilise the political regime. This may be one reason why decentralisation is pushed from the federal centre, sometimes against the will of the individual states’ bureaucracies and politicians, who feel the upsurge of local councillors as more immediately threatening (for example, teachers and extension workers fear becoming employees of the local government).

7. Local Elite Capture and Dominance

Moreover, the lack of state-level commitment and undemocratic party structures at higher levels is compounded by the problem of elite co-optation and elite capture at the local level in. A large body of work points to the danger of decentralisation becoming a means simply to empower local elites – some of which work as (political) intermediaries between the state and society (patronage). Hence, it may even perpetuate existing poverty and inequality (Blair, 1997

and 2000; Crook and Manor, 1998; Mathew, 1996; ISS, 2000; Crook and Sverrisson, 2001; Alsop *et al.*, 2002). Manor (1999:91) remarks that he has ‘yet to discover evidence of any case where local elites were more benevolent than those at higher levels’.

The introduction of ‘procedural democracy’ – one person one vote – has not in the short term overcome the historical and cultural factors that have maintained the political domination of some over others. Numbers count, but power is the most decisive (Vedeld, 2000). But elites are there to stay, and cannot easily be bypassed in political struggles for positions and economic gains. In this regard, an important potential lesson from the Scandinavian case is that, at least in the longer term, majority rule might provide a greater say for today’s peasants and rural landless. Herein lies the major challenge of democratic decentralisation (Johnson 2001 and 2002). Moreover, recent observations suggest that elites may have malleable views about poverty (rather than fixed ones) and that ‘sympathetic’ elites, both inside and outside government, might be mobilised to want to do something positive about poverty reduction – in their own long-term interest (Mick Moore at the NFU conference, 2003).

8. Poor People Lack Capabilities and Interests to Engage

There are several reasons why the poor majority of people – at present – do not engage in local government politics beyond the election process. First, the elections themselves are a crude instrument of popular control, since they are normally held at widely spaced intervals and address only the broadest issues (Blair, 2000:27, see also Alsop *et al.*, 2002). Second, it is in everyday political engagement – through contestation and struggle – that the ‘deepening of democracy’ takes place and conflicts over access to resources or services are determined (Johnson, 2001). Third, poor people are frequently prevented from participating in local government politics by local elites and institutions (e.g. social sanctions), custom (gender, caste, ethnicity), patronage, or by the costs involved (loss of time, communication, travel). Fourth, even when they participate, many villagers feel they have no influence, as observed in Indian villages (Alsop *et al.*, 2002). Poor people faced lack of transparency, high level of corruption, and very few individuals had the opportunity to benefit. Those who participated were mostly males, well-informed citizens and educated people, while vulnerable groups – such as rural women and tribal people – were largely excluded.

These faced a set of sanctions and obstacles as a result of local society, cultural norms and the power of the elites (ISS, 2000; see also Alsop *et al.*, 2002). Many of the poor and disadvantaged groups have multiple and potentially contradictory loyalties that undermine the potential solidarity of a class-based identity, or an identity related to a greater social movement or cause that would lead them to seek to take part in 'local government politics' (Johnson, 2001). Fifth, poor people may lack the education, capacity, self-confidence, wealth (land ownership) or charismatic/devine power to engage effectively in local politics. Several commentators hold that basic education is critical for effective political agency and enhancement of individual freedom (Drèze and Sen, 2002; Sen, 1999).

Finally, it is important to maintain that poor people's livelihoods depend first of all on individual families' land and labour and access to employment and markets. Hence, critical causal factors behind rural poverty are at work beyond those often addressed by a decentralisation programme in its early phases, related for example to the local capacity to seize new opportunities, location and infrastructural deficiencies, market access, and general macro-economic and rural development policies (Drèze and Sen, 2002; Oygard *et al.*, 1999). Hence, it is important to consider decentralisation in the context of, for example, economic and agricultural policies (Sen, 1999). Land reform is one among several important issues, particularly in Asia and Latin America, but increasingly also in Southern Africa. Examples of places where land reform has been undertaken with relative success are West Bengal and Kerala (Webster, 1999). In Mathew's words: 'Without land reform and universal education, panchayati raj in India will end up becoming an instrument of oppression in the hands of the landlords, the dominant castes and the rich' (Mathew, 1996: 144).

9. Gender and Political Decentralisation

The importance of nationwide women's movements as a major political force in furthering local government and democratic political institutions should not be underestimated, as the Scandinavian experience suggests. In developing countries, however, rural women have only more recently started to organise and federate and build some permanent capacity and linkages between local and central levels. Regarding the participation of women in local government, there are a few success stories from India of women panchayat leaders and members (where more than 2 million female council-

lors now hold office). According to some sources, women elected to these positions in India have proved to be more responsive, sympathetic and caring than some of their male colleagues. It is argued that they possess greater integrity and have more concern about issues such as drinking water, health care and children's education, as well as rural roads. They have also provided more effective targeting of certain anti-poverty programmes. In spite of great obstacles, many of them have proved successful as leaders in local government (Buch in ISS, 2000).¹⁷ These are findings from the states of Karnataka (Robinson, 1999), West Bengal and Kerala (ISS, 2000).

In West Bengal, a recent assessment of the reservation system for women councillors in the village panchayat council found that their inclusion resulted in higher investment in rural infrastructure and services of direct relevance to women, such as water, fuel and paths/roads. In Karnataka, women councillors displayed reasonably high levels of political awareness and participation in local development efforts. The reservation policy for scheduled castes (20 per cent of the seats) facilitated their participation in the panchayat and in development activities, but more important for such participation were considered the long-standing political awareness among low castes and efforts by political leaders to mobilise them into politics (Crook and Manor, 1998).

Despite a number of success stories, the general experience of women councillors from India provides strong evidence of the magnitude of social and cultural obstacles women (and marginal groups) face as emerging rural leaders. Women representatives are not treated with the dignity they deserve; they face indifference or opposition from male colleagues; the state bureaucracy does not accord them respect; they are used as proxy members by their male family members, who wield the real power. Elected women have faced serious harassment and even violence when breaking certain cultural norms, for example by daring to walk to or attend meetings alone (Buch, in ISS, 2000).

10. Civil Society and Lack of Support of External Change Agents

Pressure by or interaction with external agents can be critical for public sector reform (Evans, 1996). The constraining relationship

¹⁷ The Institute of Social Sciences (ISS, 2000) conducted a major review of the progress of decentralisation in all Indian states.

of patronage and clientelism between the political centre of the state and rural 'big men' of the periphery can probably only be effectively broken by a combination of forces external and internal to the state. In this regard, 'external' organisations at meso-level can mediate relationships, as observed in several Latin American countries. External agents include, in particular, labour federations, farmers' groups, professional unions, civil society organisations, private sector agents, and the media, as well as donors (Johnson, 2001; Shakleton *et al.*, 2002). But the higher echelons of the bureaucracy have also proved to be important ('external') agents for reform, as observed for example in India (Evans, 1996; Vedeld, 2001). Moreover, donors played critical roles in designing and furthering democratic decentralisation in Mali, Uganda and Bolivia.

Labour federations played important roles in political transformations in Brazil, South Africa and Kerala (Heller, 2001). But in sub-Saharan Africa they often have an urban bias and do not necessarily care about 'the rural poor' and their interests. Civil society groups and social movements have played important roles in furthering change in all the 'successful' country cases reviewed in this article. Frequently, civil society organisations represent networks of urban-based middle class groups – with members both outside and inside the government. They have significant potential to influence policy and institutions (Salamon *et al.*, 2000a and 2000b). Their particular positions and ties to politically important groups of the government and other social classes can, however, be problematic in terms of common interest with, for example, poor rural peasants (in material terms) (Baumann, 2002). The degree to which they genuinely support the 'rural poor' requires contextual and empirical assessment. Farmers' groups and movement have become increasingly important for pursuing local governance reforms, reflecting their high numbers and their potential strong interest in rural development issues (Bratton *et al.*, 2002; Drèze and Sen, 2002).

In India, the decentralisation process has received support from high level officials of the federal level (e.g. the Indian Planning Commission and some key bureaucrats of other ministries at federal and state levels). Externally, there has been keen support from many civil society organisations and networks across the nation, as well as increasingly from the donor community. Internally, especially by those employees and professional associations of state agencies that would be directly affected, the devolution of power to locally elected bodies is perceived as a deeply threatening programme. State governments frequently attempted to control civil society

movements and associations and undermine the support for them, and struggled to dominate the private sector and media. As a result the media is becoming increasingly politicised and self-censuring, which represents an important threat to democracy and government accountability. (Johnson, 2001; Baumann, 2002). Important exceptions to these developments are found, however, where reformers within the state engage genuinely with local governments and non-state agents and work for shared development goals (Evans, 1996; Tandler, 1997; Vedeld, 2001).

Part III: ILLUSTRATIVE SUCCESSES AND PRECONDITIONS

11. Minimum Requirements for Successful Democratic Decentralisation

Several of the studies of decentralisation referred to above have shown that transfers of responsibility and authority from the central state to local governments have the potential to promote poverty reduction and improved local governance – *provided certain conditions are met*. The study by Heller (2001) in Brazil, India (Kerala) and South Africa echoes Johnson (2001) in suggesting the following three enabling conditions for participatory governance:

- ▼ strong central state capacity and willingness to devolve powers and resources;
- ▼ a well-developed civil society; and
- ▼ an organised political force, such as a party, with strong social movement characteristics.

In general, these views of Heller's find support in the material presented in this paper, including the case studies (below) – and comparative reviews mentioned – namely, Crook (2003), Hadenius (2003), Blair (2000), Crook and Manor (1998) and Manor (1999). According to Heller (2001), the relative success of democratic decentralisation in Brazil and Kerala was largely conditioned by working-class politics, which expressed cohesive organisational capacity through the presence of strong labour federations and influential left-of-centre political parties. In Brazil, for example, demand for reform came from organised rural workers emerging as a political movement and expressing their demands in national are-

nas (Houtzager, 1999; Heller, 2001).¹⁸

Crook and Sverrisson (2001) found that the positive outcomes of decentralisation were mainly associated with strong commitment on the part of a national government or party to promoting the interests of the poor at the local level – the paradigm case held to be West Bengal. Central governments were, occasionally, found willing to enact appropriate legislation, transfer authority and (more rarely) ensure a certain level of funding and introduce systems of taxation.

Webster, indicating that additional conditions might be required beyond these, argues that in West Bengal the political participation of the poor was achieved on the basis of three processes. First, the panchayati raj programme of decentralised government combined with a programme of agrarian reform that greatly facilitated the poor's political participation. Second, a particular public discourse was developed prior to the election and informed the policies of the subsequent government (the left-front-government). This discourse found resonance at village level among the land poor, women and scheduled castes and tribes. Third, the poor were relatively well organised – not simply through mass organisations or parties of the left – but through a long history of associations and organised forms of collective activity around different types of production (fish, irrigation, labour exchange), the marketing of primary products, security measures (grain stores, credit clubs), as well as social and religious activities (Webster, 1999).

12. 'Wish List' of Preconditions for Decentralisation: Examples of 'Good Practice'

In order to deepen the understanding of conditions for successful democratic decentralisation, this section presents a few recognised examples in the literature of relatively 'good practice' (selected from three regions): Uganda, Mali, Bolivia, the Philippines and India (especially Kerala, West Bengal and Madhya Pradesh). The presentation of the cases is illustrative, not in-depth and systematic. These cases – from various perspectives – underscore the

¹⁸ Heller is less convinced about the success in South Africa today – arguing that democratic decentralisation has given way to concerted political centralisation and expansion of technocratic authority. And in Kerala he observes disappointing economic growth, pressure of liberalisation and declining service efficiency – which threaten earlier gains in social development (Heller, 2001, cf. also ISS, 2000).

need for a longer ‘*wish list*’ of preconditions for making democratic decentralisation more pro-poor, which also find support in the general literature reviewed, including the Scandinavian experiment (Figure 1).¹⁹ In some cases, such as Kerala and West Bengal, the successes are related to particular (socialist) political programmes (see Crook and Sverrisson, 2001), through which rural peasants or elements among the working-class have become mobilised ‘from above’. But these are places where deeply rooted civil society groups and movements were also present and active (Webster, 1999). In other cases, such as Madhya Pradesh, there has been particular commitment at the top to local governance and participation (see Johnson, 2002).

The following key lessons can be synthesised. First, in all cases, central government commitment stands out as an essential precondition for effective performance. However, even in cases of relatively strong central government commitment to democratic decentralisation, either administrative or fiscal decentralisation (or both) tend to lag behind, making decentralisation an unfinished project and its impact on different aspects of poverty reduction limited. This underlines the challenge of making the bureaucracy work through engaging external agents in mutual engagement. Second, engaged civil society groups, representing mainly urban middle-class elements, were important in placing demands on the central government and furthering political and institutional transition. In the Philippines, middle-class civil society movements played a substantial political role. This was also the case in the Indian states, in Bolivia/Latin American countries, as well as in Mali and Uganda. However, despite the engagement of civil society groups, these represented a fairly fragmented association of urban (middle-class) groups. Hence, a ‘missing link’ was observed: that is, a more limited associational density and politically engaged and active civil society at the meso-level, when compared with the Scandinavian experiments (see also reviews of Kerala, Indonesia and the Philippines by Tornquist, 2002). Third, a variety of mechanisms of accountability and participation have been attempted with positive outcomes, yet few of them have major significance for transparency and accountability and empowering the poor to challenge local elites (see also Crook, 2003). In particular, despite particular efforts through specific

19 E.g. Crook (2003), Smoke (2003), Hadenius (2003), Heller (2001), Blair (2000), Crook and Sverrisson (2001), Tendler (1997), Manor (1999), Crook and Manor (1998).

projects (see, for example, Danida, 2000), it was difficult to enable greater participation by women, the poor and vulnerable groups in local governance processes. Fourth, the role of donors as ‘external’ change agents was often important – sometimes critical for conceptualising and funding the reforms (in, for example, Uganda, Mali, Bolivia, see Blair, 2000).²⁰ Finally, it seems that the initiative for democracy and decentralisation can start ‘from above’ or ‘from below’ – depending on the local context. This point is further elaborated in the final sections.

One should probably add to this, with reference to West Bengal (as well as Uganda, Mali and Bolivia), that a public discourse on poverty – at village and national level – would be an additional benefit.²¹ Education for the masses – and/or more targeted civic education – combined with land reforms – would also clearly raise

Figure 1. Good performance in decentralisation – ‘wish list’ of preconditions

Role of central state

- ▼ Political commitment by central government to transfer powers and resources
- ▼ Bureaucratic capacity to reform, transgress public–private divides, and engage relevant external stakeholders

Local government and central state – mutual engagement and synergy

- ▼ Accountability mechanisms established between central/local governments and
 - a) society (downwards)
 - b) politicians (upwards)
- ▼ Information-sharing, participation and empowerment
- ▼ Human resource capacity, institutional resources, capacity building

Role of civil society

- ▼ Supportive social and political context (including external actors, e.g. donors)
- ▼ Strong and engaged civil society
- ▼ Politically organised labour/farmers/civil society movements with appropriate representation in political parties and the state
- ▼ Well-established competitive party system
- ▼ Free and lively press

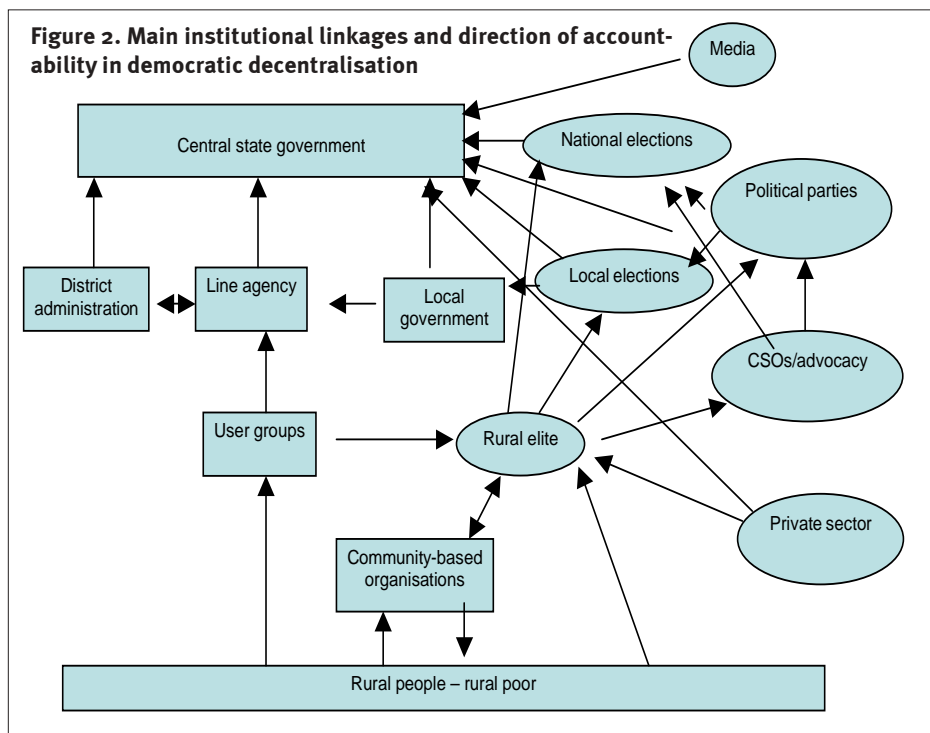
20 The relative success of some of these experiments, including those in West Bengal, Kerala, Karnataka, Brazil, and the Philippines, is constantly being debated for a variety of reasons.

21 This underscores the potential importance of preparing Poverty Reduction Strategy Frameworks (PRSPs) through participatory processes.

capabilities among the rural poor for engaging in local or national level politics. Internalisation of gender issues would be another essential factor for deepening local democracy and addressing equality on a broad scale.

If such conditions are not met, the decentralisation process will progress more slowly and local government operate with less efficiency and sustainability. None of these ‘wish list’ preconditions are really in place in most developing countries, and they are likely to emerge only in the medium or longer term.

Figure 2 attempts to illustrate institutional connections and directions of accountability between the organisational actors involved in democratic decentralisation, building on the Scandinavian experiment (Danielsen, 1997) as well as the literature reviewed above (e.g. Smoke, 2003; Crook, 2003; Hadenius, 2003; Blair, 2000; Crook and Manor, 1998). The overview serves to illustrate the key roles held by the state and by local elites, respectively, in local governance. First, it shows the way the central government connects to all key actors; with the main lines of accountability being upwards. Second, it highlights the central position held by the rural elite, also being accountable mainly upwards.



13. Illustrative Case Studies from Latin America, Asia and Sub-Saharan Africa

The subsequent paragraphs present the overview of case studies from three continents, in particular Bolivia, the Philippines, India, Uganda and Mali.

Case 1. Central and Latin America

In *Central and Latin America* there has been a genuine interest in decentralisation and local government across party lines, perhaps more so than in many Asian and sub-Saharan African countries (until recent years). And in countries such as Brazil and Argentina the proportion of local government expenditure compared to central spending is comparable to that of the Scandinavian countries, for example (Olowu, 2003). This reflects engaged civil society groups, which raise their voice through different political parties – and a relatively responsive state bureaucracy. Decentralisation was perceived as a means to cross the divide between the state and civil society; possibly to bring the state closer to the people. State legitimacy would often be improved through various mechanisms of accountability and participation (Salamon *et al.*, 2000; Aasen, 1997). Different models have been followed, ranging from decentralisation to federal structures in Brazil, to central control over local government in Chile, to more profound devolution of responsibility to civil society and local level in Bolivia. *Bolivia* is a case that underscores the critical importance of a committed government in furthering relatively successful administrative and financial decentralisation, with measures also to involve civil society. Government commitment is manifested in its high financial support of the process. The introduction of a ‘Popular Participation Law’ and support for ‘Vigilance Committees’ are two features of key interest (although drafted without broad-based participation). However, despite good intentions, there is considerable variation in the performance of these committees. Sometimes they have no real effect on local decision-making. But in other cases communities have successfully utilised them to uncover corruption and lobby for service providers to reduce tariffs (see also Schou, 2002). Through these and other measures, civil society has become more involved in tracking public expenditure, with the result that individual local governments have become increasingly responsive to public demands. The role of donors as external agents is important, both in the funding and conceptualising of the decentralisation programme.

Even if specific donor projects enhanced popular participation, the inclusion of women and vulnerable groups in local government decision-making was not achieved (Danida, 2000).

Case 2: Asia

Asia is the largest and most populous of the continents, encompassing great variety in political systems, social formations and political contexts (Kohli, 1994; Lyons and Hasan, 2002; Brilliantes and Cuchao, 2002).

The Philippines provides an example of exceptional commitment by the central government to decentralisation and fairly good performance in terms of participation. Historically, the Philippines was a colony of first Spain and then the United States, in which Catholic institutions – with deep roots – have maintained great significance in civil spheres. The recent political transition towards democracy has been characterised as one in which the middle class, through organised civic engagement, overthrew an unpopular regime with fairly authoritarian traditions (Lyons and Hasan, 2002:108). A Local Government Code was established in 1991. Recently, the government embarked upon important governance, public-reform and anti-corruption programmes. A wide variety of mechanisms of accountability were put into use. A key feature of the experiment in the Philippines was a fairly responsive government that made efforts to include and strengthen civil society as an element of governance reforms. There are now several official fora within government ministries that deal with NGO issues and relations between them and government (Carney and Farrington, 2001). Hence, one might argue that the government support of civil society, often dominated by urban middle-class groups, was a response to the upsurge of popular and democratic movements of the late 1980s (Tornquist, 2002; Blair, 2001). A state-dominating pro-democratic middle class supported a civil society basically dominated by urban middle-class elements. The rise of this middle class to some degree marginalised the political left, which had a stronger rural and land reform basis. Furthermore, the state mandated the inclusion of people's organisations in local government as a measure to counter local elites and build some capacity in civil society (as in the 1987 Constitution). Although the traditional politics of local patronage still prevails, popular participation has become a common feature in local administration. The rural councils have become vehicles for civil society organisations to mobilise people to claim minimum basic services

and support of local development. Decentralisation and participation were strengthened with the establishment of two national networks of NGOs, supported strongly by donors; the Barangay-Bayan Governance Consortium (established in 1997) and the Citizen Network (established in 2001) (Bulatao, 1999; Schou and Steffensen, 2003). They were given a role in capacity building, and increased and enhanced the involvement of women, farmers and fishermen (USAID, 1998; Schou and Steffensen, 2003). Despite such isolated successes, democracy remains fairly shallow, and the involvement of the scattered civil society sector rather weak.

India – The federal Indian government drove through a Constitutional Amendment for local government in 1993/94, which resulted in elections for local government (panchayats) across all states in the years to follow. The reform provided preferential allocation of seats for women and scheduled castes. The benefits of decentralisation are yet to be realised, however, although major advances have been made in some states – such as Karnataka, Kerala, West Bengal and Madya Pradesh – where political commitment has been highest and a supportive institutional environment has been present (Robinson, 1999; World Bank, 2000a; ISS, 2000). Deficiencies exist despite several of the Indian states having some of the most engaged and strongest civil society groups in developing countries – especially in the south and in West Bengal. Moreover, most states have relatively mature multi-party systems, active media and a long-term tradition of public debates about governance and poverty issues. State governments are invariably relatively strong, but the bureaucratic culture remains dominated by control and command attitudes.²² Hence, most Indian states have not significantly changed their modes of governance and become really open to participation by broader societal groups. Elite capture remains a major issue (ISS, 2000). In West Bengal and Kerala, however, the decentralisation processes were promoted by relatively strong states and broad-based socialist/communist parties, which were able to mobilise civil society groups among the urban elites, as well as farmers and working class people. Madya Pradesh is a northern state in the Hindu belt, which, through the commitment of the Chief Minister and top-level bureaucrats, has provided genuine support for local government. However, in two of the most developed states from an

22 Political instability is there, however, perhaps increasingly so linked to tensions between the federal centre and the peripheries divided over caste, ethnic and regional issues.

economic point of view, Punjab and Haryana, the local government remains weak and with little top-level support. This illustrates, first, that decentralisation is a matter of political commitment, and, second, that genuine processes of reform set in motion by top-level efforts are likely to find resonance in local level politics (ISS, 2000).

Case 3. Sub-Saharan Africa

Compared to those of other regions, sub-Saharan African countries are generally much less formally decentralised (for example, in terms of proportion of public expenditure or public employment of local government compared to central government) (Olowu, 2003). Moreover, the central state administration and service support structure are often thinly spread across the nation, in particular in more remote rural areas. Combined with the relatively dispersed rural populations and weak communication systems, the integration of state and society structures for governance and local development remains fairly weak. Decentralisation and democracy are also in their early stages (Crook, 2003; Smoke, 2003; Braathen, 2002). The fact that many societies are divided along ethnic, religious and cultural lines – with fragile state boundaries – further frustrates central-local governance cooperation and local development. Even so, there are examples of more democratic decentralisation emerging, partly in response to more politically active civil society groups, Uganda and Mali being two cases in point. Here, the growing urbanisation and urban middle-class elements – through local/international NGOs (Uganda) and farmers' movements and unions (Mali) place demands on the central government for democratic change (Olowu, 2003; Bratton and van de Walle, 1997; Bratton *et al.*, 2002).

Uganda provides a recognised example of 'good practice' with a central government committed to decentralisation reflected in a high level of funding of local government, although the processes have somewhat faded (Brock *et al.*, 2001; Olowu, 2003). Donors have been active in promoting and funding Uganda's development budget and helped place issues of decentralisation, governance and poverty on the policy agenda. Since the decentralisation process began in 1993, several achievements have been realised in terms of improving governance and service delivery through more democratic participation and community involvement (Onyach-Olaa, 2003). There are challenges, however, in deepening and institutionalising decentralisation. Administrative decentralisation still lags behind

political and financial decentralisation and hampers the effectiveness of local government. Difficulties have emerged in enhancing broad-based citizen participation, especially of women, and in mainstreaming poverty reduction (Brock *et al.*, 2001; DFID Development Information Update, 2002, Special Edition on Civil Society and National Policy).

A particular feature in recent years has been the government's major efforts to forge stronger and sustainable alliances with civil society groups in major policy and public budgetary processes. This has successfully contributed to greater control over public spending and enhanced accountability. Budget documents are now being placed in the public domain. Civil society has been involved in tracking funds, and monitoring outputs and results of public expenditure at different levels. It has successfully agitated to enforce accountability for the use of public resources. The country has embarked on an important anti-corruption and institutional reform programme. Although there are limitations to the process (see, for example, www.devinit.org/csw.htm), civil society has been involved in and influenced strategic thinking through the Poverty Eradication Action Plan process and Uganda Participatory Poverty Assessment, through Sector Wide Approaches and the HIPC debt initiative. There has been some – although limited – progress also in involving women and vulnerable groups. Citizen participation is also guaranteed by Uganda's constitution. Despite such measures, the majority of citizens do not influence budgetary processes and policy formulation since people are more concerned about other issues (e.g. collection of taxes) and the budget processes being fairly technical and complex. Although the media has played a key role in exposing corruption among local and central public officials, it has not been active in providing informative analyses of the budget and the budgetary process.

Mali's decentralisation programme was initially conceptualised, following the *coup d'état* in 1991, when the new Malian government called a national conference with almost 2000 participants. At this conference, decentralisation was emphasised as a major strategy for deepening democracy; it was given further impetus by a pro-democratic movement in the capital Bamako, and was supported by urban-based civil society groups and cotton farmers' unions (Bingen, 1998). Regional movements, especially among the Tuareg of Northern Mali, who took to arms because of long-term disillusionment with the central government, contributed to making decentralisation a process driven from 'below' – from local and

regional forces. The Tuareg uprising made the effort a territorial exercise involving re-grouping of villages and establishment of new administrative boundaries. People were to some degree involved in determining new territorial boundaries. For various political and other reasons, local elections were delayed and held only in 1998–99. Since these elections major advances have been made, however, in terms of developing laws and institutions and funding mechanisms for the local governments established – heavily sponsored and supported by all major donors. Despite major efforts in capacity building and quite substantial internal re-organisation – both administratively and territorially – uncertainties prevail as to what degree of transfer of authority has really taken place. Although the decentralisation process has positively affected participation and local governance capacity, the effects on poverty reduction are likely to be limited (Olowu, 2003; Crook, 2003; Blair, 2000; Hetland, 2000).

14. Conclusions

This concluding section summarises key findings regarding the link between democratic decentralisation and poverty reduction; underscores some key preconditions for making the process more pro-poor; indicates how the findings relate to theory; and, finally, suggests some lessons for policy and research.

Connection to poverty reduction

First, how and why was democratic decentralisation relatively more successful in certain development country contexts – and in Scandinavia – and less so in other cases? Are there any commonalities between these experiences?

Despite many positive achievements noted, the review of the developing country literature resulted in little convincing evidence that either democracy or decentralisation – the way such processes have evolved – will necessarily produce gains for the poor in rural areas in the short term (see Crook, 2003; Johnson, 2001; Crook and Sverrisson, 2001; Bossuyt and Gould, 2000). There is even some counter evidence: that decentralisation can work against poverty reduction due among other factors to the problem of elite capture and elite cooptation (clientelism) (Crook, 2003; Johnson, 2001). In crude terms, the review of relatively successful country cases translates into the following qualitative assessment of ‘effects on poverty reduction’ (Figure 3).

Figure 3. Qualitative assessment of effects on poverty (source: literature review)

	Kerala/ West Bengal	Philippines	Bolivia	Uganda	Mali
Empowerment/responsiveness	**	**	**	*	*
Social/human capacity	**	**	**	*	*
Economic gains by the poor	**	*	*	*	*
Social inequality reduction	**	*	*	*	**

Notes: This is a crude and qualitative assessment based on the reading of selected references. Substantial effects on poverty reduction (***) : Positive significant effects in social, economic, or political terms for a majority of the rural poor, including for a significant number of women and disadvantaged groups. Medium effects on poverty reduction (**): Clearly positive effects, but not significant, for a considerable share of the rural poor, including for some women and disadvantaged groups. Low effects on poverty reduction (*): Effects have been positive, but relatively insignificant for a majority of the rural poor. Women and disadvantaged groups have benefited very little.

If this was to be considered a plausible assessment, there would be some, but relatively weak linkage between democratic decentralisation and poverty reduction – in all dimensions. None of the cases are really highly successful, reflected by the fact that none of the cases have obtained ‘substantial effects on poverty reduction’ for any of the dimensions (that is, (***) in Figure 3). The greatest achievements are noted in relation to improvements in participation – and to some degree – in empowerment. However, the breath and depth of this participation are not likely to be large – due to constraints already discussed at local and national levels. There is also some improvement in human capacity noted, for example, through large-scale training and civic education efforts. But again the scale of these operations indicates that there are limits to how many can be reached. Medium effects on economic gains by the poor or reduction in social inequality are only noted for Kerala and West Bengal. Hence, even if the transition to electoral democracy at local level has taken place (in procedural terms) in all the countries, there are some real challenges left of making democracy matter for the majority of poor and subordinate groups.

The following key observations provide potentially important lessons for developing countries, with particular reference to the experiments from Scandinavia. First, substantive democracy, democracy leading to the welfare of the majority of the population, was strongly associated with the emergence of lower-class or labour movements in the late 19th/early 20th century. This growth of the labour movement and large social democratic parties reflected

an evolution in social formation; a growth in industry and industrial labour. The labour movement gradually deepened the foundation for democracy and welfare systems. Periodically the labour parties in each of the Scandinavian countries captured more than 40 per cent of the voters in national and local elections. The labour movement was able to expand its political influence and, in turn, address poverty and inequality on a broad scale, especially in the post-World War II economic growth period (Danielsen, 1997).

Second, the *initial* introduction of local government and procedural democracy, however, took place prior to any major labour class or subordinate groups becoming organised and represented in the state. This finding is also supported by the increasingly important role middle-class-based civil society organisations play in some of the relative successful cases – and across many developing countries today (partly since labour-class elements are less present). In Norway, from the mid/late 19th century onwards, it was an alliance of influential farmers' and social movements (religious/lay, teetotal, language) with roots in civil society which combined rural forces and urban middle-class elements and challenged the state bureaucratic authoritarianism (represented by 'Embetsmannsstaten'). These movements became organised, and their interests represented in political parties to fight for political rights and parliamentarism prior to any major working class mobilisation took place in organised political parties. The movements utilised the local governments (established in the 1840s) as platforms for political demands on the state in political and economic terms. Hence, first a middle-class social/civil society movement demanded political rights (to vote), later to organise in social/liberal political parties. Moreover, civil society became a key arena for women to promote women's rights and turning women into political and economic agents with important results for democracy and equity.

Important preconditions for pro-poor democratic decentralisation

Regarding important preconditions for pro-poor democratic decentralisation the following lessons are proposed. First, as already indicated, mainly as lower-class demands found effective representation in the state were political rights and procedural democracy transformed into substantive welfare systems for these groups (see Heller, 2001 and the Scandinavian case). Second, civic engagement 'from below' required political backing and support from the state –

through a ‘culture of dialogue’ – in order to become effective. Heller suggests that a programmatic political party and serious political initiative on the part of a central agency was required to build direct political ties with local actors and break former (patron–client) ties between opposing political-bureaucratic interests and traditional power brokers (Heller, 2001:158).²³ Third, there were important and often close relationships and partly collaboration between social, farmers’ and labour movements, civil society groups, political organisations and political parties. Fourth, compared to Scandinavia, there were clearly lesser associational density and drive among organised subordinate groups at the meso-level in all the developing country cases. This ‘missing link’ between citizens and the state clearly hampered the power of civil society in holding the state accountable. Although civil society groups are present and important in each of the reviewed developing country cases, only in Kerala and West Bengal did the social movements and labour class elements become mobilised and engaged to any significant degree.

Contributions to theory

In all cases, including those in Scandinavia, the processes towards democratic decentralisation described were not uniform and straightforward, but rather messy and complex; characterised by struggle, conflict and compromises across the public–private divide. The social organisation and political culture of the society in which actors, organisations and interactions were embedded had major effects on the way in which democracy and decentralisation were implemented. In none of the cases did the process take the form of a programme designed and implemented from a uniform central body (even if there were also planned efforts on the part of the state to promote relevant reforms). The reforms were initiated and supported mainly ‘from above’, but important initiatives also came ‘from below’ – from civil society, farmers’ and labour movements. It seems that whether (urban) labour-class elements, farmers’ groups and unions, or middle-class civil society groups (e.g. NGO-based) become the key *initial* political force for democratic reform depends on the institutional legacies and political-economic context in the country concerned. In particular, it seemed to depend on the actual

23 This development is in contrast to the transition he sees in South Africa where – ironically – an increasingly Leninist party is about to disengage itself from civil society and grass-roots movements and defend neo-liberal policies.

forms of economic production, the class/caste structure, and the patterns of farming, labouring and middle-class groups within the society (e.g. social formations), and how each of these groups/classes organised, articulated collective interests and engaged the state through politics.

Hence, there is little support in this material for a technocratic view of democracy and decentralisation that tends to suggest that such complex state reform and societal transformation can readily be promoted 'from above' through a blueprint design and an implementation action plan. This does not mean that a planned approach on the part of the central government will not be a crucial integrated element (see Smoke, 2003). It was when social movements transformed politics by engaging political parties and the state that the mutual engagement and synergies emerged. These findings receive at least some support in Heller's observations of Kerala and Brazil (Heller, 2001).

Research and policy

In policy terms, effective democratic decentralisation seems to depend primarily on substantial efforts, first, to increase the scope and strength of participation, and, second, to enable a leadership at local and national levels that is more accountable and responsive to poor people. Moreover, reflecting the weak effects on income and economic gains to poor people, more attention is required to these aspects of institutional reform.

Regarding future research, there is a need to better understand the dynamics and complexity of such transition processes at local and national levels. At local level, there is a need to analyse aspects of social formation and political culture, in which local democracy and decentralisation are embedded, since these conditions strongly mediate relationships between political agencies and determine outcomes. In particular, what roles do the local elites play? How can decentralisation programmes better utilise the elite's self-interest in reducing poverty? How can elites become more constructively engaged and sympathetic to pro-poor policies? Moreover, what determines the political interaction and social organisation between the elites and the poor? How does local governance become more responsive and accountable? And at national level, what roles do the various sections of the state play? How can personal skills, attitudes and values of state bureaucracy change in order to encourage participation and discourage elite co-optation and cap-

ture of offices and gains? How can openness to a multitude of stakeholders and public discourse be encouraged?

Even if this review found limited connection between democratic decentralisation and poverty reduction at this stage in the process, there are reasons to believe that both democracy and decentralisation represent a ‘way forward’ for most developing countries. The experience documented in the literature on the evolution of local governments and welfare states in Scandinavia is in this regard particularly convincing (Danielsen, 1997; Heller, 2001). It is likely that while short-term economic growth can be achieved with authoritarian systems, long-run economic growth – that also addresses inequalities – requires a democratic, rule-based, and responsive government that continuously adapt to people’s rights and demands (North, 1990).

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