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Introduction

Implementing appropriate institutional designs is a critical development task of the 21st century. Institutions that function efficiently and effectively and which draw in (and do not exclude) the bulk of the population are urgently needed in developing countries.

Institutions work most effectively when they elicit voluntary compliance from a majority of people, and they are seriously undermined where enforcement is costly and hard to obtain. Technical excellence is only one part of institutional design, and cognitive worth and normative appeal are other important parts.

Different institutional designs will be required that suit the diverse conditions of different developing countries. “The creation and use of public value requires public consent. This may be at a relatively low level – through compliance or inertia – or at a high level through commitment and participation. But without consent governance fails” (Goss 2001: 21). Institutional performance is predicated upon public consent. Consent derives in turn from locally shared notions of legitimacy and appropriateness. So institutions will need to be designed that are both technically proficient and locally legitimate.

Different local institutional designs will emerge consequently to serve similar needs in different social and cultural settings.¹ The need for public consent and the resulting requirement for local relevance will lead quite often to different micro level institutions – local governments, user groups, community associations, etc. Even within the same country or region, different types of institutions will be called upon to serve different, or even the same, needs. In each case, an appropriate design will need to be evolved that brings forth public consent in the degree required and that is also technically well suited for undertaking the task in question.

Institutions are never finished products. Circumstances change, and human needs as well as the means for satisfying these needs also change, so institutions must be constantly revitalized and kept relevant. Mechanisms must be in place, therefore, that enable institutions to remain significant.

Development institutions at the local level should be robust, serving the following broad objectives, not only at any given moment but also continuously over longer periods of time. The exact nature of institutional arrangement required to achieve these objectives will differ from one situation to another. However, stakeholder involvement will usually help to keep institutions on track for achieving the following objectives.²

- Efficiency: Program design is improved when local preferences are consulted; resources are more efficiently allocated, and the pool of available resources is enlarged when stakeholder involvement enables local knowledge and local resources to be mobilized effectively.
- Sustainability: Program benefits are more likely to be sustained when local residents are involved in selecting and implementing programs and when they contribute resources for maintenance and improvement.
- Accountability: Accountability and transparency are both better served when decisions are taken at forums that people can access relatively easily and when mechanisms for their participation are built into institutional design.
- Equity: Equity is also better served when relatively poor persons and others who have been historically excluded are provided with adequate information and access to forums of public decision making.

- Democracy: Participation in local-level governance functions as a school for democracy and leadership development. Political stability is better assured when citizens have regular and reliable access to governance and public decision making.

It is not clear that any particular institutional type is better suited for achieving these objectives at the local level, and analysts have variously stressed different types in different contexts. Local governments are indicated by one group of analysts, who underscore the importance of these institutions for bringing governance closer to people, thereby enhancing access, improving information and communication, and engendering greater stakeholder involvement. A fairly large literature has emerged that assesses the components and ramifications of appropriate decentralization.³ Another set of analyses has focused, however, on the potential for local-level development that lies with community groups and voluntary associations. A growing body of work has demonstrated, often with the help of case studies, how grassroots groups acting collectively can contribute toward the objectives outlined above.⁴

Two sets of development programs have emerged from these different expectations about appropriate local agency. While the Decentralization agenda relies upon local governments, the Community Driven Development (CDD) agenda looks to community groups for achieving participatory, sustainable and accountable development.

Proponents of these different agendas have emphasized the advantages of one type of agency while finding fault with the other type, so discussions about appropriate local-level agency have been waged quite often in zero-sum terms.⁵ Those favoring community associations have seized upon evidence that shows how local government can under certain circumstances be elite dominated (Mawhood 1993; Pieterse 2001; UNDP 1998; World bank 2001), upwardly rather than downwardly accountable (Edwards and Hulme 1996), and starved by central governments of resources and authority (Crook and Manor 1998). Others have shown, however, that community organizations are also prone to elite capture; that they are quite often poorly equipped with skills and technology; and that they frequently look upward (to donors) rather than downward (to their constituents) for legitimacy and direction (Farrington, et al. 1993; Hulme and Edwards 1997; Rist 1997).

Each of these conditions is contingent, however, and not absolute. Local governments function poorly under some circumstances, and quite well under other circumstances. Similarly, community associations function poorly in some situations and quite well in other situations. Moreover, the performance of each type of agency can be improved, recent research shows, when local governments and community associations work in support of one another.

Work carried out under the rubric of social capital indicates that organized and engaged community associations can significantly enhance the performance of government agencies. Social capital is a resource, a stock that needs to be mobilized in order to achieve a flow of benefits.⁶ The stock of social capital is brought to bear more effectively upon institutional performance when community associations engage with government programs at the local level (Grootaert 1998; Grootaert and Narayan 1999; Krishna 2002; Narayan and Pritchett 1997; Putnam 1993). Measures such as decentralization that bring government closer to repositories of social capital can help improve performance overall. But it is important that these local government institutions be designed to encourage participation and partnership by community associations.

Beneficial influences can also flow in the reverse direction – from local governments to community associations. By engendering a climate suitable for association building and civic engagement, local governments can enhance the utility and effectiveness of community associations (Abers 2000; Tandler 1997).

Local governments' actions can energize communities, and community engagement can improve local governments' performance on multiple indicators. Co-production – in which citizens and government agencies act together to produce results – is the preferred arrangement in many if not most sectors (Ostrom 1996; Therkildsen 2000). Efficiency along with compliance – the two requirements for appropriate institutions, as seen above – can both be achieved in this manner. Community associations can help foster consent and participation that local governments cannot often muster on their own. And local governments can provide technical resources and arrange for coordination with higher levels of government, which community associations find hard to manage of their own accord. Appropriately structured, partnerships between community associations and local governments can provide a basis for institutional strengthening at the local level

No blueprints will suffice for structuring these partnerships in any given case.⁷ And while it is useful to learn from other countries' experience, imported blueprints will need to be “filtered through local practices and needs” (Rodrik 2001: 35). Local-level experimentation and adaptation will be required before institutions achieve the desired balance of efficiency and legitimacy and before they can adequately serve the objectives outlined above. A study of participatory decentralization in Latin America emphasizes how these improvements and reforms were “for the most part indigenous to the political [and cultural] systems in which they were produced, and not a result of deliberate interventions by national governments. Neither did NGOs and international assistance agencies offer much help to get things started” (Campbell, in print). No one can impose an appropriate structure designed from the outside, this examination suggests. What is important in each case is the nature of the *process* that brings local governments and community organizations together for fashioning innovative and contextually relevant solutions that continue to be refashioned as circumstances change (Fong and Wright 2001).

Central governments can play an important role toward stimulating these partnership arrangements. In particular, they can serve as referees and arbiters, ensuring that local governments and community organizations continue to abide by mutually accepted processes and rules of partnership (Abers 2000; Fong 2001; Kullenberg and Porter 2001). A fine balance will be required here. Standardized designs imposed from above can stifle institutional innovation at the local level (Samoff 1990). While central governments can help monitor compliance with rules, these rules will evolve locally, and there will be considerable variation at the local level.

Flexible arrangements and “multi-centered local governments” are being observed with interest in Europe (Bogason 1998). And observers in developing countries are asking similarly for inter-organizational partnerships of different types (Olowu 1999). Central governments will have an ongoing role in helping implement suitable partnership arrangements at local levels, but it will be a different, more supportive and less directive role (Pirou-Sall 1997; World Bank 2001).

Partnerships between local governments (LGs) and community-based organizations (CBOs) will be an important component of local level institutional arrangements.⁸ Relatively little analytical work is available, however, that helps address critical issues associated with establishing these partnerships in practice.

Several questions are important to address in this regard. What can partnerships between local governments and other local organizations help achieve that neither party can accomplish by itself? How does one go about assessing the nature of partnership arrangement that is advisable for any given situation? How can partnerships be promoted that help achieve the objectives of efficiency, sustainability, accountability, equity and democracy building? These questions will preoccupy analysts for a long time to come.

This paper is intended to make a beginning in this direction. Formalized partnerships between grassroots organizations and local governments have not so far been common in development practice. And there is justifiable concern that such partnerships might be exceedingly hard to establish and sustain (Narayan 2000). The examination presented here is therefore preliminary, a marshalling of fact and experience, and an invitation to debate and discuss these issues further.

Benefits of Partnership

Three key factors help determine the roles that community associations can play in partnership with local governments: information, access and collective action. Attending to these three elements can help achieve the objectives of local governance that were outlined above. Inattention to these factors can severely limit the potential of local-level governance arrangements.

Information and Access Prospects for efficiency and sustainability are enhanced substantially when large numbers of citizens are well informed, when they can participate in making public decisions, and when they act collectively in support of these decisions. Accountability improves when citizens empowered with adequate information can collectively mount pressure on local officials.⁹ And democracy and equity are better served when large numbers of citizens know about programs and processes, when they can gain access relatively easily to public decision-making forums, and when they act collectively to enforce their rights.

All of these objectives are quite poorly served when information of poor quality limits the extent to which people can participate and contribute to public decision making (Parry 1997; Westergaard and Alam 1995). “Information asymmetries are...a key problem: either they must be righted, or an otherwise desirable course of action will not produce the assumed results” (Tendler and Serrano 1999: 51).

Community associations can help enhance the flow of information and improve citizens’ access to public decision making. “Community-based development organizations,” it is observed for the United States, “bring insights and awareness as well as access...that government agencies simply cannot match. Local knowledge allows CBOs to pinpoint where government aid could help, rather than simply distributing subsidies to whomever can yell the loudest” (Rubin 2000). By enhancing information flows in both directions – from local governments to citizens and from citizens to local governments – CBOs can help improve governance at the local level (Alkire et al. 2000; Korten 1990).¹⁰

Sharing information over extended periods of time can lead to improved communications and trust. And repeated interactions can help create webs of functional interdependence between local governments and community organizations (Forrest 1998). Citizens participating in these networks can be more easily mobilized to act collectively.

Collective action is in many senses the lifeblood of democratic local governance.¹¹ Local resource mobilization is not possible when there is extensive free riding. Accountability requires mounting collective pressure on CBO leaders and government officials. Sustainability is assisted when citizens act collectively to support oversight and maintenance. Mounting collective action in defense of citizens’ rights helps uphold equity and democracy.

Collective action is critical for achieving the ends expected of democratic local governance. Yet, local governments are often not well equipped to organize collective action in support of their programs. “First, many of the [local] authorities created through decentralization are supra-local in character – they stand above (often far above) the local level... Even when decentralized bodies are congruent with single

villages, [however, they face problems. People are often heartily cynical about any government initiative. Free riders are reluctant to lend their efforts... [Collective action] is best fostered by local volunteer associations or non-governmental organizations, not by decentralized authorities” (Manor 1999: 115).

By disseminating information, by providing access, and by organizing collective action in support of LGs’ programs, CBOs can help enrich governance at the local level. CBOs can enhance the effectiveness of LGs in this manner, and they can improve the performance of governance functions. But unless CBOs are formally vested with responsibilities and limited by constitutional restrictions, they can never entirely replace LGs.¹²

LGs perform particular functions – of representation, of horizontal and vertical coordination with other government bodies, of compliance with rules and procedures of public oversight – and community associations may be unable or unwilling to submit themselves to the same kinds of regulation and discipline. However, CBOs can work alongside constitutionally established and procedurally delimited LGs – and the utility of both types of bodies can be enhanced as a result: LGs can be well grounded and organically connected with the citizens they serve, and CBOs can help citizens to connect more constructively with larger processes of markets and state.

The foregoing discussion takes us beyond the simple dichotomy – CBO *versus* LG – that has, so unfortunately, captured the attention of some observers. Local governments’ stability and performance are both improved when CBOs provide access and information to citizens and when they help bring communities’ social capital to bear upon local projects (Agrawal 2001). Conversely, the value and utility of CBOs is considerably enhanced when they help citizens gain access to government programs and market operations (Krishna 2001). Each partner can help enhance the utility and effectiveness of the other partner. It is hardly surprising in this respect to find that the three city administrations studied here as cases – in Wellington, New Zealand (Annex 6), Chicago, USA (Annex 7), and Porto Alegre, Brazil (Annex 8) – have of their own volition entered into partnerships with local CBOs. These CBOs help mobilize collective action in support of their LGs’ programs. They play different roles, however, in each of these situations, and these differences are examined below in terms of two basic criteria.

Structuring Partnerships: A First Cut

Two factors – subsidiarity and collective action – can help us make an initial assessment about the nature of partnership arrangements appropriate for any given situation. Other factors, such as technical and managerial competence of the concerned agencies, also need to be considered. However, we start the analysis in this section by considering how institutional arrangements should be structured in an ideal situation where both LGs and CBOs have adequate capacity or where capacity can be built up over a reasonable period of time. This assumption is modified later, where we consider situations in which one or both of these partner agencies are deficient for some reason.

The first of these two critical factors is the subsidiarity principle, which indicates that authority for tasks more appropriately undertaken at levels below the central and state governments should be located with local-level governance structures. The smaller the level of aggregation at which any activity is appropriately organized, the lower it should be pushed down in terms of distance from the center. *Subsidiarity* is represented in Diagram 1 below on the horizontal axis and the second factor, *collective action*, is represented on the vertical axis. Choice of institutional arrangements can be considered by tracing where a particular activity is located with respect to these two axes.

For activities located further to the right along the horizontal axis, decision making needs to be progressively more localized, according to the subsidiarity principle. Considerations such as effective

scale of production and appropriate service area are helpful for assessing where any particular activity should be located with respect to this axis. Other factors that might affect where an activity is located along the horizontal axis include the degree of technical expertise required, the timeframe within which results and impacts occur, the array of interests affected, and their distributional consequences (Brinkerhoff 1998). Some activities are best undertaken on a large scale and affecting a comparatively large service area. Two obvious examples are national defense and currency. These activities are shown in Diagram 1 toward the left side of the horizontal axis. Central rather than local authority is likely to prevail in these two cases. In other cases, however, effective scale of production and service area can be more flexible, permitting a range of alternative loci of control located further right on the horizontal axis. And some functions, such as street lighting and garbage disposal might be carried out optimally at highly localized levels, indicated far to the right along the horizontal axis. As a first step in designing appropriate local-level institutional arrangements, it is helpful to plot the activity concerned along the horizontal axis of Diagram 1. Next, one must find its appropriate location along the vertical axis.

The vertical axis, labeled collective action, represents the additional benefits that accrue when collective action by citizens is organized in support of the activity concerned. Even though collective action helps improve government performance overall, not all activities are equally well served by collective action. For activities such as electricity generation and national highway construction, technocratic merit counts relatively more than mobilizational appeal, and public consent is required at a relatively low level. Such activities can be located safely at points lower down on the vertical axis. But there are other activities, such as managing common property resources, for which more intense public consent is required, involving higher levels of mobilization and collective action. Such activities are better located higher up along the vertical axis.

Locating any activity along both axes of Diagram 1 is helpful for assessing what type of partnership arrangement is best suited for its execution. Two distinct types of CBO roles emerge from this consideration.

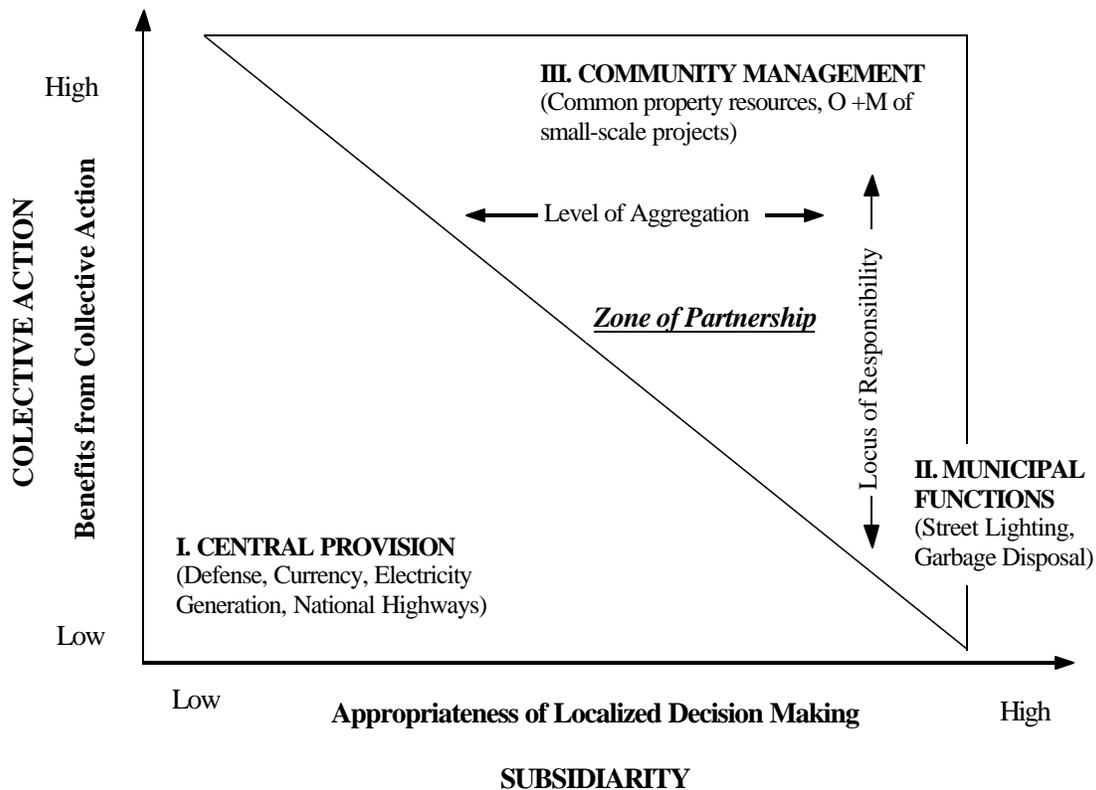


Diagram 1: Partnership Between LGs and CBOs

The area bounded by the inverted triangle represents the Zone of Partnerships between LGs and CBOs. The level of operations gets more localized the further right one goes along the horizontal axis. And the role of collective action increases the higher up one goes along the vertical axis. These two movements, along the horizontal and the vertical axis, respectively, represent two distinct ways in which CBOs can play a role in partnership with local governments.

First, CBOs can deepen the involvement of citizens in local governance activities by organizing collective action in support of these activities. The higher the value that is added by citizens' collective action – the higher up an activity is located on the vertical axis – the greater is the **deepening role** that CBOs play in support of the partnership.

Lower-intensity collective action, such as occasional consultation and information sharing, is adequate for activities located lower on the vertical axis. A relatively small deepening function is involved in such cases. But activities located higher up on the vertical axis represent situations – such as management of local pastures or distributing irrigation water – where higher-intensity collective efforts are required on a more continuous basis. CBOs will have a comparatively larger deepening role in such cases, and they will need to be at the forefront of managing such enterprises on a day-to-day basis. Results depend crucially on how well CBOs perform; consequently, investing in CBOs' mobilization capacities is critical in such cases.

Comparatively smaller deepening roles are adequate in cases where the activity concerned occupies a relatively low point on the vertical axis. Thus, municipal functions, such as street lighting or garbage collection, can certainly improve through CBO involvement. But the intensity of collective action need not be very high. For satisfactory performance to be achieved, even low-level public engagements should suffice for these purposes. And comparatively lower investments can be made for raising CBOs' mobilization capacity.

Considering the extent to which CBOs will play a deepening role in any given case helps to determine both the allocation of responsibilities among the partners and also the extent and nature of capacity building support, as we shall see shortly. Meanwhile, another type of CBO role must also be examined.

Movement along the horizontal axis represents a second type of role that CBOs can play in partnership with local governments. Most often, LGs are not coterminous with communities, and in many cases large numbers of localities are included within the jurisdiction of a single local government.¹³ Particular LGs can be located on the horizontal axis with reference to the level of aggregation at which these bodies have been established. Smaller and more localized LGs will lie further right on the horizontal axis, while larger and more supra-local LGs will be located more to the left. According to the principle of subsidiarity, LGs are not appropriate implementing authorities for activities that are located to their right along the horizontal axis. When LGs are organized at a relatively high level of aggregation, some other more localized agencies will be required for stretching their authority territorially and functionally.

For instance, in the Ghana and Zambia cases considered for this paper (Annexes 2 and 4, respectively), the local government has been constituted at the district level, quite far removed from the unit of human settlement, thus considerably to the left along the horizontal axis of Diagram 1. Activities such as sanitation or primary education that should be located further right on the horizontal axis (according to the subsidiarity principle) cannot appropriately be undertaken by such district-level LGs. Other local-level organizations will be required to stretch the LGs' authority in such cases. And CBOs can play such a **stretching role** in partnership with the concerned LG.¹⁴

LGs that are set up at relatively high levels of aggregation – at district or county levels, for instance – represent only one sort of situation in which CBOs can play stretching roles. Similar stretching roles can also be played in other situations, for instance, where LGs are not mandated to perform a specific function or where LGs do not perform their mandated functions effectively. These situations of lack of authority or insufficient capacity require us to modify the analytical framework considered above.

Diagram 1 represents an idealized situation where both CBOs and LGs are technically capable and adequately mandated. It shows how functions can be allocated and partnerships structured when this kind of ideal situation exists. In reality, however, LGs may be more or less effective – and CBOs may be unavailable or unrepresentative – so adjustments to institutional design may need to be made on this account. Diagram 1 helps to make an initial diagnostic assessment of the situation. Together, these two factors – the subsidiarity principle and the relative utility of collective action – help to assess the nature of partnership arrangements that might be helpful for any given case. Other practical matters, such as allocation of responsibility to the partners and nature of capacity building support, can also be considered with the help of this analytical framework, as discussed below.

Selecting Partners and Allocating Responsibilities

The nature of the partnership varies depending on whether CBOs are playing primarily a deepening or a stretching role. The type of CBO that needs to be associated and also the allocation of responsibility between the LG and the CBO will differ between these two situations.

Where CBOs are involved primarily in a stretching role – i.e., when the activity selected is relatively low on the vertical axis, and where collective action is useful but not necessary – CBOs can be engaged to function as sub-contractors of the LG. Tasks can be designed considerably in detail and handed over to these sub-contractors for specific execution. Technical capacity of CBOs is of primary importance in these cases, and their ability to mobilize and organize collective action is relatively less important. Consequently, even very new CBOs can be entrusted with such tasks, including those that have been formed specifically for this purpose, provided that they have (or can be assisted to acquire) the technical skills required for the particular task.

Technical capacity is less important and mobilization capacity is comparatively more important when the situation requires CBOs to play primarily a deepening role. Not all CBOs are able to facilitate collective action effectively. The extent to which they can do so depends critically on the degree to which citizens hold them accountable and legitimate (Heller 2000; Schönwalder 1997). However, legitimacy cannot be built up in a day. And it takes repeated and continuous interactions for CBOs to acquire legitimacy with their constituents.¹⁵

Newly formed CBOs start at a comparative disadvantage in such cases. Citizens may likely not contribute money, labor and other resources repeatedly at the behest of an organization with no track record, especially when its officials are not well known or well respected within the community. Mobilization capacity is developed – often but not always – when CBOs work over a longer period and when they develop trust among their constituent population (Fiszbein 1997). Community organizations that have been around for some time are likely to develop standard operating procedures – “repertoires of collective action” that they can utilize to deal with diverse enterprises (Tarrow 1995) – as well as clear and fair rules that govern interactions among their constituents (Ostrom 1990). Traditional organizations can sometimes be helpful in this regard, and it is useful before going out to set up new organizations to look carefully at the existing institutional landscape.¹⁶

It is possible, however, that longstanding CBOs may not be found in a particular place, or they may be unable or willing to associate themselves with a particular project. Newly formed CBOs will have to be relied upon in such cases, and the phasing of activities will need to be adjusted to account for the relative inexperience of the partner organization. In particular, some preparatory time might need to be provided, which these organizations can use to gain legitimacy and consent among their constituent population.¹⁷ “Projects [which] invest in upfront activities to help communities and individual households decide whether and how to participate in the project have more positive results,” it was found in an excellent recent study of rural water supply projects (Sara and Katz 2000: 25). CBOs play considerable deepening roles for rural water supply: mobilizing community resources, organizing community labor, arranging collective action for O&M, etc. And upfront investments to build mobilization capacity are important in these cases.

In projects of other types, however, where CBOs play mostly a stretching role, such upfront investments in mobilization capacity may not be so useful or necessary. Even CBOs that are not very well grounded locally can quite often perform stretching functions adequately. Project activities can commence relatively rapidly when CBOs are engaged primarily as sub-contractors performing stretching roles. But longer lead times and better grounded CBOs will be required for playing deepening roles.

Different types of CBOs will be required depending on whether primarily stretching or mainly deepening roles are required to be played, and different natures of support will need to be provided to these different CBOs. Allocation of responsibility will also differ between these two cases.

Unlike CBOs playing a stretching role, CBOs performing deepening functions will need considerably more flexibility and authority. Citizens are not usually willing to contribute their time, money and other resources according to a program laid out entirely by some external authority. They do so more readily when they have some control over these activities. The larger their deepening role, the more CBOs need to be involved not just in project identification but also in design, implementation and budget management; for unless citizens mobilize voluntarily (and unless CBOs have the ability to make changes that their constituents authorize), deepening functions cannot be effectively performed. Responsibility for a larger number of functions, along with commensurate authority, will need to be assigned thus to CBOs performing deepening roles.

Type of CBO, nature of support, and manner of task allocation are affected thus by whether CBOs are playing a deepening role or a stretching role. Locating any activity on the two axes of Diagram 1 is helpful for making a preliminary determination in this regard.

More fine-grained choices arise in practical situations – should the partnership encompass one activity or many? should the partnership be time-bound or continuing? when and how should capacity building support be provided to CBOs? and so on. An examination of case material assembled for this study helps to illuminate how these questions have been addressed in particular situations.

Cases

Eleven case studies assembled for the purpose of this analysis include three from Latin America, two each from Africa, Europe and North America, and one each from Asia and Australia. Five of these cases involve World Bank assistance. Three cases have been initiated by city administrations acting on their own behalf. Two country cases relating to Denmark and Norway report on a variety of partnership arrangements found to exist in these countries. The full list of cases is as follows:

World Bank cases

- Northeast Brazil Rural Poverty Alleviation and Rural Poverty Reduction (Annex 1)
- Ghana Community Water and Sanitation (Annex 2)
- Rural Municipalities Program (Protierra): Nicaragua (Annex 3)
- Zambia Social Investment Fund: (Annex 4)
- Kerala Rural Water Supply and Sanitation (Annex 5)

Other cases

- Wellington, New Zealand: Partnership between a City Council, its Contractor, and Community Organizations (Annex 6)
- Chicago Alternative Policing Strategy (Annex 7)
- Porto Alegre and the Participatory Budget (Annex 8)
- Denmark: Local Governments and Community-Based Organizations (Annex 9)
- Norway: Models of Local Government and Community Involvement (Annex 10)
- West Virginia Water Supply (Annex 11)

A diagram appended to each case study sketches the partnership arrangement for each case, and an accompanying chart describes how responsibilities were allocated among the different actors involved. Annex 12 presents some guidelines that assisted in the preparation of these case studies.

While they all represent situations of partnership between LGs and CBOs, these cases nevertheless differ considerably among themselves. Responsibility for implementing program activities rests with LGs in some of these cases, while in other cases this responsibility resides primarily with CBOs. Some cases represent single-sector initiatives, while in others the partnerships encompasses multiple tasks and sectors. LGs assist with the task of CBO formation and capacity building in some cases but not in others. The longevity of the partnership also varies. Partnership arrangements are limited in some cases to time periods established by program authorities, but in other cases these arrangements are expected to continue long into the future.

Despite these differences, it is interesting to note, however, that in none of these cases are either LGs or CBOs regarded as alternatives for the other type of agency. The role that each agency plays varies from case to case, but in each case it is expected that both LGs and CBOs will continue to play an important role; an expansion of one agency's role does not necessarily imply a reduction of the role played by other agency. In Denmark (Annex 9) and Norway (Annex 10), where LGs are small in size and located at the same level of aggregation as community associations, they have not succeeded in replacing CBOs. Despite their local-ness, their long tradition, and the considerable autonomy they enjoy from the center, LGs in these countries do not function instead of CBOs; rather, LGs and CBOs continue to work together, playing distinct though complementary roles.

Institutionalized partnership arrangements help ensure the continuing involvement of each partner. Precinct Committees and Joint Councils in Norway and Education Supervision Committees in Denmark help provide a permanent forum where citizen representatives interact with local government officials on a continuous basis. Clearly specified rules of engagement govern these encounters, empowering both sides, while simultaneously also making each side accountable to the other.

The Wellington case (Annex 6) illustrates how such arrangements were developed in a particular instance. The laws governing municipal operations in Wellington require that public consent be obtained before constructing a new sewage facility. When a number of citizens filed complaints against the proposed new location, the Planning Tribunal, established under the Town and Country Planning Act,

instructed the City Council to establish a Community Liaison Group, composed of citizen representatives and city officials, who would work together to fashion mutually acceptable solutions. All concerned stakeholders, including the local community of indigenous people and also the airport and golf club, were represented on this Group. The City Council was also instructed to appoint a neutral Facilitator, who would draw up terms of reference for the Community Liaison Group, and who would continue to work with this group, resolving conflicts and amending terms of reference as necessary in order to keep them current and relevant. With the help of the Facilitator, Group members established a set of principles and clear procedures to govern their relationship. Full and accurate information was to be provided by each side, and a dispute resolution process was laid out to deal with situations when the liaison procedures failed to resolve some issue. These principles and procedures, as developed in the course of interaction, were codified eventually into a Protocol for Wellington City Council's continuing interactions with Community Liaison Groups of different kinds. Learning from experience, an institutionalized partnership arrangement was developed, and authority and responsibility were clearly allocated among the partners.

Similar continuing forums for partnership, with clearly demarcated zones of responsibility, have been set up also in the Chicago case (Annex 7), the Porto Alegre case (Annex 8), and in the cases from Brazil and Nicaragua (Annexes 1 and 3). In Chicago, District Advisory Committees (DACs) have been constituted for each policing district, composed of elected citizen representatives, who meet regularly each month to set broad policing priorities and provide oversight and advice to District Commanders. No standard procedures have been laid down for these interactions. Each DAC is authorized to adopt its own by-laws, so different sets of procedures have been developed in different districts.

In Porto Alegre, the partnership between the local government and CBOs is formalized at the apex level in two institutions: the Fora of Delegates and the Participatory Budget Council. Each of these bodies is composed of representatives elected from different parts of the city, and each body is responsible for a specified set of tasks having to do with budget allocation, project approval, and implementation supervision. Interestingly, Brazilian law authorizes none of these bodies. They derive their legitimacy, instead, from informal understandings at the local level, which are shared broadly enough to have acquired considerable normative force. Not once in more than a decade since they have been constituted have budget proposals prepared by these informal bodies ever been turned down – or even significantly amended – by the formal legislative body.

Formalized structures of partnership – organized forums where the partners meet regularly and where rules of engagement are clearly specified – have been set up also in the Brazil and Nicaragua cases reviewed here. In the Northeast Brazil Rural Poverty case (Annex 1) a set of Local Councils has been set up in participating municipalities.¹⁸ Community associations elect 80 percent of members on this Council, and the rest are nominated by the Municipal Council. These Local Councils are authorized to scrutinize communities' proposals and to recommend those they approve to the state government for funding. In the Protierra case in Nicaragua (Annex 3), an Inter-Community Assembly has been constituted at the municipal level, composed of representatives of all community associations located within that municipal area. These bodies function as representative and watchdog bodies, overseeing the activities of both community associations and also LG staffs. They develop an overall strategy for rural development with the active participation of community associations, and they provide oversight and supervision, helping ensure that community associations as well the municipal government implement these plans faithfully and well.

Having well-established structures of partnership helps capture more effectively the synergies that underlie partnership between CBOs and LGs. In Chicago, for instance, the District Advisory Councils set up initially to deal with policing issues have branched out in many districts to forge links with other government agencies and community associations, and they have set up subcommittees for dealing with

issues in other sectors, including economic development, parks and recreation, and youth and family. Intercommunity Assemblies in Nicaragua and Local Councils in Brazil are reaching out for other sources of funding, both to supplement what they receive from the World Bank project and also to extend the term of partnership beyond the point when project financing comes to an end.

Establishing long-term arrangements enables institutions developed for one purpose to be utilized by participants as well for other related purposes. It allows clear understandings to develop and a “contract of governance” to emerge between communities and local governments (Campbell, in print). Once they are developed thus, institutions should be allowed to survive and grow. Too often, however, donor agencies and national governments conceive of community associations merely as a convenient conduit for channeling aid funds quickly, and they do not enter this relationship with the intention of building a longer-term relationship that can facilitate capacity accumulation at the local level. Such short-term thinking hardly enables anything more than the construction of a particular asset.

It is important to remember, however, that no single project can “develop” a region or a community. Individual projects are bounded by their specific objectives. They can help construct roads, build water supply schemes, set up schools, etc. The longer-term goal is better served when projects help develop a set of capabilities among community organizations, local government, and other institutions. Such approaches multiply the beneficial effects of the original project. Institutions that enable people to undertake one set of tasks effectively can be adapted by participants to undertake tasks in other sectors.

Sometimes it is appropriate to take up multi-sector initiatives from the start, while in other situations it seems better to focus narrowly on a single sector. Not much analysis is available that discusses when single-sector and when multiple-sector governance arrangements are preferable at the local level, and it is not clear how exactly this choice should be resolved in any given instance. It is likely, however, that some of the following factors might bear upon this choice: whether different sectors have broadly similar constituencies (if not, then single-sector arrangements are better); whether central government ministries have a strong presence at the grassroots (if so, then multi-sector arrangements may not be feasible); whether nested arrangements are possible within larger administrative entities; and whether advantages of scale outweigh advantages of scope in any particular activity.¹⁹ Further research should be undertaken to define these criteria more sharply. In the meanwhile, choices will need to be made in practice concerning the scope and depth of partnership: how many sectors should the partnership encompass and to what extent should CBOs be involved in each sector? This set of issues is discussed in the next section

Width and Depth

Diagram 2 below shows how decisions regarding scope and depth were made in our sample of cases. The horizontal axis – *scope* (or width) of partnership – reflects the number of sectors that are included within the partnership arrangement. A location further to the right in Diagram 2 means that CBOs participate in a larger number of sectors. Thus, for example, partnership in the Wellington case is concerned only with a single sector, sewage disposal, so this project is located considerably to the left along the horizontal axis. CBOs in Nicaragua’s Protierra case can select projects from a fairly wide range of sectors, so this project is located midway along the horizontal axis. The range of sectors is much wider for CBOs in Porto Alegre, and no sectoral restraints are specified for Joint Councils in Norway, so these programs are shown furthest right along the horizontal axis.

Participation in a larger number of sectors does not imply that a project is superior in any sense. Much depends on context and on the objectives that a particular project is intended to serve. In addition, depth of partnership is also important, as we saw earlier in Diagram 1.

The vertical axis – *depth* – reflects the range of functions that are performed by CBOs in the particular case.²⁰ For projects located above the dotted line in Diagram 2, CBOs have primary responsibility for implementation. CBOs’ involvement is relatively less deep in projects located below the dotted line. In particular, responsibility for implementation rests primarily with LGs in such cases. Responsibility for budget management follows – and should follow – responsibility for project implementation. Whichever agency is responsible for implementing project activities should ordinarily also be made responsible for managing the budget and making disbursements.²¹

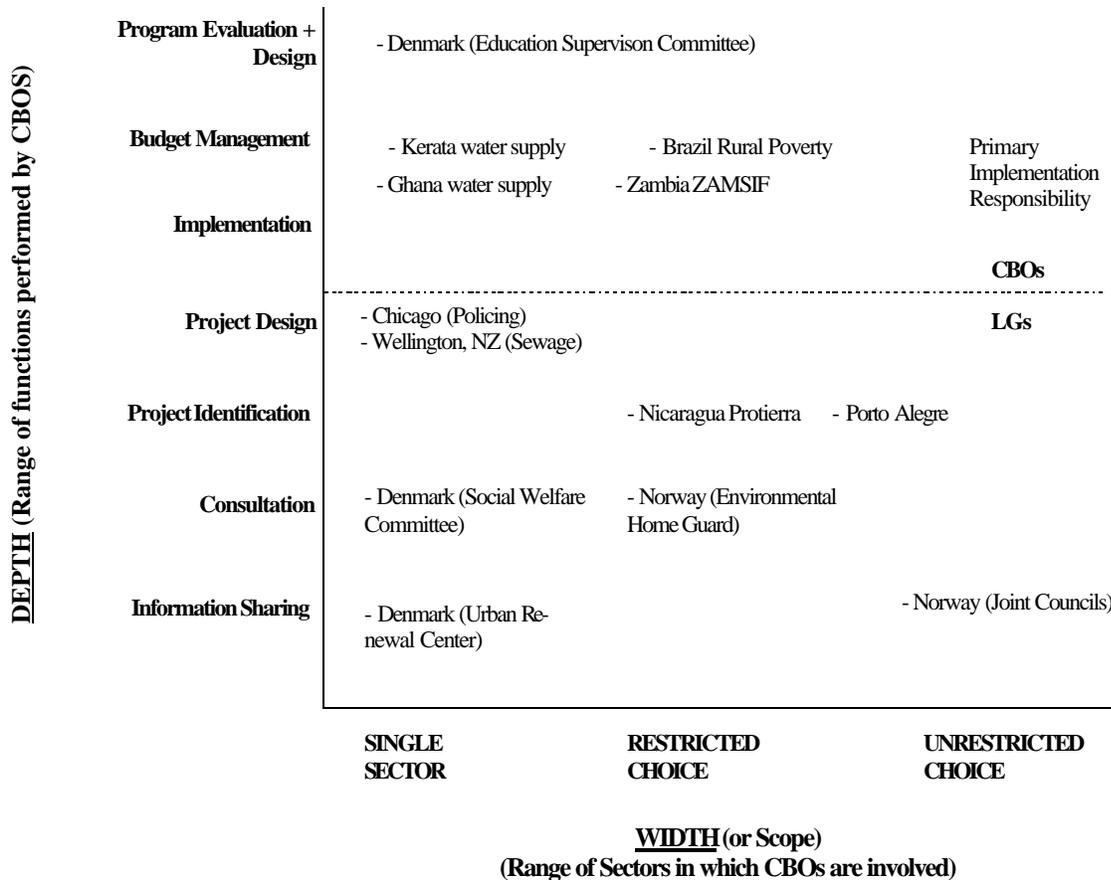


Diagram 2: Partnership Choices

In general, the higher the additional benefits from collective action, the deeper should be the involvement of CBOs, and the higher up this activity should be located in Diagram 2. Thus, activities where collective efforts are required continuously – for resource mobilization, for implementation, for oversight, and for maintenance – should be located higher up in Diagram 2. The Ghana and Kerala water supply programs, the Brazil rural poverty program, and Zambia’s Social Fund require communities to contribute resources and also implement and maintain project activities. Consequently, these projects are located higher up in Diagram 2. But this does not make these projects inherently superior in any way. Other projects, for example, the Chicago policing case, where results depend relatively less upon the intensity of collective action, can be located quite safely at points lower down in Diagram 2.²²

“More is better” does not always ring true, therefore, when it comes to giving CBOs authority over program activities. In the Chicago case as also in the Wellington and Porto Alegre cases, citizens’ groups take part quite actively alongside local authorities – even though they have relatively circumscribed roles, confined in the main to information sharing and consultation.

Optimal depth is better than maximum depth, and optimality in any case is contingent upon shared perceptions. Local authorities’ ideas about where some activity should be located on Diagram 2 should align closely with citizens’ perceptions, else there is likely to be conflict instead of cooperation. The Denmark Urban Renewal Center is a case in point (see Annex 9). Here, local authorities believe that citizens should have no roles other than occasional consultation and information sharing. Citizens are convinced, however, that this activity critically influences their environment and their quality of life, not to mention their property values, so they expect to be centrally involved in program design and operations. Citizens have consistently felt that this activity should be located higher up in Diagram 2, and they have been at loggerheads with the local council, which has, willy-nilly and grudgingly, enhanced the depth of citizens’ involvement.

Where any project is located on the vertical axis depends, thus, upon shared perceptions regarding the benefits of collective action. The larger these benefits, the deeper, by and large, should be the range of functions performed by CBOs. Prior local consultations are helpful for ascertaining local residents’ beliefs and perceptions and for designing appropriate partnership arrangements.

Location along the horizontal axis is sometimes pre-determined as, for instance, in the case of some donor-supported projects.²³ Just like greater depth, larger width is also not necessarily a good thing. When greater depth is also required, larger width might end up overloading the CBOs concerned, particularly at the start of program implementation. (Notice that we have no project in the upper right corner of Diagram 2.).

What about capacity? Doesn’t capacity have a function while allocating roles to CBOs? Capacity is important, no doubt, and we have distinguished between two kinds of capacity: technical capacity and mobilization capacity. Strategies for providing capacity building support are discussed in the next section.

CBO Formation and Support for Capacity Building

Community-driven development is a misnomer of sorts. Communities do not (and should not) drive development projects in some loose and amorphous way. Rather it is community *organizations* that take a lead role in planning, managing and interacting with local governments.

Two different approaches to community organization building have been observed in practice. The first is a relatively hands-off approach, and it consists of inducing organization formation. Certain broad conditions are announced which communities must fulfill in order to participate in projects. As part of these conditions, communities are required to form organizations of a particular description. No form of assistance is explicitly provided for organization building. On the whole, the onus of organization building rests with the communities themselves. The promise of assistance is enough, it is believed, to induce communities to form organizations of the required types.

The alternative approach consists of deploying project staffs – variously called catalysts, mobilizers or animateurs – who work actively with community members for constructing the desired form of local

organization. Comparatively higher investments in organization building activities are made by project authorities in this case.

Analysts have variously stressed the advantages of each mode of community organization building. The advantages of induced organization formation are held out by some analysts (e.g., Lecomte 1986), who emphasize the greater internal coherence of organizations that are set up entirely by the voluntary effort of area residents. Other analysts have found that organizations constructed with the help of catalysts and community mobilizers are more helpful for enthusing local residents and overcoming resistance and inertia, particularly at the start of a project (Lovell 1992; Uphoff 1992).

Different projects have adopted diverse strategies in this regard. Actively assisting with CBO formation through supporting a cadre of community mobilizers is seen, for instance, in the Porto Alegre and Chicago cases. A number of other well-known cases of rural development in the past, including the National Irrigation Administration in Philippines, BRAC in Bangladesh, and irrigation management in Gal Oya, Sri Lanka, have also deployed specialist community organizers to assist with the task of CBO formation. Other equally well-known cases, including the Six-S program of Francophone Africa and the Self-Help Water Supply program in Malawi have not relied upon specialist community organizers.²⁴ Instead, these programs have either engaged with traditional local organizations or they have induced the formation of new CBOs.

How does one determine when to work with existing organizations, and when to go ahead with either inducing or constructing new community organizations? A large part of the answer lies in assessing the existing institutional landscape. Do experienced and effective CBOs already exist in this area? Do these (formal or informal) CBOs provide valuable goods and services to local residents? Do they reflect the will of area residents or are they instruments, instead, of some external (government or non-government) organization? Without mapping the local institutional landscape, it is not possible to know the existence, far less the strengths and weaknesses, of community organizations that might be involved in the partnership. It is not necessary for this assessment to conduct some long drawn-out academic exercise intended to “measure” social capital. But it is essential to know what types of CBOs exist (or can be created) in any particular area and what they are capable of doing – *before* one can partner them for a specific engagement.²⁵

Different types of CBOs will be required for different purposes. And different programs of support will be required, depending upon whether CBOs play primarily deepening or stretching roles. Building technical capacity will be most important where CBOs play stretching roles, while enhancing mobilization capacity is critical where deepening roles are key. Different strategies of support have emerged as a result, as shown by Diagram 3 below. The horizontal axis of Diagram 3 indicates the depth of CBOs’ involvement in project activities, while the vertical axis shows the extent of support provided for capacity building.

In two of the cases, Chicago Policing and Porto Alegre, the depth of community involvement is relatively low, confined mostly to information sharing, consultation and project design. However, new community organizations were constructed in each of these cases. Specialist community mobilizers (or facilitators) were hired, and they helped communities organize themselves to act collectively in support of the partnership. This strategy is termed Informed Public Audit. Specialist community mobilizers are responsible for ensuring that communities are well-informed and well-organized. And communities, in turn, are responsible primarily for auditing public works and adjudicating their design.

Another strategy, Learning-by-Doing, occupies the opposite corner of Diagram 3. This strategy, illustrated here by the Brazil and Zambia cases, combines high depth of involvement with an induced

form of community organization building. Specialist community mobilizers were not hired and new community organizations were induced in these cases. A large-scale communication program was mounted to support this effort. Various independent bodies, including churches, rural labor unions, NGOs, and other civic groups were employed in this task of outreach. With the help of flyers, radio broadcasts, media messages, and personal visits, community members were informed about the availability of program funds and the conditions they would need to fulfill in order to avail themselves of these funds.

Such a strategy of inducing CBO formation works better for communities that have a relatively high propensity for mutually beneficial collective action. Different communities are differently endowed with the capacity to act collectively, and their level of social capital exercises a key influence upon this ability. Communities that have high social capital can form effective project organizations relatively quickly and efficiently, and communities that have low levels of this asset will need to be assisted more actively (Grootaert 1998; Krishna 2002; Narayan and Pritchett 1997).

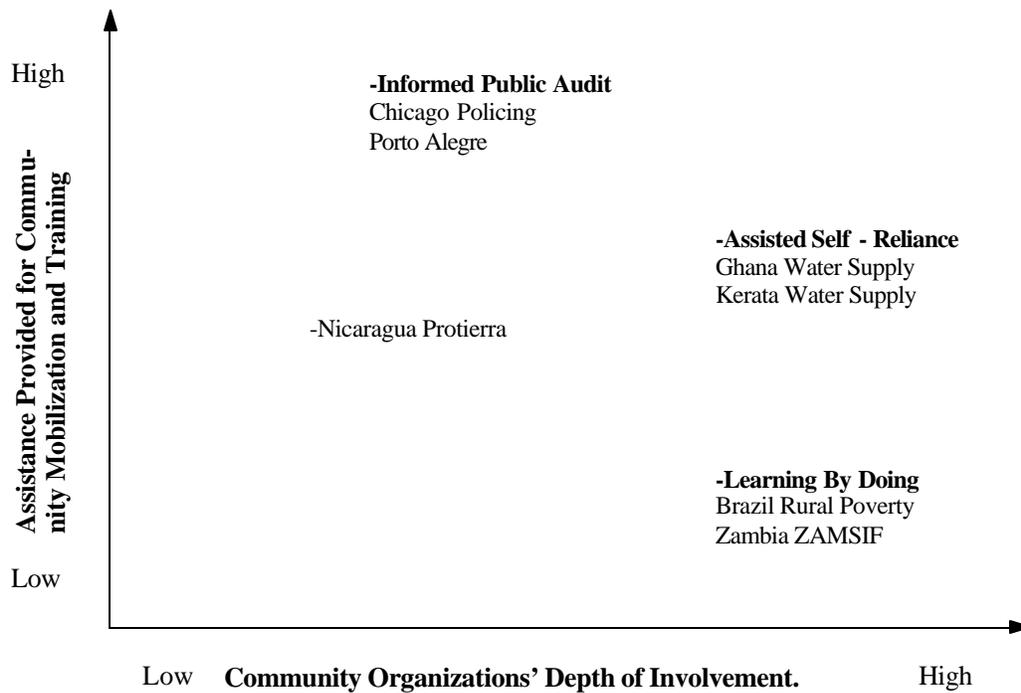


Diagram 3: Strategy for Capacity Building

The approach of inducing community organizations through Learning-by-Doing works best for high social capital communities. The alternative approach of actively constructing community organizations works better for other communities that are not so well endowed with social capital.

Sometimes it helps to start with a Learning-by-Doing approach and to supplement this approach with more activist phase assistance for communities that do not succeed in forming appropriate organizations by themselves. A third strategy, Assisted Self-Reliance, illustrates such a mixed approach. It is being

implemented by the Ghana and Kerala projects (Annexes 2 and 5, respectively). Capacity building funds have been placed at the disposal of LGs in the Kerala case. Beneficiary Committees, the CBOs in this case, can hire any among a set of eligible NGOs to assist with building mobilization and technical capacity. Not all CBOs make use of this facility equally, however, and communities that do not have a tradition of collective action are more likely to draw upon the services of the specialist NGO mobilizers. This provision of external assistance helps bolster pre-existing capacity; more support is availed in cases where capacity is comparatively lower at the start (Plummer 1999).

The question of which strategy works better for capacity building is best resolved by assessing and mapping the local situation. Where private sector providers or NGOs are skilled and locally available, the Assisted Self-Reliance or even the Learning-by-Doing strategy can work quite well. Communities that have a high level of social capital will be induced to form appropriate CBOs. Communities with lower levels of social capital should be assisted to construct CBOs, and private or NGO providers can help with these tasks, provided that some funds are made available for this purpose. It might be necessary to train and monitor these private providers to ensure they provide an adequate level of service. However, specialist mobilizers need not be hired directly by the project organization.²⁶

In other situations, however, where private sector providers and NGOs are not locally available, specialist mobilizers and trainers will need to be hired and fielded directly by the project. Such staff – who assist CBOs with various activities, including community mobilization and project identification and design – can be hired directly by the local governments concerned. But civil service recruitment rules can often limit flexibility in hiring arrangements, and alternative recruitment mechanisms, including recruitment through NGOs, may need to be considered in these situations. Resources may need to be provided to such NGOs either by the project authority, or the LGs and CBOs concerned can hire their services directly, as they do, for instance, in the Kerala project.

Resources for capacity building form part of a larger issue of structuring resource flows among donor agencies, central governments, LGs and CBOs. This issue is taken up in the next section.

Structuring Resource Flows

A considerable advantage of partnerships is that they enable resources with different stakeholders to be combined together for a common purpose. The pool of available resources is enhanced, and all of the objectives of partnership are better served when resources at the hands of different partners are combined together appropriately.

The goal of efficiency is more effectively pursued when not only financial resources, but also resources of other kinds, including local knowledge and scientific information, are brought together to address commonly shared concerns (Ostrom, et al. 1993). Prospects for sustainability are improved when community members contribute costs and develop a sense of ownership for the assets they have helped to construct. Since not all community members are equally able to make cash contributions, equity is better served if these contributions can be made as well in the form of labor or locally available materials.²⁷ Communities acquire more effective voice when they participate not only in sharing benefits but also in contributing costs. By threatening to withhold their promised contribution, all partners can require each of the others to respect their particular concerns. Voice is underwritten by a credible threat of exit (Hirschman 1970). And accountability is better enforced when each of the partners has a clear sense of who is responsible for contributing what part of project resources.

All of the projects reviewed for this study and also other notable projects involving partnerships have encompassed such cost sharing arrangements. Depending upon nature of activity and average local

incomes, the level of local contribution varies in these projects from five percent (Ghana water supply) to 40 percent (Nicaragua Protierra). It is helpful sometimes to start with a low level of local contribution – local populations may not be convinced initially about the value and feasibility of this enterprise – and to require an increasing level of local contributions for follow-on phases and activities.

When project funds are put together from different sources – from central governments and donors, LGs, and CBOs – who should be responsible for managing the budget? Different answers have been given to this question in practice. Among the cases considered here, program funds are managed by CBOs in the Brazil, Ghana, Zambia, and Kerala cases. In other cases, these funds are managed directly by the LG concerned.

The question of who should be responsible for budget management revolves partly upon the nature of national laws – are CBOs recognized as entities that are legally competent to hold and dispose of public monies? But even where CBOs are recognized as such, it may not always be prudent to locate funds directly with the CBO concerned.

In general, the agency that is responsible for managing project implementation should also have the authority for controlling project funds; else, the chain of command is needlessly lengthened, the pace of implementation can be slowed down considerably, and accountability can be eroded by falling between two poles.

In the Nicaragua case and also in the Porto Alegre case, the Chicago case and the Wellington case, the LG concerned has primary implementation responsibility. As seen in Diagram 2, CBOs in these cases are responsible only to the extent of identifying projects. So funds are managed directly by LGs in all of these cases. In the other four World Bank-assisted cases, CBOs have primary responsibility for subproject implementation, and funds are managed directly by CBOs in these cases. The required balance between authority and responsibility is maintained within each of the projects examined in the annexes.

In some other cases, however, CBOs are given primary responsibility for project implementation. However, authority for budget management is not passed over to these CBOs. Such a situation is not sustainable over the longer term. At best, it can serve as a short-term measure, helping to tide over a transitional situation, while laws are enacted and procedures designed that enable CBOs to handle public funds.

In situations where CBOs are able and willing to manage project funds, should funds be transferred to them directly or should they be transferred through the agency of local governments? Further, should funds be allocated to specific sub-projects or should they be given out as annual budgetary allocations, not linked to any specific subprojects? Different answers have been given to these two questions, even within the sample of five World Bank assisted projects reviewed for this study.

- Annual Budgetary Allocations to LGs: Nicaragua Protierra, Kerala Water Supply, Zambia Social Fund (Stage 5) and Brazil (FUMAC-P or stage 3)
- Allocations made via LGs to CBOs for Specific Subprojects: Ghana Water Supply, Brazil (FUMAC, or stage 2)
- Allocations made directly to CBOs for Specific Subprojects: Brazil (PAC or stage 1), Zambia Social Fund (Stages 1-4).

Though they have adopted different approaches toward structuring fund flow, the longer-term institutional development objective is similar in all of these cases. Longer-term institutional development is supported, in general, when LGs are made responsible for receiving funds – and passing them on to CBOs that have primary implementation responsibility – and when such funds are provided in the form of an annual subvention that LGs can themselves allocate among different local priorities. However, central governments and donors are not always confident that LGs have the capacity to perform these tasks sufficiently well at the start, and the longer-term objective of institutional development is approached through passing over authority incrementally in stages.

The Brazil and Zambia cases provide examples of this kind of multi-stage approach. An increasing scale of responsibilities is passed over in stages as LGs demonstrate their technical capacity and also their willingness to work in support of CBOs. In the initial stages of these projects, subprojects submitted by CBOs are approved finally only at the central government level, and funds for approved subprojects are transferred directly to the CBOs concerned. LGs are responsible in these early stages for appraising projects and ensuring that project identification has followed a participatory process. Progressively, as LGs demonstrate to central authorities that they can perform these lower-level functions competently, additional authority is devolved upon them, until, in the final stage, they have full authority for approving community subprojects and allocating funds. An annual budget is allocated to such graduated LGs. These funds are used to support CBO projects that the LG itself approves.

Competence and downward accountability of LGs are monitored in these projects initially through employing top-down mechanisms of supervision and monitoring. Central governments are responsible to ensure that LGs function effectively in service of community organizations. Similarly, central government staffs and also those of LGs are responsible for ensuring that CBOs remain accountable to their constituent populations and that they follow suitable procedures for implementation and financial management. This sort of mechanism is particularly useful in situations where CBOs and LGs are both quite new and where there is traditionally low capacity and low confidence in these local organizations (USAID 2000).

However, too large a role played by central governments can result in stifling initiative and creativity at the grassroots. Central governments quite often treat local governments as if they were homogenous entities, and they impose standardized arrangements upon quite diverse local constituencies (Smoke and Lewis 1996). In particular, central governments can fail to “graduate” LGs and they might prefer to keep them dependent and subservient.

Such a danger, stemming from over-reliance on central governments, can be mitigated to some extent when project funds are collected from a variety of sources. Prospects for institutional sustainability are larger the lower the dependence of local authorities on any single programmatic source. In the Nicaragua case (Annex 3), LGs obtain no more than 25 percent of program resources from the central government, and they raise the balance of funds from a variety of sources, including other national programs as well as local sources. A similar trend is being observed in the Brazil case (Annex 1). Participating municipalities are working to obtain additional funding support from diverse programs. Prospects for sustaining local institutional arrangements are distinctly better in such cases. And accountability is also better assisted when no single stakeholder dominates over all of the others.

Accountability in Partnerships

Accountability is a particularly vexing issue insofar as it concerns decentralization and partnerships. Unlike central governments that are accountable mostly in a downward direction – to their voters and constituents – LGs and CBOs are simultaneously both upwardly *and* downwardly accountable. They are

accountable to their constituents and voters, and they are also accountable at the same time to the central government (or donor) agency that provides them with project funds. Additionally, where partnerships are involved, LGs and CBOs are also accountable to each other.

Upward, downward and horizontal accountability must all be managed together at the same time. At its core, the issue of accountability in partnerships involves balancing these three different kinds and directions of accountability.

In practice, there has been a tendency in national government- and donor-supported projects to emphasize one kind of accountability (upward) at the expense of the other two kinds (downward and horizontal). Local governments have suffered quite often by being overly dependent upon the endowments – of authority and funding – that are provided at will by the central government. However, vesting central governments with the power to endow LGs selectively with more or less authority is fraught with the danger that such devolution might follow political rather than efficiency criteria. And LGs have quite often been dissolved or rendered powerless when they are no longer convenient politically for the central government (Crook and Manor 1998; Smith 1998).

Partnership with CBOs can help counter such centrifugal tendencies. Comparative analyses of decentralization show that LGs are more robust and they perform more effectively where citizens are better informed and when they are more centrally involved in designing LGs' procedures and program of action (Agrawal 2001; Alsop, et al. 2001). Reinforcing downward accountability can help thus to enhance the stability and deep-rootedness of local governments.

We have seen how downward accountability is supported when requirements for local cost sharing provide communities with effective voice and with opportunities for exit that reinforce voice. In addition, there are some other arrangements that help for strengthening downward accountability. Periodic rendering of progress reports and accounts to constituents are important means of ensuring public oversight for both LGs and CBOs.²⁸

Equally important are channels of communication that help individual constituents voice their needs and their concerns to LG officials and CBO leaders. It is possible, especially in information-poor environments, that elites might capture the agendas of these local-level organizations. Institutionalized conduits for oversight and information exchange can help mitigate these problems to some extent. Permanent representative mechanisms, such as the Intercommunity Assembly in the Nicaragua case (Annex 3) provide citizens with a forum where they can take their ideas and complaints. Similar functions are performed in Chicago by the District Advisory Committee (Annex 7) and in Brazil by the Local Councils (Annex 1).

Information is critical to these encounters. Citizens who are adequately possessed of program information and who know where to go for redress are more capable of holding their local bodies accountable. Consequently, information dissemination is a critical activity in successful programs of decentralization and partnership building. A cadre of staff – occupying positions of Regional Coordinators and Thematic Coordinators – has been set up in Porto Alegre for the purpose of informing citizens regularly about the participatory budgeting process. In other cases, NGOs and private sector agencies have been engaged for the task of communicating program information and encouraging citizens to participate in the new venture. Such efforts need to be mounted, however, not just at the start of a new enterprise. In order that citizens can adequately hold local bodies to account, information exchange needs to be an ongoing activity.

In addition to being held accountable by well-informed citizens who are empowered to participate on a regular basis, LGs and CBOs also need to be accountable to each other. Such horizontal accountability is supported when LGs and CBOs each provide information honestly and regularly to the other partner and when responsibility- and authority-sharing arrangements are clearly laid out. In the Wellington case (Annex 6), a formal protocol was devised with the mutual consent of the LG and participating CBOs. Such a formalized agreement may not be necessary in all contexts. But it is important in each case to have a clear understanding of what each side will do to support the partnership arrangement.

Central governments can help monitor that LGs and CBOs comply honestly with their obligations to each other and to their constituent populations. But central governments cannot be allowed to decide what these obligations should be. Some guidelines and examples can be provided from the outside, but in each case the parties concerned will themselves have to draw up and periodically renew the terms of their partnership. In Chicago, for instance, each District Advisory Committee is free to determine its own bylaws and through mutual consent among its members to devise its own guidelines for decision-making and exercise of responsibilities. Longer-term capacity building is better assisted by mechanisms that enable local communities and local governments to renegotiate the terms of their partnership.

Conclusion

Appropriate institutional development is a key task of development, and institutions at the grassroots and intermediate levels are urgently required that can help citizens connect effectively with the state and with the market. Individual citizens are benefited when such institutions exist, and the country's performance is also superior when all citizens can plug in and contribute their talents and resources to the national endeavor. Local governments and community associations both have a part to play in forging such beneficial connections.

For too long, however, discussions of decentralization and of community based development have proceeded separately from each other. The decentralization agenda has been concerned mostly with exploring the question: what do effective local governments look like? And it has focused almost exclusively on structural factors – such as financial autonomy and administrative competence – that relate to the technical capacity of local governments. Relatively less attention has been given to the parallel question: how do effective local governments interact with their constituents?

Similarly, the community-based development agenda has been concerned mostly with the internal dynamics of community organizations; how they are constituted, how they are managed, how they can implement programs effectively, etc. And it has been relatively little concerned with issues of networking and scaling up. How community organizations can improve their own functioning has been a principal concern of this agenda. But how community organizations can improve the environment for development initiatives over a wider terrain has been relatively less well discussed.

Working together, both local governments and community organizations can achieve what neither agency can achieve on its own. CBOs can provide mobilization capacity that enables area residents to act collectively in support of local governments' programs. They can help LGs and their constituent populations to connect more effectively with each other. And LGs can provide technical support and linkages with diverse sources of programmatic support. Most important, they can provide institutional scaffolding for undertaking development efforts over a wider scale. These efforts will be better grounded – drawing more support and resources from the public – when LGs are linked organically and continuously with the populations they serve.

It is sometimes held that LGs constituted through open elections will perform in this manner, but elections are “just one note in the symphony of democracy and accountability” (Reilly 1995: 269), and not all elected bodies are able to mobilize collective action effectively. CBOs can help provide beneficial links between citizens and public officials. Like PTAs and school boards acting in tandem to improve the quality of public education, CBOs and LGs can work together to improve performance in diverse spheres of development effort. As Etzioni (2001: 14) puts it, the more engaged people become with governance at the local level, the more effective their civic skills become, and the greater communities’ efficacy the more effective will be their local governance structures.

Different roles will be played by LGs and CBOs in different types of partnership arrangements. A particular distinction drawn here emphasizes the qualitative difference between stretching and deepening roles. Where CBOs play deepening roles, they organize citizens to act collectively in support of a particular local enterprise. Where CBOs play stretching roles, they act mainly as sub-contractors of the local government, performing particular services on their behalf, but without requiring much collective action on the part of the citizens. Distinguishing between these two types of roles helps allocate responsibilities better among the partner agencies, and it is also helpful for scheduling implementation, devising appropriate capacity building programs, and designing suitable accountability mechanisms.

Not all CBOs may be able to organize collective action effectively. In particular, where new community organizations are constructed, some resources and some advance preparation time may need to be provided for gaining public consent and for organizing public participation (Sara and Katz 1998). Overhasty implementation may severely diminish the longer-term contribution that a project can make toward building abiding mechanisms of participatory problem solving at the local level.

Upward as well as downward and horizontal accountability are involved in partnership arrangements. LGs and CBOs need to be accountable upward (to the central governments and donor agencies), downward (to their constituents), and horizontally (to each other). It is difficult to maintain an appropriate balance between these three kinds of accountability, but it is critical that projects be designed that balance these competing needs.

Appropriately designed and executed, projects can contribute toward the longer-term task of building appropriate institutions at the grassroots. Quite often, however, this longer-term perspective is forgotten. And mechanisms are built that emphasize upward accountability while derogating the other two types of accountability, horizontal and downward. Such arrangements are not sustainable and they rarely help to build a longer-term capacity for development and poverty reduction. More long-lasting impacts are made by projects that deepen citizens’ involvement by helping build abiding institutional mechanisms at the grassroots. Both local governments and community-based organizations form an important part of this long-term institution building enterprise.

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Endnotes

¹ At the macro level, too, different sets of institutions are found to underwrite growth and economic stability in different industrialized nations. None among this “variety of capitalisms” is inherently superior to all of the others, and each provides a combination of technical excellence and normative worth that is particularly valuable within a specific setting (Hall and Soskice 2001).

² An entire body of literature demonstrates these benefits of stakeholder participation in development programs. See, for example, Bhatnagar and Williams (1996); Chambers (1974); and Narayan (1995).

³ Notable examples include Bird and Vaillancourt (1998); Cohen and Peterson (1999); Cheema and Rondinelli (1983); Garman et al. (2001); Rondinelli, McCullough and Johnson (1989); and Shotton (2001). Litvack, et al. (1998) and World Bank (2000) provide useful summaries of this literature.

⁴ Esman and Uphoff (1984) is seminal in this genre. See also Brinkerhoff and Goldsmith (1990); Chambers, et al. (1989); Hinchcliffe, et al. (1999); Morss and Gow (1985); Krishna, et al. (1997); and Uphoff (1986, 1992). Some large-sample statistical analyses also support the conclusion that participation by organized communities can significantly improve the outcomes of development programs under certain circumstances. In addition to Esman and Uphoff (1984), see, for example, Narayan (1995); Krishna (2001); and Sara and Katz (2000).

⁵ The terms of this debate – or how local governments or community associations can be assisted *at the expense of* the other party – are ably summarized by Parker and Serrano (2001, esp. pp. 33-35).

⁶ A multiplicity of different understandings proliferate concerning social capital, so it is important to clarify how exactly one is using this term. As understood in this paper, social capital is an asset, a functioning propensity for mutually beneficial collective action, with which communities are endowed to diverse extents. Communities that possess relatively large amounts of social capital are able to engage in mutually beneficial cooperation over a wide front. Communities that have low levels of social capital are less capable of organizing themselves effectively.

⁷ Careful observers stress contextualization and the importance of “asymmetric decentralization” (Litvack, et al. 1998). “There is no single optimal design,” it is asserted, and even within countries local governance arrangements will vary considerably between locations (Wiens and Guadagni 1998).

⁸ Such partnerships may not always be required, and agencies other than local governments and community associations can also play significant roles at the local level. For instance, private sector partners can play very important roles in revitalizing local economies and strengthening local societies, so partnerships with these agencies are also worth studying separately. See, for example, Inamori (1997) and Locke (1995).

⁹ “Information based on reliable records and accounts must be generated...[and] this information must also be accessible and shared” (Girishanker, et al. 2001: 10).

¹⁰ Some authors, notably Webster (1992) and Leitin (1996), have emphasized the role that political parties play in the Indian state of West Bengal for making these connections between citizens and local governments. However, political parties are notoriously poorly organized in other Indian states and in many other developing countries, so they are unlikely to play a similar role everywhere. One will need to rely, instead, on alternative channels of communication between citizens and the state. CBOs can often perform these functions.

¹¹ The phrase “democratic local governance” is adapted from Blair (2000: 21) to connote institutional arrangements that combine “the devolutionary form of decentralization (in which real authority and responsibility are transferred to local bodies [of different types], with democracy at the local level.” It is used here as shorthand for signifying the combined objectives of effectiveness, sustainability, equity, accountability and democracy.

¹² That CBOs can acquire governmental charters and be converted into LGs is shown in Annex 11 by the case of Troy-Linn water supply project, in which citizens of two communities organized themselves first and then successfully petitioned the state government for

¹³ The appropriate size of local government is a question worthy of separate investigation. Small-sized local governments are more accountable than larger ones (Rowland 2001), by and large, but small LGs are also likely to be more resource constrained and thus more dependent upon a higher level of government (Bird and Rodriguez 1999). Can some median jurisdiction be identified that is accountable and also financially viable?

¹⁴ Another situation where CBOs can be very helpful for extending LGs’ zone of effectiveness arises when the jurisdiction of the LG combines a concentrated urban settlement along with scattered rural settlements. Unless rural residents are represented by effective CBOs, it is quite likely that the LG will become captive to more vocal urban interests. Extending the territorial reach of LGs also has an equity-enhancing aspect in such situations. I am thankful to Jennifer Sara for bringing this not-infrequent situation to my attention.

¹⁵ This point regarding repeated engagement parallels the argument related to the value of iterated interactions. Free riding is likely to be less common when people know they are likely to interact with each other and derive benefits over multiple occasions stretching out into the future. See Axelrod (1984) for the theoretical premise and Hirschman (1984) for some practical examples.

¹⁶ For two programs that have been implemented successfully in partnership with traditional CBOs – including a forestry and resource management program in the Philippines and a land rights mapping project in Vanuatu – see Krishna (2000).

¹⁷ Some programs, notably the Aga Khan Rural Support Program in Pakistan, require newly formed CBOs to engage in preparatory activities over an extended period of time, including constructing their first small project entirely with community contributions, before any program funding is provided for construction purposes.

¹⁸ More accurately, these councils are known FUMAC/FUMAC-P councils, and they are set up not by all participating municipalities, but only by those that have graduated to higher levels of responsibility. See Annex 1 for a fuller description of the very interesting graduation process that has been developed in this project. A similar process is also followed within the Zambia Social Fund case (Annex 4).

¹⁹ It is often helpful, however, to start with one sector and build up slowly, acquiring learning in the process, and becoming efficient and effective, before expanding out to cover other activities and areas (Korten 1980). Pilot programs are often helpful for learning how to be efficient with respect to some particular activity. In the Brazil and Chicago cases reported in the annexes such pilot programs were utilized quite effectively to arrive at appropriate institutions and programs of partnership.

²⁰ These categories, representing different depths of involvement, are adapted from Smith (1985: 171-173).

²¹ In some situations, national laws might prevent handing over public funds to CBOs. A mismatch between authority and responsibility can arise in such cases, which is important to rectify over the long term.

²² The costs of deeper involvement and greater collective action are not compensated in these cases by commensurately higher collective benefits.

²³ For example, social funds are usually multi-sectoral by definition, while water supply projects are mostly confined to operations within a single sector. Width of involvement is often predetermined in this manner.

²⁴ These exemplary programs and some others are examined in Krishna, et al., 1997.

²⁵ Krishna and Shrader (2000) provide two useful tools, the community profile and the organizational profile, that can be adapted and applied relatively easily and efficiently to serve this purpose in specific circumstances.

²⁶ USAID has found it useful in such cases to support Intermediary Support Organizations, which are “indigenous centers or groups that can provide a mix of information, training, technical assistance, and grants to local NGOs” and community organizations (USAID 1999: vi).

²⁷ Solidarity is often developed when community members, regardless of wealth and social standing, are all required to contribute labor for the project. Local customs often support a tradition of contributing one’s labor to a community enterprise. In parts of India and Sri Lanka, a tradition of *shramadana* (literally, donating labor) has been evoked successfully on occasion to support construction of community assets. It is important, however, that these assets be seen commonly as belonging to the community and not to the government or some other agency external to the community (Uphoff, et al. 1998).

²⁸ Rendering “accounts in the sunlight,” i.e., publicizing project accounts at regular intervals is very important for enforcing CBO’s accountability among their constituent population. For facilitating this kind of accountability, it is helpful to have relatively simple formats of account maintenance. A good example of this kind of accounting arrangements is the Six-S case reported in Krishna et al. (1997).