OECD DEVELOPMENT CENTRE

POLICY BRIEF No. 17

Participatory Governance: The Missing Link for Poverty Reduction

by

Hartmut Schneider

- Empowerment of the poor is one ingredient in effective poverty reduction.
- A demand-driven participatory approach enhances effectiveness and efficiency.
- Accountability is the central lever for participatory governance.
- Capacity building is necessary for making participatory governance a reality.

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Conventional poverty reduction strategies have produced disappointing results in many instances, especially in situations of high initial inequality which tend to reflect political obstacles to broad-based development. *Participatory Governance* draws on insights from political and institutional economics and from experiments promoted by social activists. It represents a paradigm shift which has the potential to overcome political obstacles by building and harnessing the capacities of the poor themselves for the design of more effective policies of poverty reduction and their implementation in more efficient and therefore sustainable ways.

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Introduction

During the 1990s, there has been renewed and heightened concern for poverty reduction in the international community, as reflected *inter alia* in the 1990 World Development Report, the 1995 "Social Summit" in Copenhagen, in the strategic document of the OECD Development Assistance Committee "Shaping the 21st Century" (1996), and most recently in the UNDP's "Overcoming Human Poverty" (1998). Many developing countries have adopted poverty-reduction strategies or have incorporated poverty-reduction objectives into their macro-policy framework[1].

Nevertheless, the mixed results of conventional poverty reduction strategies are disappointing. Research carried out by the Development Centre under its 1996-1998 programme on Good Governance and Poverty Reduction (see Annex for a list of case studies and issues papers), suggests that lack of progress on the poverty front can in many cases be explained by the neglect or misunderstanding of the role of governance. Simply assuming or appealing to government commitment to poverty reduction may be both unrealistic and insufficient. Governance to be effective for poverty reduction has to include actors beyond government, and has to take into account, and possibly change, the incentives which drive the behaviour of the variety of major actors. The challenge is therefore not only to address poverty reduction and governance *together* (as suggested in UNDP, *op.cit*. page 91) but also to design and operate the governance mechanisms in ways which muster societal dynamics for the benefit of poverty reduction; in other words, to make governance participatory.

The objective of this Policy Brief is to show how a participatory approach to governance (henceforth PG) operates as an essential link in the net of causalities which have to be considered and taken into account in designing and implementing poverty reduction strategies. The term of PG has been coined in building on previous work at the OECD Development Centre (Schneider, 1995) and at the Development Assistance Committee (DAC, 1995 and 1997) under the label of "Participatory Development and Good Governance" (PD/GG)[2]. One of the key conclusions of that work is that "*Participatory, accountable and efficient governance harnesses the activities of the state and its citizens to the objectives of sustainable social and economic development"* (DAC, 1997). The concept of PG has thus grown out of a broader debate of good governance which originally included issues such as Human Rights and the control of military expenditures, and was not focusing on poverty reduction.

The complexity of the poverty issue is widely recognised and this is reflected in the strategic approaches proposed in various quarters[3]. The three-pronged approach to poverty reduction, promoted by the World Bank since the early 1990s, has gained some prominence. It comprises *i)* broad-based labour-intensive growth; *ii)* development of human resources, especially in health and education; and *iii)* social safety nets. In its comprehensiveness, this approach covers many dimensions of poverty, and goes in particular beyond the money-metric income or expenditure poverty. However, its basic weakness lies in its neglect of the underlying social forces that drive and sustain pro-poor development[4]. PG sets out to remedy that weakness by harnessing those social forces. They are necessary actors in the process since poverty reduction is not just a technical matter of economics but tends to face obstacles related to the distribution of political power and resources (capacities of the poor) which are not addressed squarely by conventional approaches to poverty reduction. Furthermore, the lack of accountability in the prevailing incentive structures frequently stands in the way of effective implementation of otherwise well-designed strategies.

A participatory approach to governance embodies elements such as accountability, rule of law in a context of basic freedoms, and sharing of power which, together, can help to overcome or at least reduce the importance of those most stubborn obstacles to effective and sustainable poverty reduction. While there is evidence to support this claim (see the case research referred to below), PG is not considered here as a panacea but as a way of introducing a stronger political economy dimension into the debate and practice of poverty reduction. PG is thus seen to complement and strengthen other approaches to poverty reduction, but not to replace them.

This Policy Brief first elaborates on the rationale of PG (*why* do we need it?), and then addresses the question of *how* it can become a reality in different settings. The answer to the latter question draws largely on recent research and in particular on the case studies which illustrate a variety of experiences from seven countries in Africa, Asia and Latin America. There are no unmitigated success stories among these experiences but they offer insights into the multiple paths that can be followed, and the difficulties to be overcome on the road to more effective poverty reduction.

Definition and Rationale of Participatory Governance

Despite earlier misgivings by some who have considered participatory development as just another fashion, it has found its place not only in mainstream development *thinking* and in official *rhetoric,* and there are also indications of its increasing adoption in development *practice*[5]. Nevertheless, many different concepts of participation are still in use[6]. In recent years, the debate has shifted towards empowerment and governance, implying participation not just at the local level but at a variety of levels as a flexible and at least partly demand-driven approach to governance. Participation of the stakeholders *in the process of decision making,* as against more passive forms of participation (e.g. in information, implementation or benefits) is the hallmark of PG. Furthermore, PG embodies those central elements of good governance which most directly serve the participatory agenda, namely accountability and the rule of law. These elements can of course include others, such as the fight against corruption[7]. In any case, there is no blueprint of PG but some basic elements which must be designed according to specific country conditions as illustrated by the case studies referred to below.

The conventional definition of governance as the "exercise of authority and control in a society in relation to the management of its resources for social and economic development" does not explicitly acknowledge problems of information and agency (principal / agent problems and "moral hazard"). Thus, by implication, it is assumed that decision makers (central or lower level government) have perfect or at least sufficient information about existing resources, needs and ways and means for meeting those needs. In reality, information is asymmetric, unevenly shared among different levels. People outside government and bureaucracy may hold information to which the latter have no or incomplete access. PG aims to overcome this problem by introducing maximum transparency and sharing of information in a process that includes all stakeholders (government, bureaucrats, intended beneficiaries, i.e. "primary stakeholders" and their organisations, and possibly others) and leads to joint decision making wherever feasible.

Thus, the first rationale for PG is more complete and better information, with the potential of more effective decision making and more efficient outcomes. Information is not just a technical matter, there is also a socio-political dimension. The fact that various kinds of information are held and supplied by various stakeholders in a participatory process increases the chances of them taking ownership in, and becoming committed to the outcome of the decision-making process. As a consequence, the chances of sustainability of the results of the process are enhanced.

The second rationale for PG, especially in the context of poverty reduction, lies in the effective commitment of government to poverty reduction, made much easier by PG than is the case with conventional hierarchical (top-down) decision-making processes that are *de facto* immune to scrutiny and without participation by those outside the circles of the political and administrative actors involved. Effective commitment is derived from accountability which is the central and perhaps most powerful element of good governance in the context of poverty reduction. Accountability has political, administrative, legal and moral dimensions which form a rather complex web relying on clear rules of transparency, and on the threat of sanctions in case of non-compliance. Such accountability can keep the "moral hazard" and "principal/agent" problems at bay. Without accountability of all actors *vis-à-vis* all stakeholders, and effective mechanisms of sanctioning, any high-level commitment to poverty reduction may be seriously undermined by incoherent action or inertia at the same level or elsewhere.

Thus, where the poor are relatively numerous, and/or the non-poor majority truly cares for their fate, accountability mechanisms operating under the PG paradigm will tend to work in favour of effective government commitment to poverty reduction. Accountability is the powerful lever which should make it impossible to blame lack of political will in face of persisting poverty. However, to make this lever fully operational, it has to be integrated into a set of institutional mechanisms which function within a socio-economic environment that is conducive to poverty reduction.

There is no universally valid blueprint for such mechanisms, but it is increasingly recognised that they can only be built and function properly with a more effective state that is "closer to the people"[8].

Learning from a Diversity of Experiences

Participatory governance in the context of poverty reduction is not simply another word for democracy with its formal rules for representation of the people, such as "one person one vote". While such a system can be helpful in many ways, we know from persistent poverty in democratic countries in all continents (say for example India, Senegal and Brazil to give a rather diverse sample) that, on its own, it is far from sufficient to reduce poverty. What matters most for poverty reduction from the perspective of participatory governance is to identify and follow the ways in which the poor themselves could contribute to move out of poverty, and to enable them to do so. In many cases this will mean to *empower the poor.*

Table 1 presents in summary fashion elements of empowerment which can be embodied in institutional provisions and policy emphasis (first column) as well as in civil society involvement (second column). The experiences from different countries vary considerably. They range, at the official level, from the most formal and comprehensive approach of Bolivia with its Participation Law of 1994, to the very limited rule of a quota for women in local government in Bangladesh. At the level of civil society, the drive for empowerment of the poor seems to have been most vigorous in Brazil and can be observed for all other countries in various ways. A very positive finding across all countries covered is that some form of co-operation or even partnership between government and civil society in the fight against poverty has been identified. The challenge for the future will be to strengthen those partnerships since they are essential for building up the capacities of the poor and their institutions, as well as for creating the confidence among the stakeholders. Both, capacity and confidence, are indispensable for overcoming the obstacles still looming large in the way of more rapid and broad-based poverty reduction.

The right hand side of Table 1 spells out the numerous obstacles to PG identified in the case studies. Malaysia, with its very impressive reduction of poverty, seems to have overcome most obstacles but still faces difficult problems with the poorest of the poor. Overall, the results in terms of poverty reduction are still modest and have been quantified so far only in the most rudimentary way. However, this should not be taken as the final verdict for an approach which is quite recent and has to date been applied only to a very limited extent. In any case, the nature of the process of PG for poverty reduction should not be imagined to be straightforward and easy. More often than not, it may be a process of struggle among unequal parties, painful at times and tortuous as it unfolds.

The illustrations and analysis presented on the following pages should help to raise the awareness of the opportunities which this approach offers while also indicating its limitations. Furthermore, the analysis aims at providing guidance for policies applying the PG approach more systematically in situations where it can indeed be considered as the “missing link” in poverty reduction strategies.

Table 1: **Synopsis of Some Experiences with Participatory Governance and Poverty Reduction**[1]

Institutional Provisions and Policy Emphasis	Civil Society Involvement	Results / Impact Indications	Ob
Bangladesh (Sobhan)			
3 out of 12 seats are reserved for women in local government council.	High profile of national NGOs in poverty alleviation in rural areas.	Impact of NGOs in microcredit, informal and health education, moderately empowering the poor; NGO associations with some political leverage in favour of the poor. Government impact rare, except LGEB[2].	• nexus between loc administration • top-down approac to involve the poo • weak accountabili • Government lacki commitment and c reduction, mainly
Bolivia (Gonzalez)			
Popular Participation Law, 1994; establishment of National Secretariat of Popular Participation; decentralisation of resources and decision making to municipalities, for local infrastructure, education, health; promoting women's representation.	"Vigilance committees" set up with representatives of local communities to ensure application of the law, transparency and accountability.	Increased participation of rural communities in the development process.	• institutional weak • lack of capacity of institutions
Brazil (Carvalho)			
1993-1995, National Council for Food Security (CONSEA) with civil society representation at national and local levels; "Community Solidarity" (CS) created in 1995 by President Cardoso. Emergency food distribution in drought area; school meal programme resurrected; milk distribution for mothers and children; reactivating land distribution to 100 000 families. CS aims at co-ordination within government, decentralisation, participation and partnership with civil society; experiments with new forms of private/public collaboration include training for poor youth, removal of legal and administrative barriers to efficient social actions.	Citizens' "Movement for Ethics in Politics" gave rise to "Citizens' Action Against Hunger and Poverty" (CA) which campaigned for effective government commitment and has been involved in action programmes for the poor; civil society helped to define, implement and monitor anti-poverty policies; creation of municipal CAs; media helped stimulate initiatives; in 1993, creation of the Committee of Public Enterprises to Fight Hunger (COEP) which stimulated employees to join "citizenship committees" (2000 such committees alone for Banco do Brasil) and do voluntary work. in 1996/97 CS worked in 1 111 towns (2 million families) with high poverty incidence; "CS is important step forward in the direction of more efficient and democratic governance".	Mass movement formed committees in public and private enterprises, neighbourhoods, schools, churches, clubs, professional groups etc; operating under the principles of • solidarity • autonomy • partnership • accountability to the community Main impact: *i)* revival of solidarity in society, acknowledging the need to fight extreme poverty by society *at large; ii)* increase in the rationality, efficiency and transparency of the use of resources to fight poverty; "decentralisation of decisions with community supervision seems to cut the gordian knot"; civil servant committees were of strategic importance.	• lack of resources: resources to the fi not adequately ma • weak government • slow policy imple • resistance by gove bureaucrats • opposition from cl • limited reach of C a decisive impact programmes are b responsibility to s poverty problem w means the federal commit".

Institutional Provisions and Policy Emphasis	Civil Society Involvement	Results / Impact Indications	Ob
Malaysia (Chamhuri)			
New Economic Policy (NEP), implemented 1971-1990, recognises poverty explicitly as a core socio-economic problem; interactive two-way processes (top-down / bottom-up). Identification of various poor target groups, as of 1981 focus on the hard-core poor, with special package (DPHP) as of 1991; Development of remote areas in the poorest states and districts (as of 1996) • employment generation • modernisation of rural life • reduction of income inequality • expansion of education and training • promotion of agricultural and industrial sectors • increase of Malay's participation in ownership and control of wealth in the modern sector.	Village Development and Security Committee (JKKK) participates in identification, planning and implementation through District Development Committee (DDC). JKKK is the authoritative body for the representation of the village communities in voicing their opinions for project identification and implementation, as well as identification of the poor and hard-core poor for the DPHP package. NGOs and State Poverty Eradication Foundations are involved in poverty eradication projects, notably AIM, an NGO specialising in micro-credit, participates in DPHP at various levels. Since 1995, a division of the Ministry for Rural Development encourages and co-ordinates corporate assistance and private sector participation in rural development and poverty alleviation programmes, such as "village adoption", skill training for the poor, creation of resource centres, contract farming etc.	Public Complaints Bureau (PCB) strengthened to improve responsiveness to the problems faced by the public in dealings with public sector agencies. PCB liaison officers at all levels (down to the district level) to increase transparency and accountability in the public sector, and to enhance public awareness of the PBC's role. Training programmes in public agencies inculcate *positive values and work ethics* to increase the efficiency of the public service. The Inspectorate System was established to ensure better co-ordination and correct any problems of bureaucratic procedure that hinder smooth delivery of services. The "Malaysia Incorporated Policy" introduced in 1983 for closer co-operation between the public and private sector regarding all national goals, including poverty reduction. Since 1956, special efforts for access of the poor to land under the Federal Land Development Authority (FELDA). By 1990, 119 300 settler families had benefited from the FELDA scheme, achieving incomes mostly above the poverty line. Increased access to education at all levels has helped to reduce poverty and disparities among ethnic and regional groups; overall poverty incidence was reduced from 49.3% in 1970 to 9.6% in 1995.	• geographic remote hard-core poor • heterogeneity of th • lack of gender sen reduction program
Philippines (Martinez)			
Comprehensive Agrarian Reform Programme (CARP) started 1988; implemented through Agrarian Reform Communities (ARC) in a legally mandated participatory approach. "People empowerment" through "Social Reform Agenda"; participatory mechanisms for Agrarian Reform Beneficiaries (ARBs) at national and field level, aiming to end discrimination against the poor in their access to land.	Most peasant organisations practise a policy of "critical collaboration" with the government; the Department of Agrarian Reform conducts consultations with POs and NGOs nationwide in addition to legally mandated mechanisms; ARBs define their goals, identify means, and are in charge of implementation.	The ARB Information and Monitoring System is not fully operational, data on results are therefore inconclusive. The ARC framework embodies various links of accountability but they are not fully effective, largely because of the obstacles listed in the last column; which relate to weak institutions. More efforts and resources for strengthening the institutions are required.	• not all CARP bod • weak links betwee representatives at • doubts or cynicisn • non-observance of procedures by dev • relatively few AR councils • conflicting prioriti agencies

Institutional Provisions and Policy Emphasis	Civil Society Involvement	Results / Impact Indications	Ob
Senegal (Maugé and Sakho)			
Rural producer organisation participates in drawing up of agricultural adjustment plan and is admitted as observer in negotiations between government and World Bank • privatisation of agricultural production, processing and marketing • incentive framework for the emergence of dynamic private sector • land reform	Rural producers took initiatives to organise themselves in a national federation (CNCR) geared to deal with political and technical issues at all levels, on behalf of 3 million people.	• professionalisation of rural representation aiming at realistic alternative proposals instead of facile solutions and sterile criticism • critical partnership with government • farmers' organisations hold minority shares in national agricultural bank • CNCR member organisations get involved in the implementation of aid-supported projects • replacement of the government agricultural research institute by an independent body run in a participatory mode	• limitations of fina resources of CNC • weak information • approach unsuitab poor
Tanzania (Semboja)			
Local government re-introduced in urban and rural areas (1978 resp. 1984); political pluralism as of 1992; Civil Service Reform Programme (CSRP) and decentralisation ongoing in 1998; draft National Poverty Eradication Policy (1998); draft policy emphasises empowerment of the poor and especially of women, as well as good governance. increased resources and accountability as well as citizens' participation at local level still waiting for implementation.	NGOs active in social service provision with donor support, for reasons of efficiency, transparency and accountability. Freedom of press granted in early 1990s has seen a flourishing private press which initiated policy dialogue between government, academics and general public, and contributed to civic education and awareness raising, *inter alia* about poverty issues.	Noticeable but still insufficient mentality change among political leaders and senior bureaucrats as well as among the general public.	• deficient legal env bureaucracy • customary law pre inheriting land • corruption

Notes: 1. Drawn from research conducted under the programme on Good Governance and Poverty Reduction at the OECD Development Centre, 1996-1998.
2. Local Government Engineering Bureau has been reported as a rather exceptional positive example.

Basic Features of Building Participatory Governance for Poverty Reduction

Empowerment of the Poor as an Intrinsic and Pervasive Objective

Empowerment is a very broad concept which has gained increasing acceptance in recent years. It includes but goes well beyond the narrow realm of political power, and differs from the classical definition of power by Max Weber[9]. Empowerment is used here to describe the gaining of strength in the various ways necessary to be able to move out of poverty, rather than literally "taking over power from somebody else" at the purely political level. The use of the term in the poverty debate stems from the observation that the poor frequently lack the means which are the basis of power in a wider sense, to move out of poverty. These means include knowledge, education, organisation, rights and "voice" (Hirschman) as well as financial and material resources[10].

Any attempt at poverty reduction therefore has to identify for the specific case which of these means are lacking and in which ways they may be obtained. Under a PG approach, however, there is no "superior authority" which will with "superior knowledge" undertake on its own the necessary analysis and sovereignly provide the "package" required. Rather, one has to envisage a process in which the poor are making claims independently, or are helped (possibly by a variety of individuals and institutions) to get involved and organised as stakeholders and actors in their own right. This process is typically iterative rather than linear. It can start simultaneously in many places, and can be conducted in a more or less co-operative or conflictual mode.

Since the poor are normally not a homogeneous group, possibly located in different geographic areas and facing different types of deprivation, a variety of claims and configurations of actors can be envisaged, all seeking their own way of reducing poverty. In the face of such "disorderly" movements, it is important for the authorities not simply to have recourse to traditional bureaucratic or authoritarian ways but to be open to dialogue. For this to happen, it is necessary to acknowledge the legitimacy in principle of making claims, either individually or in an organised fashion. Box 1 provides an example from Senegal of organisational development within the civil society which is based on the legitimacy of making claims, and has clearly had positive effects for a large number if not all of the rural poor.

Box 1: **Participation and Partnership Empowering the Rural Population in Senegal**

Poverty is largely a rural phenomenon in Senegal. The CNCR, created in 1993 as a second-tier federation of rural producers' associations, claims to represent indirectly 3 million people, and has developed sufficient weight to be considered by government and external co-operation agencies as legitimate representative of the primary sector. It is built on solidarity among and the acceptance of responsibility by rural organisations. It has therefore been associated in the discussion and implementation of the Agricultural Sector Adjustment Programme and in various other debates concerning the rural sector as well as in specific projects. The CNCR does not limit itself to making claims but is developing alternative solutions based on self-critical analysis, professionalism reflected in specialised committees and a research unit. It has illustrated its autonomy at times by refusing to co-operate, for example where the commitment of government seemed to be lacking.

If early on there was mistrust and hostility vis-à-vis the CNCR among those in the administration and government who had to share power with the CNCR, today negotiations take place routinely and on a constructive basis. This is not to say, however, that the process of institutional development is terminated. While capacities still need to be strengthened and achievements are difficult to quantify in terms of income changes, it seems clear that CNCR's activities have had positive effects on a large number of rural households.

Source: Based on K. Maugé et D. Sakho, (1998)

Foundations of Empowerment: Rights and Resources

A *climate of civil liberties* is necessary both to perceive a variety of claims as legitimate and to encourage an active role of the poor in putting forward claims and getting involved in activities and organisations oriented towards satisfying those claims. While claims may emerge even without such a climate of civil liberties, their chances of succeeding would be haphazard and unlikely to feed into a participatory governance approach on a broader basis which in fact depends on the existence of a framework of civil liberties and on the rule of law.

One can imagine a dialectic process by which the emergence of claims makes government understand that there is energy "out there" among the poor which it is better to channel in a co-operative way by creating space (i.e. civil liberties and institutional mechanisms) rather than trying to handle claims in an *ad hoc* fashion in a defensive or even repressive mode. Thus, empowerment of

the poor can be seen as emerging out of the well-perceived interest of government which can play a role in shaping it rather than perceiving it as a threat to its own prerogatives. In this ideal case of an "enlightened attitude" of government, empowering the poor could be tantamount to mustering their resources and drive, and combining them with public resources to pursue jointly defined objectives.

Civil liberties concern both individuals and society as a whole. Tradition may play a role in the way they are expressed and formulated. What matters in our context is that the poor should be free of fear that they may suffer from any sanction or disadvantage when they take an initiative with a view to improving their situation. Freedom of speech and freedom of association can help the poor in certain situations to attract attention to their difficulties, to identify causes and find ways out of their poverty. Freedom of association is recognised as a basic human right in international law and can be seen as an element in broad-based growth conducive to poverty reduction[11]. By its very nature, PG requires that these freedoms be guaranteed.

The guarantee of civil liberties is part of the broader field of the *rule of law* which is an essential component of good governance. As such, the rule of law underpins the functioning of the society and economy at large. In our context of participatory governance and poverty reduction, it is important to ensure that the law does not discriminate against the poor, either directly or indirectly[12]. For example, in a direct way, there may be legal barriers to the access of certain resources (such as land and credit) which may disadvantage the poor, and in particular poor women. But there can also be positive discrimination, for example where given resources are deliberately reserved for the poor. More indirectly, the poor may suffer disadvantages because they have no or limited access to the law, be it because of their own status (e.g. illiteracy, and lack of financial means) or because of the deficiencies in the functioning of the legal system (e.g. ineffectiveness and arbitrariness) to which they are particularly exposed.

While theoretically the legal system can offer protection for the poor, in practice such protection is often non-existent. A different kind of protection can come from *transparency.* In particular, transparency of the activities of public administration which facilitates holding civil servants accountable can reveal opportunities for the poor or discrimination against them. What kind of transparency is desirable and practically feasible may vary from case to case, for example from the public posting of information to the obligation for civil servants to supply certain information on request. In any case, transparency is required for accountability and is therefore a crucial element in PG. Box 2 illustrates how accountability has been built into a law which empowers the poor in Bolivia.

Box 2: **Empowerment through the Popular Participation Law of Bolivia**

This Law has been promulgated in 1994. It provides municipalities with resources and decision-making power in the areas of education, health, culture, sports, water supply and sanitation. The Law also recognised indigenous organisations under the denomination of "Territorial Base Organisations" (OTBs) and declared them the "subjects" of popular participation. In particular, they are mandated to monitor the provision of public services to communities and to make suggestions which reflect local needs. Considerable power is vested in the "Vigilance Committees" of the OTBs whose mission is to check the equitable allocation of resources in urban and rural areas, the proper application of the law by the OTBs (including the principle of equal opportunity for women, youth and the elderly), and the respect of the provision that no more than 10 per cent of the "popular participation resources" be spent on current expenditures. These legal provisions reconcile indigenous and western principles of administration, and have set in motion a reform process aiming to reverse the historical pattern of political and economic exclusion of large parts of the indigenous population.

While the functioning of the system is still hampered by a lack of resources, illiteracy, difficult transport, unclear procedures and the absence of transparency and of a democratic culture, there are also indications of increased accountability. Some mayors have lost their positions because they could not meet the communities' demands, and local pressure for performance is increasing. Mistrustful feelings between the civil society and the state are still persisting, but important attitudinal changes have taken place. Rural communities are participating more in the development process. However, there is still a need to strengthen institutions at departmental and municipal levels as well as at the level of the OTBs and Vigilance Committees which must become more vigorous civil society organisations to further enhance accountability.

Source: Based on Mary Lisbeth Gonzalez, (1997).

Finally, empowerment is also based on the *availability and productivity of resources*. Decisions affecting access to resources should therefore be examined as to the scope of participation of the poor[13]. Both the productive use of resources and the much wider issue of rights and accountability mentioned above depend crucially on human resources and organisational capacity of individuals and institutions. Education of the poor is therefore of utmost importance for making PG a reality. Ensuring that education is not only accessible and affordable for everybody but is also relevant for improving the situation of the poor (e.g. enhancing economic opportunities, health status and active citizenship) is a task to be accomplished in a participatory approach. This means that both at the national level and at lower levels (down to the village level where

parents' associations may play an important role) ways have to be found to effectively take into account the concerns of the poor in decision making and implementation.

Mechanisms of Empowerment

Mechanisms of empowerment can be linked to the above foundations of empowerment, both in the public and in the private sector, and possibly in "partnership bodies" where these sectors act jointly. Such mechanisms can be envisaged either as change to be built into existing institutions or as institutions to be created and specifically dedicated to certain aspects of PG (see, for example, the column "institutional provisions and policy emphasis" in Table 1). Both these avenues of institutional innovation are usually followed when power is devolved to lower levels of government, for example to districts and towns.

To enable the relevant mechanisms to play their role of *practising participatory governance* fully, a change in attitude and behaviour of the people in these institutions, as well as of all stakeholders around them is required. Robert Chambers (1997) speaks of "reversals" which are necessary in the behaviour of "uppers" as illustrated in Box 3 below.

Box 3. **Putting Participatory Governance into Practice**

	Normal tendencies	***Needed reversals***
Behaviour	*Dominating*	*Facilitating*
	Lecturing	*Listening*
	Extracting	*Empowering*
	Professionals set priorities	*Poor people set priorities*
Bureaucracy	*Centralize*	*Decentralize*
	Standardize	*Diversify*
	Control	*Enable*
Modes of learning	*From "above"*	*From "below"*
Analysis and action more by	*Professionals, outsiders*	*Local people, insiders*

Source: adjusted from Chambers (1997) page 204.

These reversals are not absolute but relative, to offset normal bias. To achieve such reversals among civil servants will require major efforts and innovation in three areas: training; formal operational rules; and incentives related to behaviour and performance. However, efforts in these areas may not bring about the necessary reversals unless they are imbedded in a learning process which is jointly designed and monitored by the stakeholders.

To practise participatory governance in the public sector may in some instances call for dedicated bodies or "windows" where the poor may apply for targeted service provision, tailored to their needs, or to have administrative action examined and corrected where they feel they have suffered prejudice. The latter role may be played by the institution of an "Ombudsman" or "General Inspectorate". Obviously, bureaucracies are not monolithic bodies, and progress may also be made, especially at an initial stage, by seeking the co-operation of sympathetic individuals inside the administration.

To influence or even participate formally in public decision making, the poor have to create their own organisations which may function in a co-operative mode with the public administration if they are admitted to do so. Otherwise, or depending on the specific issue in question, they may choose to exercise pressure through lobbying and public campaign. To do this successfully, they will have to build strength through networking and coalitions with sympathizers in civil society at large[14]. A powerful role can be played in this context by the media.

NGOs can also play an important role in the process of empowerment as illustrated in different ways by all the experiences reviewed in this paper (see also Table 1 above). However, the role of NGOs can be ambivalent in what may amount to a political mine field, and it takes often courage and ingenuity to find ways out of risky situations where empowering the poor is meeting with resistance from the elite. Experience from Bangladesh, while not fully conclusive, is particularly instructive in this regard (see Box 4).

Box 4. **Empowerment through NGOs in Bangladesh**

In Bangladesh, the rural poor tend to lead a marginal economic existence with access to the markets for capital, labour and goods mediated by a hierarchy of patron-client relationships. These same critical social linkages mediate access to public resources and programmes, whereby the better-off social groups use their mediatory authority to develop networks of political clientelism needed to reinforce their proximity to state power. Within such a social perspective, official aid programmes directed to the poor tend to strengthen the ties of domination and dependence which bind the poor in a subordinate relation to the rural elites.

The NGOs, by reaching out directly to the poor and mobilising them for group action, not only loosen their ties of vertical dependency but promote horizontal linkages amongst the poor to develop their sense of self worth and social solidarity. The NGOs' focus on women has been particularly influential in promoting economic autonomy, gender solidarity and ultimately individual empowerment amongst poor women who have traditionally been the most underprivileged members of Bangladesh society.

The problem with such NGO-driven initiatives lies in the very nature of their funding. Most NGOs are heavily dependent on aid funds mediated through the NGO Bureau. Attempts by a few NGOs to use the sense of group solidarity developed amongst their "poor" clients for political power has met with strong resistance by the local elite who have not hesitated to use their symbiotic power links with the local machinery of the state to frustrate attempts at political mobilisation. NGOs trying to pursue the path of political empowerment have been threatened with loss of their registration with the NGO Bureau.

More recently, some NGOs working through the Association for Development Agencies in Bangladesh (ADAB), an apex body for NGOs, have attempted to exercise political leverage on the Government of Bangladesh through cultivating close political links with the ruling party. These links have given them some capacity to advocate policy changes favourable to the poor at the national policymaking level and have given them some influence in protecting NGOs engaged in political mobilisation of the poor at the local level. According to ADAB, in the recently concluded local elections to the union parishad (UP), the first tier of local government in Bangladesh, a large number of members from various NGOs were elected to these local bodies.

It is too early to know whether NGO members in the local councils will generate enough pressure on local hierarchies and will break the nexus between the local elites and the administration, or whether some will end up being co-opted as agents of the elite, thus improving their personal circumstances. To generate synergy from these electoral gains would require social mobilisation, which can enable the NGO members to develop leverage at the national level on the administration and to use their collective weight at the local level to influence decisions in favour of the poor.

Source: Based on Rehman Sobhan, (1998).

Ideally, to secure continuous "business-like" influence and build up mutual confidence, and to avoid wasting energy and possibly sympathy in acrimonious fighting with the bureaucracy, "partnership bodies" should be built through which organisations of the poor and the public sector can co-operate on a regular basis and thus learn to "mainstream" participatory governance. Such bodies could institutionalise the sharing of power which is at the heart of PG. They should furthermore be mandated with the monitoring of the PG process and offer "checks and balances" that should help to prevent the system from being misused or paralysed by vested interests. Such partnership bodies have been foreseen by the Comprehensive Agrarian Reform Law of 1988 of the Philippines. However, their composition and functioning have been severely flawed as illustrated in Box 5.

Box 5. **Participatory Mechanisms in the Agrarian Reform of the Philippines**

The Comprehensive Agrarian Reform Law of 1988 has introduced participatory bodies at three levels:

- *national level: Presidential Agrarian Reform Council (PARC);*
- *provincial level: Provincial Agrarian Reform Coordinating Committee (PARCCOM);*
- *village level: Barangay Agrarian Reform Council (BARC).*

Peasants (agrarian reform beneficiaries) and landowners are represented at all these levels, together with government officials. Within PARC, peasant representatives are even included in the Executive Committee which prepares decisions. However, the distribution of seats at the national and provincial level is such that peasants remain a small minority unless they build a coalition with government officials. NGOs are represented only at the village level where numbers of representatives are left open since this level has no decision-making but only consultative functions.

In reality, the participatory process is still very weak today (1997) since only PARC is fully functional and there are no direct links between peasant representatives in PARC and at other levels. Furthermore, there are inadequacies on the side of the implementers from government (Department of Agrarian Reform) who would have to undergo retraining "to imbue them with the same spirit and dedication that animate NGO workers". Alternatively, capacity building among NGOs would be necessary if they were to take over the main organising work from the civil servants.

Source: based on Juan Edmund F. Martinez, (1997).

Decentralisation can be a way of sharing power, resources and responsibilities, and of bringing decision making geographically nearer to the poor, possibly making it even participatory. While there is some recent positive experience, for example in Bolivia, there is also some scepticism about the beneficial effects of decentralisation for the poor. The reasons for scepticism seem valid for cases where the local power structure is biased against the poor and/or where the local capacities are so weak that the quality of service provision from the local (decentralised) level is worse than from the central level.

However, the assumption of the PG approach to poverty reduction is that power structures can be changed and capacities have to be built with individuals (education!) and local institutions. This takes time and resources. Decentralisation should therefore not be considered as a quick and cheap way for poverty reduction but one worth trying with the necessary precaution. For example, it should not be "pushed" from above as long as it cannot be espoused by dynamics working from below with the required minimum capacities. A gradual approach may be suitable, for instance by relying first on capacities at an intermediary level rather than at the very lowest local level, while capacity is being built at the lower level(s). Face-to-face contacts at the lowest level are, in principle, favourable for local monitoring and for holding various actors accountable. In a setting of diverse local interests, for example, low-level monitoring may provide opportunities for improving functional literacy, and at the same time learning about participatory governance. In any case, care should be taken that decentralisation does not give rise simply to a shift or even multiplication of conflicting interests within the country, but offers opportunities to muster additional resources, including knowledge and commitment among the various stakeholders to tackle poverty more effectively and efficiently.

It takes high level vision and commitment to a more equitable society as well as commensurate resources to initiate PG processes and to build the appropriate institutions. However, the initiative can also come from various quarters in civil society and from the poor whose confidence has to be gained in any case to make a participatory process function. But the PG process can be easily thwarted or limited to a scale of insignificance if it meets a hostile reaction from higher levels. *Coalitions of committed people* from various quarters and a framework which institutionalises partnerships have acted as effective driving forces in some instances, as for example in Brazil (as illustrated in Box 6).

Box 6. **Decentralisation with Community Supervision in Brazil**

"Even on the basis of scattered evidence, it is possible to state that some important changes have already been achieved in governance methods. The increasing participation of local communities in the implementation of policies has raised the transparency not only of the political process but also of the allocation of public resources. As a consequence, the possibility of corruption and misuse of those resources has diminished. Decentralisation of decisions as to local governments' acquisitions of goods and services has always been feared as a source of corruption. Centralisation, on the other hand, as it was practised in the not so distant past, has not eliminated corruption but has added to it inefficiency and waste. Decentralisation of decisions with community supervision seems to cut the gordian knot. The most significant illustration of the superiority of this method is found in the school meals programme: food is currently purchased at local markets, reducing the waste of perishable items, adapting the menus to the tastes of local children, increasing the use of fresh produce, and reducing costs of transportation, besides opening opportunities for local producers and allowing the population to monitor the prices paid. It is an important victory both for democracy and for efficiency in the use of public resources to make the participation of community members in monitoring committees a condition for the access to public resources for these programmes."

Source: Carvalho, (1998).

Examples from various countries show some positive results but also difficulties in generalising PG in a sustainable way. The experience reviewed above in Table 1 indicates a variety of patterns and reminds us that there are no "blueprints".

One can observe extreme positions in various ways. If in Bangladesh government seems to be "hiding" behind lip service to poverty reduction, vigorous initiatives of institutional innovation have been brought underway in several countries; most formally, perhaps, in Bolivia with its Participation Law of 1994 and effective decentralisation of resources and decision making, but institutional weaknesses and the short time since the introduction of the reforms obviously limit the results in this country considerably[15]. Malaysia, on the other hand, has a very long experience since 1971 with a governance system geared to reducing poverty and inequality, partly by increasing the efficiency of public agencies, but with rather limited participation in decision making. If Malaysia's approach can be characterised as mainly government driven, it has been the other way round in Brazil where the initial drive came from civil society but recent governments have responded positively and engaged in partnerships with the aim of reducing poverty. Finally, it seems that the Philippines, despite a

vigorous civil society and a legal mandate for participatory approaches, still has a considerable task of building capacities, confidence and momentum to see more positive results of participatory governance.

Conclusion

In a nutshell, the role of participatory governance in poverty reduction is threefold: *i)* to base policies on better information; *ii)* to ensure that policy makers and their administration are more committed than they tend to be in non-participatory governance settings; and *iii)* to make the implementation of policies more effective and efficient. In playing this role it can significantly reduce the well-known difficulties and dilemmas in reaching the poor while at the same time changing the quality and dynamics of the policy process. Such a change may amount to a *paradigm shift* which requires determined action from all stakeholders if it is to come about smoothly, but it can also be seen as a tortuous process, never fully completed but worth bringing underway since there are benefits to be reaped all along the road.

The trilogy of empowerment, accountability and capacity building offers the building blocks of participatory governance which are clearly interdependent: there is no empowerment without accountability and capacity building, and *vice versa,* there is no accountability and capacity building without empowerment. It takes time to shape these building blocks and strengthen them in a mutually reinforcing and continuous learning process.

It is useful to distinguish different actors in drawing more specific policy conclusions. For *developing country policy makers* who are designing and implementing poverty reduction strategies, it is important in the first place to understand that PG constitutes a paradigm shift which offers positive synergies for the development of the country at large and is not just the brain child of some social activists and of the international development community. In fact, the elements of good governance which are part of PG, such as accountability and the rule of law, if credibly established, will be beneficial for the economy at large (e.g. via investment behaviour and reduced corruption) while also serving the poverty reduction agenda. In other words, it is a way to move towards growth *with* equity and to overcome the dilemma of the trade-off between these objectives. However, while intellectually one may switch paradigms quickly and without pain, in practice this is a learning process implying change in the behaviour of all actors. For policy makers it means a departure from a technocratic and welfarist top-down approach to one which draws its strength from the involvement of all major stakeholders.

For this involvement to become a reality, it is necessary to build confidence among the stakeholders who in the end are to act as partners trusting each other. A strategy for information, education and communication (IEC) will generally have to be designed at the outset and implemented over a prolonged period. While the government may start by setting out its vision in general terms and explain the constraints under which it is operating, it is crucial to move in a step-by-step process during which a genuine exchange with all stakeholders and their organisations is possible, resulting in broad adherence and realistic mutual commitments. Several iterations of the IEC process at the national and sub-national levels, and a flexible form of its institutionalisation will be necessary to obtain this result.

While the IEC process includes some capacity building in the form of education, other efforts will have to be designed and implemented in a participatory way to open opportunities for the poor by focusing on the areas which present obstacles to their fuller participation in the development of the country.

Vision is required to start this process, tenacity and resources to sustain it. There is no question of "moving according to plan" from the beginning to the end, since the process is open-ended and there is no blueprint to be followed. If the State can provide vision and impulse through effective commitment and leadership, it has to mobilize resources together with others, and facilitate a learning process which will be driven jointly by many stakeholders (including government) in a mode of partnership and in ways that are responsive to changes in the situation of the poor and the socio-economic environment in which they live.

Effective partnership and responsiveness of public administration calls for a new role for the State: a State that faces up to issues of inequality and poverty by granting "voice" to the poor and allowing them and their organisations to pursue their interests by building coalitions and thus to become subjects of policy processes and partners in institutional innovation. Such an approach to poverty reduction thus becomes at least partly demand driven.

Targeting of policies and benefits for the poor traditionally poses dilemmas of both technical and political nature which can be reduced under the PG approach. The involvement of representatives of the poor and of other stakeholders in a process of information, negotiation and implementation helps to find least costly and most effective ways to define and meet the needs of the poor while also ensuring political acceptability of the measures.

External assistance can be an essential catalyst in this process, but it should not be in the "driver's seat" since this would jeopardize ownership by the in-country stakeholders which is necessary for the sustainability and participatory

nature of the policy process. It is essential that external assistance be based on a thorough understanding of the socio-political and economic situation of the poor. Based on that understanding, and taking a long view, support can be useful in may ways. In a more indirect way, it may help to improve the socio-economic conditions the poor are facing, for example in health, education and in the areas of their economic activities. At the same time, and in a more direct way, external assistance will have to monitor and possibly support the socio-political processes which are granting voice and rights to the poor and enable them to become partners. To play the catalytic role most successfully, external assistance will have to enjoy credibility and possibly co-operate simultaneously with several partners.

To bring prospective partners together for the first time on "neutral ground", special events or fora may be created and maintained for some time with external support. They can be places where societal and individual learning processes are initiated and kindled along. In a similar vein, external assistance can be very useful in supporting experiments of institutional innovation on a small scale. Experiments involve costs at times beyond those directly participating. Care must therefore be taken to avoid confusion and to co-ordinate activities not only among donors and direct partners but to assure reasonable transparency also for other stakeholders. Rather than taking such initiatives on their own, donors will be well advised to co-operate with committed actors of civil society. The press can play a very important role in this context as has been seen in the case of Brazil. Committed academics and civil servants as well as the private sector with its economic resources have also played positive roles in various countries and may be in a position to promote the process of PG in a sustainable way.

With its postulate of empowerment in a framework of partnership based on civil liberties and accountability, PG is a demanding concept, and its protagonists should be prepared to face up to obstacles. It will meet with opposition from those who have benefited from rents in the public or private sector under a non-participatory regime. It is demanding for all stakeholders who will have to change their earlier patterns of dominating or submissive behaviour to become genuine partners. It puts an end to absolute control by the "uppers" and may seem cumbersome to those in a hurry and imbued with the certainty of superior old ways. Its introduction may be politically sensitive in both unstable political situations and under autocratic regimes. It is therefore no quick fix. However, it deserves serious and sustained efforts by committed people since this approach, as distinct from conventional more technocratic approaches, has the advantage of enhancing social cohesion while also increasing effectiveness, efficiency and sustainability of poverty reduction policies.

Notes

1. According to a survey of 130 countries, see UNDP (1998).

2. Under the Development Assistance Committee (DAC) of OECD, a PD/GG Working Group was created in 1994 to give particular impetus to the debate which had started earlier. The findings of this Group have been published (DAC 1997). Shaikh Maqsood Ali, Coordinator of the Task Force for Poverty Alleviation in the Planning Commission of the Government of Bangladesh, has also proposed that policy should aim for participatory governance rather than for good governance; see DSE (1997*b*), page 21.

3. The Forum jointly organised by the Development Assistance Committee and the Development Centre on "Key Elements for Poverty Reduction Strategies" (4-5 December 1997) drove home this point very clearly (publication forthcoming). Recognition of the complexity of the poverty issue is also pervasive in the preparatory work of the World Bank for the World Development Report 2000/2001 which will be on Poverty and Development.

4. For a critical assessment of the World Bank's operational strategies in Africa (see Elling N. Tjønneland *et al.,* 1998).

5. For example, KfW of Germany states that many partner countries have engaged in decentralisation processes based on the insight that genuine participation improves the efficiency and creates greater accountability. It further reports for projects in Cape Verde and Peru that the "comprehensive involvement of the users in the planning and implementation of the construction measures" were among the decisive factors of success, (KfW, 1998, pp. 68-69).

6. For an overview of the usage of the concept of participation, see Nelson and Wright (1997).

7. Separate work on corruption has been conducted at the Development Centre jointly with UNDP (UNDP/OECD 1998) and further work is still ongoing.

8. Chapter 7 of the World Development Report 1997 focuses on this issue, while the whole report deals with "The State in a Changing World". For a critical analysis of governance issues in this report, see also Cornia (1998).

9. According to Max Weber "Power means every chance to assert one's will even against resistance, regardless of what this chance is based upon", quote from Dirk Messner (1997).

10. A very interesting example from India of how these means can jointly empower poor women is provided by Ela Bhatt, "Moving towards People-centred Economy" in DSE (1997*a*).

11. See Philippe Egger, "Freedom of Association, Rural Workers' Organisations and Participatory Development" *in:* Hartmut Schneider (ed.) (1995).

12. For a full development of the issues involved, see Hélène Grandvoinnet (1997). I am drawing here on this paper which has been prepared in the context of the OECD Development Centre's research programme on "Good Governance and Poverty Alleviation".

13. For the question of access to financial resources for the poor, see also Hartmut Schneider (ed.) (1997).

14. Tasso Jereissati provides a very interesting illustration of coalition building from the state of Ceará in northeastern Brazil where progressive young entrepreneurs engaged in social mobilisation against the clientelism in traditional politics which deprive the poor in many ways; in DSE (1997*a*).

15. Furthermore, the Participation Law seems to be in danger of being abolished (personal information provided by Horst Grebe in early 1999).

Annex

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