Development Assistance Committee

EVALUATION OF PROGRAMS PROMOTING PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE

SYNTHESIS REPORT

DAC EXPERT GROUP ON AID EVALUATION

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FOREWORD

The Development Assistance Committee of the Organisation for Economic Co-operation and Development adopted orientations on participatory development and good governance at its High Level Meeting in December 1993. The preamble to those orientations described them as "a work in progress". Such a characterisation could also be applied to any of the other DAC principles and guidelines. However, it was considered especially appropriate for guidelines concerning a field of development co-operation about which many donors then had only limited experience.

In approving the orientations, the 1993 High Level Meeting of the DAC also approved the creation of an *ad hoc* Working Party on Participatory Development and Good Governance. The mandate of the Working Party was to help bring "PDGG" into the mainstream of development co-operation through a three-year program of activities.

At the same time, the DAC Expert Group on Aid Evaluation formed a PDGG Steering Committee. One of the most innovative and valuable activites of the subsequent work of the DAC in cementing the role of PDGG as an integral element in development co-operation was the collaboration between these two subsidiary bodies -- the Working Party on PDGG and the Expert Group on Aid Evaluation.

The PDGG Working Party has now completed its work, leaving an impressive legacy of studies, seminars and pilot activities that will be of immeasurable value to the international community. The "Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance" is now available as a separate report.

The Expert Group on Aid Evaluation undertook to develop a review in the following five main areas of PDGG activitiy:

- legal systems;
- public sector management;
- decentralisation;
- human rights;
- participation.

Each of these themes corresponded to an important area of activity by the PDGG Working Party. Thus, the experience and analysis reflected in each theme paper produced by the evaluation contributed to the forward-looking work of the Working Party. For example, the evaluation paper on human rights provided a basis for discussion and review at a 1996 human rights seminar sponsored by the OECD Development Centre as a complement to the PDGG Working Party's program.

This productive collaboration between subsidiary bodies of the DAC has contributed to increased effectiveness by both groups. Learning from experience and planning future activites have been brought together, helping to assure that the key elements of good governance and participation will be more knowledgeably and sensibly addressed in future development co-operation efforts.

In 1989 the DAC first acknowledged the existence of "a vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems".[1] Seven years later the 1996 DAC High Level Meeting reaffirmed that the "investment of development resources in

[1] Policy Statement by DAC Aid Ministers and Heads of Aid Agencies on Development Co-operation in the 1990s, reprinted in the 1989 DAC Development Co-operation Report, OECD (1989).

democratic governance will contribute to more accountable, transparent and participatory societies conducive to development progress".[2]

The policy of DAC Members has remained constant over those seven years. What has changed is their capacity to carry out effective programs and activities in the field of participatory development and good governance, and the degree to which they have made such programs and activities an essential element of their development co-operation efforts.

The present volume identifies many lessons learned which have contributed to enhanced capacities to design and carry out sound programs. The publication of these lessons will provide a further tool for integrating participation and governance elements in coherent development partnerships. Like the orientations themselves, the evaluation of PDGG projects and programs remains a work in progress. But, as the following report demonstrates, much work has been done, many lessons have been learned, and a sound basis for further progress now exists.

This example of the importance of evaluation to the formulation and implementation of sound policies and practices (which, as noted above, is also an example of the benefits of collaboration between subsidiary bodies of the DAC) demonstrate the value that can be added by the DAC when its Members are willing to devote additional time and effort to joint activites that reflect their shared values and interests. All of us involved in development co-operation owe a debt of gratitude to those who participated in the production of this evaluation -- from the individuals and agencies who produced the theme papers and the synthesis, to the leadership of the Expert Group on Aid Evaluations and the leadership of the Working Party on PDGG, to the members of the OECD Secretariat who supported the entire process and helped assure the publication of this report.

James H. Michel
Chair, Development Assistance Committee

[2] Shaping the 21st Century: The Contribution of Development Co-operation, reprinted in the 1996 DAC Development Co-operation Report, OECD (1997).

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SYNTHESIS REPORT OVERVIEW

This synthesis report represents a significant contribution to our understanding of what assistance programs and strategies donor agencies can effectively use to promote good governance and participatory development in the emerging democracies of the Third World. Each chapter focuses on a specific theme area, summarizing donors' experiences and lessons learned in support of: (1) legal systems, (2) public sector management, (3) decentralization, (4) human rights, and (5) participation.

The study synthesized in this report, *Evaluation of Programs Promoting Participatory Development and Good Governance* (PD/GG), was conducted by the OECD/DAC Expert Group on Aid Evaluation. A PD/GG Steering Committee, chaired by the United States, was established in 1993 to help plan and guide the work. Steering Committee members took the lead responsibility for preparing papers for the different theme areas as follows:

THEME	***LEAD MEMBERS***
1. Legal Systems	United States
2. Public Sector Management	United Kingdom
3. Decentralization	Norway
4. Human Rights	Netherlands
5. Participation	Sweden (in collaboration with the OECD Development Center)

Final papers are now available on each of these themes. The executive summaries of these papers comprise the individual chapters of this synthesis report. This overview chapter outlines the study's intended purpose, audience and uses, provides some background on how the study was implemented, and highlights key findings and lessons.

STUDY PURPOSE, AUDIENCES, AND USES

The PD/GG study's purpose is to synthesize the experiences of donor agencies in achieving participatory development and good governance objectives in the five theme areas, analyzing which intervention approaches and strategies worked well and which did not in varying country contexts. Emphasis is on providing substantive lessons relevant for guiding donor agencies' policy and program strategy decisions and also for improving the design and implementation of PD/GG activities. Some of the papers also address monitoring and evaluation issues in their theme areas.

Key audiences for the study findings and lessons are (1) the DAC and its Ad Hoc Working Group on PD/GG, and (2) the senior policymakers and operational managers in the DAC Member donor agencies. The study will also be shared more widely with those in the donor community working on PD/GG, such as other donors and developing country organizations, NGOs, foundations, universities, etc.

Some of the theme papers prepared as part of this study have already served useful purposes of stimulating discussion at several donor workshops. For example, the legal systems paper was discussed at a May 1994 meeting of the Ad Hoc Group on PD/GG on legal systems development, and the human rights paper was reviewed at a February 1996 seminar on human rights sponsored by the DAC Development Center. Moreover, the decentralization paper was used in a seminar sponsored by the DAC Ad Hoc Working Group on PD/GG held in late 1996. These forums provided excellent opportunities to share and disseminate the study results.

STUDY STRENGTHS AND LIMITATIONS

A key strength of this study is that its findings and lessons are based on the experiences of many donor agencies, and also on reviews of the general state-of-the-art literature. Thus, it represents a "collective wisdom" rather than just the experiences of a single donor agency. A limitation is that the theme papers are based almost exclusively on reviews of existing documents, and not on field-based evaluations jointly sponsored by donors. Thus, some of the most recent experience of donors, if no evaluations already existed, could not be captured. Also, the study is focused on the five broad theme areas that had the most existing, useful documentation; other subjects of interest to PD/GG, for example -- election support, legislative strengthening, civil/military relations, etc., are not covered.

Nevertheless, the findings and lessons emerging from this study are a major accomplishment in a program area of growing importance and priority within many DAC Member and observer donor organizations. For

the first time, lessons and best practices based on the common experiences of the donor agencies have been collected, analyzed and synthesized. The emerging collective wisdom and consensus about "what works" comprises a major contribution to the DAC's learning process, and may be helpful in guiding members' PD/GG program strategy decisions and intervention choices.

BACKGROUND: MILESTONES IN STUDY IMPLEMENTATION

This study of donor experience with participatory development and good governance had its origins at a May 1992 DAC meeting on PD/GG in which it was decided to request that the DAC Expert Group on Aid Evaluation should take up subjects in the areas of PD/GG as part of its work program. This idea was subsequently approved by the DAC Senior Level Meeting in June, and at the October 1992 meeting of the Expert Group on Aid Evaluation (EGE), it was agreed to undertake a three-year evaluation program of PD/GG under the leadership of the United States. A Steering Committee, created to plan, guide, and conduct the PD/GG study, held its first meeting in March 1993.

In September 1993, the United States undertook an inventory of existing and planned PD/GG-related evaluations, studies and research supported by the EGE members, in order to determine which themes or topics had sufficient documentation on experiences to make a review worthwhile. Five general themes emerged from this survey as most promising, including human rights, legal systems, decentralization, participation and public sector management. (Other topics, such as elections, labor unions, civil/military relations, and media, had a smaller number of studies available).

At the October 1993 EGE meetings, several members agreed to take the lead responsibilities for conducting studies on the five key themes identified in the inventory. It was also decided that *approach papers* would be prepared for each of the five theme areas by the lead members. To guide preparation of these papers, the United States prepared a Framework Paper (finalized in March 1994). Each approach paper was to (a) define the theme, (b) review available documents and assess the feasibility of synthesizing lessons learned from donor experience (To the extent possible, a substantive synthesis of experience and lessons learned was also to be attempted in this section), and (c) make recommendations/plans for future work in the theme area. All EGE members had been requested at the October 1993 meetings to submit relevant documents to each of the theme lead members as soon as possible.

At the March 1994 EGE meetings, lead members shared their initial draft approach papers among themselves. Issues arose concerning the boundaries of the five themes, with several areas of overlap becoming evident. A May 1994 progress report prepared by the United States identified and proposed possible solutions for these areas of overlap among the five theme areas.

Agreements clarifying the theme boundaries were reached by the Steering Committee members and approved at the October 1994 EGE meetings. For example, the public sector management theme was subdivided into several sub-topics. The United Kingdom agreed to prepare papers covering (1) public sector institutional strengthening, and (2) privatization. Evaluation capacity building (ECB) was also identified as a special aspect of the public sector management theme of importance to the EGE. Denmark later agreed to conduct a study on this topic. Lead members were encouraged to co-ordinate and collaborate as their work progressed to help ensure consistency in findings and to avoid duplication of effort. The October 1994 EGE meetings also included discussions setting March 1996 as the target date for completing the overall study effort.

Before the October 1995 EGE meetings, the lead agencies completed drafts of their theme papers and submitted them for review and comments. Lead members were asked to confer to ensure that between them, all relevant aspects of the themes were covered, that the respective reports were consistent in their findings, and no important gaps remained. EGE members were requested, once more, to send any recent evaluations or other relevant documentation to lead members for them to incorporate into updated papers. Based on DAC Members' feedback and new materials, revisions were made during the months that followed, with final papers completed in February 1996.

Whereas the initial approach papers typically emphasized theme definitions, conceptual frameworks, and plans for further work, the final theme papers concentrate more on presenting the actual substantive findings, conclusions and lessons based on analysis and synthesis of the documents.

At the October 1995 meetings, it was decided that this synthesis paper be prepared by the United States to summarize the study findings and lessons learned in a single volume. It incorporates the executive summaries of the various theme papers and provides an overview chapter.

The draft synthesis report was reviewed at the April 1996 EGE meetings. A decision was made to hold a joint workshop between the EGE and the Ad Hoc Working Group on PD/GG on October 16, 1996 to enable members to discuss the report's findings and lessons more fully. In preparation for the workshop, the U.S. finalized revisions to the synthesis report and adding some cross-cutting lessons and issues, during July 1996. Following the completion of the privatization study, some further final revisions were made early in 1997.

HIGHLIGHTS OF STUDY CONCLUSIONS AND LESSONS

This section introduces each of the theme papers, highlighting some of the key conclusions regarding the performance (e.g. effectiveness, impact and sustainability) of commonly used intervention approaches, and drawing from this experience lessons and best practices for the future.

1. LEGAL SYSTEMS

The theme paper on the development of legal systems is based on a United States Agency for International Development, Center for Development Information and Evaluation (USAID/CDIE) assessment, *Weighing in on the Scales of Justice: Strategic Approaches for Donor-Supported Rule of Law Programs* (February 1994). Its purposes are to assess recent donor experience in rule of law (ROL); to develop criteria for initiating ROL programs; and to propose a strategic framework for setting ROL priorities and designing country programs. The assessment approach included fieldwork in six countries reviewing ROL activities and strategies of USAID and the Asia and Ford Foundations.

The paper suggests that donors consider a number of criteria for determining whether or not to initiate ROL programs in a particular country context. Unless minimally favorable preconditions exist, investment in ROL may not be warranted. Criteria include: sufficient support for reform among the political elite, existence of reformist constituencies, level of judicial independence, level of judicial probity, freedom of speech, and donor leverage and influence.

An analytical framework is then presented for guiding donors' ROL strategic choices, once the decision to initiate ROL activities is made. Donor-supported ROL activities are divided into four main strategies: (1) constituency and coalition building, (2) structural reform, (3) access creation, and (4) legal system strengthening. The framework suggests these strategies be implemented sequentially, although not necessarily rigidly or mechanically. The framework is intended as a tool to help donors determine which of the four strategies should dominate under what country conditions. For example, it should help avoid commonplace errors made in the past, such as making large investments in strengthening formal legal systems when the political will to reform is absent.

Conclusions and Lessons

Some of the key conclusions about the performance of ROL strategies and lessons learned include:

Preconditions for ROL Investment

In some countries, minimal preconditions needed for ROL programs to be successful (e.g. sufficient levels of political support, reformist constituencies, etc.) do not exist. ROL efforts are not appropriate everywhere.

Constituency and Coalition Building

Donors need to devote more attention to constituency and coalition building strategies that mobilize indigenous support for desired ROL reforms (e.g. increasing accessibility, fairness, transparency). Until recently they have played only a minor role in donor ROL efforts, although returns on this investment can be large.

Where political leadership support for ROL reform is not sufficiently strong, an initial strategy of constituency and coalition building may be needed, *before* other strategies are introduced.

Constituencies vary in their potential for being sources of support for ROL reform. For example, bar associations are rarely sources for reform initiatives, whereas the commercial sector and NGO-based coalitions can be important forces for reform.

A free and effective media is needed to successfully implement this strategy. Only then can public debate be improved and people be mobilized to hold the legal system accountable.

Reliable statistics on court management are needed to inform public debate on the justice system's inner workings.

Opinion surveys are invaluable for assessing public demand for judicial reform.

Structural Reform

Structural reform is the boldest and most difficult ROL strategy to undertake, because it seeks to alter in fundamental ways the basic rules governing the judicial system.

The impact of structural reform is often diluted by the absence of pressures for accountability and enforcement. Some kind of constituency needs to keep a persistent watch to hold the government and judiciary in compliance with promised reforms.

Introducing new structures may provide more returns than reform of older, entrenched institutions. Alternative Dispute Resolution (ADR) mechanisms, for example, have proven to be very effective new modalities to replace traditional systems that are unresponsive, expensive, or corrupt. With ADR mechanisms, disputes are removed from the regular court system and channelled into other structures. Examples include: mediation boards, neighbourhood counselling centers, binding arbitration schemes, and commercial arbitration bodies.

Access Creation

Rural and low-income urban populations tend to be woefully undeserved by legal services. Donor approaches to help make legal services more accessible and affordable to the poor include legal aid, alternative dispute resolution, legal literacy campaigns, and support for legal-advocacy NGOs.

ADR mechanisms, such as mediation councils, show significant promise as a low-cost way to provide rapid, accessible services for settling grievances.

Legal advocacy NGOs represent perhaps the most promising variant of the access strategies. Not only do they aggressively use the law to assist disadvantaged groups, their advocacy and lobbying activities also make them an important constituency for reform in general.

Conventional legal aid activities are frequently limited in their impact and scope, due to the high cost of skilled legal staff time. Such programs are often underfunded and reach only a small portion of the population.

Legal literacy efforts can be very extensive, reaching large numbers of people, but their practical value is quite limited in terms of what can be imparted in a few hours to semi-literate people. Campaigns targeted at specific constituencies and followed-up with professional legal aid may be more effective than generic, non-targeted campaigns.

Legal Systems Strengthening

Institutional strengthening of the judicial system is not necessarily the best place to begin a ROL program. Such strengthening efforts will almost certainly be unproductive unless there is a sufficiently committed political leadership, a sound legal structure, and reasonably widespread access. Once these logical prior steps have been taken, legal system strengthening can be very productive.

In countries where legal system strengthening is warranted, traditional institution building approaches such as provision of commodities (e.g. computers), training, and improved management systems, are often less important than changing long-standing organizational procedures, structures and subcultures.

Introducing court statistics and database systems involves more than just counting cases. Quantitative data needs to be complemented by

better understanding of the "why's" of bottlenecks, delays, and backlogs, to make the information useful.

2.a PUBLIC SECTOR MANAGEMENT: PRIVATIZATION

The *Synthesis Study of the Impact of Privatization and Divestiture in Developing and Post-Communist Countries* (February 1997) was prepared by the United Kingdom's Overseas Development Administration (ODA), Evaluation Department. The objective of the study is to review the impact of privatization in developing and post-communist countries by synthesizing existing literature. From this synthesis, conclusions are drawn about the success of privatization overall, the success of various different approaches to privatization, the importance of the policy environment, and other matters.

Conclusions and Lessons

The study assesses the impacts of privatization:(a) on the enterprises themselves; (b) on government finances; (c) on society, especially on consumers and employees; (d) on economic effects, particularly on strengthening of capital markets, widening of ownership of capital, on competition, and on private investment. Also, the study analyzes the varying effectiveness of different approaches to privatization in achieving results, and draws lessons about best practices.

Enterprises

The performance of companies improved after privatization in almost all developing country cases. Specifically, profitability of firms increased after privatization in the vast majority of cases whereas investment, productivity and efficiency increased in most cases. Where performance did not improve, the reason was often poor handling of the privatization process, such as buyers being chosen without regard for their ability to run enterprises or even to meet the purchase price. Another reason for post-privatization difficulties was continued government interference in the enterprise.

Evidence on enterprise performance in the post-communist countries is less voluminous and more clouded by other factors. The main external force affecting enterprise performance in these countries was the extreme recession and severe short-term economic disruptions at the introduction of market economic relations. Nevertheless, the evidence is that privatized companies weathered this storm much better than companies that remained state-owned.

Government Finances

Very substantial sums have been raised for governments from privatizations, representing up to 15 per cent of total annual revenue in some Latin American countries, for example. Such large sums have helped with macroeconomic stabilization and with repayment of state debts. Privatization has also enabled governments to cease paying large subsidies to state enterprises, thereby improving fiscal health. Profit sharing mechanisms attached to the terms of sale in a few cases enabled governments to share in the financial benefits of improved post privatization performance. In only a few cases did a government experience modest fiscal losses from privatization, due to discontinued dividend payments from profitable state enterprises. In cases where state owned enterprises were performing poorly, governments obviously did much better fiscally by selling them and getting the loss-makers off their books. In some cases sales proceeds were insufficient to pay off liabilities that the government had to assume at the time of privatization, but at least privatizing stopped losses from getting bigger.

Consumers

Consumers benefited from privatization in the majority of cases. Efficiency improvements in regulated industries were passed back to the consumer in the form of lower prices. Consumers also benefited from efficiency improvement in competitive industries. Release of the investment constraint enabled many privatized enterprises to greatly increase the availability of services, which of course benefited consumers who were previously denied service.

The impact of privatization on consumers in post-communist countries is more mixed. Prices have increased greatly since liberalization, but in the past products were often not available at all. And such price increases are more attributable to the introduction of market economics as a whole than to privatization in particular. There is some evidence that privatized enterprises are seeking to improve product quality and introduce new products to meet consumer demand. However, the continued monopoly powers of many post-communist enterprises, particularly in the former Soviet countries, has limited pressures on enterprises to meet consumer needs. It could have been greater had competition been taken into greater account when privatization was being implemented.

Employees

Surprisingly, evidence shows that employees benefited from privatization, though not in every case. They benefited in three ways: (1) employment levels tended to increase; (2) wages tended to improve after privatization; and (3) many employees were able to buy shares in the enterprise being privatized, and thus benefited from increases in the value of the shares.

In post-communist countries, employment levels have generally fallen, even though wage levels have tended to increase. However, employment levels in state enterprises that were not privatized have tended to fall even faster, suggesting that privatization has, relatively speaking, helped preserve employment.

Capital Market Strengthening and Widening of Capital Ownership

Privatization has done much to strengthen capital markets and widen capital ownership. But such effects depend largely on the methods of privatization used. Countries that concentrated on sales to foreign investors were unable to capture these benefits, whereas countries that sought to put shares of privatized companies in the hands of a large number of citizens strengthened their capital markets considerably. However, where ownership has passed to a very large number of small shareholders, owner pressure on management has been more difficult to exercise. Sale of shares to employees has been another means of widening the ownership of capital.

Competition

Privatization has had largely beneficial effects on competition, although many liberalization measures introduced at the time of privatization theoretically could have been introduced without it. In practice the two go together. Even where liberalization was delayed to give the privatized company a period of protection, competition was introduced eventually. Without privatization, it probably would not have been.

New Investment

Privatization has been an important means for countries to attract foreign investment. In post-communist countries privatization accounts for a large proportion of total foreign investment. Some countries have failed to attract much foreign investment into privatization, often because of restrictions placed on such investment. Privatization has also encouraged greater foreign investment indirectly, by "signalling" the government's commitment to freer markets.

This overall success of privatization efforts in recent years suggests that donors should continue to give it emphasis in the future.

Critical Success Factors

However, there were important differences in the performance of the individual privatization cases surveyed, and an analysis of these variations revealed *critical success factors*. Key lessons for improving performance of privatization efforts are as follows:

Critical to long-term success is establishing a proper balance between objectives. The objective of raising revenue often conflicts with objectives of increasing efficiency, competition and consumer choice: for example, when governments allow some of an enterprise's monopoly power to continue when transferring it to the private sector, in order to extract a higher sales price. Governments too often ignore the importance of competition for long-term success, in their short-term efforts of getting a loss-making company off their books.

Trade-offs exist between the quantity and quality of privatizations. While countries with large amounts of assets to privatize need to move fast, they must allow time for proper preparation and planning or results will be poor. It is very important to improve the design of mass privatization schemes to deliver more effective enterprise corporate governance.
Preconditions for successful privatizations include: clear political commitment; thorough planning and preparation of an institutional framework for implementation; and educational work to promote understanding of the need for privatization.

The policy environment is a critical factor influencing the success or failure of privatization. The worse the policy environment, the poorer the performance. More attention needs to be directed to improving the policy framework simultaneously with privatization efforts. This includes introducing regulatory frameworks (such as modern corporate law, shareholder rights, competition policy, utility regulations, capital market laws, and trade policy liberalization) and financial sector reform.

2.b PUBLIC SECTOR MANAGEMENT: INSTITUTIONAL STRENGTHENING

The *Synthesis Study on Public Sector Institutional Strengthening* (March 1996) was prepared by the United Kingdom's Overseas Development Administration (ODA),

Evaluation Department. Topics include donors' experiences with institutional strengthening of central government agencies, civil service reform, state owned enterprises, and local government, as well as with the role of technical assistance and training. It is based on review of donor agencies' studies and evaluations on the subject, and also of the general literature.

Conclusions and Lessons

Institutional Strengthening of Central Government Agencies

Until recently, institutional development has not been very popular with donors for a number of reasons. It is often politically sensitive, lacks prestige, is difficult to define and understand, is difficult to deal with in operational terms (there are no "blueprints" for success), and does not lend itself to quantitative measurement. Moreover, donors are generally better at "hardware" projects.

Recently, however, there has been a growing concern with institutional development because research indicates that project sustainability is directly related to the success of their institution-building components. Yet donor capacities in this field are often deficient.

There is an emerging consensus among donors, and in the literature, regarding which approaches to institutional strengthening and development are more successful and which are not. Some of the key lessons follow:

- Avoid simplistic, supply-sided approaches that inject technical assistance, training, and equipment as the sole solution. Instead, apply a demand-oriented approach that emphasizes locating and encouraging stakeholders who have an interest in the organization, and who place on it performance demands, pressures and discipline.

- Evidence suggests that organizational performance is also improved by factors such as high-specificity of the task (i.e. clear and focused objectives); built-in performance incentives and sanctions against poor performance; and increased competition between and within organizations.

- It is important to understand the country-context. Many of the factors influencing organizational performance is situation-specific, and lacks "blueprints" and predictable patterns. Thus, more emphasis is needed on country-oriented analysis.

- Support networks of organizations, promote pluralism and co-operation. Involve different types of organizations which can contribute in a complementary way to the overall goal of an intervention.

- Recipient commitment and "ownership" is a key factor influencing the success of institutional strengthening efforts. Therefore it needs to be carefully assessed. In some cases, lack of commitment may be an immutable constraint, and institutional development should not be promoted. In other cases, designs may need to be adjusted to reflect existing levels of commitment, or strategies need to be adopted for building higher commitment through education, facilitating stakeholder workshops and participation, dialogue, etc.

- Use existing institutions wherever possible, and avoid the temptation to establish parallel "project management units" if the aim is institutional development. Experience indicates that while establishing PMUs may enable faster project implementation than if existing bureaucratic structures are used, they usually do not provide a sound basis for long-term institutional development or for sustainability of project activities after donor involvement ends.

Civil Service Reform

Most donor experiences with civil service reform (CSR) began in the 1980s in Africa, where extreme economic difficulty led to the scrutiny of oversized, inefficient public sectors. Structural adjustment programs of the late 1980s included CSR components. These reforms sought short-term cost-containment (e.g. numbers reductions, recruitment freezes, enforced retirements, etc.) and medium-term capacity building for cost containment and for increases in efficiency (e.g. integration of payroll and budget functions, provision of incentive structures, personnel policy and training, etc.). These early CSR efforts focused on the size of the civil service, promoted retrenchment, were seen as "donor-driven" and had disappointing results. Impacts on numbers of civil servants and on total wage bills were "modest" at best.

The 1990s has seen growing recipient government "ownership" of the CSR processes in their countries with better results. Newer donor approaches involve active participation of recipient country officials and other stakeholders. Moreover, donors' capacity building activities are no longer targeted exclusively on management services divisions of the civil service departments, but are being

broadened to include line ministries, departments and local governments.

Several factors appear to have positively influenced the results of CSR efforts to date:

Political will and commitment to reform within the top ranks of the civil service is critical to successful implementation. Donor conditionality in major structural adjustment programs has been an important vehicle for encouraging this.

Older approaches emphasizing "numbers" have given way in the 1990s to more comprehensive approaches that begin with assessments of the appropriate role of the state in the economy. Also, a new "governance" approach to CSR seeks the views of clients as well as civil servants in order to get a better picture of public service deficiencies.

Reform should be seen as a process; resistance to civil service reform is normal and should be planned for and made more politically feasible by accompanying the reforms with compensation packages. Costs and benefits of alternatives need to be calculated early on.

Adequate time is required for reforms to take place, especially changes in bureaucratic culture and attitudes. Training components of CSR are crucial, but too often ignored or not followed-up to ensure impact.

Experience indicates that donor advocacy and backing of "home-grown" CSR initiatives can keep them moving.

The ultimate aims of the CSR effort -- public service improvement at an affordable cost -- need to be kept in view, and progress monitored. Then these specific gains can be used to sell the program to the public and to defend it against critics.

Donors might improve communication and public information about the aims, progress and achievements of CSR, so that reforms become more propelled by public pressure. Public attitudes about the civil service could be investigated and publicized in devising better governance strategies in the future.

Finally, some lessons about "best practices" in designing CSR programs:

Ensure that reliable estimates of civil service numbers and related costs are known at an early stage.

Build capacity for reforms from the start, across the range of agencies involved in the CSR program.

Minimize the number and complexity of new administrative procedures or structures, recognizing that capacity to respond to reforms will be limited. Be clear about priorities. Impose a strict hiring freeze; without it, much of the apparent benefits of retrenchment on numbers and payroll will quickly evaporate.

Scrutinize proposals for measures to improve the absorption of retrenches into the private sector. Many of the first to go may already be "moonlighting" and thus already familiar with the private sector. There may be scope for easing access to credit, on commercial lines.
Remember decentralization programs as a means of improving public accountability and service effectiveness. CSR without decentralization will be of limited value.

Emphasize leadership training and supervisory skills for staff who remain. Studies indicate major returns in service efficiency and morale from such training.

Multidisciplinary teams from diverse origins are best for conducting the "big picture" analyses of CSR programs.

Strengthening State Owned Enterprises

While State Owned Enterprises (SOEs) remain important in terms of GNP, gross fixed capital formation, and employment in many developing countries, they have often performed poorly and have represented a budgetary burden on governments.

According to World Bank and ODA documents reviewed, early donor efforts attempted to strengthen individual SOEs, often as a component of capital/infrastructure projects in specific sectors. The approach failed to take full regard of the sectoral institutional development context. Emphasis was on improving the hardware and managerial software of the organization. It did not acknowledge the many external "environmental" factors affecting performance outside of the control of SOE managers, such as political interference in pricing policies, decision-making and staffing.

By the early 1990s, a new World Bank approach to SOE support emphasized simulating private sector conditions, that is, maximization of profits, in a competitive market, under the control of managers with capacity, authority, and motivation, faced with the threat of bankruptcy if the concern cannot compete. Specific aspects included: rationalizing the size and scope of the SOE

sector, including abolishing patently uncommercial operations and encouraging privatization of those that are commercially viable; influencing the market environment by influencing prices, interest rates, input prices, and trade barriers; and providing incentives to improve managers' calibre and skills.

Institutional reform efforts commonly introduced have included: redefining clearer objectives for SOEs; holding managers accountable for achieving results and providing them with autonomy and implementation flexibility; improving selection procedures and compensation for managers, with the key criterion competence to operate in a commercial environment; providing incentives to produce results and sanctions for non-performance; developing performance monitoring systems with quantitative targets to track accountability for results; and limiting the role of government and its interface with SOEs.

The results of introducing these measures have been broadly positive, at least in terms of reduction in SOE numbers. Impact on performance of SOEs is less certain, although there is some evidence of performance improvement, increased profits and productivity gains, and reduced budget transfers.

Review of a number of ODA case studies (of poorly performing SOE projects), suggest some further lessons for designing SOE strengthening activities:

Study the institutional context, including the overall sectoral context; the relationship between the SOE and the government, the SOE and other sectoral institutions, and the SOE and its customers; and the competence of managers.

Discuss the capital and institutional aspects together. Capital funding should not be committed before an institutional strengthening strategy has been mutually agreed.

Baseline information for planning revenue collection should be gathered to help ensure financially viable investments.

Take account of and stimulate recipient initiatives regarding approaches to institutional strengthening.

Try for a mix of technical assistance (TA) inputs, including experienced operators as well as management consultants.

Use a process, not a blueprint approach to institutional strengthening; one which allows for an evolving agenda and which emphasizes flexibility and learning from feedback.

Training efforts need to take account of the SOE's culture, training policy, incentives and disincentives to training, personnel regulations, trainer capacities, and other factors. Training objectives should be clear, simple and practical. Trainees' supervisors should be involved in the training's design and in follow-up.

Assessments of corruption within the SOEs should be conducted and measures for its control discussed with SOE managers.

Strengthening Local Government

This section complements findings of the Norwegian theme paper on decentralization discussed below.

Decentralization is popular; of 75 developing countries, 63 claim to have started transferring powers to local governments. A number of donors have supported decentralization efforts in order to make the public sector more effective, accessible and responsive to local needs.

In theory, some of the possible advantages of decentralization include: encouraging local officials to tailor projects and services to local conditions; motivating them to understand and report on local conditions; better informing local people about plans; stimulating local participation and decision-making; relieving top management of routine tasks; facilitating local political education and training; encouraging local resource mobilization; and improving accountability and legitimacy.

In reality, however, decentralization is not in itself always a good thing. Some donors have concluded that the success of decentralization depends on the incentives it creates, the local capabilities it mobilizes or stimulates, and the costs it imposes. Thus, it is necessary to analyze what must be administered locally, and to transfer only those powers and resources needed to take over those functions. It is also important to examine the history and characteristics of the country situation, and assess if in fact government will become more accessible, responsive, and efficient if decentralization takes place.

The paper points to some fundamental barriers to decentralization. The "paradox of power" requires that for reforms to be successful, there must be diffused political support and participation. Yet those in power, whose commitment is needed, see this diffusion as a threat. This paradox may obstruct decentralization reforms and innovations.

Limitations on capacity building for decentralization are also noted. To gain legitimacy and sustainability, local governments need to function effectively. Yet some recent reviews indicate that the path to effective decentralization is fraught with difficulties. And the provision of TA to remove knowledge or skill deficiencies -- the usual supply-side approach of the past -- did not address the real nature of the problem.

The key to success is understanding the structure of incentives facing politicians and officials at the local/municipal level, resulting from the relationship of central and local government. Without such analysis, there is danger that decentralization will not occur as an orderly sequence of reforms aimed at improved service delivery, but rather will be a disorderly series of concessions by central governments attempting to maintain political stability.

Some other lessons drawn from donor experiences include: functional responsibilities between the different levels of government require unambiguous clarification; corresponding revenue sources need to be authorized according to these responsibilities; a system of accountability is needed that encompasses both regulation by central government and incentives to local constituents; service delivery requires as much attention as provision of infrastructure; local governments need freedom to adapt to local circumstances; and effort is best invested where there is a real interest and commitment to reform.

Technical Assistance and Training

There is growing disillusionment among donors and recipient countries with technical assistance (TA) as the primary vehicle for capacity building, particularly in the African context. There is consensus that TA is not very effective in achieving self-reliance in recipient countries by building institutions and strengthening local capacities. Another conclusion is that TA is very expensive. Resident expatriate TA is the most contentious form of TA, on grounds of poor cost-effectiveness. TA is often viewed as donor-driven. The practice of donors of hiring local staff or giving salary supplements is destabilizing. Dependency on donors is increased by these approaches.

Poor TA is also explained by unclear objectives and terms of references, too much emphasis on expatriate TA, poor selection of expatriate consultants, and inadequate supervision.

Some suggestions made to improve TA include: changing the mix from reliance on long-term expatriates to short-term advisers as coaches in intermittent visits; increasing the number of local consultants used; pursuing long-term institutional "twinning" arrangements; improving local management of TA; making costs of TA more transparent and "untying" TA (so recipients do not have to have TA in order to obtain equipment or training).

Training is too often invoked as the panacea to complement TA and develop skills. Inappropriate training, which is unrelated to either needs or the operational context of trainees, can have potentially wasteful, negative, or demotivating effects.

Some lessons of experience, based mainly on ODA materials, include:

See training as a means to an end, and part of a wider set of objectives; consider not only off-job courses but also distance-learning, coaching or action-learning techniques.

Conduct analyses of the trainees' organizational environment, jobs and career prospects before embarking on training programs. Examine questions of training policies and plans, plans for re-integrating trainees, evidence that trainees will return to relevant posts, will have resources to implement training, etc.

Train in groups rather than individuals, as a way to counteract the effects of high staff turnover and to provide trainees with opportunities to mutually reinforce each other's learning. This implies more training needs analysis and longer-term relationships between donors and organizations to implement staff training efforts.

More effort should go to third-country and in-country training.

2.c PUBLIC SECTOR MANAGEMENT: EVALUATION CAPACITY BUILDING

The report *Issues in Aid Evaluation: Evaluation Capacity Building - Donor Support and Experiences* (Copenhagen, 1996) was prepared by the Danish International Development Assistance (DANIDA), Ministry of Foreign Affairs, for the DAC Expert Group on Aid Evaluation. It reviews donor experiences with evaluation capacity-building (ECB), a topic of renewed interest to the Expert Group emerging as part of the PD/GG evaluation. Specifically, improving capacity to monitor and evaluate programs is viewed as an important aspect of strengthening public sector management and accountability. The study is based on responses to a survey of donor agencies' ECB

activities, supplementary documentation, and lessons emerging from a full day of discussions between EGE members and developing country participants at the informal seminar held in Canberra, in February 1996.

Conclusions and Lessons

The World Bank and the regional development banks have been most actively supporting national evaluation systems and stimulating demand for evaluation in the context of public sector reforms and good governance initiatives. The United Nations Development Program (UNDP) has contributed to understanding of ECB by producing a series of country monographs on monitoring and evaluation.

ECB support provided by bilateral donors is concentrated in a few agencies, including USAID, CIDA, Sida, and the Netherlands DGIS. The DGIS is one of a very few bilateral agencies that has formulated a policy in support of ECB. Most bilateral ECB assistance is provided as a component of a project or program containing a more comprehensive package of development interventions. Whereas multilateral donors have tended to focus their ECB efforts at the national level supporting overall evaluation systems, bilateral donors have typically concentrated their ECB activities at the department or project/program level, sometimes with the added motive of having their own assistance activities monitored and evaluated. While some donors limit their ECB support to training, others have also used joint evaluations as a means to support capacity building.

Despite more than two decades of ECB support, there has been limited systematic assessment of the effectiveness and sustainability of these activities. Drawing conclusions and lessons is thus difficult and preliminary.

It appears that establishing a useable evaluation function, at both national and sub-sectoral levels, is a long-term process involving donor support activities including consultancies, staff training and equipment. However, host country commitment and a sense of ownership at the senior management and policy level as well as the legal foundation of the evaluation function is probably more important for its success than the supply of donor inputs.

In summary, progress has been made in achieving ECB but more work is needed in the areas of political advocacy, local level commitment, and commitment of donors to support a long-term strategy of ECB.

Key lessons learned are summarized below:

i) Approaches to strengthen evaluation functions

- sustainable evaluation institutions need political commitment and support at the highest policy and management levels, and should be able to demonstrate their usefulness to these levels. The design of evaluation systems also needs to take into account the specific government and administrative culture in the host country/organisation.

- Political commitment and senior management demand should be pre-conditions for ECB supply activities, and have to be linked to the governance issue. A long-term strategy is needed for effective interventions.

- The scope of national level performance evaluation and performance auditing systems are moving closer to each other, although the former is likely to be more closely integrated in the planning process while the latter system tends to focus more on accountability at the policy level. The choice of approach may, however, depend on other factors such as political commitment, legal framework and institutional capabilities.

- Development policy and aid tend to shift from a project/program to a sector/policy focus setting new demands for host country evaluation institutions.

- Sustainable and effective evaluation systems must have a legal foundation or a firm statutory organisational regulation.

- An evaluation unit's independence from line management is important as well as the security of career possibilities for evaluation staff and managers.

- Regional, sectoral and program/project evaluations become more useful if they are based on a co-ordinated approach linked to a national evaluation system particularly with respect to methodologies and data needs.

ii) Elements of donor support strategies

- Duration and scope of support should be flexible and balanced between

needs for long-term relations and ownership by host institutions.

- Consideration of support to either a national level evaluation or a performance auditing system should include policy demand for its use and legislative backing of the system.

- Efforts to institutionalise training in evaluation (including training of trainers) particularly on methodological aspects of evaluation.

- Long-term twinning arrangements will support professionalism. Increased use of the evaluation tool in developed country governments increase the possibilities for making long-term twinning arrangements with specialised evaluation institutions in donor countries.

- Support to training institutions and curriculum development which on a broad base can strengthen evaluation capabilities in government and civil society.

iii) Role of donor evaluation units and the DAC Expert Group

Areas where donor evaluation units may play an active role include:

- Promote an agency ECB support policy or strategy particularly in view of new aid forms being introduced including program support to institution and capacity building as part of good governance initiatives at national and sectoral levels.

- Advocate and stimulate interest in evaluation in country dialogues and sector program assistance.

- Provide technical advice to operational units responsible for ECB support activities.

- Support the establishment of twinning arrangements between other domestic evaluation institutions and host country institutions.

- Arrange joint-evaluations with a true participatory approach where the needs of both parties are incorporated from the start, and where the capacity building element is considered specifically.

- Co-ordinate its evaluation program with host countries and other donors in order to optimise use of resources and constrained capacity of recipient countries' evaluation systems.

- Assist in securing consistent evaluation methodologies and terminologies in the ECB support activities of the agency.

- Advise on training facilities and materials on evaluation.

The Expert Group can:

- Continue to promote common principles, methodology and terminology shared by donor and host countries.

- Encourage and facilitate members to have sector and country evaluations co-ordinated and shared with host country evaluation institutions.

- Continue supporting regional networking to promote exchange of expertise and share evaluation information among recipient and donor countries.

- Support regional and south-south seminars and training.

- Facilitate exchange of information on donor ECB support activities and promote assessment of these activities.

DECENTRALIZATION

The Norwegian Ministry for Foreign Affairs prepared the *Approach Paper on Decentralization* (February 1996). Decentralization refers to attempts to change the balance of power from the central government to local, regional or other subnational levels. It can take the form of transfers of power to govern, to tax, and to plan and implement projects. Topics covered include developing countries' experiences with decentralization strategies aimed at improving democracy and governance, management efficiency in service delivery, and financial performance. The study is based on review of documents on decentralization in a selected number of countries, used as illustrations of various models of political, administrative and financial decentralization.

The paper presents a framework that distinguishes between four major forms of decentralization: (1) deconcentration, (2)

delegation, (3) devolution, and (4) economic deregulation.

Deconcentration involves the transfer of functions within the central government hierarchy through shifting the workload from central ministries to field offices.

Delegation involves transfer of responsibility for implementing sector duties to regional or functional development authorities, parastatals and other semi-autonomous agencies that operate independently of central government control. This usually occurs in sectors with a relatively sound income-generating basis.

Devolution involves transfer of authority to legally constituted local governments such as states, provinces, districts or municipalities. In devolved systems, the local governments have authority over a wide range of sectoral operations, limited only by broadly defined national policy guidelines. Local level staff are responsible to locally elected officials rather than to sector ministries.

In *economic decentralization*, efforts are to deregulate the central government's economic control and promote strategies for private sector development, community participation and private-public partnerships.

Conclusions and Lessons

Key conclusions and lessons are summarized below regarding the impacts of decentralization on governance, on the delivery of services, and on public finances, and also about donors' involvement in decentralization.

Governance

The study demonstrates that the contribution of decentralization to improving democracy and governance is promising, especially in countries with a long history of nation-building and a bureaucratic history. However, in many of the least developed countries the impact on governance has been more limited. There has been considerable ambiguity in the willingness to transfer political power from the central government in many of these countries. Even when legal powers, functions, and tasks have been allocated, adequate personnel and financial resources are often not provided. The failure to delegate is partly rooted in the unwillingness to share power and authority, but is also rooted in a number of weaknesses of local governments and problems at the sub-national level, such as low capacities, lack of administrative competence, weak planning and control systems, etc. There are also dangers of ethnic or religious conflicts, especially if the decentralization reforms involve control of resources, income or employment opportunities.

In many developing countries, local councils have not established themselves as credible institutions for articulation of local interests. Their lack of legitimacy results in low political activity and participation at the local level. A different, more promising pattern has emerged in Latin America in the past decade, where pressure has been generated at the local level for decentralization and improved local political authority after the fall of authoritarian regimes.

In some countries, national political leaders have used decentralization schemes to try to avoid the responsibility for the delivery of services by shifting blame for poor performance to local authorities. Devolution of functions and tasks to locally elected councils without resources has had a negative impact on governance. Again, Central and South America show a different picture when increased financial resources have enabled local councils to deliver government services more efficiently and governance has improved.

Delivery of Government Services

Two aspects of decentralization's impact on management efficiency in the delivery of government services are: (1) the capacities of local governments, and (2) the division of roles between central and local governments.

Low capacities of local governments frequently prevent them from implementing policies and using available resources for their intended purposes. There is also often no accountability for funds, due to lack of trained personnel, audit regulations and enforcement mechanisms. Local governments' budgeting and planning models are often inadequate.

A current shift in decentralization strategies argues that government should limit its involvement to covering basic service provision and establish an environment that promotes private economic activity and production. This could substantially reduce many of the problems related to inadequate capacity at local government levels. However, there is little systematic experience with devolving government services to the private sector and to NGOs and community organizations. More systematic studies of privatization and public/private partnerships are needed.

Most countries have dual systems of local government; local authorities and a deconcentrated staff from the central ministries. There is often tension between them; for example, lack of clarity about roles and responsibilities; local representatives being

overruled by central government officials; and differences in development priorities.

Lessons from recent analyses of decentralization stress the importance of vertical linkages; that is, of reorganizing and reorienting ministries at the central level to better support decentralization. Decentralization policies and local government reform should therefore always be given due attention in civil service and public sector reform programs.

Also, when social services are devolved to local authorities, there are implications for lines of communication to the central ministry. A challenge for future devolution of the responsibilities of social services to local authorities will be to work out proper arrangements of authority and communication between local councils and the respective ministries, including division of responsibilities and capacity building efforts.

Financial Performance

The importance of local revenues and incomes has been pointed out in almost all reports on decentralization. Equally apparent is the scarcity of financial resources that characterizes local government institutions in general. The financial aspects of decentralization relate to both revenues and expenditures. Many African countries lack systems or capacity for financial planning and budgeting at the local level. In Central and South America, on the other hand, decentralization has improved the financial base and quality of locally delivered services.

Effectiveness of local governments depend on their ability to generate necessary financial and staff resources. Where efforts to strengthen revenue collection at the local level have been successful, it results in significant redirection of resources towards those areas.

Whereas some analysts reason that provision of services and revenue collection should be equally decentralized, the study argues that the decision to decentralize taxes should involve consideration of principles of fairness and efficiency. And if the decentralization of expenditures is more desirable than decentralization of taxes, then it must be concluded that transfers and subsidies to local governments are necessary.

A key lesson is that the design of financial decentralization should be a major component of all decentralization programs. In the past, financing decentralization has often been treated rudimentarily, and not dealt with as meticulously as the administrative aspects.

Donor Support and Involvement

The experience with donors' involvement in decentralization has been mixed. Donor support has to a large extent been focused on administrative structures and has not paid sufficient attention to political forces and processes, especially at the local level.

When analyzing donor assistance and decentralization reforms, all aid, not just the small proportion of aid going to local government strengthening, has to be taken into account. Aid assistance and sectoral support has gone to strengthen central government institutions. Because of this, central government institutions have become less dependent on local groups and structures, and therefore less interested in establishing a dialogue and mutual co-operation with them. It is therefore important to relate decentralization reforms to general public sector reforms, including ministerial reforms.

The paper also addresses donor support for (1) institution building versus sectoral assistance, (2) assisting the central government in the decentralization process, and (3) the role of technical experts and training.

On the first point, the conclusion is that donors should support both institution building and direct support for sectoral programs. On the one hand, sustainable programs presuppose well functioning institutions with sufficient capacity to take over project activities at project end. On the other hand, capacity building works best if institutions have substantial tasks and responsibilities. Given local governments' lack of funds and dependence on donors, a continued balance between assistance to institutional strengthening and to direct support of sectors is called for.

Secondly, donor assistance might be considered in some cases to assist a central government in co-ordinating and implementing a decentralization program (for example by supporting a central co-ordination unit).

Regarding the use of technical assistance, many donors are shifting to "twinning arrangements" -- long-term co-operative arrangements between institutions in donor and recipient countries -- instead of the traditional model of placing foreign experts in positions in developing country institutions. Although "twinning", in principle, has many advantages, it also has potential and identified problems of capacity and relevance. A final lesson is that to improve institutional performance, less funding should go to traditional interventions

such as vehicles, equipment, training and study tours. Instead, more efforts should go to demand-driven strategies and to building political and organizational cultures which are more conducive to accountability and transparency.

4. HUMAN RIGHTS

The paper, *Donor Experience in Support of Human Rights: Some Lessons Learned* (April 1996), was prepared by the Operations Review Unit of the Netherlands Ministry of Foreign Affairs. It synthesizes experiences and lessons learned concerning human rights issues in three areas: (1) donor strategies supporting the implementation of human rights, (2) the management of those activities, and (3) evaluation and monitoring of human rights interventions. Sources of information include donors' evaluations, research papers, and various human rights publications.

In the past, theories related aid only indirectly to democracy and human rights, through a chain linking aid to economic growth which led to prosperity which led to democracy. During the 1970s this was modified, with the "basic human needs" strategy considered as identical to achieving economic and social rights. Civil and political rights were generally not pursued by donor agencies during the 1970s and 1980s. Since the end of the 1980s, development theories began to emphasize the need for simultaneous support for human and democratic rights along with economic development.

Conclusions and Lessons

Donor Strategies Supporting the Implementation of Human Rights

Three main ways are identified in which donors and NGOs support recipient governments and indigenous NGOs: by technical and financial assistance, by persuasion, and by pressure.
Technical and financial assistance can help promote human rights by (a) integrating human rights issues into mainstream development projects, (b) by projects and programs which specifically support human rights, and (c) by orienting overall development programs towards reform.

Persuasion involves means such as international conferences, policy dialogue, informal meetings, joint research and public debates. *Pressure* can be brought to bear through public declarations to withdraw personnel, imposing sanctions, or conditionality .

Integrating Human Rights into Mainstream Development Programs

The study concludes that the implementation of economic, social and cultural rights is not identical with either "basic human needs" or with a "welfare state". Implementation of these rights involves not only legislative measures but also institution building activities.

Donors are increasingly declaring protection and promotion of human rights as a priority of their development programs. However, only a few donor agencies have incorporated human rights into their operational guidelines. Donor agency staff generally do not know international human rights law nor the work of UN organizations responsible for human rights protection, standards and monitoring.

The principal types of interventions used in support of the rights of vulnerable and disadvantaged groups include: humanitarian aid, empowerment, legal enforcement, social enforcement, and public and political enforcement. Experience has shown that these approaches work best when integrated into an overall strategy, rather than when used in isolation. Integration may call for more inter-agency work and co-ordinated decision-making.

Human Rights Projects and Programs

The main goal of human rights projects and programs is to strengthen respect for civil and political rights. They often work in combination with efforts to support democracy, and include a broad variety of activities such as strengthening civil society, assisting legislative, judicial and executive systems, and supporting transition processes.

Some lessons relate to the different phases of political development. For example, human rights support in *authoritarian and semi-authoritarian systems* is only possible if there are channels or "niches" of entry. It is best conducted either above or below the national level; that is supporting global information networks or local efforts, thus avoiding the government-to-government route. Supporting *countries in transition* to democracy may concentrate on supporting civil society and political processes. Support for *formal democracies* generally provide aid for civil society and is structured to address political system reforms necessary to maintain credibility and legitimacy.

Other lessons learned relate to support of specific institutions:

Legislative system support can help gain governmental legitimacy by supporting elections, including informing the electorate about their rights, election monitoring, analysis and reform of laws governing elections.

Executive branch support should help guarantee efficient delivery of government services and promote transparency, sound management, eradication of corruption, and respect of human rights by the army and police. Support should be focused on institutions seriously committed to reform, and should also support local NGOs in the same sector to engender constant pressure for reform of the government institutions concerned. Support for decentralization can foster wide participation in local democratic institutions, but care must be taken to avoid control by self-serving elites.

Judicial system support has had limited impact according to the study. Lessons for donor agencies include: undertaking judicial system support only if the government is seriously committed to reform; focusing on key problem areas in the performance of the system; considering possibilities for "de- judicialization"; and allowing adequate time for new institutions (like an ombudsman for human rights) to develop.

Depending on the country situation, support for *independent media* may include: denunciating inadequate laws, drafting new laws guaranteeing freedom of the press, or focusing on practical application of professional codes.

Support for *human rights NGOs* should help ensure complementarily and co-operation between governmental and non-governmental organizations. When targeting and designing support programs, donors need to understand how NGOs function and the different circumstances in which they work. How they work depends in part on their own strategic choices; some use co-operative, juridical, and non-participatory strategies that foster reliable relationships with authorities, while others use confrontational, non-juridical and participatory (GRASSROOTS initiatives) strategies that tend to have unpredictable results.

Development Programs and Political Reform

To make political reform a constituent element in an agency's total program of aid to any given country calls for an analysis of how far that program is geared towards some combination of human rights and democratisation. The purpose of such an analysis would be to re-orient the composition of the aid so as to support political reform.

Several strategies can be identified: (a) In countries in which the human-rights situation is deteriorating, budget and commodity aid can be cancelled. 'Fragile democratic reformers' may be supported by programs in which aid is disbursed quickly. (b) Aid can be concentrated on those sectors of public administration which are less corrupt than others and which show some commitment to reform. This concentration may be on a few central ministries or may mean a shift from central to regional or municipal government. In both cases, sectoral concentration may also result in increased bargaining power and allow better co-ordination by the donor's program co-ordinators. (c) In countries with authoritarian, military, repressive or corrupt regimes, aid may be channelled through NGOs, thus strengthening civil society (so far as possible) while reducing or ending direct support for the government. In countries in transition to democracy, these strategies can be reversed.

Persuasion

Persuasion is an effort to convince a government that altering policies is in its own long-term interests. It is demanding in terms of time, knowledge, experience and commitment. But compared to financial aid or punitive measures, persuasion can be very cost-effective and, if successful, can result in increased commitment and ownership of reform programs. Surprisingly, the documents reviewed do not provide any substantive lessons.

Conditionality

Conditionality during the 1980s related mainly to economic structural adjustment programs. Only since the 1990s has political conditionality emerged, focused on promoting democracy, rule of law, human rights and good governance. Emerging conclusions and lessons about political conditionality relate to normative (legitimacy) and to instrumental aspects.

Because of the growing importance accorded to popular decision-making, donors are increasingly considering internal legitimacy as a factor when designing conditionality measures against authoritarian, repressive, or self-serving regimes.

Experience shows a mixed record of success when conditionality is imposed. Perhaps the main effects of political conditionality will emerge slowly, as donors' rhetoric is followed by channelling aid allocations away from authoritarian and repressive regimes, and as these governments begin to adapt to donor demands. One lesson is the need to pay attention to possible linkages between political and economic conditionality, especially in

cases where both are applied by different donors or multilateral agencies.

Donor Management of Human Rights Activities

Lessons relate to policy formulation, programming and program management, project design, and selecting organizations through which aid is to be channeled.

Experiences with *policy formulation* vary considerably. One approach calls for clear country or regional human rights policy statements, with clarity in goal-setting, consistency between broad goals, timeframes and capacity-building. The alternative approach argues for diffuse policy statements that allow for broad interpretation when designing projects in different country contexts, and that enable field offices to maintain a low profile.

In the past, many donor agencies preferred "reactive" human rights programming approaches -- with low risk and modest investments. Now there is a growing recognition of the need for long-term "pro-active" approaches to meet the major challenges of democratization, although skepticism remains about their feasibility.

When choosing between reactive and pro-active programming, donor agencies should consider their overall policy approach. If their policy is to support human rights and democratic development in a given country and it is recognized as a long-term commitment, then more pro-active programming approaches are appropriate. If instead, overall policy goals are less clear and fixed, and are based on uncertain commitment, then reactive programming with loose funding frameworks allowing flexibility are the better choice.

When designing projects, a set of clear and realistic medium-term objectives (and performance indicators) should be formulated, and grandiose goals that cannot be evaluated should be avoided. In repressive, authoritarian regimes, assistance should be channelled through local NGOs, not government institutions. Reporting requirements need to be kept very flexible, recognizing the need for NGOs to camouflage their actual strategies with vague objectives. Within democratic systems, combinations of support to governmental and non-governmental organizations are most effective. Standards for reporting can be more stringent.

Aid channelled through international NGOs benefits from the influence these organizations have in a large number of countries, their professionalism and neutrality. Local human rights groups may gain credence and protection through their association with respected international organizations.

The impact of human rights interventions can often be increased by clustering. For example, electoral support might include support for government's organization of elections and NGOs's ability to mobilize and train voters. In countries where a donor supports many interventions, clustering may call for, or lead to, the development of a country strategy.

Several possible linkages exist between human rights projects and policy dialogue. Policy dialogue can be used to initiate new human rights projects. It can also be used to legitimize human rights activities. Problems identified in the projects can be followed up in dialogue. The impacts of human rights projects may be reduced because of adverse policy conditions. Projects should be designed to take this into account, and policy dialogue should involve other donors as well as the host government.

There is a need for co-ordination among different actors in conducting policy dialogue. This implies closer co-ordination and co-operation between the aid agency and other departments of the donor government; between donor agencies and human rights NGOs; and among donors.

Evaluation and Monitoring of Human Rights Interventions

The review of documents reveal that evaluators of human rights interventions use a broad range of disciplines, terminologies and techniques, and no generally accepted framework for analysis exists. Nevertheless, three broad approaches to evaluation are distinguished: assessing project effectiveness; understanding human rights issues by means of consultative evaluations; and assessing program impacts against the background of different political systems.

Assessing a human rights project's effectiveness requires development of clear performance indicators at the project level, and collection of baseline data against which to measure progress. Focus should be on manageable objectives such as impacts of the project on direct beneficiaries and other stakeholders, rather than trying to link it with changes in the overall human rights situation. Donor agencies should co-ordinate with one another more in carrying out analyses of human rights, baseline studies and parallel or joint evaluations.

Another lesson is that consultative (i.e. participatory) evaluations have several advantages for evaluating human rights activities, including paying attention to process, dynamics of change, learning and strategic orientation, and giving voice to the claims and concerns of partners and stakeholders.

A new challenge is building a methodological framework for assessing the impact of human rights programs against the background of different political systems. This would involve four tasks: identifying different phases of political development; identifying the relevant sectors in public life and civil society; categorizing projects supporting these sectors; and the development of performance indicators for both overall and sector goals. Experience with this approach to evaluation of human rights interventions is still very limited.

5. PARTICIPATION

Evaluation and Participation: An Approach Paper (March 1996) was prepared by the Department of Evaluation and Internal Audit of the Swedish International Development Agency (SIDA), and benefited from collaboration with the OECD Development Center. It reviews and synthesizes donor agencies' experience with participation, based on evaluation reports and other relevant policy, procedure, and project documents. It focuses on two sets of issues: (1) donor agency experience with support to participation, and (2) methodologies for the evaluation of participation and for participatory evaluation.

Participation or participatory development is fairly new as an explicit policy and program focus, although it has origins in small-scale "community development" projects dating back to the 1960s and 1970s. Since the mid-1980s, participation received greater attention due to emphases on sustainability, institutional development, and policy reform. In the 1990s, issues such as poverty alleviation, gender equality, and enhancement of civil society stimulated even more support for advocacy groups with an empowerment or political agenda.

While donors have supported projects and programs relevant for participation for several decades, participation has not been "operationalized" in development procedures. Thus, practice has lagged behind donor awareness, policy declarations and rhetoric about participation. Therefore, evaluations explicitly addressing participation are only now beginning to emerge.

Definitions of Participation

The review demonstrates a wide variety of definitions and conceptual frameworks concerning participatory development. Some of its definitions, for example, are:

IBRD "A process by which people, especially disadvantaged people, influence decisions that affect them."

DAC "A process by which people take an active and influential hand in shaping decisions that affect their lives."

The various definitions of participation can be viewed along a continuum from the more far-reaching with respect to empowerment, influence and control over projects on the part of grassroots participants or other stakeholders, to the more conventional conceptions where donors essentially retain decision-making power and control with respect to key project and planning functions.

Donors also differ in their views of participation as a means or an end. Some promote participation as a means to increase project effectiveness and sustainability, whereas others see it as both a means and an end in itself.

Dimensions of Participation

Different levels, dimensions, or kinds of participation can be distinguished. They may refer: (a) to where in the project cycle participation occurs (planning, implementation, monitoring and evaluation, take-over); (b) to the type of participation (i.e. participants as passive beneficiaries, informants, cost-sharers, or stakeholders with a voice in management decision-making); or (c) to societal levels (local, regional, national).

An operational dimension of participation concerns specific project functions. In many projects, participation takes place in construction, operation and maintenance tasks, but more seldom in project planning, management, control over resources and distribution of benefits. For projects to achieve long-term sustainability, participants or their organizations must gradually take over all these functions.

Participation and Development Organizations

Another aspect of participation relates to different categories of development organizations. Promoting participation is a complex task that must be dealt with at local, intermediate and national levels. One common form of donor assistance promoting

participation involves small-scale, community-specific projects aiming at social objectives that is typically operated by NGOs. NGOs are seen as working effectively at the grassroots level. However, the paper points out that not all NGOs work in a participatory manner, and that they face constraints in terms of "scaling-up" successful projects beyond the community level or in influencing broader policy formulation or civil institution-building. Donors should also work with governments, encouraging them through policy dialogue to become more open to participatory approaches. Governments are the most direct actors for promoting a favorable environment for participation among public sector organizations that operate, in co-operation with NGOs and grassroots organizations, at regional and local levels.

Costs and Benefits of Participation

The paper reports evidence that the benefits of participation outweigh the costs. For example, the World Bank notes that participation can improve the quality, effectiveness and sustainability of projects, and strengthen ownership and commitment of government and stakeholders. Systematic evaluations of the costs and benefits of participation, while scarce, indicate that the costs, in terms of time and money spent, tend to be relatively higher for participatory projects in their early phases, but that they pay-off in terms of greater effectiveness and sustainability in later phases.

Evaluation and Participation

A distinction is drawn between two issues: (1) evaluation of participation and (2) participation in evaluation.

The first involves evaluating development processes and outcomes in terms of participation with respect to specific projects. Data collection methods for evaluation of participation include traditional quantitative methods (sample surveys) to "measure" quantifiable aspects of participation, for example, indicators like the number of project beneficiaries, the frequency of project meetings, number of beneficiaries attending meetings, beneficiary contributions in terms of labor, money or materials, distribution of benefits, etc. However, because participation is a process of complex social change, quantitative indicators give only a very incomplete picture of participation. To understand the nature of participation, how or why it takes place, complementary qualitative analyses must be conducted, using methods such as participant observation, group discussions, key informants, and field workshops. It is proposed that four categories of phenomena be routinely monitored using quantitative and qualitative techniques: (1) project or group activities; (2) changes in project group behavior; (3) group action and articulation; and (4) project-group relationship.

The second issue relates to participatory techniques in evaluation. This refers to the degrees of involvement of different categories of stakeholders (e.g. beneficiaries, project staff, grassroots organizations, etc.) in the evaluation process.

During the 1980s, *rapid rural appraisal* methods evolved from an initial emphasis on obtaining data rapidly and cost-effectively. It involved outside evaluators "listening" to a variety of beneficiaries and stakeholders. This was followed by *participatory rural appraisal*, which reduced the role of the outside expert to "catalyst" or "facilitator" enabling involved groups of people to conduct their own investigations and analysis, as well as to plan and take action.

In *participatory evaluation*, a variety of beneficiaries and other stakeholders actively take part in determining the evaluation objectives; in selecting procedures and data collection methods; in analysis and interpretation of data; and in making recommendations and taking action decisions. Participation by the beneficiaries and other stakeholders in the evaluation process transforms it into an opportunity to negotiate, to learn, and to be empowered to take action.

In practice, however, participation in donor agencies' evaluations has generally been limited to including a few rapid appraisal techniques. Donor evaluations continue to be designed largely with donor agency management and accountability considerations in mind and conducted by outside evaluators. Despite participation rhetoric, there is very little evidence of genuine participation in evaluations.

The low incidence of true participatory evaluation may reflect unease on the part of donor agencies with these innovative approaches, or the limitations imposed by demands for accountability-for-results and objectivity that imply use of external evaluators and traditional methods.
Some positive trends are noted, however. Among these are increasing emphasis on the importance of participation, especially in policy documents; an increase in the use of some participatory techniques in evaluations (e.g. focus groups, key informant interviews, workshops); and the current development by some donors of participation guidelines, procedural notes, "tool boxes", and resource materials.

Recommendations

To strengthen these positive trends, future work is required at two levels: (1) participation must be mainstreamed by donor agencies into their operations; and (2) evaluation tools need to be further developed. At a general level, mainstreaming participation into operations -- i.e. dialogue, planning, implementation, monitoring and evaluation of development activities -- is still a major task ahead for most donors. At a technical and procedural level, further development of operational guidelines, evaluation frameworks, methods, procedures and indicators that better accommodate participatory processes are also needed.

CROSS-CUTTING LESSONS AND ISSUES

A number of lessons cut across the individual PD/GG theme papers. In addition, several unresolved issues are raised repeatedly and deserve special mention.

Lessons Learned

Reform efforts require political commitment and local constituencies supportive of change and able to hold officials accountable. Political will is a requisite for successful and sustainable PD/GG reforms. "Government interference", "poor policy environment" and "lack of political commitment" are the most often cited reasons for failure of PD/GG assistance efforts. Donors cannot force reforms to take place, but assistance can help facilitate changes already being sought by the host country. Where political will does not exist, donor assistance should probably be limited to helping create that political will.

If these conditions do not exist, donor assistance efforts should first emphasize constituency and coalition-building. This includes locating and encouraging stakeholders who will exert performance demands and discipline upon public sector institutions, and/or policy reform efforts.

Donor advocacy of "home grown" initiatives is likely to be more successful than donor-driven reform efforts. PD/GG development needs to be an indigenous effort, not an externally imposed condition. Host country commitment and ownership is a key success factor. Especially in cases where there may be some negative impacts (e.g. civil service reforms, privatization), participatory strategies are needed that build indigenous support for reforms, such as stakeholder workshops, educational and information campaigns. ***Projects need proper balance among, and clear definition of their objectives.*** Effective PD/GG projects and organizations have clear and attainable objectives, performance monitoring systems to track progress towards those objectives, and incentive systems that hold managers accountable for results. Focus should be on setting reasonable objectives that project management can attain, such as impacts of the project on direct beneficiaries and other stakeholders, rather than trying to link it with overly broad national-level changes such as the overall human rights situation. If there is more than one objective, trade-offs may exist and should be properly balanced (For example, in privatization efforts, the objective of raising revenues often conflicts with objectives of increasing efficiency, competition and consumer choice). ***Use a process, not a blueprint, approach that allows for an evolving agenda, emphasizes flexibility, and learning from experience.*** Most of the theme papers discussed evidence of the merits of flexible "process" -- in contrast to "blueprint" -- approaches in the planning, design and implementation of PD/GG assistance activities. While some lessons learned about PD/GG efforts can be generalized across countries, nonetheless there is also a uniqueness for each country. PD/GG assistance should be planned and analyzed in the specific context in which it is delivered. Moreover, progress in democratization is typically relatively unpredictable and non-linear, thus a flexible approach that allows for frequent information feedback, learning and adjustment is desirable.

Participation and participatory approaches should be important ingredients in all donor PD/GG assistance efforts. Changes in PD/GG, to be meaningful, require effective involvement of local citizens and groups at all stages of donor activities. Likewise, local ownership of these activities -- an outcome of such participation -- facilitates success.

Most of the theme papers discuss participation and participatory approaches as factors, or even pre-conditions, for successful and sustainable donor efforts to build democracy and promote good governance.

Adequate participation and consultation with clients and stakeholders in planning, implementation, monitoring and evaluation of PD/GG assistance programs will provide a constant feedback loop of information, enable learning to take place, and facilitate program adjustments, innovations, and improvements. Moreover, it builds ownership and commitment to the reform efforts that are essential for sustainability.

Traditional institution-building approaches (e.g. commodities, training, long-term resident expatriate technical assistance) are less important and effective than changing organizational procedures, structures and

cultures. Transfers of commodities and building human resource capacities do not -- by themselves -- enhance participation, democratization or better governance. Instead, they need to be an integral part of a broader assistance strategy.

In particular, more attention needs to go to demand-driven strategies and to building political and organizational cultures conducive to accountability and transparency. This requires dealing not only with physical commodity and information/ knowledge needs, but more importantly with structural and incentive barriers to change. PD/GG assistance is a long-term process in which a democratic culture is built, strengthened and reinforced; it is not a series of training, technical assistance, and commodity transfer activities.

Too much attention has gone to "administrative structures" and not enough to "political processes" in PD/GG assistance. There is a real need to examine the political nature of assistance as well as the technical nature. To stimulate evolution of a more democratic culture in a given country context, donor analysis must look carefully at political issues -- i.e. political shifts, negotiations, deals, opportunities -- and not just at technical issues and commodity imports. ***Introducing new structures may, in some cases, be more successful than reforming old ones.*** For example, in legal systems strengthening, creating alternative dispute resolution (ADR) mechanisms is more effective than trying to reform traditional systems that are unresponsive, expensive or corrupt. However, this does not mean donors should create organizations for their own project purposes (e.g. "project management units"), as these tend to undermine public sector institutional strengthening and are not sustainable.

PD/GG reform often requires appropriate assistance at both the local and central level -- and paying attention to the linkages. For example, there are numerous inter-relationships between civil service reform and decentralization efforts. Decentralization programs are a means of improving public accountability and service effectiveness when supporting civil service reforms. Civil service reform without decentralization will be of limited value. Successful decentralization requires willingness to transfer political power from the central government, clarity about what responsibilities are being delegated, and corresponding personnel and financial resources needed to carry out these responsibilities. Vertical linkages and open lines of communication are therefore important; central level ministries need reorganizing and reorienting to better support decentralization.

Donors should consider "clustering" PD/GG activities in ways that are supportive of each other and of broader strategic objectives. In the past, many donors favored low-risk, short-term, and "reactive" approaches to PD/GG that gave them maximum flexibility and a low profile. Activities tended to be isolated targets of opportunity. Now, more donor agencies are considering the advantages of developing longer-term country strategies that clearly state policies and objectives and that pro-actively support integrated packages of activities. The impact of interventions can often be increased by clustering mutually supportive activities into an overall, integrated strategy. Effectiveness of individual activities can also be improved with better inter-agency/donor co-ordination in the PD/GG area.

In repressive, authoritarian regimes, however, a case can be made for maintaining flexibility, low profile, and vague or even camouflaged objectives and strategies.

Donors should pay more attention to "mainstreaming" PD/GG approaches, especially in promoting human rights and participation. Donors have traditionally emphasized separate or specific project activities to promote participation, democratization, or human rights. Less has been done to operationalize or integrate these concerns more broadly into mainstream development projects. For example, donors should consider preparing guidelines that operationalize human rights/participatory approaches into their overall project/program planning, implementation, monitoring and evaluation procedures.

Donor experience with using policy dialogue to promote PD/GG is not well documented. Similarly, little information is available on exerting "conditionality". Political leadership's commitment and a favorable policy environment are often cited as key conditions for successful PD/GG projects and reform efforts. One of the papers asserts that policy dialogue or persuasion -- i.e. donor efforts to convince a government that attaining policies is in its long-term interest -- can be "very cost-effective and if successful can result in increased commitment and ownership of reform programs." Policy dialogue efforts tend to be more effective when other donors as well as the host government are involved.

Donor conditionality in major structural adjustment programs was found to be an important vehicle for encouraging civil service reforms. But donor experience with more recent political conditionality (e.g. in human rights) is more limited and mixed. Linking political and economic conditionality and

improving co-ordination among donors may increase its success. Also, with the growing importance accorded popular decision-making, donors are increasingly considering internal legitimacy as a factor when designing conditionality measures.

Ultimately internal political pressures from constituencies and local groups are probably more important for sustainability of reform efforts than external donor pressures. However, surprisingly little documentation is available on donor experiences with these modalities for promoting PD/GG.

A number of lessons have been learned regarding the special roles and advantages of involving NGOs in implementing PD/GG activities. Effective democracies and good governance require that citizens participate in various associations and organizations ("civil society") that will advocate their interests vis-a-vis government. NGOs can be very effective in this role. For example, legal advocacy NGOs were found to be especially successful in increasing access of the poor to legal services while also promoting legal reform.

In authoritarian regimes where government-to-government assistance is not desirable, working directly with NGOs to promote democratization and reform is advised. Even in situations where donors work directly with government institutions to improve their effectiveness, transparency and accountability, it still pays to support local NGOs in the same sector to stimulate constant pressure on the government for reform.

Local NGOs are typically seen as effective with small-scale, participatory project activities at a GRASSROOTS level, although their limited capacity often prevents replication or "scaling-up" successful projects beyond the community level.

While there may also be a role for NGOs in "devolving" formerly government responsibilities and services, little information on this subject was found.

Donor monitoring and evaluation (M&E) of PD/GG activities should consider both quantitative measures and complementary qualitative measures, and should take better advantage of participatory evaluation techniques. Effective M&E of the performance of PD/GG projects requires clearly stated objectives, development of performance measures/indicators, and regular collection of quantitative data on progress. But there is also a need to complement the quantitative data with qualitative analyses and interpretations of the numbers. For example, the legal systems paper points to the importance of gathering reliable statistics on court case management, but cautions that analyses to better understand why there may be bottlenecks and delays is also essential to make the information useful. Qualitative evaluation techniques such as rapid appraisal methods are especially good at answering "why" questions and are thus complementary to more quantitative performance monitoring systems.

One problem that is especially prevalent in PD/GG types of activities (e.g. process-oriented, institution-building) is the difficulty of finding appropriate quantitative indicators for measuring performance. This is compounded by lack of theory or conceptual framework for PD/GG assistance that makes it difficult to clearly articulate program objectives. Often the most easily quantified indicators are either too "low" (i.e. are simple outputs like numbers of people trained) or too "high" (i.e. overall measures of human rights violations, etc.) to appropriately represent attainable project objectives.

Truly participatory evaluation techniques have many advantages that donors should consider, such as promoting learning and encouraging client/stakeholder ownership of and use of the evaluation results. While donors' rhetoric favors using more participatory evaluation, actual practice is still limited if not rare. Donors often use rapid appraisal techniques that involve "listening" to customers and stakeholders, but they typically stop short of bringing them fully into the evaluation process. Donor concerns for independence, objectivity, accountability, and "control" over evaluations may put some practical limits on use of participatory evaluation techniques in some cases.

Some Remaining Issues

One issue is the positive and negative linkages between the different types of PD/GG interventions. This issue is important because the responsibility for dealing with unintended negative impacts often does not lie with the agency directly responsible for the implementation of that particular intervention but become the responsibility of other actors to "repair the damage". For example

- *Civil Service Reform and Participation.* How should donors deal with participation in development processes in which it is very clear that there is a negative impact on those involved? For example, real participation of those in the civil service threatened by the effects of reform processes is very difficult, if not unlikely.

- *Human Rights and Privatization.* While the privatization study mentions mostly positive effects, individual employees of privatized companies and their families may lose health benefits and other services that in effect cause a deterioration in their human (economic/social/cultural) rights.

- *Human Rights and Democratization.* Within the domain of human rights, one can promote political rights through democratization programs. However, in countries with religious and ethnic tensions or conflicts, the process of democratization may lead to the disintegration of the state and violation of human rights including economic, social and cultural rights.

Another issue is the interconnection of the various PD/GG programs. Are some a necessary pre-condition for others? For example:

- *Relation between Legal Systems, Human Rights and Privatization.* A functional system of rule of law can be considered a pre-condition for the implementation of human rights as well as privatization programs. The legal systems study stipulates that creating a situation in which rule of law is adhered to may prove to be a long-term process. The important question is: How in the meantime (under conditions without rule of law) can donors implement interventions supporting human rights or privatization?

[1] This overview chapter was prepared for the DAC Expert Group on Aid Evaluation by Annette Binnendijk, Senior Evaluation Advisor to the Center for Development Information and Evaluation (CDIE), USAID.

LEGAL SYSTEMS[1]

INTRODUCTION

Support for the Rule of Law (ROL) has emerged as a major component of an expanding portfolio of USAID democracy programs. USAID investments in law programs date back to the 1960s, but the current resurgence of activities in this area began in the mid-1980s with USAID's initiation of the Administration of Justice program in Latin America. Since the early 1990s, USAID ROL programs have spread to Asia and are starting up in Africa and in Eastern Europe and the New Independent States of the former Soviet Union.

In May 1992, the U.S. Agency for International Development (USAID), Center for Development Information and Evaluation (CDIE) initiated an assessment of donor-supported Rule of Law programs in Argentina, Colombia, Honduras, the Philippines, Sri Lanka, and Uruguay. During the subsequent 18 months CDIE teams of three to five people spent one month in each country[2] collecting data and interviewing observers of and participants in judicial reform efforts sponsored by USAID and the Asia and Ford Foundations. While the assessment is limited to the experiences of these three organizations, the general lessons should have broader applicability for other donor agencies supporting legal systems development.

The CDIE assessment was both prospective and retrospective, with its central purposes to:

- Assess *recent donor experience* in ROL.
- Develop *criteria for initiating ROL programs*.
- Propose *a strategic framework* for setting ROL priorities and designing country programs.

Criteria for Country Investments

A range of generic criteria for determining whether a country's environment might support ROL programs emerged from the six case studies. These criteria should form the basis for assessing whether donor investment in ROL is worthwhile. The assessment should be done before a firm decision to proceed is made. For example, knowing the potential for support or opposition to legal reform among political elites and organized constituencies (such as bar associations, commercial organizations, and non-governmental organizations [NGOs]) is especially crucial for deciding whether investments in legal and judicial reform can yield significant positive results. Similarly, such factors as judicial autonomy, corruption, media freedom, and donor leverage are critical in determining the prospects for successful donor supported reform.

KEY CONCEPTS AND FRAMEWORKS

The case studies also facilitate the development of an analytical framework for USAID planners to use to identify the investment priorities and strategies for effecting sustainable ROL programs. The studies identified four essential needs and matching strategies for addressing these needs. In sequential order these needs and strategies are:

- *Host country political leadership in support of ROL programs.* If political leadership is weak and fragmented, donors will need to support ***constituency and coalition building strategies*** to strengthen political and public pressure for reform.
- *Adequate legal system structures.* If sufficient political support exists but the legal system structures are weak, donors will need to emphasize a ***structural reform strategy***.
- *An accessible and equitable legal system.* Where political will and legal structures are relatively adequate but the accessibility and equity of the legal system are deficient, donors will need to focus on ***access creation strategies***.
- *Institutional capacity*. Once the first three strategic conditions are judged favorably, emphasis should be placed on the institutional capacity of existing legal structures to perform their intended functions. Where capacity is inadequate, donors will need to engage in ***legal system strengthening strategies***.

The analytical framework is intended as a tool to help donors set program priorities. The results of the analyses conducted using the framework will rarely dictate a simple positive or negative recommendation to pursue one or another of the strategies for ROL programs. For this reason, donors will likely pursue more than one ROL strategy. The framework helps to determine when each of the four strategies

should predominate. The experiences in the six countries studied suggest that a proper sequencing of the four strategies is important. For example, in many countries building constituencies and coalitions to create demand for structural reform should take place before early and heavy investments are made in supply of legal system strengthening endeavors.

Other characteristics of the framework should be highlighted as well. First, the framework indicates that the formulation of ROL strategies should be problem driven; that is, program planners should identify the host country weaknesses in ROL that seriously constrain democratic development. Second, the framework defines reform as a political process that cannot simply be reduced to conventional technical assistance or to institutional development strategies. Finally, because ROL programs are political, donors must often devote more attention to designing strategies that facilitate host country demand for reform instead of the more traditional supply side assistance strategies.

SUMMARY OF EXPERIENCE

Although constituency and coalition building is the first of the four ROL strategies discussed in the previous section - and was used eventually in five of the six countries studied - it was carried out as the first ROL strategy in only one case, Colombia. Projects in Argentina and the Philippines adopted constituency and coalition building as a fall back strategy after other approaches proved unworkable. In Honduras and Sri Lanka some elements of the strategy appeared during the course of the ROL enterprise, but they were not major parts of the effort to mold constituencies for reform. The argument made here - that the constituency and coalition building strategy should be considered first - is one of the study's major conclusions.

The reasons why constituency and coalition building was not the initial ROL strategy in most of the sample countries are complex. The late 1980s were a time of great optimism for democracy as a way of political life. Argentina, Honduras, the Philippines, and Uruguay were just emerging from periods of sustained dictatorship or authoritarian government with legacies of serious human rights abuses and with judiciary systems whose independence had long been compromised. A newly elected political leadership in each country showed a renewed interest in democratization and in energizing weakened judicial systems. It was a time of great hope for ROL development. Some countries studied pursued one strategy, whereas others undertook multiple strategies simultaneously, but usually gave priority to one. In several cases the initial strategy proved unproductive and was replaced by a different approach. The following analysis of each of the four strategies and its impact on ROL development provides important insights into ROL program design.

Constituency and Coalition Building Strategies

The assessment's major finding concerns the need for USAID and other donors to devote more attention to constituency and coalition building. Constituency building refers to donor support for citizen, commercial, and professional groups engaged in mobilizing public pressure for legal reform and in helping oversee government performance in executing reform measures. Similarly, coalition building refers to donor efforts to help forge reform coalitions and alliances among NGO leaders and senior government managers.

Until recently constituency and coalition building strategies played only a minor role in donor ROL reform efforts. In the late 1980s it was assumed that the newly emerging democracies of Argentina, Honduras, the Philippines, and Uruguay would demonstrate the political will necessary to move directly to structural reform and legal system strengthening. It soon became clear, however, that except for Uruguay host government commitments to legal reform were weak and uncertain. Fortunately, in two countries - Argentina and the Philippines - it was possible to move away from these stalled efforts to constituency building strategies aimed at increasing public pressure and political support for legal reform.

The returns on investments in constituency and coalition building and the overall importance of this strategy in ROL efforts are well exemplified in Colombia. Colombia is the one country where USAID undertook a concerted and protracted effort to bring together reform elites who then became leaders in bringing major changes to the judiciary.

Similar results can be found in the Philippines, where in the face of weak government commitment to legal change the Asia and Ford Foundations focused on mobilizing new constituencies to pressure for reform. The Asia Foundation helped an NGO coalition representing urban poor communities to lobby vigorously and win legislative support for urban housing rights for the poor.

Structural Reform Strategies

Structural reform strategies refer to the rules governing the legal system that are reflected in constitutional provisions and laws. Undertaking a donor supported structural reform strategy can be rewarding, although it presents a formidable challenge because it requires constitutional changes or legislation. These initiatives are time-consuming endeavors and will encounter opposition from entrenched political interests. Furthermore, structural reform is only an early step in ROL development and requires follow up as part of an access creation or legal system strengthening strategy to implement the reform.

All of the countries studied have engaged in structural reform of one kind or another, in some cases with USAID assistance and in other cases independently. For example, four countries sought to change their judicial personnel systems to encourage merit-based appointments and promotions. The adoption of merit systems is particularly important for raising professional standards and enhancing the independence of the judicial branch.

Access Creation Strategies

In several of the counties studied, donor-supported access creation strategies have helped make legal services more available and affordable to low income people who lack the means and knowledge for seeking resolution of disputes or redress of grievances when their rights have been violated. These efforts have included legal aid, paralegal training, alternative dispute resolution, legal literacy campaigns, and legal advocacy non-government organization (NGO) support.

Alternative dispute resolution (ADR) strategies are the most widespread. In five of the six countries USAID or the Asia Foundation is supporting ADR mechanisms designed to divert cases away from the regular court system to mediation boards, neighborhood counseling centers, and binding arbitration schemes. These ADR measures are new but are showing promise as a low cost measure for providing expeditious and accessible services for settling grievances, particularly for lower income people.

In three countries, Argentina, the Philippines, and Sri Lanka, support has been provided for legal aid programs and in the latter two for legal literacy campaigns and paralegal services as well. These activities are limited in their reach and impact when they are pursued as discrete efforts. Legal aid programs tend to deal with individual cases, depend on scarce *pro bono* lawyer services, and frequently cannot afford to pursue court litigation. Similarly, although disputants may be motivated by what they learn through legal literacy campaigns and the paralegal efforts carried out on their behalf, their acquaintance with the law would still be too rudimentary to empower them to act effectively or have access to individuals who can act for them.

Legal aid and literacy efforts are more effective when they are developed around specific needs and issues and are linked to organizations that have the professional competence to engage in litigation and to provide legal representation. The assessment revealed that legal advocacy NGOs are performing this role only in Sri Lanka and the Philippines. Such NGOs employ lawyers who seek out and engage in class action litigation, public interest suits, and test cases on behalf of disadvantaged groups who suffer from a common infringement of their rights. Legal advocacy NGOs can be highly effective because they target specific issues and groups. They seek, through legal means, to reform structures perpetuating poverty and oppression, to empower communities to take action in defense of their rights, and to break the bonds of passivity and dependency. For these reasons investments in legal advocacy NGOs have the potential for yielding high returns.

Legal Systems Strengthening Strategies

USAID and other donors have supported strategies for strengthening legal systems in all six countries studied. Such strategies generally included traditional institution building activities and focused on enhancing the capacity of host government judicial institutions to render justice more effectively and efficiently. These strategies were directed toward introducing new systems of court administration such as improved record keeping and budget and personnel management, the design and conduct of pre-entry and post-entry training programs for judges, court staff, and lawyers, and the acquisition of modern technology such as computers for case tracking.

The record of achievement with regard to legal system strengthening is mixed. In Uruguay and Colombia, for example, these strategies have contributed to important improvements in judicial performance. In Uruguay the introduction of oral procedures to supplement and replace much of the traditional written approach to civil case processing has considerably reduced the time required to move cases through the courts. In Colombia revamped Public Order courts for handling terrorism cases have increased the conviction rate from 30 per cent to around 70 per cent in the first year of operation. Still unknown is the impact of court efficiency on human rights in a country that has long had a poor record in this area.

Progress in the other four countries studied has been more sporadic. In Honduras USAID assisted in upgrading the skills of prosecutors and public defenders. These officials are pursuing their roles more vigorously but are still constrained by inefficient judicial procedures. In Argentina efforts to improve the legal system were unsuccessful at the national level, but found a receptive audience in the provincial courts. Court improvement efforts in the Philippines have received Asia Foundation support but have yielded few results.

CONCLUSIONS AND LESSONS LEARNED

Lessons in Constituency and Coalition Building

- ***A strong civil society is an effective base for launching efforts to mobilize constituencies to support ROL development.***
- ***There are few examples of bar associations serving as major sources for reform initiatives.***
- ***The commercial sector can be an important reform constituency.***
- ***Although NGO-based coalitions may prove difficult to build, they can form a strong force for legal reform.***
- ***Free and effective media are needed to support constituency building.***
- ***Reliable court statistics are needed to inform public debate on ROL.***
- ***Opinion surveys are invaluable for assessing public demand for judicial reform.***
- ***Donors have more to learn about crafting coalition building strategies.***

Insights in constituency building must be tentative because the strategy is a relatively recent development. But it is clear that having a strong and vigorous civil society helps as a foundation for mobilizing constituency support.

Because the Philippines is well known for its robust NGO environment, the ROL challenge was mostly to inspire active NGOs to take on new work. In Argentina a vibrant civil society had become well established between the restoration of democracy in 1983 and the beginning of USAID assistance for ROL development at the end of the decade. The task was to redirect energies already in use. In both Honduras and Sri Lanka, on the other hand, civil society is weaker, particularly in Honduras; constituency building therefore becomes more difficult.

Four sectors stand out immediately as most receptive to constituency building: *bar*

associations, the commercial sector, the NGO community, and the media. A review of the characteristics of these sectors in the six countries reveals a mixed picture regarding their potential contributions to judicial reform.

Bar Associations

To many observers, host country bar associations are an important constituency to press for legal reform. For example, the Integrated Bar of the Philippines (IBP) has proposed referring all commercial cases to arbitration instead of to the courts to avoid the delays and corruption encumbering litigation in the courts. But IBP is the only example of such efforts by bar associations in the six countries studied. Accordingly, other than the Philippines, there are no case study examples of bar associations serving as major sources of reform initiatives.

Commercial Sector

Another potential constituency for legal reform is the commercial sector, where there is real incentive to press for property and contract-rights enforcement as the cornerstone of an effective legal system. Here the country studies provide a mixed picture. In Honduras businesses have not actively promoted legal reform, largely because the more sizeable firms - with their political and economic clout - have not been inconvenienced by a weak legal system. In Sri Lanka large firms avoid the courts at all costs and frequently use political connections to evade litigation. In both countries the business community remains at the margin of the legal reform arena.

Non Governmental Organizations (NGOs) and Legal Aid

Another potential constituency for legal reform is that portion of the NGO sector engaged in legal aid and legal advocacy. Although NGOs represent an important resource for extending access to legal services, there are several factors inhibiting their emergence as advocates for legal reform.

- NGOs represent relatively small constituencies.
- It is difficult for NGOs to form coalitions to champion reform agendas.

- Leadership styles also impede the development of NGO coalitions. Many NGOs are personal expressions of dynamic leaders who, having founded an organization, are reluctant to share power with or subordinate their identity to a coalition involving other NGOs.

Although problems in building NGO constituencies and coalitions can be discouraging, donors should not shy away from supporting such efforts. The power of a coalition in achieving basic reforms has been well demonstrated in the Philippines.

The Media

Free and effective media are needed for constituencies to build their base of support and to generate public pressure for legal reform. In the absence of effective media, coalitions and constituencies advocating reform work in isolation and are deprived of the opportunity to influence and mobilize public opinion. Media that are free and have the professional capacity to investigate and report on deficiencies in judicial performance and the legal system are generally a critical ingredient of the reform process.

In the three LDC case-study countries - the Philippines, Sri Lanka, and Honduras - government exercises direct or indirect controls over television broadcasts and limits the broadcasting of reports that might reflect poorly on the legal system or highlight major social issues that touch on legal matters. The regulation of radio broadcasts is somewhat different. Strict controls on the content of radio broadcasting exist in Sri Lanka, but in Honduras and the Philippines radio stations, particularly talk shows, have assumed an important role in allowing citizens to voice their opinions about government programs and services. In the Philippines some of the talk shows have been hosted by legal resource NGOs. Radio journalism is not without risks, however; more than 30 broadcast journalists have been killed in the Philippines during the last decade.

The print media are another matter. Newspaper reporting has been short on substantive reporting and long on sensational or superficial journalism in the three LDC countries. In Honduras and Sri Lanka (as well as in the Philippines during the Marcos era), newspapers have been careful not to report on items that might reflect negatively on the government and particularly on more powerful public figures because the government can ration or withhold newsprint or withhold advertising. (The latter is particularly injurious where commercial advertisers are few.) And if these measures prove ineffective, intolerant governments can resort to intimidation or worse against offending journalists. All three countries have a history of suppressing the press.

Court Statistics

One crucial foundation for informed public debate on a justice system is sound data and analyses on the system's inner workings. The impact of investigative journalism and legal analyses will necessarily be limited if no one has a firm idea of the actual dimensions of court congestion, average time to process a case through the legal system, and so on. This problem is not confined to developing countries. Only in recent years has such applied research been undertaken in the United States. In none of the three sample LDCs has applied research been initiated, while in the other three it is of quite recent origin. Accordingly, as was the case in the United States, there are misconceptions of what is wrong with the judicial system. Prescriptions are offered that may be irrelevant and wasteful of public resources, such as hiring more judges to ease court congestion, when in fact the problem lies elsewhere.

Opinion Surveys

Public opinion surveys reveal little that is not already known or strongly suspected by leaders who make an effort to keep in touch with the public. But surveys do make known opinions about public issues in a way that is difficult for leaders to deny or ignore. The open existence of the Argentine Gallup poll data and the Philippine business community opinion survey, for example, make it harder for the Supreme Courts of these two countries to act as if they enjoyed complete public support. Such data alone cannot force reform, but they contribute to a climate in which political will for reform is easier to find.

Other Lessons

Coalition building is labor intensive and donors should be prepared to provide enough staff to support such an endeavor. This is demonstrated in the successful USAID coalition-building effort in Colombia. Conditions were favorable in Colombia, but less so in the other countries. Where coalitions did not form, it is frequently unclear whether the problem was a consequence of unfavorable conditions or a function of deficiencies in the donor's approach.

Lessons in Structural Reform

- ***Structural reform is the boldest and most difficult ROL strategy to undertake.***
- ***The impact of structural reform is frequently diluted by the absence of pressures for accountability and enforcement.***
- ***Introducing new structures may provide more returns than reform of older entrenched institutions.***

Structural reform is perhaps the boldest and most difficult strategy to undertake in an ROL program because it seeks to alter in fundamental and profound ways the basic rules governing the judicial system. This is most conspicuous, for example, in cases where a host government tries to initiate a transition from a patronage to merit system for appointing judges and judicial staff, as is being attempted in one way or another in four of the six study countries.

A move toward depoliticization is bold because it calls for a major reconfiguration of power in both the external and internal dynamics of the judicial system. Externally, merit systems provide the judiciary with greater independence from the executive and legislative branches; internally, meritocracies diminish personalistic rule and favoritism, fostering more regularized and rational procedures.

Honduras has carried the merit system idea the farthest, since the system there comprises not only recruitment but also promotion. The Honduras experience illustrates how difficult reform can be, because it challenges the traditional basis of political power. This is so for three reasons. First, patronage in Honduras, as in other countries, is a critical resource and a medium of exchange in the political system. Political power does not derive from holding formal positions of authority in fragile government institutions or adherence to embryonic norms of democracy; power comes from the capacity of elites to compete with rivals in building alliances with patrons and clients. Patronage is the glue that leaders use to build and hold coalitions together. A merit-based judiciary means one less system to mobilize in such maneuvers.

Second, political control of the judiciary implies an ability to bend the rules of behavior in one's favor. Compliant courts are not as concerned with state corruption and suppression of rights as are independent ones. Executive and legislative branches - accustomed to operating above and beyond the law - would prefer not to deal with the constraining influence of an independent judiciary. By controlling appointments and promotions, by ensuring that judicial terms are of short tenure, by saddling the judiciary with inadequate budgets, and passing legislation

restricting court jurisdiction, the executive and legislature keep the judiciary in check.

A third (though comparatively minor) rationale for maintaining patronage in the judiciary is that Honduran Government employees are a primary source of financial support for the two major political parties. The incumbent political party dispenses the rewards of government employment to its followers and then "taxes" their salaries on a regular basis to build party coffers. Indeed, even persons hired to the judiciary under the USAID-supported career merit system still pay levies to the incumbent political party.

Launching a structural reform effort will encounter passive or active resistance from vested interests and political factions most likely to lose power and resources because of the reform agenda. From a donor's perspective, however, when an opportunity arises to initiate basic reforms, the positive gains to be reaped justify the modest investment, even in the face of risk. Since four of the six case study governments have embarked on some sort of structural reform, this indicates that there often is considerable receptivity to such initiatives.

A legal reform process that does not include strengthening mechanisms to ensure enforcement will likely prove ineffective. Many things can go wrong in structural reform. Unremitting political opposition and general bureaucratic inertia can gradually deplete commitment to the continuous enforcement of newly adopted reform measures. Changes and rotations in government leadership mean that reformist coalitions will lose members and eventually their elan and political strength. Without an enduring internal coalition, a constituency needs to maintain a persistent watch to hold the government and judiciary in compliance with promised reforms.

The assessment uncovered several cases in which important reforms were introduced, with or without donor support, but they either never got off the ground or faltered after short-lived compliance. Thus, in Sri Lanka, because so many prison inmates were detained for long periods awaiting trial (because they were too poor to pay bail), the legislature enacted a bill specifying a time limit after which the courts had to release prisoners on bond. However, numerous government officials have reported that the law is not being enforced. In some cases the Supreme Court was issuing writs for release of detainees, but the police and military authorities were ignoring them.

Introducing a new structure may provide more immediate returns than trying to reform older, entrenched institutions. The use of alternative dispute resolution (ADR) techniques is an obvious choice. In Sri Lanka, there has been a high level of enthusiasm and commitment for the rapid introduction of a nationwide mediation system to replace the older structure. Abolishing, rather than reforming a highly politicized mediation structure in this case allowed the new structures to begin afresh, unimpaired by past commitments and poor performance.

In Argentina and Colombia, ADR mechanisms represent new opportunities for litigants who see the traditional court system as unresponsive, time consuming, and expensive. Following through in developing ADR enterprises in these two countries will likely bring greater success than trying to revamp the regular court system.

Finally, in the Philippines and Uruguay, commercial ADR promises to provide access for the many litigants who perceive the formal court system to be closed to them. In the Philippines binding arbitration is an attractive alternative to delays, corruption, and unpredictability. In Uruguay the issue is more simply that judges do not know commercial law.

Lessons in Access Creation

- ***Conventional legal aid, legal literacy, and paralegal activities are frequently quite limited in their impact.***

- ***ADR is a low-cost measure that can provide expeditious and accessible services in settling grievances.***

- ***Legal advocacy represents the most promising access strategy.***

The experience with the impact of access creation strategies is mixed. Conventional legal aid activities have a limited impact. Whether funded from private voluntary or public sources, programs are under funded and reach only a small portion of the population. For example, in Sri Lanka the government-operated Legal Aid Commission receives $10,000 annually and has only one office, located in Colombo. There are a number of privately funded NGOs that provide legal advice, but they do not have the money to take cases to court.

Legal literacy efforts can be extensive and reach large numbers of people, but have limited value because so little can be imparted in two or three hours to scores of semiliterate people. To be sure, some country studies indicate that, once informed of their rights and available legal services, people are motivated to seek assistance in addressing their grievances. The experience of the Sri Lanka program suggests the need for backup professional legal services to help counsel these individuals and, if needed, process their claims through the judicial system. Legal aid is labor intensive, and its reach is severely restricted because there are so few lawyers willing to provide *pro bono* services.

The Sri Lanka experience further suggests that paralegal campaigns targeted to specific constituencies and combined with follow-up professional legal aid are more appropriate than investments in generic non-targeted campaigns. Some NGOs in Sri Lanka plan to follow this approach in addressing the lack of worker rights in tea plantations and export processing zones. In another example, the Task Force for Detainees of the Philippines targeted its legal aid efforts to counteract the human rights abuses of the Marcos regime in the early 1980s.

ADR mechanisms, such as mediation councils, are a low-cost measure for providing more expeditious and accessible services in settling grievances. Experience in the five countries indicates that mediation can effectively settle disputes for many who cannot afford litigation. Indeed, under the new mediation law in Sri Lanka, disputants cannot go to court until they have first tried a mediation council.

There are limitations to the use of ADR. In many instances, such as in Sri Lanka, mediation councils are not mandated to deal with disputes that arise between government agencies and the citizens and communities to whom they are presumably accountable. In addition, both parties to a dispute must appear before the mediator. Frequently the defendant does not make an appearance, which happened in approximately 50 per cent of the Sri Lanka cases. To respond to this problem, granting mediators summons power is being discussed, but opponents argue that this would violate the voluntary character of mediation.

Legal advocacy NGOs represent perhaps the most promising variant of all the access strategies. They aggressively use the law to assist disadvantaged groups and their advocacy and lobbying activities make them an important constituency for reform. Legal advocacy NGOs frequently serve a dual purpose in bridging access and constituency-building strategies.

Legal advocacy NGOs were not a factor in Honduras and in USAID's reform programs in Argentina, Colombia, or Uruguay. There are a few legal advocacy NGOs in Sri Lanka receiving Asia Foundation or USAID support, but they have yet to develop strong GRASSROOTS linkages to groups needing their assistance. Some of their leaders have pressed the courts for use of class action suits on the model promoted by the Indian Supreme Court under the banner of "social action litigation" (SAL). SAL allows legal-resource NGOs to file cases on behalf of groups, such as bonded laborers, whose rights have been violated. However, the Sri Lanka Supreme Court has resisted its introduction to that country.

A range of advantages and benefits sets legal advocacy apart from other access strategies. Taken together these advantages and benefits make a very appealing investment. Legal advocacy NGOs can be highly effective in:

- Extending benefits widely. Legal advocacy strategies seek to maximize the scarce supply of legal services for the poor and dis-empowered by focusing on issues involving groups of people rather than individual clients.

- Achieving structural change. In many instances legal advocacy strategies address structural conditions that perpetuate poverty and oppression rather than simply litigate ameliorative settlements.

- Effecting targeted outreach. Legal advocacy programs are frequently targeted to specific groups or issues, rather than to generic or diffuse needs, such as legal literacy, thereby funneling organizational energies toward well-defined needs.

- Pursuing integrated strategies. Legal advocacy features integrated application of a range of access strategies (e.g., legal literacy, paralegals, legal aid, media) that can be synergistically combined and targeted around achieving manageable and visible results.

- Empowering citizens. Legal advocacy seeks to empower communities and groups to take action in defense of their rights and to break bonds of passivity and dependency on outside resources.

- Building constituencies. As mentioned above, successful legal advocacy can produce constituencies that pressure government agencies and legislatures for legal reform.

- Enforcing accountability. Once groups and communities are mobilized as self-sustaining constituencies, their continuing vigilance can serve to keep government agencies responsible for implementing laws that would otherwise remain only on the books.

Lessons in Legal System Strengthening

- ***Legal system strengthening may not be the best place to begin for an ROL development program, but it can be a highly effective strategy.***

- ***Successful components of legal system strengthening strategies vary widely among countries.***

- ***Understanding clearly the quantitative aspects of court delay is difficult.***

The most obvious lesson - alluded to several times in this report - is that legal system strengthening is not necessarily the best place to begin an ROL development program. If the prior steps are not in place, legal system strengthening will almost certainly be unproductive, as was the case in Argentina and the Philippines. On the other hand, when there is determined political leadership, the legal structure is sound, and access is reasonably wide, legal system strengthening can yield positive results, as was observed in Colombia and Uruguay.

This may not be a palatable lesson for USAID or other international donors to digest, with their long experience in institution building. Given decades of development work in building institutions in fields ranging from agricultural credit to family planning to waste water treatment, it is scarcely surprising that a similar strategy was adopted for promoting ROL development in Argentina, Honduras, and the Philippines. Fortunately, it proved feasible to change approaches midstream in Argentina and the Philippines and to transfer the institutional venue in order to maintain the original legal system strengthening approach in Argentina.

Another lesson is that the most successful legal system strengthening strategies in each country were peculiar to the particular legal system environment found there - a pattern that can be contrasted to access creation strategies, where it was observed that ADR approaches found a warm reception in five of the six countries studied. For legal system strengthening there was a much greater difference between what seemed to work in one place and what appeared successful in another. In Argentina it

was a variety of small institution building activities at the provincial level, whereas in Colombia it was the Public Order Courts. In Uruguay it was training in new oral procedures, while in Sri Lanka it was helping to establish the national mediation program.

Finally, it appears that introducing court statistical and database systems involves more than just counting cases. Statistical exercises launched in Argentina produced large quantities of data in the first few years of work, but so far this mass of information has been useless in creating an understanding of the "why" and "where" of bottlenecks, delays, and backlogs. Uruguayan statistical work has produced more coherent and accessible reports, but considerably more is needed to make the information useful.

Cross Cutting Lessons: Tentative Imperatives

Aside from the specific lessons identified for each of the four strategies, several cross-cutting, suggestive insights are highlighted here in concluding this report. The lessons are termed "tentative", because USAID and other donor agencies are still low on the learning curve of what accounts for success and failure in ROL projects. The assessment highlighted several implications that crosscut the four strategies:

- *Preconditions* for undertaking an effective ROL program may be marginally present at best in many countries; thus ROL development efforts are not appropriate everywhere. Of course in some cases, donors may be directed to invest in ROL programs without such preconditions; where this occurs, the risk of failure is high.

- In countries with both favorable and unfavorable conditions for reform, an initial *strategy of constituency and coalition building* may be needed before other strategies are emphasized.

- Where ROL programs are constrained to engage in legal system strengthening efforts, even though political will appears weak or absent, such efforts may be a *transaction cost* of initiating constituency and coalition building activities.

- A *hierarchy of institution building problems exists*, and difficulty increases with each ascending step. Commodity drops, human resource training, and improved management systems are least difficult; changes in organizational structures and subcultures are most difficult.

- Donor ROL projects are often *cost efficient but staff intensive*. Most often, although ROL projects do not require large outlays of financial assistance, they are demanding of donor staff in facilitating processes of dialogue and change within host country institutions.

- Holding the justice system accountable for its actions or inaction is essential to democratic sustainability. The two most important ingredients in maintaining accountability are *active constituencies and coalitions* that demand a high quality of justice and a *free press* that can point to lapses in the system.

- The most popular of the strategies employed in the countries studied was the *alternative dispute resolution (ADR) mechanisms*, with representation in five of the six cases. This pattern suggests that ADR should be given increased attention in future donor planning in the ROL sector.

- Donors can serve effectively in a *pioneering or trailblazing capacity* in the ROL field, acting as an experimental, risk-taking innovator to develop approaches that can, when proved, be taken over by other donors willing to make substantial investments in this sector.

- ROL development programs receive a considerable boost when there is a *policy convergence* between host country government priorities and those of the donor nation.

- Using *intermediary organizations as ROL program managers* can be highly effective. The type of intermediary used varied among the six countries from U.S. or host country NGOs to the United Nations Development Program.

Suggested Further Research

Donor agencies could benefit from further analysis of the range of strategies for coalition building and the attendant level and kinds of support that might be needed. Analysis of coalition building strategies should be a significant element in future USAID-assisted efforts in ROL development.

Another area that requires further investigation is the sequencing of activities in an overall ROL strategy. Each strategy is essentially field determined as has been repeatedly pointed out in this paper. Yet there are common properties to any political system that might argue for an emphasis in one strategy before undertaking another.

More research is needed on the impact of alternative dispute resolution. ADR appears to be the most promising approach to relieve the pressures on existing legal systems. It introduces the practice of third-party mediation without recourse to courts and the formal judicial system. Because we have seen that many disputants are suspicious of the formal legal system, ADR may be a way of promoting ROL among the population most needing redress of grievances.

One last lesson offers a cautious though positive note. Although USAID, along with the Asia and Ford Foundations, has learned a good deal about building constituencies and coalitions for judicial reform, there is still much to learn, particularly in the coalition building sphere.

A Final Word on USAID and Other Donor Support for Rule of Law

In the early 1990s, USAID broadened the geographic and analytic perspectives of its law programs. Because support for democracy has emerged as a major objective, USAID Missions worldwide are including law projects in the design and implementation of country democracy programs. Furthermore, the programmatic focus and content of these efforts are encompassing a wider array of objectives, strategies, and activities. In some countries USAID's approach involves focusing on issues of access, legal aid, and mobilization of public demand for legal reform. In other instances more emphasis is on institution building within the formal judicial system.

Because USAID is entering an era in which a wider array of approaches to law and democracy programs is being used, a more systemic perspective is needed than that implied by the older term "Administration of Justice." This general approach is likely to have import for other foreign assistance donors that are working or are contemplating working in other social and economic domains in the developing nations.

Building on the USAID experience but moving beyond it as well, work in this new era is distinguished by the application of a broader range of strategies to enhance the Rule of Law and by corresponding refinements in our understanding of what strategies are appropriate under variable sociopolitical conditions. In that sense, this evaluation synthesis is offered to advance the process of strategic thinking on how to design Rule of Law programs.

[1] This chapter was prepared by Russell Stout of Development Associates for the Center for Development Information and Evaluation, USAID. It is based upon the CDIE Study,"*Weighing in the Scales of Justice: Strategic Approaches for Donor Supported Rule of Law Programs",* by Gary Hansen (February 1994)

[2] Argentina and Uruguay were visited during a single one month period.

PRIVATIZATION[1]

INTRODUCTION

Study Objective

The objective of this study is to review the impact of privatization in developing and post-communist countries by pulling together a synthesis of existing literature. From this synthesis a number of conclusions have been drawn about the success of privatization overall, the success of various different approaches to privatization, the importance of the policy environment, and other matters.

KEY CONCEPTS AND FRAMEWORKS

Main Issues in Assessing the Impact of Privatization

The main issues in assessing the impact of privatization which this study seeks to address, are the following:

- What has been the effect on the privatized enterprises themselves, particularly in terms of profitability, productivity/efficiency and investment?
- What has been the impact on government finances, primarily in terms of funds raised for state budget from sale, subsidies no longer paid, tax revenue raised after, versus before privatization, and use of funds to repay domestic or external debt?
- What has been the social impact, measured largely in terms of impact on consumers and on employees?
- What have been the overall economic effects, particularly in terms of the impact on strengthening of capital markets, widening of ownership of capital, on competition, and on private investment, domestic and foreign?
- What are the effects of different approaches to privatization on the end results, and what lessons can be learned?

SUMMARY OF EXPERIENCE, CONCLUSIONS AND LESSONS LEARNED

Main Findings

Impact on Enterprises Privatized: (i) Developing Countries

The performance of companies improved after privatization in almost all cases. Galal et al. found that performance improved in 8 out of 9 developing country cases studied. A larger sample of companies examined by Megginson *et al* found substantially improved performance in around 75 per cent of cases and to some extent in almost all cases. Other cases show a similar picture.

Looking at individual performance measures, profitability of firms increased in the vast majority of cases. Also, in most cases investment increased substantially after privatization. This release of the resource constraint that is common to many countries' state owned enterprises (SOEs) partly explains why even efficient state companies operating in competitive or regulated markets under the same conditions as private companies (for example the Chilean state enterprises) were able to turn in a better performance after privatization. It also explains why the Malaysian airline, MAS, was able to produce a better performance after partial privatization, even though management did not change. Privatization removed constraints on new investment.

Productivity and efficiency improved in most cases where it was specifically studied, often by output growing faster than labor and other inputs. In the Chilean electricity generation case cited, there was much more efficient use of the main input, coal. In the case of MAS, however, productivity did not increase, because privatization did not result in the enterprise undergoing any changes, other than having improved access to sources of capital for investment. The privatized Bangladesh textile mills were able to improve operating or static efficiency, but not longer-term or dynamic

efficiency. This was because of poor handling of the original privatization process, in that debt and other issues were not resolved, and the poor business environment in Bangladesh.

Other cases where efficiency and performance as a whole did not improve, such as instances in Mali and Zaire, are also characterized by poor handling of the privatization process itself. Buyers were chosen without regard to their ability to run their enterprises, or even to meet the purchase price, which was payable in installments. Chile's first round of privatizations failed for similar reasons, even though there is no evidence that the performance of enterprises did not improve after privatization. Buyers were sold the firms on credit and were unable to continue to meet payments after Chile entered a recession.

There are a number of cases, largely from the poorer developing countries, where performance can be considered to have improved dramatically after privatization, in that the enterprises concerned were actually closed before they were privatized. In the public sector they had been unable to continue operating. In many of these cases, profitability and the long-term future of these enterprises after privatization were not assured, simply because the enterprises should probably never have been created in the first place. Those enterprises whose production could more easily be adapted by the new private owners to meet a real demand had a better future than those which could not. The Togolese enterprises affected are an example of this. Most could adapt their production, with the sole exception of a detergent factory.

Another reason for post-privatization difficulties is continued government interference in the enterprise. For example, the Jamaican edible oils company Seprod initially did well after privatization until the government reimposed price control on its products.

In one case, that of Mexicana de Aviacion, the company faced difficulties because its new owners misjudged the market and overinvested, an example which reinforces the obvious point that private owners are not infallible. However, as stated initially, in the vast majority of cases enterprise performance improved greatly after privatization.

Impact on Enterprises Privatized: (ii) Post-Communist Countries

Evidence from the post-communist countries on enterprise performance after privatization is less detailed, less voluminous and more clouded by other factors. The main external force affecting company performance in post-communist countries was the extreme recession, which occurred as a result of the economic collapse of the Soviet bloc and the very rapid introduction of market economic relations which in many cases caused severe short-term economic disruption.

Nevertheless, the evidence is that privatized companies have been able to weather this storm much better than companies which remained state-owned, although there are significant differences between post-communist countries due to initial economic circumstances and the privatization methods chosen.

Polish privatized enterprises have been able to increase profitability in most cases, or at least reduce losses, and have undertaken extensive product improvement and marketing exercises. However, they have generally not increased investment, for reasons of either unwillingness or lack of capital. Enterprises privatized by management employee buy-out tend to have the most difficulties in this regard, followed by those sold by public offer, whereas those sold by trade sale, particularly to western firms, have had the best access to investment.

A similar picture is presented in the Czech and Slovak Republics. Those enterprises with a strategic western investor have done best. In the Czech and Slovak Republics as in Poland, access to securities markets has helped some enterprises raise new capital. Those enterprises in the Czech and Slovak Republics privatized mainly through the voucher method do not yet seem to have improved enterprise efficiency, although the whole mass privatization scheme, applied fully in the Czech Republic, has enabled that country to create a full private market economy much more quickly than other countries.

There is evidence in most post-communist countries that privatized companies have started restructuring to some extent, although some more so than others. With some exceptions, such as Uralmash, Russian enterprises have not undergone significant

restructuring, although they do seem to have improved product quality and marketing in most cases. Pressure to improve performance in Russian enterprises comes more from a desire to survive than from shareholder pressure. The majority of enterprises are more than 50 per cent owned by management and employees, who seek to protect their own positions. This contrasts with East European post-communist countries.

Impact on Government Finances

Very substantial sums have been raised for Governments from privatizations, representing up to 15 per cent of total annual revenue in some Latin American countries, for example. Such large sums have helped considerably with macroeconomic stabilization, as in Mexico, and have enabled the repayment of large proportions of state debts, as in Mexico, Argentina and Honduras.

Privatization has also enabled governments to cease paying large subsides to state enterprises, and in several countries this has had a significant impact on fiscal health. In the case of Jamaican hotels that were privatized, not only was the Government able to cease subsidies and receive large sums from the sale of the formerly loss-making hotels, but it was able to cancel income tax concessions to the hotel sector and increase its tax revenues.

In two Malaysian cases the Government received particularly large sums from the privatizations because it attached profit sharing mechanisms to the terms of the sales. It was able to share in the financial benefits of the greatly improved post privatization performance.

In two of the three detailed Chilean cases cited, the Government was likely to experience a modest fiscal loss from privatization, in that if public ownership had continued it would likely have received slightly more from the continued dividend payments from the two efficient and profitable state enterprises. However, the modest fiscal losses in these two cases are outweighed by the overall positive welfare effect of the privatizations.

In those cases where SOEs had ceased operating prior to privatization, or were performing very poorly indeed, the Government obviously did much better fiscally by selling them and getting the loss-makers off their books. However in some cases sales proceeds were insufficient to pay off liabilities that the Government had to assume at the time of privatization. Privatization was still of course wise from the fiscal point of view because it stopped the liabilities and losses getting bigger.

Impact on Consumers and Employees

Consumers benefited from privatization in the majority of cases. Efficiency improvements in regulated industries were passed back to the consumer in the form of lower prices. For example, the Chilean electricity distribution company ENERSIS was able to reduce prices by sharply lowering the amount of electricity that was stolen or unbilled. Consumers also benefited from efficiency improvement in competitive industries.

Release of the investment constraint enabled many privatized enterprises to greatly increase the availability of services, which of course benefited consumers who were previously denied service.

It is difficult to comment sensibly on the impact of privatization on consumers in post-communist countries. Prices have increased greatly since liberalization of those economies, but before the products were often not available at all. Such price increases are more attributable to the introduction of market economics as a whole than to privatization in particular. There is evidence that privatized enterprises are seeking to improve product quality and introduce new products to meet consumer demand. In this respect post-communist consumers are benefiting directly from privatization. However, given the monopolistic power that is in whole or in part retained by many post-communist enterprises, particularly in former Soviet countries, the pressure on enterprises to meet consumer needs is often not great. It could have been greater if competition had been taken into greater account when privatization was being implemented.

Surprisingly, the evidence shows that **employees** benefited from privatization, although not of course in every case. Two detailed studies were found to show that employees benefited from privatization in most cases. Most other evidence points to a similar conclusion.

Employees tended to benefit in three different ways. Firstly, employment levels tended to increase after privatization. Secondly, remuneration packages tended to improve after privatization, often with performance and profit-related pay becoming available. Thirdly, many employees were able to buy shares in the enterprise that was being privatized, and benefited from the increase in the value of the shares.

Obviously in some cases, such as that of Aeromexico, employment levels were reduced after privatization. These cases were not in the majority, however. In the cases of enterprises that had ceased operating prior to privatization, privatization and the restarting of operations were clearly beneficial to employees. In other cases, such as the privatized hotels in Jamaica, the success of the hotels and consequent boost to tourism in Jamaica had a major beneficial effect on indirect employment.

In post-communist countries, employment levels in privatized enterprises have generally fallen, even though wage levels have tended to increase after privatization. However, employment levels in enterprises which have not been privatized have tended to fall even faster, suggesting that privatization has helped preserve employment, at least in relative terms.

Overall Economic Effects: (i) Capital Market Strengthening and Widening of Capital Ownership

Privatization has done much to strengthen capital markets and widen the ownership of capital, although such effects are closely related to the methods of privatization pursued by individual countries. Those countries which have concentrated on trade sales to foreign investors have been unable to capture such benefits. However, those countries which have sought to put shares of privatized companies in the hands of large numbers of citizens, such as the cited examples of Jamaica, Chile, Mexico, Nigeria, Poland and the Czech and Slovak Republics, have been able to strengthen their capital markets considerably and create or extend a large group of share-owners.

Sale of shares to employees has been another means of democratizing the ownership of capital that has been successfully pursued in both developing and post-communist countries. Of course, the mass privatization schemes of the Czech and Slovak Republics, and of Russia, have created more share owners than any other approach. The ability of share-owners in Russia to exercise fully their ownership rights is in some doubt, however.

Overall Economic Effects: (ii) Impact on Competition

Privatization has had a largely beneficial effect on competition, although many liberalization measures were introduced at the time of privatization and theoretically could have been introduced without it. In practice the two tend to go hand in hand. Even where liberalization has been delayed to give the privatized company a period of protection from competition, competition has been introduced eventually. Without privatization it probably would not have been. This is the case with the two Latin American telecommunications companies, Telmex and CTC.

In post-communist countries, privatization has resulted in greater competition as the previous monopolistic structure of the economy is broken down and smaller privatized units emerge from large agglomerations. However, in many cases there was no coherent strategy for introducing greater competition, and little co-operation between bodies responsible for competition and bodies responsible for privatization. Gains from competition could have been much greater had coherent strategies existed.

Overall Economic Effects: (iii) Impact on New Private Domestic and Foreign Investment

Privatization has become an important means for countries to attract foreign investment. In post-communist countries privatization accounts for a large proportion of total foreign investment, for example 86 per cent in Hungary and 64 per cent in Poland. In countries such as Peru, Venezuela, Argentina and Jamaica it has accounted for between 30 and 40 per cent of total foreign investment. Some countries, such as Nigeria and Brazil, have attracted little foreign investment into privatization, often because of restrictions placed on such investment. Other countries have merely placed less emphasis on sales to foreigners.

Privatization has also had an important 'signalling effect,' demonstrating governmental commitment to freer markets, and encouraging greater greenfield investment and other forms of investment not directly related to privatization. Such a signalling effect can also help to reverse capital flight.

A World Bank study by Frank Sader states that privatizations have a particularly strong influence over decisions to invest and calculates that each dollar of privatization revenue generates an extra 38¢ in new investment. The study also states that financial and infrastructure privatizations have the most positive effect on other foreign direct investment.

Main Lessons and Critical Success Factors

A main lesson that can be drawn from this study is that privatization in the vast majority of cases is a very successful and beneficial reform for developing and post-communist countries. The results of privatization in these countries have been in general very good in terms of enterprise performance, fiscal impact, impact on consumers and employees, and wider economic impact on critical factors such as increased private investment.

These findings support the emphasis that donor agencies have put on promoting privatization in recent years. If anything they suggest that an even greater emphasis should be placed on privatization in the years ahead. However, important differences can be discerned in the quality of the results of the individual privatizations surveyed. In a handful of cases the privatizations did not bring beneficial results. In many others, while the overall impact was positive, and the impact on most individual indicators also positive, the quality of the privatization and the outcomes could have been improved, in many cases substantially. There is therefore much to be gained from an effort to encourage best practice in privatization and to improve the ability of individual countries to learn from experience.

The primary lessons and **critical success factors** that can be derived from this study are as follows:

- Establishing a proper balance between objectives is critical to long-term success. The objective of raising revenue often conflicts with the efficiency, competition and consumer choice increasing objectives. Pressurized by fiscal concerns, too many governments succumb to the temptation of preserving some of an enterprise's monopoly power when transferring it to the private sector in order to extract a higher sale price.

- Similarly, too many governments fail to distinguish properly between short- and long-term objectives. The short-term objective may be to get a loss-making company off the government's books and ensure that it starts to function more effectively. But this is sometimes done in such a way as to minimize long-term pressures for efficiency improvement. In general, the framework for competition in an industry is often ignored by privatizing governments. Proper attention to competition issues would bring better long-term results.

- There is an obvious trade-off between quantity and quality in privatizations. Countries with large amounts of assets to privatize obviously need to move fast, but if they do so without proper preparation and planning, the results will be poor. A contrast can be made between the Czech and Russian mass privatization programs. The results of the former are clearly superior to the latter, where many issues concerning such matters as proper title to share ownership, and corporate governance, were unresolved.

- Clear political will, accompanied by thorough planning to establish a clear institutional structure for privatization and proper procedures for its implementation, are important preconditions for success. Educational work designed to achieve a better understanding of the need for privatization, as well as time spent preparing an effective institutional framework for its implementation, are worthwhile investments of effort.

- The quality of the policy environment is a vital factor in determining the extent of the beneficial impact of privatization. The worse the policy environment the less benefits will come from the privatization. This suggests that much more attention should be devoted to improving the policy environment at the same time as privatization is being developed. That means the introduction of general and sector regulatory frameworks, including matters such as modern corporate law, shareholder rights, competition policy, utility regulatory frameworks, capital markets laws, and liberalization of trade policy. Financial sector reform is an important precondition for success in privatization in many countries.

[1] This synthesis study was commissioned by the Evaluation Department, Overseas Development Administration (ODA), London, on behalf of the OECD Development Assistance Committee's Steering Committee on Evaluation of Participatory Development and Good Governance, a sub-committee of the Development Assistance Committee's Expert Group on Aid Evaluation. It is one of a group of studies commissioned by the Steering Committee.

The report was prepared by the International Division of the Adam Smith Institute, London. The views expressed in the report do not necessarily represent those of the ODA.

INSTITUTIONAL STRENGTHENING[1]

INTRODUCTION

Approach

The *Synthesis Study on Public Sector Institutional Strengthening* is based on two documents: the Approach Paper from the Evaluation Department of the ODA dated September 1994, and the Framework Paper presented to the DAC Expert Group on Aid Evaluation in March 1995. The broad outline of topics to be covered were agreed at that meeting. The paper covers the general theme of institutional strengthening in development co-operation, civil service reform, strengthening state owned enterprises (SOEs), local government strengthening, the role of technical assistance and training, and some basic conclusions of particular relevance to aid donors.

The analysis is based upon available documentation from DAC Members, plus relevant publications obtained after perusal of several recent bibliographies on the subject, together with other pertinent publications and case studies known to the author. A comprehensive bibliography is presented in the Appendix of the full synthesis report.

KEY CONCEPTS AND FRAMEWORKS

Institutional Strengthening in Development Co-operation

The consensus in the literature on institutional strengthening in development co-operation points away from an exclusive focus on a particular agency, and instead points to the merits of country- and sector-wide purviews before deciding on counterpart agencies, and towards collaboration between all parties to the intervention.

Definitions have preoccupied some branches of the literature. The World Bank's Institutional Development (ID) Handbook distinguishes concept from process: "The concept of an institution means the rules, roles and structures organized by people to conduct their joint activities. The process of ID means to increase the capacity of institutions to perform their functions; often this process means strengthening or clarifying inter-institutional relationships". But pragmatists acknowledge that "the practical core of institution building is organization-building". A recurring theme in the literature is that institution building is a means to wider ends: effective service delivery for example, not an end in itself.

Tackling institutional issues in development co-operation has not until recently been a popular activity because of the difficulties of handling institutional factors. The reasons for this include the "state of the art" being poorly developed. Furthermore, the conclusion is widely held that "there are no blueprints", or ID is, in Israel's phraseology, "low-specificity". Hardware projects are easier to define and direct. As one would expect, the literature indicates that success rates are higher with technical components or projects than with institutional development components or projects.

However, recent research by the World Bank indicates that sustainability of projects is directly related to the success of their institution-building components and the extent to which such factors were considered in design. Yet donor capacities in this particular analytical field have been shown to be deficient.

Approaches to institutional strengthening have gone through various phases, with different results. Donor efforts have moved from supply-side injections of technical assistance, equipment, information technology and training towards injecting additional resources only into an environment in which the organization is subject to demands, pressures and discipline (from customers, stakeholders etc.) Thus the tendency is to conduct stakeholder analysis; to support interrelated networks of institutions (instead of just one); to assess critically the commitment of the recipients; to make long-term commitments of aid resources; to adopt a "process" rather than precise "blueprint" approach, and assume resistance to change in at least some quarters.

Therefore donors have had to start:

- assessing the roles, relationships and capacities of the principal actors in a sector before committing resources, and choosing institutional partners;

- encouraging participation of the target group and institution in identification and throughout all stages of the cycle, to build (mutual) understanding and commitment;
- setting realistic time-frames and objectives;
- simplifying design to fit host-country capacities;
- building-in flexibility and close monitoring to facilitate adjustments of projects as they proceed;
- stimulating inter-organizational linkages;
- using existing institutions wherever possible, and avoiding the temptation to establish parallel "project management units" if the aim is ID;
- reviewing carefully selection criteria, choice mechanisms, and terms of references (ToRs) of technical assistance personnel.

SUMMARY OF EXPERIENCE, CONCLUSIONS AND LESSONS LEARNED

Civil Service Reform

The key points of donors' experience in civil service reform are related to the above general analysis. Thus, interventions have moved away from ambitious wide-ranging attempts at wholesale reform, focusing on short-term cost containment and medium-term capacity building for better efficiency, in a much-reduced scale. The disappointing results of the approach have led to a search for others: for example the more selective "governance approach" to civil service reform espoused by the World Bank.

The factors which have appeared to influence outcomes positively include: commitment; political will within the top ranks of the civil service; approaches which do not just focus on numbers, but instead review first the role of the state; seeing reform as a process; allowing time for reforms, and concentrating on the considerable training implications; backing up "home-grown" initiatives; keeping the ultimate aims of the civil service reform (CSR) exercise in view: focusing on public service improvement, at an affordable cost; including improvements in public information and improved governance as a means to improving accountability of the civil service; and modifying the design of civil service programs, particularly their components and sequencing.

The following approaches have worked best:

- getting the numbers in the civil service clear from the start;
- building capacity early, across the range of agencies involved in the CSR program;
- minimizing the number and complexity of new administrative procedures or structures, but imposing a hiring freeze;
- scrutinizing critically proposals for measures to improve the absorption of retrenches into the private sector;
- using decentralization programs as a means of improving public accountability and service effectiveness;
- emphasizing leadership and supervisory skills for the managers who remain in the civil service;
- using multi-disciplinary technical assistance, both expatriate and local in origin.

State Owned Enterprises

While State-Owned Enterprises (SOEs) have remained important in terms of GNP, gross fixed capital formation, and employment in the economies of many developing countries, they have often performed badly and represented a budgetary burden on the state. Early donor forays into the SOE domain attempted to strengthen individual enterprises, but this approach did not acknowledge that there are many external environmental factors outside of the control of SOE managers: political interference in pricing policies, decision-taking and staffing was common. Credit and labor market policies and rigidities were often imposed on SOEs. Budget constraints would be evaded.

After reflection by donors in the late 1980s, it was concluded that the

institutional and political environment of SOEs should be taken as important datum in formulating the approach towards not just the SOEs in question, but towards the public sector as a whole (especially in Sub-Saharan Africa where SOEs are extremely important in national economic terms). Simulation of private sector conditions is seen as the key to this approach. The summary of conditions to be simulated (as far as possible: difficulties with state monopolies are acknowledged) are: "maximization of profits, in a competitive market, under the control of managers with capacity, authority and motivation, faced with the threat of bankruptcy if the concern cannot compete."

This has involved:

- redefinition of clearer objectives for SOEs;
- provision of autonomy for managers, who are held accountable for results;
- improving selection procedures and compensation for managers, the key criterion being competence to operate in a commercial environment;
- the provision of incentives to produce results, and sanctions for non- achievement.

Unfortunately, the impact of the institutional components of the SOE case studies in the study sample (all from ODA) has been negligible. The lessons of experience point to the importance of:

- studying the institutional context;
- discussing the capital and institutional aspects of a prospective SOE project together;
- collecting baseline information, then planning for revenue collection;
- stimulating and taking account of recipients' initiatives;
- mixing technical assistance inputs, by experimenting with twinning relationships;
- giving training priority;
- assessing the seriousness of the problem of corruption, and including it in any feasibility analysis.

Local Government Strengthening

Decentralization is popular. Of 75 developing countries with more than 5 million inhabitants, 63 claim to have started transferring powers to local government. But much depends what is meant by "decentralization". Under "deconcentration", decision-taking remains at center, local branches execute central policies, and are accountable to the center. "Devolution" provides for local-level authority to decide use of resources, and accountability to local constituents. "Delegation" implies transfer of decision making and management authority to an organization not controlled by central government.

The possible advantages of decentralized management and administration include:

- encouragement of local officials to tailor projects and services to local conditions;
- local officials may be more motivated to find out about local conditions if they are expected to report on them;
- local people may be better informed about what is being planned and the reasons for these plans;
- it can therefore stimulate local participation;
- it may relieve top management of detailed tasks;
- it may facilitate local political education, and encourage constructive attitudes to change, mobilization of more local resources, and better accountability.

The question remains as to whether it is therefore always a good thing. The International Bank for Reconstruction and Development (IBRD), the Swedish International Development Co-operation Agency (Sida), and Dutch aid are skeptical. They conclude that the success of decentralization depends on the incentives it creates, the local capabilities it mobilizes or stimulates, and the costs it imposes. Therefore it is necessary to analyze what must be administered locally, and to transfer only those powers and

resources needed to take over those functions. It is also important to examine the history and characteristics of the situation, and assess if in fact government will be more accessible and efficient if decentralization takes place. Therefore it all depends on the political, historic, socio-economic, financial and legal context.

There are some fundamental barriers to decentralization. "The paradox of power", in Rondinelli's words, requires that for reforms to be successful, there must be diffused political support and participation; yet those in power, whose commitment is needed, see this diffusion as a threat. This paradox may obstruct innovation in governments and within donor administrations. Also, local government must function effectively if it is to gain sustainability and legitimacy. The key is the structure of incentives facing politicians and officials at municipal level; this pattern depends on central/local government interaction. There is a real danger that decentralization can become a series of "random concessions" by central governments trying to maintain political stability.

Furthermore, as can be observed in particularly the Latin American context, if local government is tied to central government mandates too closely, local government leaders will be judged on how successfully they obtain funds from higher levels of government, not on how well they solve local service problems.

The lessons of (largely negative) experience of donor-sponsored attempts at local government development worldwide include:

- "decentralization" comes to have many meanings in different contexts;
- responsibilities between the different layers of government require unambiguous clarification;
- revenue sources need to be authorized according to these responsibilities;
- accountability needs to encompass regulation by central government, and incentives to local constituents;
- effort is best invested where there is real interest in reform;
- service delivery needs as much attention as provision of infrastructure (keeping in mind the ends of local government, not just the means);
- local governments need the freedom to adapt structures to local circumstances, without over-prescription from central government;
- poor local services often lead to refusal of consumers to pay for services.

Technical Assistance and Training in Institutional Strengthening

Growing disillusionment with Technical Assistance (TA) as the primary vehicle for capacity building is apparent on the part of donors and recipient countries. This is particularly acute in the African setting. In a recent review by the World Bank, only 25 per cent of ID components of technical assistance projects could be considered successful. Another conclusion is that TA is very expensive. Notwithstanding some constructive suggestions for enhancing the effectiveness of TA (improving the definition of objectives, diminution of the selection and proportion of expatriate TA by pursuing intermittent staffing patterns, increasing attention to supervision, and to local management of TA), in the words of one observer "there is no clearly-lit path to renewed public sector effectiveness". More recent suggestions include making the pricing of TA more transparent, thereby clarifying the opportunity cost of TA, and untying the "bundle" so that it is no longer tied to other project inputs.

Training - often seen as a panacea - is justifiably coming to be viewed more critically in the literature. Some of the lessons which have been drawn point to the following approaches:

- seeing training as a means to an end, where there is a choice of training means;
- examining trainees' working environments to ensure training is not likely to be counterproductive or demotivating;
- seeking out existing policies within target organizations regarding training, and assessing the likelihood of the effective utilization of newly acquired skills;
- training in groups;
- better needs analysis;
- capitalizing on the advantages of a long relationship between a donor and a target institution;
- improving training evaluation practices;
- pursuing in-country or third-country training, to fill information gaps;
- considering "twinning" as a cost-effective approach to organizational development, which is less likely in many cases to result in the sometimes hostile reactions evoked by management consultants.

Constraints Faced by Donors: and Recent Trends

The academic literature demonstrates a lack of awareness of the constraints under which donors work. These relate to their staffing (and their experience in the countries to which aid is given); geographical distribution of offices; pressures from domestic constituencies for accountability in the use of aid funds, while maintaining spending and commitment rates; the conceivably politically sensitive nature of ID work, and domestic pressures to tie aid to donor country suppliers.

However, it is clear that, notwithstanding these constraints on donor abilities and freedom to learn, the experience of the last decades has been salutary. The language now heard is of the need for donors to map out the institutional terrain at country and sector level. Standard "recipes" have been shown to be inapplicable. Shared commitment - on both recipients' and donors' sides - has been shown to be vital: conditionality can be a blunt tool in forcing institutional change. Participation from the earliest stages of a project's identification by those who will be parties to it is one of the most effective ways of generating commitment. Rapid donor response to well-considered initiatives on the recipients' side is another approach likely to engender commitment. Yet the literature is thin on this very subject. From the donors' side, time horizons for program commitments to agencies or sectors must lengthen. It is axiomatic that "ID takes time".

Learning is slowly becoming respectable in the aid field. It is explicitly a part of the latest IBRD version of the project cycle. One point to be learned is that sustainability of projects depends on predominantly institutional factors and the strengthening of institutions involved, which is best achieved not through the application of various "supply-side" means, but by understanding more clearly demands for one of the ends of institution-

building: improved service delivery, and greater awareness amongst the consumers or users of services or outputs as to their rights, and the standards they can expect.

There is also a growing realization amongst the donor community that their response to the imperatives of the ID agenda is constrained by their own institutional situation. The process of remolding professional attitudes amongst aid technical staff will take time.

It is to be hoped that a renewed willingness of donors to learn from their own and each others' experiences, to pay more attention to the impact in relation to the costs of what they undertake, and to do more to publicize the positive results of what has been achieved with the co-operation of professionals and citizens in developing countries, will result in a gradual sea-change of public opinion in favor of devotion of a pattern of resources to and through aid agencies towards better collaboration in the field of public sector institutional strengthening.

[1] This synthesis study was commissioned by the Evaluation Department, Overseas Development Administration (ODA), London, on behalf of the OECD Development Assistance Committee's Steering Committee on Evaluation of Participatory Development and Good Governance, a sub-committee of the Development Assistance Committee's Expert Group on Aid Evaluation. It is one of a group of studies commissioned by the Steering Committee.
The report was prepared by David Watson, a private consultant. The views expressed in the report do not necessarily represent those of the ODA.

EVALUATION CAPACITY BUILDING[1]

PURPOSE OF THE STUDY

At the meeting of the DAC Expert Group on Aid Evaluation (Expert Group) in October 1994, it was decided to make an analysis of donor experiences with Evaluation Capacity Building (ECB) activities. The renewed interest for ECB emerged as part of the evaluation of programs supporting Participatory Development and Good Governance (PD/GG). The Expert Group decided that the review of ECB activities should be a study of its own since ECB is a task specified in the Group's mandate. Danida took responsibility to be the lead agency for this task.

The study was set up to address the following questions:[2]

- What are the most successful donor ECB policies and strategies?
- Who are the most appropriate developing country partner organisations for ECB efforts?
- What are effective donor activities and organisational approaches to implementing?

As part of the study, a survey of donor agencies' ECB activities was conducted during the first half of 1995 to which 24 agencies responded. Supplementary documentation was received from several agencies, particularly multilateral donors which have been very actively involved in dialogues with recipient countries on ECB, including in the organisation of several regional seminars and workshops. A first report was distributed to the Expert Group in September 1995.

At the informal seminar in Canberra, February 1996, Expert Group members together with developing country participants discussed ECB as a full day's topic with presentation of papers including three country case studies on support to ECB in Indonesia, Zimbabwe and the Philippines. The major lessons from the presentations and discussions at the seminar have been included in the study.

MAJOR FINDINGS OF THE STUDY

The DAC report from 1988 already observed that there had been a significant strengthening of the evaluation process in many developing countries.[3] Since then, it has, in particular, been the World Bank and the regional development UNDP banks which have been most actively supporting national evaluation systems and stimulating the demand for evaluation in connection with public sector reforms and good governance initiatives. ECB activities by the United Nations Development Program (UNDP) have included the production of a series of monitoring and evaluation country monographs.

Support provided by bilateral donors is concentrated on a few agencies, including USAID, the Canadian International Development Agency (CIDA), the Netherlands Directorate-General for International Co-operation (DGIS) and the Swedish International Development Co-operation Agency (Sida). DGIS has, as one of the very few bilateral donors, a formulated policy for support to evaluation capacity building. Sida's support to performance audit in several African countries is the best example of long-term institutional twinning arrangements; in this case between the Swedish National Audit Bureau and the respective host country counterpart institutions.

Most of the bilateral ECB assistance has often been part of a project or program containing a more comprehensive package of development interventions. Multilateral donors have tended to focus their interventions at the national level supporting overall evaluation systems often as part of broader public sector initiatives. Bilateral donors have, on the other hand, been more inclined to support evaluation functions at the department or project/program level sometimes with the motive to have their own assistance monitored and evaluated. Many donors also see their efforts to make joint evaluation as a means to support capacity building. Other donors limit their ECB support to training.

In spite of more than two decades support there has been limited systematic assessment of the effect and sustainability of the assistance. It is therefore difficult to draw very specific conclusions about lessons learned. It appears that a combination of support activities including

consultancy, staff training and equipment is needed in most cases, and that the establishment of a usable evaluation function on national as well as sub-sectoral level is a long- term process. The duration and input of donor resources for ECB support varies considerably. However, where the duration of the intervention has been short there is often a need for follow-up measures.

There is broad agreement that the commitment and sense of ownership made at policy and senior management level as well as the legal foundation of the evaluation function is more important than supply of donor resource inputs. However, from an assessment point of view a number of issues remain regarding the experiences of the ECB support. For example there is very limited knowledge of the sustainability of supported evaluation institutions at project and sector level which are not linked up to a national or regional evaluation system.

Experiences with joint evaluations have been mixed, and it appears that careful design is needed if joint evaluations are to give a satisfactory outcome for both the donor and the host country, and at the same time contribute to capacity building with a lasting effect.

CONCLUSIONS AND IMPLICATIONS

In summary, most agree that some progress has been made in achieving ECB but more work is needed in the areas of political advocacy, local level commitment and commitment of donors to support a long-term strategy of ECB.

The experience of recent renewed interest for evaluations in developing countries provide lessons which can be summarised under:

i) approaches to strengthen evaluation functions;

ii) elements of donor support strategies, and;

iii) role of donor evaluation units and the Expert Group.

Although the available material is limited, the following observations are broadly supported; however, opinions may differ on specific issues.

An important element of the recent concern about the evaluation capacity in developing countries is the acknowledgement that donors and host countries have each their legitimate but sometimes different interests in evaluations. Secondly, a sincere long-term commitment to strengthen evaluation capacity in developing countries also means leaving more of the initiative and design of evaluations to the recipients. While much of the assessment of effects and impact should be left to the recipient country, donors will continue to have needs for evaluation both for accountability purposes and to provide lessons on the adequacy of their aid delivery systems.

Approaches to strengthen evaluation functions

- sustainable evaluation institutions need political commitment and support at the highest policy and management levels, and should be able to demonstrate their usefulness at these levels. The design of evaluation systems also needs to take into account the specific government and administrative culture in the host country/organisation.

- Political commitment and senior management demand should be pre-conditions for ECB supply activities, and have to be linked to the governance issue. A long-term strategy is needed for effective interventions.

- The scope of national level performance evaluation and performance auditing systems are moving closer to each other, although the former is likely to be closer integrated in the planning process while the latter system tend to focus more on accountability at the policy level. The choice of approach may, however, depend on other factors like political commitment, legal framework and institutional capabilities.

- Development policy and aid tend to shift from a project/program to sector/policy focus setting new demands for host country evaluation institutions.

- Sustainable and effective evaluation systems must have a legal foundation or a firm statuary organisational regulation.

- An evaluation unit's independency from line management is important as well as the security of career possibilities for evaluation staff and managers.

- Regional, sectoral and program/project evaluations become more useful if they are based on a co-ordinated approach linked to a national evaluation system particularly with respect to methodologies and data needs.

Elements of donor support strategies

- Duration and scope of support should be flexible and balanced between needs for long-term relations and ownership by host institutions.

- Consideration of support to either a national level evaluation or a performance auditing system should include policy demand for its use and legislative backing of the system.

- Efforts to institutionalise training in evaluation (including training of trainers) particularly on methodological aspects of evaluation.

- Long-term twinning arrangements will support professionalism. Increased use of the evaluation tool in developed country governments increase the possibilities for making long-term twinning arrangements with specialised evaluation institutions in donor countries.

- Support to training institutions and curriculum development which on a broad base can strengthen evaluation capabilities in government and civil society.

Role of donor evaluation units and the Expert Group

While the above list provides possible ways for donors to strengthen support to ECB, the need for action by the Expert Group and donor evaluation units must also be considered. While multilateral agencies' evaluation units may, to a certain extent, be able to provide support to evaluation capacity building, it is very unlikely that bilateral evaluation units can take operational responsibilities for support to ECB. Their independency and capacity often set limitations for such an involvement. However, that does not prevent bilateral evaluation units from using their professional competence to advise and support operational units' activities and promote ECB in guidelines and policy formulation.

Areas where donor evaluation units may play an active role include:

- Promote an agency ECB support policy or strategy particularly in view of new aid forms being introduced including program support to institution and capacity building as part of good governance initiatives at national and sectoral levels.

- Advocate and stimulate interest in evaluation in country dialogues and sector program assistance.

- Provide technical advice to operational units responsible for ECB support activities.

- Support the establishment of twinning arrangements between other domestic evaluation institutions and host country institutions.

- Arrange joint-evaluations with a true participatory approach where the needs of both parties are incorporated from the start, and where the capacity building element is considered specifically.

- Co-ordinate its evaluation program with host countries and other donors in order to optimise use of resources and constrained capacity of recipient countries' evaluation systems.

- Assist in securing consistent evaluation methodologies and terminologies in the ECB support activities of the agency.

- Advice on training facilities and materials on evaluation.

The Expert Group can:

- Continue to promote common principles, methodology and terminology shared by donor and host countries.

- Encourage and facilitate members to have sector and country evaluations co-ordinated and shared with host country evaluation institutions.

- Continue supporting regional networking to promote exchange of expertise and share evaluation information among recipient and donor countries.

- Support regional and south-south seminars and training.

- Facilitate exchange of information on donor ECB support activities and promote assessment of these activities.

Most of the possible activities outlined for the Expert Group can be combined with other initiatives taken by donor agencies.

[1] The report on Evaluation Capacity Building was prepared by Henrik Schaumburg-Muller, consultant to DANIDA (Danish International Development Assistance).

[2] No distinction is made in this report between evaluation capacity building and evaluation capacity development. The latter terminology is preferred by the World Bank and the United States Agency for International Development (USAID).

[3] Evaluation in Developing Countries - A step in a dialogue, Paris: DAC/OECD 1988.

DECENTRALIZATION[1]

INTRODUCTION

Purpose and Scope of the Paper

The DAC Expert Group on Aid Evaluation has defined decentralization as one of five themes in its discussion of Programs Promoting Participatory Development and Good Governance (PD/GG). Decentralization, it is believed, might promote efficiency, equity and political participation. It is therefore of relevance for the development of PD/GG.

In many developing countries decentralization is an important political issue, and most countries have adopted strategies in this respect. It is usually not a question whether decentralization should be undertaken; rather, it is a question of how to decentralize and what to decentralize; what powers can be allocated to local governments; which functions can be delegated to local institutions; what expenditures and taxes can be decentralized; what subsidy or transfer programs can and should be developed; what kind of administration and co-ordinating mechanisms can be utilized; and how can decentralization be co-ordinated with other reform programs?

Topics Covered

A series of objectives and potential benefits can be linked to decentralization. It is useful to distinguish between four major objectives:

i) To improve democracy and political equity;

ii) To improve management efficiency;

iii) To improve financial performance through increased revenue generation and rational expenditure decisions; and

iv) To provide a better environment for private enterprise and responsiveness to local needs.

Democracy and Political Equity

Decentralization of government is generally seen as an element for strengthening democracy, a way of bringing decisions closer to the people most affected by the decisions, and a way of achieving the participation of ordinary people in decision-making at the local level. Decentralization may help reduce regional inequalities in terms of development, and contribute to an equitable distribution of resources and opportunities.

Politically, decentralization means transferring power to people and institutions in the periphery who otherwise would not have much influence on decision-making at local or national levels. Decentralization is an important instrument for improving democracy and achieving better governance. The tendency of central governments or elites to become all-powerful can also be controlled or counteracted by stronger local or regional governments.

It should also be observed, however, that decentralization sometimes may be a way for the state to penetrate and control the (rural) society (Mutizawa-Mangiza 1990). The intent of decentralization strategies may thus be to enhance the leading role of the dominant party or the government.

Competing political interests can motivate support or opposition to decentralization programs. It is therefore important to identify and assess the motivation for decentralization among different groups or political actors. Economic and administrative rationales for or against decentralization are often advanced to conceal the primacy of political interests or issues. These political considerations are particularly intricate when decentralization efforts are undertaken to build national unity. Decentralization often results in the allocation of resources and benefits to a particular region, ethnic group, or other subset of a country's population.

Decentralization also contributes to maintaining economic and other differences between regions by reducing the central government's obligations or efforts to subsidize or stimulate less developed areas.

Changes in Management Efficiency - Improved Service Delivery

One important argument for decentralization is that it can enhance and strengthen a country's management and administrative efficiency. Administrative effects that one wants to achieve by decentralization are to:

- extend public services to rural areas, and improve administrative and managerial capacity;
- increase efficiency and effectiveness in government operations;
- enhance economic and social development programs;
- reduce overload and congestion in channels of administration and communication;
- facilitate more effective integration of government programs, and improve the technical capacity to deliver public services at local level;
- improve opportunities for government accountability.

It is widely agreed that decentralization is necessary to improve public management, economic performance, and income-distribution. However, decentralization of economic management functions can also result in maintaining old-fashioned or historically-rooted public sector inefficiencies. Local governments or authorities can monopolize productive sectors and distort the terms for private sector participation and involvement. Institutions established at the local level frequently have a poor organizational structure and are often not able to deal appropriately with the duties and responsibilities assigned to them (Silverman 1992). Thus, transferring authority and power to the public sector at the local level does not *necessarily* result in institutional strengthening that fosters greater efficiency and equality. A separate effort and funding for local administrative capacity building is often necessary.

Financial Performance and Economic Efficiency

One justification for decentralization is that it will improve economic development, equity, and income distribution. In a number of developing countries there has been government involvement and intervention in economic activities and production of services. Economic efficiency in these government enterprises has been very low. An important discussion in the developing countries is what the proper size and scope of the public sector should be.

Local councils often experience serious difficulties and are inefficient in their efforts to collect levy. The revenue basis is generally low, both centrally and locally, and resistance to taxes is widespread. The central government frequently fails to come up with the funding for activities that the local authorities depend upon it to provide. Decentralization of functions and tasks to local authorities without funds is common. Financial decentralization remains controversial and a highly political issue in developing countries.

Sources of Information and Methods Used

This paper is based on the documentation on decentralization in a selected number of developing countries. The documents cover country experiences with political and administrative decentralization in Africa, South Asia, Central and South America. The country cases are used as illustrations of various models of political, administrative and financial decentralization and not a representation of decentralization in each continent.

Interviews were not carried out in developing countries nor with donor organizations. The members of the team responsible for this paper, however, do have extensive experience with decentralization in developing countries through relevant research projects or aid programs.

KEY CONCEPTS AND FRAMEWORKS

Definition

Decentralization refers to attempts to change the balance of power from the central government to local, regional, or other subnational levels. Decentralization thus relates to the role of, and the relationship between, central and local institutions, both public and private. Decentralization can take the form of transfers of power to govern, to tax, and to plan and implement projects.

When a country adopts a decentralization policy it is concerned with two broad strategies for action, that is, political and administrative strategies to decentralize. Recently, financial decentralization has also been emphasized (Agarwala 1992, Chole 1994).

The term "decentralization" is used to describe a variety of institutional structures and arrangements. It is, however, common to distinguish between four major forms of decentralization (Blair 1994):

- Deconcentration;
- Delegation;
- Devolution; and
- Economic deregulation

A. Deconcentration

Deconcentration involves the transfer of selected functions "... within the central government hierarchy through the shifting of workload from central ministries to field officers, the creation of field agencies, or the shifting of responsibility to local administrative units that are part of the central government structure." (Rondinelli 1983). At the local level, government operates in separate ministry offices or line-agencies. In deconcentrated systems there is little or no horizontal integration or co-ordination of work between the different sector ministries and agencies at the local level.

B. Delegation

Delegation involves transfer of responsibility for maintaining or implementing sector duties to regional or functional development authorities, parastatals and other semi-autonomous government agencies, that operate independently of central government control. Delegation usually occurs in sectors that have a relatively sound income-generating basis, such as energy production and supply, telecommunications, and public transportation, etc.

C. Devolution

Devolution involves the transfer of discretionary authority to legally constituted local governments, such as states, provinces, districts or municipalities. In *devolved* systems, responsibility for a wide range of operations, encompassing more than one sector, are assigned to local governments. An essential characteristic of *discretionary authority* is that the overseer role of central government is limited to ensuring that local governments operate within broadly defined national policy. To the extent that local governments have discretionary authority, they can do what they want, bound only by the broad national policy guidelines, their financial, human, and material capability and capacity.

In devolved systems, local level staff is responsible to local elected councils, rather than to sector ministries. The management of projects is integrated into the established structure of local government institutions.

D. Economic Decentralization and Self-Governance

An important aspect of decentralization in the last 15-20 years is the drive to shift responsibilities for economic production and activities from the public sector to private or quasi-public organizations. Central in this are efforts to deregulate the central government's economic control and promote strategies for private sector

development or community participation and private-public partnership.

SUMMARY OF EXPERIENCES

In this section we examine decentralization reforms in developing countries in Africa, South Asia, and Latin America. Our focus is on country experience rather than donor experiences. Decentralization is a political issue that is rooted in a country's history and politics, and donors are considered subsidiary to country experiences. Donors play a supporting role in national decentralization. It is therefore important to record and discuss donor experiences to make this support more relevant and efficient.

Sub-Saharan Africa

In African countries the decentralization of the 1970s meant a deconcentration of administration and strengthening of regional administration. The dominance of the one-party state produced centralization of power and a weakening of the local power base. Decentralization was again promoted by national governments and external donors as a result of the economic stagnation and crisis of the 1970s and 1980s. Locally elected councils were reintroduced in many countries, but they remain underfunded and unable to assume the tasks that have been transferred to local government. The central government remains overburdened and the political influence and implementation capacity at the local level remains low (Laleye and Olowu 1990). In some cases decentralization was an integral part of public sector reform programs (Zambia), while the Civil Service Reform Programs in others were expanded to include decentralization (Tanzania), or merged with a decentralization reform (Uganda).

Tanzania

We can distinguish three phases in the development of local government in independent Tanzania (Max, 1991). In the first phase, until 1972, there were elected organs at the local level (District and Town Councils). In the years after independence, however, local elected authorities gradually lost influence and capacity, as measured by reductions in tax revenues and declining motivation at the local level. In the second phase (1972-1982), local elected bodies were abolished and all administration was taken over by the central state. In this period, which was labelled "decentralization", local taxation was abolished and the regional administrative level was strengthened.

The present system of government was introduced in 1984. In this system, council elections and local taxation were reintroduced and the tasks previously undertaken by the development committees were transferred to the District Councils. The administrative apparatus that had developed at the regional level was preserved. The autonomy of the Districts has therefore been more formal than real.

Tanzania's system of local government has been in a state of deep crisis (UNDP, 1993, NORAD, 1995). In response to this crisis, the structural adjustment program was expanded to include an ambitious public sector reform program consisting of three areas: (i) civil service reform, (ii) parastatal sector reform, and (iii) financial and planning system reform. The Civil Service Reform Program consists of six major elements:

- ministerial organization and efficiency reviews;
- pay reform;
- personnel control and management;
- administrative capacity building;
- retrenchment and redeployment of staff;
- local government reform.

When the program started there were only five components. The sixth, local government reform, was added in the 1994 Action Plan and is by far the smallest. Little has happened in local government reform in Tanzania. Autonomy of local political authorities is severely limited. The local government reform component has been under preparation for some time and some review papers have been produced, but as a reform process it is only expected to start up in 1996.

It is too early to evaluate the effects of the reform process because it is still in a preparatory phase. We can, however, state

what a successful reform program will require:

i) economic improvements, so that state finances are improved;

ii) favorable political conditions, with firm support for the reform process; and,

iii) an expansion of program priorities, beyond the narrow goal of cost cutting and retrenchment (although this is also necessary), to include factors such as relations between different government levels and agencies, personnel and recruitment policies, work conditions, staff qualifications and improvements in service delivery.

Zambia

At independence in 1964, decision making was highly centralized in Lusaka. The Local Administration Act of 1980 provided for the merger of party and government administrative organs at the district level into a common structure called the district council. In 1991, local political institutions were reintroduced. The first local elections under the new system were held in 1992, giving the ruling party, MMD, a dominant position.

Under the new system, local governments have fairly wide formal responsibilities for housing, water supply, sanitation, roads, fire services and town and country planning. Local authorities are also empowered to appoint local officers and other employees. In practice, councils differ greatly in the range of functions they discharge (Tordoff and Young 1994). This reflects both variations in financial and manpower resources and differences in legal status.

All Zambian local authorities are currently in a desperate financial situation (Tordoff and Mukwena 1995). This is related to the limited revenue actually collected at the local level and to blockages and irregularities in the flow of funds from the center (GoZ/LOGOSP 1994).

In addition to the limitations described above, decentralization is facing severe problems because of:

- failure of the central government, and the Ministry of Local Government and Housing in particular, to provide guidance, support and information
- lack of an employment and training policy in local government
- delays in implementing the new policy
- persistence of legal ambiguities
- no system for local government financing.

(Tordoff and Mukwena 1995).

Zambia is implementing a Public Sector Reform Program (PSRP) where decentralization is the third component (GoZ 1993). ODA/UK is supporting a decentralization secretariat (LOGOSP - Local Government Support Project) in Zambia. ODA has put an emphasis on monitoring and regular review missions during project implementation. No decision has been taken yet to have an ex-post evaluation of the project. LOGOSP is also supporting the development of a system for local government performance appraisal. These appraisal systems will be utilized by the district staff in collaboration with LOGOSP and will be closely related to the training to be done in the districts (LOGOSP, 1993).

Parallel to the district councils, a separate decentralization exercise has been conducted by the Ministry of Health. Under this program, Health Management Boards have been created at all major hospitals and at the district level. The district health boards will be chaired by the district medical officer and will have 5-10 members, drawn from a variety of professional and community backgrounds. Each district council is entitled to have 2-3 representatives on the boards. The functions of the boards include preparation of annual plans and budgets and the management and operation of the district health service. The center, however, retains control over general policy making. The implementation of the health management reform program has been delayed, although the law governing the reform, the *National Health Service Act*, and the guidelines were issued last year. It is therefore too early to assess the results. The World Bank, UNICEF and DANIDA are the main donors. DANIDA's support includes funds and technical assistance for the Health Reform Implementation Team. There will be a major evaluation

conducted in the summer of 1996, co-sponsored by all three donors.

Uganda

As a part of this reconstruction of government institutions after the civil war, the National Resistance Movement (NRM) introduced an administrative reform program in 1986. This system was based on Resistance Councils, operating at five levels, from the village to the District (DANIDA 1995b, Brett 1992). These councils did not control administration, but were seen as community development agencies that could serve as watchdogs of officials. They were weak, however, and had no control over budgets. They could complain about abuses, but were unable to ensure that action was taken in response to the complaints.

A Task Force was set up in 1990 to prepare a proposal for decentralization reform. The main objectives of the Task Force's proposal, which was passed in 1992, was to devolve democratic power to local authorities. Decentralization was considered a necessary element in a reform program to bring power closer to the people, to increase the range and authority of elected officials, and to improve the efficiency and accountability of the administrative system. This agenda had widespread support, since it appeared to be the only effective mechanism for ensuring that the state would never again be able to abuse its powers as it had done in the 1970s and early 1980s.

The new system has produced a fundamental change in the institutional arrangements through which authority has been managed and services delivered (DANIDA, 1995). The changes include:

- Transferring decision-making authority from administrators (the District Administrator, central ministries) to elected District Councils;
- Granting autonomy to councils below the district level;
- Reforming the planning and decision-making process;
- Establishing a Decentralization Secretariat, funded by DANIDA, with responsibility for organizing and co-ordinating the implementation of the reform program;
- Financial decentralization in the form of block grants from central government to district councils.

The reform program is to be implemented in stages. A wide range of supportive activities are planned, such as training, production of information materials and financial management reform. Parallel to the decentralization reform, a Civil Service Reform Program was started up in 1990 (Langseth 1995), and the two reforms have gradually merged.

The only component which has been subject to a substantial review so far is the Decentralization Secretariat. A DANIDA mission states: "The decentralization secretariat has generally performed very well since it started in 1992. It has made major contributions to decentralization policies and played an important role in their implementation." (DANIDA 1995b). Some results have also been achieved at the ground level, most notably in the field of local level financial management. It is important to note, however, that the starting level in this area was extremely low and that enormous improvements will be required. The report is relatively optimistic about the prospects of the other elements of the reform program, although it states that a "successful" outcome depends on a significant strengthening of the capacity of local government institutions in several areas.

Ghana

The system of local government in Ghana has gone through several phases since independence (Crook 1994). Inherited at independence was a British system of local government. This system was the subject of intense conflict and substantial political manipulation during the 1950s and 1960s. The present system of government in Ghana was created in 1989, with the approval of the Local Government Act (Naustdalslid 1992, World Bank 1993). The 1989 Act reintroduced democratic institutions at the local level, making the elected District Assemblies the highest body at the district level. Formal political authority in the districts is vested in the district assembly, which is responsible for development planning and a wide range of other government services. Membership in the assembly is determined partly through local elections in single party constituencies and partly through appointment by the central government.

The 1989 reform embodied an array of competing principles - representative democracy, GRASSROOTS populism, CDR (Committees for the Defence of the Revolution), managed democratic centralism, and deconcentrated development planning. These competing principles resulted in a half-hearted implementation of the decentralization system. An assessment of the performance of the District Assemblies (Crook 1994) points to the following factors:

i) Joint implementation of the structural adjustment program and civil service reforms has led to a strong emphasis on cutting government expenditures.

ii) The continued political importance of the deconcentrated state administration, together with the CDRs, has meant that local political institutions have remained weak.

iii) The introduction of local elections in Ghana did achieve some success in political terms. Popular enthusiasm for the assemblies when they were introduced was high, but has waned as the expectations have not been met.

Ghana's experiment with decentralization has been a mixed experience. It has not led to any significant improvement in government capacity. But initially, political participation increased, and the legitimacy of the state (at least at the local level) appeared to be improving. However, as a result of a lack of resources, insufficient local political autonomy and no support from other important actors, these achievements have not been sustained.

Ivory Coast

From the 1950s until 1980, local government in Ivory Coast did not exist. Local elections were not held between 1956 and 1980, and state institutions at the local level were under total central control. In the same period, the colonial prefectural system of territorial administration was expanded and strengthened, making the country one of the most centralized in Africa.

A reform process was started in 1980 and competitive elections were introduced within the one party system at central and local levels. A new policy of "communalization" was also announced and new municipal authorities were created in the same year (Crook and Manor 1992).

There are still major problems to be overcome in the Ivorian system of local government. At the *political level*, three main problems can be identified:

i) The role of the mayors has made the communes an instrument of domination for local elites. Mayors have been accused of ignoring both the elected councils and the local population.

ii) The level of political mobilization and participation has been low. The lack of real decentralization and the long traditions of centralized rule through the prefectural system, have been invoked to explain this apathy.

iii) The elected councils have remained in a weak position vis-a-vis the administration. Both the deconcentrated state administration and the line ministries view the local elected councils with deep suspicion.

At the *administrative level*, there have been problems of institutional conflict and bureaucratic co-ordination. The continued presence of the powerful and prestigious prefectural system, exercising the authority of the Ministry of the Interior, remains an unresolved issue.

Central ministries, particularly the Ministry of Finance, have been strong proponents of decentralization, seeing it as a way of reducing the financial burden on the central government. By moving the financial responsibility for rural development to the districts, it is hoped that substantial savings can be made. This "decentralization of costs" is not in the interest of local Councils, since it means that they would lose the bulk of their income if central government grants are removed.

South Asia

India - the State of Karnataka

The state of Karnataka, in the south-western part of India, introduced a new system of local government in 1985. The new system, which has been described as "one of the most radical in the entire third world", decentralized powers and resources from the state level to the districts (Crook and Manor 1992). The new system also sought to increase political control over administration by strengthening elected councillors vis-a-vis the administration.

The core institutions in the new systems, the District Councils, have no power to tax. They can raise resources by making public investments and by borrowing, but they remain dependent on financial allocations from the state government.

The new system has had two main benefits (Crook and Manor 1992):

i) Popular political participation has increased. This applies to a variety of forms of participation, such as voting, active participation in electoral campaigns, membership in organizations, contacting local politicians and taking part in meetings.

ii) The responsiveness of government institutions has also been enhanced. This applies both to the administration's responsiveness to politicians and to politicians' responsiveness to voters, where there has been the most marked improvement.

But problems remain:

i) Opposition among higher level politicians and administrators. Civil servants and legislators on the state
level have been accused of taking decisions on subjects that belong to District Councils and of imposing their preferred policies by financial and administrative controls.

ii) Insufficient local government autonomy. Although the formal responsibilities of the District Councils were substantial, the state government has been reducing the Districts to mere implementing agencies of policies determined elsewhere.

iii) Distributional consequences of the reform. The District Councils have been dominated by representatives of local elite groups, such as landowners. This has been the case despite the existence of special quotas for disadvantaged groups. In Karnataka, socially disadvantaged groups have had considerable political influence at the state level. Little knowledge exists on the impact on the position of weaker groups, when power has been moved from a level where they have influence (the state level) to a level where they have none.

Bangladesh

Bangladesh has implemented several decentralization "packages" during the last decades. One of the major decentralization schemes was the *upazila* system, introduced in 1983. These reforms have not been very successful. Ingham and Kalam (1992) write that there is little ground for optimism about the outcome of decentralization policies in Bangladesh. Fieldwork carried out in three different rural districts revealed widespread dissatisfaction with decentralization measures.

A survey revealed that government officials, elected representatives, and the local elites responded positively to the *idea* of the *upazila* local government system. There was widespread frustration and dissatisfaction, however, about how the *upazila* administration was operating. The *upazila* institutions and officers usually just respond to decisions and initiatives taken at the central level. The central government rarely consulted - or invited suggestions from - the *upazila* level, and the centrally made decisions usually had to be accepted. Conflict, lack of co-operation and corrupt practices have also been major problems (Ingham and Kalam 1992).

The *upazila* chairmen are considered unaccountable to the people. Use of their powers to gain material benefits and social prestige for themselves rather than benefiting the poor has been widespread (Khan 1987, Rahman 1986). The central government has been accused of "having shown only a marginal commitment to power sharing and of having distorted and manipulated decentralized institutions, in order to build up a political power base in rural areas" (Ingham & Kalam 1992). This is reaffirmed in another study of the performance of local government and NGOs in selected regions, which concluded that the system did not function properly (Alam, Huque and Westergård 1994). The system had a high degree of central control, with little political will to implement reforms.

Decentralization is aimed at helping the poorest groups, but a survey revealed that the majority of respondents had no detailed knowledge of the *upazila* administration. Few had attended meetings and there was little access to information (Ingham and Kalam 1992). The goal of increasing public participation and strengthening democracy through decentralization has not been achieved through government reforms in Bangladesh.

Sri Lanka

Significant changes have taken place in local government and administration in Sri Lanka over the last two decades. One of the most fundamental and important changes is the devolution of political and administrative powers from the central to the provincial level. In 1988 Provincial Councils were established under the authority of a Chief Minister to carry out policy formulation, development planning, and financial management at the Provincial level. The central government has maintained control over several key functions or areas of responsibility, such as highways and major irrigation. Work linked to these areas is done directly by the government's line agencies (Departments, Boards and Authorities), which have branch offices in the provinces or the districts.

Divisional Secretariats were introduced in 1992 as an additional administrative unit, with *dual* duty to co-ordinate tasks initiated by the central government and the Provincial Councils.

The argument for these decentralization reforms has been to provide local people with a better opportunity to participate in local level planning and development activities. Below the province and district levels, Local Councils (Pradeshiya Sabhas) have been set up in connection with the Divisional Secretariats.

The Sri Lanka decentralized political system is ambitious and complex, and its implementation has not been without problems. First of all, there has been considerable confusion regarding the devolution and decentralization process among ordinary citizens and public officers. This has been linked partly to the transformation procedure and the difficulties of getting people settled into new offices and positions. Moreover, the instructions and regulations about issues such as lines of command, authority, responsibilities, etc. have been unclear. The complex arrangements regarding ownership, rights to use, and obligations to maintain public assets are unclear. This lack of clarity in responsibilities and authority has reduced the efficiency of the local institutions (Dale 1992).

Latin America

During the last decade most of the countries in the region have pursued a policy of decentralization to lower political levels (Winkler 1994, Murphy 1995, Wiesner 1994). There is still considerable reluctance, however, to surrender political and fiscal power to local political structures (Bidus 1995) and there are significant variations in national systems for financing local government in the midst of economic crises in many of the countries (NACLA 1995). Most countries have undergone macroeconomic reform programs with restructuring of the public sector as the most salient feature. The movement towards decentralization seems clear in most countries, but each country has shown unique experience both regarding the instruments used and the pace of change.

The countries reviewed have developed their own model of decentralization, varying from the centralized structure of Chile with central control by the state over the municipalities, the federal governance structure in countries like Argentina, Brazil and Venezuela, to the increased independence of municipalities in Honduras. In Central America the locally elected leaders have, through national and regional municipal associations like the Federacion de Municipios del Istmo Centroamericano (FEMICA), efficiently brought the issue of decentralization and municipal autonomy to the national political agenda (Bidus 1995).

Many of the reforms are linked to peace and reconciliation processes, and since they have only been enacted two to five years ago, no conclusive assessment of the benefits of these changes can be made. There is, however, a clear vision among the municipal organizations in Central America that they have an important role to play both in local and national development. By 1996 all Central American municipalities will directly elect their mayors. While political and fiscal autonomy is high on the Central American agenda, fiscal transfers play a critical role in the decentralization drive in South America; in some countries transfers amount to more than double the locally generated tax revenue. Little is known, however, about the effects of transfers on the transparency of the local political process, on governance in general, and whether the end result will be a "simple fiscal decentralization model" or a "developmental decentralization strategy" (Wiesner 1994).

Local revenue generation has historically been low in Latin America. The current financial decentralization reforms include enhanced financial transfers from central to local government, rather than an increase in local revenue generation (Winkler 1994). Taking the municipalities' share of total government spending as an indicator of the importance of the subnational government as provider for public services, and the share and evolution of local government's own source revenues as an indication of their fiscal autonomy, we can get an approximation to the degree of fiscal decentralization in some Latin American countries. The national tax revenue in Chile declined in relative terms in the period from 1980-92 from 95.6 per cent to 93.3 per cent while the revenue of the subnational level grew from 4.4 per cent to 6.9 per cent during the same period. After the adoption of the new "Popular Participation Law" in Bolivia, the rural municipalities now control over 20 per cent of the national budget. It is, however, necessary to look further into how the inter-governmental tax revenue and expenditure is shared by the different levels of government, to be able to tell more about the effects on resource allocation efficiency, distributional outcomes and the degree of local autonomy over local expenditure compared with transfers.

In Latin American countries there is a general trend for the national share of expenditure to decline and subnational shares of expenditure to increase. Transfers tend to grow steadily, reducing the subnational share of expenditure financed by their own tax resources. The political implication seems to be "if local jurisdictions are able to export taxes and enjoy largely unconditional transfers, how could local accountability, public sector management and efficiency and equity objectives be more attainable through fiscal decentralization" (Wiesner 1994). In 1991 municipalities in Brazil were only financing 29 per cent of their expenditure from locally generated taxes, while in Chile there was a decline from 76 per cent in 1970 to 60 per cent in 1992 (Murphy 1995).

The fastest growth of expenditure is at the municipal level and if the trend continues, municipal expenditure will exceed that of the middle levels (region, federal states). In most cases there has been a political decision to enhance revenue transfers, before analysis and decisions are taken on which functions to decentralize and what local institutional capacity should be built. This raises the classical problem with

transfers; they weaken the principle of correspondence between revenue generation and service delivery, with the possible undermining of local tax efforts. The transfer of revenue from the state to the municipalities has increased considerably and the bulk of this increase has been in the health and educational sector. Since 1979 the Municipal Common Fund has redistributed resources between municipalities on the basis of relative poverty indicators.

There is a relatively weak correspondence between local revenue generation and local activities. This might reduce the total revenue of the state since it has discouraged municipalities from raising their own revenues, as experienced in Guatemala (Bidus 1995). More than 41 per cent of all municipal revenues in Central America are currently in the budgets of the five capital cities while the remaining 1,100 municipalities control the remaining 59 per cent (Wiesner 1994). The redistribution process has significantly reduced poverty in the most deprived areas. In El Salvador the close correspondence between locally raised revenue and local project planning has shown that municipal projects on average cost 45 per cent less than centrally funded and implemented projects.

In comparison, Honduras has been seen as leading the way in the region in terms of devolution of power, authority, and resources to the local level. The 1990 Municipal Law and the electoral reforms have given the citizens greater local control and the possibility of participating in local affairs. The Honduran Municipal Association has been central in the reform process, leading to strengthening of local autonomy.

Studies of Central American countries show that citizens believe that the local government should have more responsibility and resources, and that they are more skilled at resolving community problems than the central government (Bidus 1995). Donor initiated programs devoted to supplying credit to infrastructure projects promoted by municipalities on the basis of matching funds, such as the Municipal Infrastructure Finance Program designed by USAID, have been an important confidence building supplement to government transfers. The Municipalities have taken on a more progressive political role in some of the Central American states (NACLA 1995).

A study of decentralization in Colombia concluded that the traditional supply-driven donor support programs for capacity building at the local government level have a poor track record (World Bank 1994). They argue that "sustainable development at the local level is possible only when there is effective demand by local administrations and communities." The report argues for a demand-driven approach, where technical assistance follows local demand and is tailored to local needs, and where information exchange between municipalities on best practices can be encouraged to promote local leadership that will work for locally innovative solutions, including improved community participation such as user involvement in service delivery boards.

Similar positive results have been observed from support provided by USAID over the past two decades for the Peruvian government's decentralization efforts through IRDPs, disaster relief, rehabilitation and reconstruction (DRR) projects, and program development and support (PD&S) activities. The projects focused on the situation of the individual farmer and used private contractors for much of the work. This reinforcement of the private sector was an essential part of the projects. The projects helped the local institutions develop planning and implementation capabilities that were flexible, efficient, and responsive to local needs (Schmidt 1988, 1989).

In Nicaragua a number of bilateral and multilateral donors are supporting public sector and decentralization reform. Decentralization is a key component of the Nicaraguan Government's Policy Framework Paper (1994-97) and of public sector reforms. DANIDA is supporting local government capacity building in project planning and implementation and general administrative and planning capacity. A recent review shows that the project has achieved best results in the former area, while it has been difficult to achieve general administrative and planning capacity. (DANIDA 1995a) Decentralization in Nicaragua has achieved considerable results, given the short time-frame of the experience. There are, however, a number of problems confronting local government strengthening: (i) there are no data and information on local government financing; (ii) a number of funds are available for projects at local level, but each has its own rules and procedures, causing confusion at the local level; and (iii) there is no communication between central agencies involved in

decentralization, which creates difficulties for local level decisions.

CONCLUSIONS AND LESSONS LEARNED

Transfer of Political Power - Impacts on Governance

One of the general lessons that can be drawn from the assessment of decentralization reforms is that there is considerable ambiguity in the willingness to transfer political power and influence from the central government. Even when legal powers, functions and tasks have been allocated, adequate personnel and financial resources are not provided. An assessment of the current situation is as much about the impact of failed and muted decentralization as it is about the impact of decentralization.

The failure to delegate or devolve powers is partly rooted in a number of weaknesses of local governments and problems at the sub-national level. When designing and carrying out schemes for decentralization reforms, there is always a danger that conflicts along ethnic or religious lines, or along other differentiation mechanisms, may emerge. In particular, conflicts may arise when the reforms are also linked to control over scarce resources, employment opportunities, incomes, etc. Multi-party systems have increased this vulnerability in many African countries, where there often are tensions between the party in central government and opposition parties that might be dominant in certain regions of the country (Zambia, Mozambique).

In many developing countries local councils have not established themselves as credible institutions for articulation of local interests. People often tend to consider them more as local agents for state power than as institutions representing local interests. The lack of legitimacy often expresses itself in low political activity and low public participation at the local level. A different pattern seems to have emerged during the last decade in Latin America, where pressure has been generated at the local level for decentralization and improved local political authority after the fall of authoritarian regimes.

In some countries, national political leaders have used decentralization schemes to try to avoid the responsibility for the delivery of services by shifting the blame for poor performance to local authorities. (Silverman 1992)

- In practice, the transfer of real power to local authorities is often more rhetorical than real;
- Control over funds and personnel at the local level is limited;
- The capacity of local administrative institutions is low;
- The co-ordination of planning and implementation of development projects is inadequate.

Devolution of functions and tasks to locally elected councils without the resources has had a negative impact on governance. Again, Central and South America show a different picture when increased financial resources have enabled the local council to deliver government services more efficiently and governance has improved.

Division of Roles Between Central and Local Governments - Impact on Delivery of Government Services

Most countries have dual systems of local government, with a system of local authorities, and a deconcentrated staff from the central ministries. There is often tension between these levels of decentralization:

i) It is not clear which tasks and functions should be handled centrally and what should be dealt with at local level.

ii) Elected representatives at the local level are frequently overruled by central government officials, who in practice have more power. Technical expertise means superior positions and prestige.

iii) Local horizontal co-ordination among the central government's line agencies is difficult. The officers tend to fight for resources for their department instead of promoting co-operation.

iv) The central government's officials have a tendency to be more concerned with long-term economic projects, while local

representatives and the people are more interested in short-term social issues and programs.

Recent analyses of decentralization in developing countries stress the importance of vertical linkages. Agencies at the central level must be reorganized and reoriented to be in a better position to support decentralization. Proper decentralization also implies reorganization of ministerial organization for service delivery. That is why decentralization reforms have to be co-ordinated with ministerial reforms under the current reform programs in developing countries.

When social services are devolved to local authorities, there are implications for lines of communication to the central ministries. In Botswana the responsibility for public health was decentralized to the local authorities and staff integrated under the authority of the local councils, i.e., under the authority of the Ministry for Local Government and Communal Lands (Lauglo and Molutsi 1994, 1995). At the same time, the staff continued to report for professional matters to the Ministry of Health. The Ministry of Local Government wanted to build up the necessary competence in public health, but in small economies it is difficult to provide and sustain the necessary resources for capacity building on health matters in two ministries. A challenge for future devolution of the responsibilities for social services to local authorities will be to work out proper arrangement of authority and communication between district councils and the respective ministries, including division of responsibilities and capacity building to take place in the Ministry for Local Government.

Capabilities of Local Governments - Impact on Delivery of Government Services

Inefficiency in local government often manifests itself in an inability to implement policies and to use the resources available for their intended purposes. There is also no accountability; equipment and materials are frequently diverted for private use, and authorities fail to produce audited accounts. This condition may be related to a lack of adequately trained personnel and to inadequate regulations and enforcement mechanisms. It is also related to the structural relations between local and central authorities. There may well be alliances between the central and local elites, and the local population may not have the power or the resources to control the elite.

Local governments' budgeting and planning models are often inadequate. In several countries district plans tend to be presented as aggregated 'shopping lists' made up of suggestions submitted by villagers and district councils, as well as the central government's line agencies. (Sri Lanka, Tanzania, Bangladesh).

The policy shift from attempting to control economic behavior through participation in the production of goods and services to providing an enabling environment for private sector production and investment is one of the most important elements of the recent decentralization strategies of developing countries.

It is important to distinguish between *provision* and *production*. The current ideology is that government should limit its involvement to cover service provision and establish an environment that promotes private economic activity and production. This may substantially reduce many of the problems related to inadequate capacity at subnational government levels, but for local authorities to exercise their responsibilities well, they need to carry out essential management functions.

There is little systematic experience with devolving government services to the private sector and to NGOs and community organizations. The great variations in economic development and organizational level of developing countries make it impossible to provide general conclusions. The African experience shows that there are few partners in the provision of social services. Nor is there a market for services in the technical infrastructure sector, which makes it difficult to set up private/public institutions for road building, water supply, etc. This is an area were there is a need for systematic studies of the current experience of privatization and public/private partnerships.

Revenues and Expenditures - Impact on the Economy and Public Finances

The importance of local revenues and incomes has been pointed out in almost all reports on decentralization. Equally apparent is the scarcity of financial resources that characterizes local government institutions in general. The financial aspects of decentralization policies relate both to revenues and

expenditures. Many African countries do not have systems or capacity for financial planning and budgeting at the local level. On the other hand, the current decentralization movement in Central and South America has improved the financial base and quality of the services delivered locally.

The exercise of effective discretionary authority by local governments depends on their ability to generate the necessary financial and staff resources. If efforts to strengthen revenue collection at the local level is successful, it results in significant redirection of resources towards these areas.

Some analysts argue that provision of services and revenue collection should be equally decentralized. There is a fallacy in this reasoning. For example, some taxes are more suited for decentralization than others. When considering whether to decentralize taxes, policy making should be guided by two fundamental principles: *efficiency*, and *fairness*.

According to the principle of *fairness*, tax bases that are unevenly distributed between local governments or regions are not suited for decentralization. For example, taxes based on natural resources should remain under the control of the central government. Import taxes or value added taxes, where the burden of the tax imposed in a given jurisdiction can be borne by taxpayers established in another jurisdiction, are not suited for decentralization. For *efficiency* reasons, taxes that can induce people or companies to move away from high rate areas to low rate areas are not applicable for decentralization. It would lead to misallocation of resources. The most typical example here is the personal income tax (WB & IIA 1990).

This logic partly ruins a much needed *responsibility* and *legitimacy* mechanism for taxing. In a balanced system, the cost of taxing has to be compared with the social benefits of spending (the money collected). The expenditure level will be controlled and limited by the taxes available. However, in an unbalanced system, where local governments will have to spend more than they collect in tax, how can they legitimate their need to do so, and what would be the mechanisms for controlling spending?

If it is accepted that the decentralization of expenditures is more desirable than decentralization of taxes, then it must be concluded that transfers or subsidies to local governments are necessary. Transfers or subsidies should therefore be considered as an integral part of decentralization policies and strategies. This is also the reason why decentralization is so important in most countries. A relevant question is: what types of subsidies should be utilized, and according to what criteria should they be allocated? The design of financial decentralization should therefore be a major component of all decentralization programs (WB & IIA 1990). Financing decentralization is often treated rudimentarily and is not dealt with as meticulously as the political and administrative aspects.

Donors' Support and Involvement

Since the mid 1970s donors have been supporting decentralization reforms and schemes in developing countries. Foreign donors, however, cannot establish a well-performing local government in developing countries. Both strong political commitment and existing capacity to implement reforms are conditions for successful reform programs. If these conditions are fulfilled, donors could - if their programs are well designed and implemented - act as catalysts for a process leading to improved local government performance.

Donors should also be aware that by channelling funds directly to the strengthening of state institutions, they inevitably take on a more political role. Projects aiming at institution building will by definition seek to improve the capacity of institutions, which in this case means the capacity of the state. When donors provide a substantial proportion of government funds, their support could be decisive in determining the outcome of internal political struggles. Much of the current aid programs actually have a centralizing effect on developing countries, especially in those countries where donor funds make up large part of the investment budgets. Aid programs historically have strengthened central governments in the recipient countries and oriented accountability toward the external donor community. This has implicitly weakened accountability to national and local political constituencies. The supportive capabilities of donors and the time-frame for donor involvement should be an explicit concern in designing decentralized projects and programs (World Bank, 1993, UNDP 1993, Schmidt 1989).

Institution Building vs. Sectoral Assistance

Foreign donors have historically been involved in supporting local government in three ways,

i) donors support sectoral projects to be implemented directly by local authorities (health, agriculture, water supply, rural development, etc., often through district development programs),

ii) support is given to projects aimed specifically at institution building. This includes support for the design of relations between local and central authorities, assistance in the implementation of decentralization programs and support to reform programs and institution building at the local level.

iii) support is given to a combination of sectoral assistance and institution building; the donors assist local authorities to implement sectoral projects (whether donor funded or not).

In projects whose specific aim is to strengthen local government institutions, the perspective becomes somewhat different. It makes no sense to bypass official channels in order to increase project efficiency, since a major purpose of the project is to make government institutions more efficient.

It should be kept in mind, however, that the justification for giving support to decentralization and institutional building is that improvement of government performance is seen as a necessary condition for better service provision and efficient and legitimate governance. One problem with such projects is that it is very difficult to assess their impact with any certainty. This makes it all the more important that project objectives are clearly stated, though not necessarily in quantitative terms, and that project activities are designed in accordance with these objectives.

There has been a debate among donors about the relative importance that should be given to strengthening government institutions as opposed to sectoral support. On the one hand, sustainable sectoral programs presuppose fairly well functioning institutions, with sufficient capacity to take over project activities after the end of the project period. An argument could be made for concentrating on support to improve government capacity.

On the other hand, given local governments' lack of funds and the donor dependence of many regions, a reorientation of donor support from sectoral programs to institution building could leave local authorities with no other tasks than developing themselves through donor funded capacity-building projects.

Capacity building works best if institutions have substantial tasks and responsibilities. The prospect of successful decentralization and improvement of local government performance will probably be enhanced if it is combined and co-ordinated with sectoral support.

Assisting the Central Government in the Decentralization Process

Firm support and commitment from the central government is a condition for successful decentralization. The central government also has an important role in co-ordinating and implementing a decentralization program.

A central co-ordination unit may therefore be required. This could be a division in the Ministry of Local Government (or its equivalent) or an independent unit. DANIDA has funded such a unit in Uganda and, although the program is still under way, the indications are that the co-ordinating unit has been a success. In Tanzania the World Bank funded the national secretariat for the Civil Service Reform Program, including the secretariat for the local government reform component. In Zambia the ODA/UK funded the decentralization secretariat.

The World Bank has raised the issue of whether the funding of reform secretariats should not be the responsibility of the developing countries, with donors supporting activities under the programs. In many of the least developed countries this is not an option. Whether there is a need for a central co-ordinating unit may vary between countries, but if there are doubts about the capacity of the central government for funding such units, then assistance should be considered.

The Role of Technical Experts and Training

One instrument that donor organizations have used to promote institution building is the so-called expert-counterpart arrangement, in which foreign experts occupy positions in developing countries at an international salary level for a fixed period. Recent reports have concluded that such arrangements are expensive and that they generate adverse effects as a result of the enormous difference in salary levels between the foreign experts and the local counterparts. Even more importantly, there is little evidence that they are effective as training arrangements.

As a consequence, many donors are now shifting to "twinning arrangements" or long-term arrangements for co-operation between institutions in donor countries and recipient countries. This is an arrangement that, in principle, has several advantages, namely, greater acceptance of foreign "donor-side" personnel, who come as fellow professionals with similar problems; and flexibility in the type and timing of assistance and the possibility of long-term relationships. There are, however, a number of potential and identified problems associated with such arrangements: the number of relevant and committed donor country organizations may be limited; their knowledge may not be relevant in a developing country context; developing practical arrangements specifying the role of the donor country organization could be difficult; and administrative costs could be high.

Projects that aim to improve local government performance must address the structural and institutional factors that influence performance. Less funding should go to traditional forms of aid, such as vehicles, equipment and study tours. There have been several recent studies that have criticized traditional training programs for capacity building (Moore 1992, Grindle and Hilderbrand 1995). These studies recommend efforts to build more political and organizational cultures, which are more conducive to accountability and transparency.

A demand-driven strategy where support is given as a response to local demands is recommended to promote local innovative and responsible leadership (World Bank 1995). Such aid is much more difficult to program and implement than traditional interventions, and there are bound to be failures. But there are no readily apparent alternatives if the intention is improve assistance to decentralization and governance.

Monitoring and Evaluation

Various donors are now active in supporting decentralization, both through support to local government reforms and capacity building. Donors also support decentralization of services especially in sectors like water and sanitation and primary health care. Guidelines are being developed for (i) designing decentralization programs and training (Smith 1993), and (ii) assessing local institutions (Therkildsen et al. 1992). Evaluations by OECD countries over the coming years should therefore to a greater extent reflect on, and include in the analysis, institutional issues and the decentralization which is taking place in the policy environment of the aid interventions.

More recent studies have shown that evaluations have little impact on aid, and that the learning effect in the aid administrations has been small. In some projects efforts have therefore been invested in making the evaluations more relevant, and tailored to the needs to make informed choices of adjustments and program changes in the intervention.

Receiving relevant information during project implementation seems to be a major concern for the donors. Earlier evaluations of decentralization and institutional development have often been hampered by poor monitoring and reporting systems during project implementation, as well as lack of any baseline studies.

If properly designed, evaluations of institution building, capacity improvements and decentralization should be of relevance to improve our knowledge of how outside aid interventions can support and strengthen national and local public administration. A number of such reviews and evaluations have already been performed (World Bank 1990a, DANIDA 1995a, 1995b, SIDA 1989, 1990, 1991a, 1993, 1995, UD 1993, 1995), and more are expected as this type of aid assistance increases.

Efforts have also been made in the aid organisations to discuss issues and topics that should be included in designing or evaluating decentralization and institution building (Moore 1994, SIDA 1991b, World Bank 1990b, 1992, 1993, 1994).

UK/ODA in their support for decentralization in Zambia has put

emphasis on proper monitoring and regular review missions during project implementation. The LOGOSP (Local Government Support Project) secretariat produce a comprehensive six monthly report, and outside experts (researchers and consultants) are regularly called in to assess specific issues. No decision has yet been taken to have an ex-post evaluation of LOGOSP. LOGOSP is also supporting the development of a system for local government performance appraisal. These appraisal systems will be utilized by the district staff in close collaboration with LOGOSP, and will be closely related to the training which will take place in the districts (LOGOSP, 1993).

DANIDA does not attempt to make impact assessments of their support to decentralization in Uganda. Instead they regularly send expert teams to do evaluations of organization and implementation of the program at regular intervals, to check progress and identify problems to be addressed (DANIDA 1995b).

The World Bank in their support to Civil Service Reform Program and Local Government Reform in Uganda, is making an attempt to develop a monitoring and evaluation system to measure impact of the reform on service delivery (Langseth 1995).

Using the evaluation to increase the ownership of the reform program has also been tried by some projects. An example is the World Bank "Governance Approach to Civil Service Reform", and their efforts to develop an "Institutional Environmental Assessment" method. Instead of having an outside expert team doing the assessment, the various sectors of the public administration were themselves taking part in the assessment, with the aid of a facilitator or project leader (World Bank 1994).

This was done in order to increase their knowledge, reflection and ownership of the problems identified in the institutional environmental assessment, and should make for less hostility to new proposals for organizational changes, and more rapid implementation of recommendations. Organizing assessments and evaluations with the participation of a great number of people was, however, not without its problems, so participatory assessments were therefore not recommended as a substitute to expert evaluations and assessments, but as a supplement.

These considerations show that there are a number of types of evaluations, and that the selection of type of evaluation should reflect the types of information and knowledge needed in the specific situation:

i) Expert evaluation (traditional ex-post evaluation)

ii) Process evaluation (including reviews and information feedback during project implementation - important for pilot projects)

iii) "Problem oriented" evaluations, with selected issues (for example institutional issues, gender, poverty, etc.)

iv) Participatory evaluations, using facilitators to run participatory (monitoring and) evaluation (some-times using project staff as facilitators, when the monitoring and evaluation is part of the project itself).

Conclusions and Recommendations

First, the study demonstrates that the contribution of decentralization to improving democracy and equity is promising, especially in countries with a long history of nation building and a bureaucratic history. However, decentralization has limited impact on governance in many of the least developed countries, where decentralization is carried out in a period of economic crises and stagnation and under considerable external pressure.

There is considerable ambiguity in the willingness to decentralize real power and resources from the central government in many of these countries. This is partly rooted in differences in interest, but also in weak capabilities and a number of other problems at the local level such as lack of administrative competence, weak planning and control systems, and lack of coherent local mobilization. In most developing countries decentralization reforms are ambiguous and often create confusion and uncertainty at the local level about the rules and policies governing the decentralization. Local governments and local population are often ill-informed about current decentralization policies.

Second, the study concludes that decentralization has improved management efficiency and financial performance in Asia and Central and South America. However, most local

government systems, particularly in Sub-Saharan Africa have been hampered by unclear authority-relations and roles, detailed central intervention, weak accountability, and lack of funds. The potential at the local level for promoting resource mobilization, planning and management has rarely been utilized.

Third, the experience with donors' involvement in decentralization has been mixed. Donor support has to a large extent been focused on administrative structures and they have not paid sufficient attention to political forces and processes, especially at the local level. When analyzing aid assistance and decentralization reforms, all aid, not just the small proportion of aid going to local government strengthening has to be taken into account. Aid assistance, sector support etc., has gone to strengthen central government institutions. Because of this, central government institutions have become *less* dependent on local groups and structures, and therefore less interested in establishing a dialogue and mutual co-operation with them. It is therefore important to relate decentralization reforms to general public sector reforms, including ministerial reforms.

There is a mixed picture on the performance of decentralization reforms, varying between countries and regions. The material consulted for this paper clearly indicate that

i) Generalizations about all developing countries do not provide much insight or knowledge. There is a need to continue to promote country and region based studies.

ii) It is difficult to measure the impact of decentralization on governance. Central and South America score high on pressure from below for decentralization, enhanced fiscal decentralization, and improved governance. This circumstance might have been set in motion by improved central governance, reflecting economic and political development (including the fall of authoritarian regimes).

There is a need for more systematic, comparative, studies of:

- Relations between decentralization reforms and other public sector reforms in developing countries.
- Economic deregulation and the use of private sector and community based organizations for service delivery, i.e. local innovative solutions for service provision, including running and maintaining service infrastructure.
- Financial decentralization and systems of promoting accountability at the local level.
- Decentralization and its impact on potential regional and ethnic conflict. Systems for power sharing in divided countries, including decentralization and local governments in post-conflict societies.
- Institution building at local government level and systems for capacity building.

The studies could be carried out as joint effort between several donors that are supporting similar reforms and programs. As a minimal form of donor co-operation, reviews and evaluations reports should be actively distributed and used by other donors.

[1] This paper was prepared by a team at the Norwegian Institute of Urban and Regional Research on behalf of the Norwegian Ministry for Foreign Affairs.

HUMAN RIGHTS[1]

INTRODUCTION

This study, undertaken within the framework of the DAC Expert Group on Aid Evaluation's research program on Participatory Development and Good Governance (PD/GG), synthesizes experiences in issues of human rights. Its purpose in doing so is to provide substantive lessons with three central themes:

- donor strategies intended to support the implementation of human rights;
- the management of donor's support for human rights;
- the evaluation and monitoring of human rights interventions.

Desk research forms the basis of this study and the materials that have been reviewed can be classified as follows:

- documents from evaluations, by donors, of human rights projects and programs;
- research papers on good governance, democratization and human rights in developing countries;
- scientific publications dealing with human rights, institutional change and relations between state and society in developing countries (a limited number).

The most important sources were documents from the donor's evaluations; unfortunately only a few were available. Most donor agencies have started to evaluate human rights activities fairly recently and this, together with the principle that the issues must be treated with great discretion, may have restricted some disclosures.

Issues surrounding the implementation of human rights are complex and much debated; there is a wide variety of opinion about the contribution to be made by donors' interventions. Historical context is important and the time for "universal and timeless recipes" has not yet come. These caveats should be kept in mind when reading this summary.

KEY CONCEPTS AND FRAMEWORKS

Human Rights

Defining, conceptualizing and implementing human rights activities have been central to the UN system for more than forty years. This study concentrates on the *International Bill of Human Rights*, which comprises the *Universal Declaration of Human Rights*, the *International Covenant on Civil and Political Rights*, and the *International Covenant on Economic, Social and Cultural Rights*. Other instruments dealing with human rights have been taken into account as far as possible.

Human Rights, Democracy, and Development

Current political thinking that links human rights, democracy, and development co-operation should be understood in its historical and theoretical context.

In the past, theories that have related aid to democracy and human rights did so only indirectly. A theoretical chain linked aid with growth (growth theories), growth with general prosperity (trickle-down theories), and socio-economic prosperity with democracy (theories about economic prerequisites for democracy). These concepts were derived mainly from the history of democracy in the West, where human rights emerged as an integral part of the democratization process. During the Second UN Development Decade (1971-80) these concepts were slowly modified. First, the basic-needs, poverty-oriented strategy combined growth and general prosperity under the concept "growth with equity". It was generally understood that development co-operation enables economic and social rights to be realized, thus suggesting that development work and the realization of these rights are almost identical. Second, issues of civil and political rights came slowly to the surface. During the 1970s and 1980s, few donors or agencies pursued policies that actively fostered civil and political rights, even though many NGOs, and so-called political foundations, did.

Since the end of the 1980s, development theories have emphasized the need for human and democratic rights to go in tandem with economic growth. Some go so

far as to argue that democracy is the parent of growth rather than the other way round. This thinking has now become current in the donor community and is reflected in a 1989 statement of the DAC aid ministers: "There is a vital connection, now more widely appreciated, between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems." (OECD, 1989). Acceptance of this principle would mean that aid must be directed simultaneously at economic development, human rights and democratic development.

External Support for the Implementation of Human Rights

In using the term *external support*, this study, while not excluding persuasion and pressure as forms of intervention, is chiefly about technical and financial assistance. Peace-keeping and humanitarian aid are excluded. *Implementation* is used because standard-setting, monitoring and the supervision of human rights, by the United Nations and other international or regional Human Rights fora, are also excluded.

Donors, agencies and NGOs can support and influence recipient governments and indigenous NGOs in three main ways: by technical and financial assistance, by persuasion and by pressure.

Technical and financial assistance, for governments and NGOs, can help to build the capacity to design and implement reform programs and to defray their costs. It can also help to promote human rights, (a) by integrating human rights issues into mainstream development projects, (b) by projects and programs which specifically support human rights and (c) by orienting overall development programs towards reform.

Persuasion, which must include deepening mutual understanding between both partners, is intended to influence the development of the recipient's approach. Its means range from international conferences through bilateral and multilateral policy dialogue to informal meetings and private conversations. Persuasion can also take less direct forms such as joint research or public debate in journals and other media.

Pressure may take several forms and can be exercised through various channels. A wide variety of measures are available to donor governments, ranging from discrete confidential *demarches*, through public declarations to withdrawing personnel and imposing various sanctions. This study considers one particular form of pressure - *conditionality*.

SUMMARY OF EXPERIENCE

Human Rights and Mainstream Development Programs

Efforts to address the relationship between human rights and development co-operation have often led policy-makers, legal experts and development workers into a labyrinth of definitions and conceptual knots. This labyrinth can be illustrated conceptually, institutionally and operationally.

Concepts

Human rights and development assistance are sometimes dealt with as two distinct spheres, one in which some actors look after human rights while others are responsible for development. This division is reflected in discussions of "growth with equity" where it is generally understood that development co-operation enables economic and social rights to be realized. Those whose concepts arise from the *UN Declaration on the Right to Development* (1986) claim that human rights and development are not divisible, but that development should properly be seen as a subset of human rights. For them, development co-operation has no legitimate task beyond the achievement of human rights.

A related issue is often discussed under the catch-phrase "human rights versus basic human needs". Some agencies interpret their poverty reduction programs (employment, public services, targeted transfers, social safety nets and so on) as their contribution to the realization of economic and social rights. Others maintain that development programs that rest primarily on a perception of basic needs subtly reinforce the powerlessness of recipients. A human rights approach to development, from this point of view, should enable even the most marginalized and powerless of people and groups to make a legal claim against the state. A claim would be considered legal insofar as it is sustainable under international, as well as national, law and practice.

A few preliminary conclusions may be drawn from the documents reviewed for this study:

- the implementation of economic, social and cultural rights is not identical with the realization of basic human needs. It also encompasses respect for and the protection of individual freedoms and liberties;

- the implementation of economic, social and cultural rights is not identical with a "welfare state" program. In many areas the state should confine itself to creating general conditions that allow individuals and social forces the freedom to develop initiatives to meet their particular needs. At the same time, states are obliged to alleviate the distress of those for whom no minimum conditions can be guaranteed without state assistance;

- the implementation of economic, social and cultural rights implies not only legislative measures but also, to a large extent, institution building activities.

Institutions

Members of the DAC are increasingly putting the protection and promotion of human rights among the priorities in their development co-operation, at least in terms of their declarations of intent. There are substantial differences between them, however, over which activities should be included under the heading. Should all development co-operation be described as support for human rights? Should humanitarian aid and social development be included? Should all women's projects be so described?

Only a handful of agencies have tried to incorporate human rights into their operational guidelines and administrative procedures. One reason for this is that many actors involved in this field (lawyers, diplomats, officials in international organizations) do not know how to tackle socio-economic and institution building problems. Development workers and officials in aid agencies, for their part, do not know international human rights law. Observers agree that, in addition to being adopted into the programs of aid agencies, economic, social and cultural rights have to win a place in the national policies of developing countries.

Another factor affecting human rights institutions is the absence of effective bridges between bilateral and NGO aid agencies on the one hand, and the international organizations responsible for setting standards and monitoring economic, social and cultural rights on the other. To a large extent, the work, among others, of the UN Committee on Economic, Social and Cultural Rights, the UN Sub-Commission on Prevention of Discrimination and Protection of Minorities, and the Special Reporters, is not known, or is ignored by aid agencies. There have been apposite suggestions for integrating the proposals of these UN bodies with the decision-making processes of the aid agencies (country strategy papers, policy dialogue meetings and so on). No feasibility studies of the practical implications of these suggestions were discovered in the research for this report.

Operations

The principal interventions in support of the rights of vulnerable and disadvantaged groups (women, children, indigenous people, landless peasants, migrant workers and others) are addressed both to the groups and to the wider society where they live. They can be summarized thus:

- *humanitarian aid* - material and financial (sometimes provided as emergency aid);

- *empowerment* - awareness raising, organization, resource building, income generation, human rights training;

- *legal enforcement* - the juridical approach based on professional legal knowledge, access to magistrates, courts etc;

- *social enforcement* - organized collective action by which public agencies and private power-holders are made aware of, and pushed to concede, the legal claims of deprived groups;

- *public and political enforcement* - advocacy and lobbying to raise the awareness of the general public and of official power-holders in order to change their attitudes to vulnerable groups and to remedy deficiencies in the existing political and legal system (law reform, economic policies).

Experience has shown that these approaches, while useful as isolated interventions, should be integrated into an overall strategy to improve their effectiveness and to strengthen their sustainability. The empowerment of vulnerable groups is often a necessary precondition for legal, social and political enforcement. Public and political enforcement are preconditions for the successful application of legal and social enforcement. Humanitarian, emergency and rehabilitative aid can be used to counteract the negative effects of human rights struggles, such as, for example, loss of seasonal work, dismissals, cancellations of tenancies or discriminatory practices by government officers. All this may seem self-evident, but practice has proved difficult. One of the main difficulties in formulating and applying integrated strategies lies in the compartmentalizing of the decision-making process. In place of separate agencies that concentrate on achieving agency objectives (for example, humanitarian or legal assistance, or income generation), all agencies need a common focus on the specific situation of the group they are setting out to help. This calls for effective inter-agency attention and co-ordinated decision-making.

Specific Human Rights Projects and Programs (Positive Measures)

The main goal of human rights projects and programs is to strengthen respect for civil and political rights. They often work in combination with efforts to promote and to support democracy in developing countries and are usually referred to as "positive measures" to distinguish them from "negative" conditionality. They also cover a very broad area, from, for example, strengthening the organizations of civil society, through assisting the legal, judicial and executive systems, to supporting the processes of transition.

There is evidence that the impact of human rights and democratization programs depends on three interrelated and interlocking processes: phases in political development, phases in economic adjustment programs and phases in ethnic, nationalistic or religious conflicts. As yet, emerging lessons relate only to differing political systems.

Positive Measures in Relation to Different Phases of Political Development

A major finding of several different studies is that, to a considerable degree, human rights projects and programs are relevant to, and feasible in any country, depending on the phase of its political development. The lessons are summarized below.

Authoritarian and Semi-Authoritarian Systems

In authoritarian and semi-authoritarian systems, support for human rights and democracy is only possible if there are channels, or "niches" of entry. This means that the donor's field offices and embassies should actively identify them.

A regional or sub-regional approach may help to create awareness, even in authoritarian countries. Several programs of international non-governmental organizations (INGOs) are based on the concept of contributing to the emergence of a global civil society, a continuum of democracy and civil society players from municipal to global levels. These INGOs are global information networks. It is argued that for human rights work to be effective, especially in authoritarian systems of government, it is best conducted above or below the national level, that is, regionally, or at local and municipal levels. Networking, by electronic and other means, is a method of linking the two. By supporting programs of this kind, the bilateral, government-to-government route can be avoided.

Countries in Transition to Democracy

Building democratic institutions is a long-term process that must aim to transform complex patterns of institutionalized behavior. There is a distinct probability that democratic changes will be effected, in the short run, more by political events than by external support. This does not preclude the possibility, however, that such support will have an influence in the long run.

During the transition phase, externally supported projects usually concentrate on civil society. This is justified since the organizations of civil society have often, at best, been neglected and, at worst, frequently controlled by the state, a situation which leaves vulnerable groups in urgent need of support. At the same time, the political process should be approached more actively. The most important aspect of institution building for democracy is that the substance of democratic development, not just the forms or outward

appearances, should be transmitted to the host countries.

Formal Democracies

A problem in many countries that are formally democratic is that political actors, government parties and parliament may lose credibility while, simultaneously, continuing to control the political system. Under these circumstances, aid for civil society will have little impact unless it is structured to address reform of the political system. Care must be taken, however, not to favor particular parties or political trends.

Structural adjustment and economic modernization may impede efforts to realize constitutionally and legally secured rights in newly established democracies and may weaken state capacities to enforce laws and so deadlock democratic institutions. For instance, the privatization of public property, the deregulation of industrial and labor markets, free trade zones and the commercialization of communal land, may violate economic, social and cultural rights. Thus, western-oriented political and economic policies may facilitate the establishment of formal democratic institutions, while simultaneously weakening the political-economic foundations for the enforcement of human rights.

Positive Measures Supporting Specific Institutions and Organizations

There are lessons to be learned about support from donors for the legislative and executive bodies, the judicial system, and civil society institutions - independent media and human rights NGOs, for example. Civic education programs in preparation for elections are crucial to success.

Support for the Legislative System

Governments in many countries have, for the first time, achieved legitimacy by gaining office as a result of the first or second national elections, in which they informed the electorate about their rights and their ability to participate.

Countries in transition to democracy need support, and not only in election monitoring. This means that donors must ensure that preparatory missions have taken place, that the laws governing elections have been analyzed and, where necessary, adjusted.

Support for the Executive Branch

Support for the executive branch should help guarantee efficient government services delivery for the people and should, to this end, promote transparency, sound management, the eradication of corruption and respect for human rights from the army and the police.

Areas for co-operation with state agencies should be carefully selected to prevent support for those institutions that lack a serious commitment to reform. If state agencies are supported, local NGOs working in the same sector should, if possible, also be supported, so as to engender constant pressure for reform on the state institutions concerned.

Decentralization is an important matter since it often has a direct link to democratization, that is, wide participation in local democratic institutions. There is a possibility, however, that decentralization will result in localized discrimination if local society is controlled by exclusive and self-serving elites. Similar problems can also arise between different regions in a country if decentralization is not accompanied by appropriate financial support.

Support for the Judicial System

Evaluations offer little evidence that donor programs have had a significant positive impact on judicial systems or on public attitudes about their fairness. In general, ambitious goals for the reform, or transformation, of judicial systems have simply not been met. From this four lessons can be identified.

First, support for a judicial system should only be undertaken if the government, the leadership of the judiciary and important elements within professional organizations are all seriously committed to reform. Second, projects should not be directed at marginal areas like the minor codes or at merely providing administrative and technical aid; instead they should be directed at key problem areas in the performance of the system. Third, support for projects intended to reform the judicial system should always be accompanied by an analysis of the possibilities for "de-judicialization"; that is, a consideration of those areas that could be removed from the system and taken on, instead, by social services agencies and NGOs. Fourth, a new

institution, like that of an ombudsman for human rights, needs time to develop a record of performance.

Support for Independent Media

In countries where the freedom of the press faces severe threats, the political denunciation of the laws and regulations in question is appropriate. In countries where democratization has begun, it is important to contribute to the drafting of laws which guarantee and promote freedom of the press. In countries with a more satisfactory situation, the focus should be on the elaboration and practical application of professional codes.

Support for Human Rights NGOs

It is important to ensure complementarity and co-operation between governmental and non-governmental organizations. When donors target and design support programs and establish reporting systems, it is essential that they understand how NGOs function and the different circumstances in which they work.

The ways in which human rights NGOs work depend, in part, on their own strategic choices. Those that use co-operative, juridical and non-participatory strategies have reliable relationships with the authorities, operate in bureaucratic institutions and evade unpredictable grassroots initiatives. Their courses are predictable, and bureaucratic competence and specialized legal knowledge are important to them.

On the other hand, the most unpredictable results and situations are generated by NGOs that use confrontational, non-juridical and participatory strategies. These produce dynamic power struggles, operate in informal settings and follow a process-oriented way of preparing, implementing and evaluating initiatives with the target group. NGOs of this type value field-oriented competence, motivation and imagination, courage, strategic sense and familiarity with a broad spectrum of everyday problems within the target group.

Persuasion and Pressure

Persuasion

Persuasion is an effort to convince the target government (or the anti-reform elements within it) that altered policies are in its own best long-term interests. It may include combined efforts to recognize and define new problem areas; to search for, analyze and evaluate the consequences of alternative solutions (joint problem-solving); to implement those that balance the benefits of both parties and to clarify their respective roles in the framework of the partnership.

Persuasion is demanding in terms of time, knowledge, experience and commitment. If it is undertaken over too brief a period and without commitment, it is likely to fail or simply to result in compliance charades. In comparison with financial aid or with punitive measures, however, it can be very cost-effective and, if successful, can result in increased commitment to, and ownership of, reform programs.

A synthesis of the lesson learned, therefore, could be extremely valuable in addressing, for example, two questions:

- Under what external conditions and in which issues is persuasion likely to be feasible and effective?

- What are the essential preconditions for persuasion? Among them could be timing, staff experience, commitment and credibility.

Surprisingly, apart from a few remarks about the lack of agency staff commitment, the documents reviewed for this study do not provide substantive lessons.

Conditionality

Two generations of conditionality can be distinguished. The first, propagated by the Bretton Woods Institutions since the early 1980s, is related to structural adjustment programs that have, as their prime objectives, administrative reform, budget balance and market liberalization. In the 1990s, aid donors have also increasingly made official development aid conditional on political reform within recipient countries. The objectives of this second generation of political conditionality are to promote democracy, the rule of law, human rights and good governance (accountability, transparency and predictability).

Emerging lessons relate to the normative aspects (legitimacy) as well as to the

instrumental aspects of political conditionality.

Normative Aspects (Legitimacy)

The principle of not intervening in the internal affairs of other sovereign states, although still broadly accepted, has been weakened. Recent developments, including the conditionality debate, have contributed to this process. For example, the principle of non-intervention does not distinguish between a regime based on control by means of coercion and one based on popular consent. Because of the importance that is now accorded to popular participation in governmental decision making, donors are increasingly considering internal legitimacy as a factor when designing conditionality measures against authoritarian, repressive, or self-serving regimes.

Instrumental Aspects

Practical experience shows a mixed record of success when conditionality is imposed. It is quite possible, however, that the main effects of political conditionality will emerge slowly. If donors follow up their rhetoric in future aid allocations, then aid flows to authoritarian and repressive regimes will drain away. The governments of these regimes may then prefer to adapt to the demands made on them by donors and their own citizens, rather than to confront them.

Some general propositions have been indicated in the use of power plays and brinkmanship. In order to assess the risks and the probability of prevailing, donors should take into account:

- the internal power base of the recipient government;
- the recipient government's ability to use external intervention to strengthen its popular support;
- the extent of the recipient country's dependence on aid;
- the scope and relative importance of the bilateral relationship;
- the probability that a unilateral action may have a snowball effect;
- co-ordinated action by several donors;
- possible negative side-effects;
- multiple conditionality.

Careful attention should be given to possible links between political and economic conditionality, especially in cases where both are applied by different donors (or groups of donors) or multilateral agencies. Political boundaries to economic conditionality become apparent at the point where the aid-receiving regime feels that the continued implementation of economic reform entails more political costs and risks than would non-implementation. Economic boundaries to political conditionality are reached when the donors (or groups of donors) feel that continued insistence on political conditionality (for example, on democracy) jeopardizes their own economic interests. Boundaries may also be created where the economy of the recipient country is unable to sustain the political reforms on which aid is made conditional. For example, it is uncertain whether democracy and human rights can be sustained in conjunction with widespread poverty. The issue, therefore, is not whether donors should encourage recipients to be democratic or to observe human rights, but that they should bear in mind economic imperatives and, if necessary, provide substantial assistance.

Managing Donor Support

Human Rights Project and Program Management

The emerging lessons refer to the following themes: policy formulation, programming and program management, project design and channel selection.

Policy Formulation

Experiences with the formulation of human rights policies vary considerably. It is argued that there is a strong case for achieving greater clarity in goal-setting and more consistency between broad goals, time-frames and human rights capacity building. All this could be facilitated by short and clear country or regional human rights policy statements such as a "country concept" or "country paper".

It is alternatively argued that policy statements should be diffuse, especially for

purposes of approving projects. Then, during project design, a broad interpretation, reflecting the conditions of human rights in individual countries, could be made. This would also allow field offices or embassies to keep a low profile in the human rights arena and would diminish the likelihood that the donor is seen to be interfering in the affairs of the recipient country.

Programming and Program Management

In the past, because many agencies preferred low risks and modest investments, initiatives in human rights programming have been reactive rather than pro-active. Now, there is a growing recognition of the need for long-term approaches. Democratization, the strengthening of civil society and of institutional structures to allow for human rights protection, are huge and long-term challenges. Because of the rapid pace of political and other changes in developing as well as in industrialized countries, and the difficulty of predicting such changes, there is skepticism about the feasibility of long-term approaches. Few programs are based on making long-term commitments to major partners.

When choosing between reactive and pro-active programming, agencies should take into account the following considerations. If their policy is to support human rights and democratic development in a given country, and if it is recognized that democratization and institutionalization of both the rule of law and regimes for the protection of human rights may take decades to take full effect, then reactive programming seems to be inappropriate. A pro-active approach would be more instrumental. Alternatively, if overall policy goals are less clear, less fixed and based on uncertain commitment, then reactive programming with loose funding frameworks, allowing for flexibility, adaptability and opportunistic initiatives, will be the rational response. It will not, however, address central issues, but will simply indicate solidarity with certain organizations and provide them with limited assistance. Expectations of results should be scaled down accordingly.

If an agency's programming is essentially reactive, then the need for information about human rights is limited. In considering applications for support, the most important consideration will be the characteristics of the applicant organization: mission goals and program, governance and the composition of its board, the commitment and competence of its staff, its degree of autonomy from, and its degree of acceptability to, the host government.

If, however, an agency has decided to move to more pro-active programming, then it is faced with a need to invest in (a) a range of cost-effective methods for undertaking rapid analyses of the contexts of human rights (base-line studies), and (b) simple dynamic models for the analyses of interactive processes to be used for monitoring purposes.

Project Design and Channel Selection

When designing projects and selecting channels, a set of medium-term and middle-range objectives that will provide realistic points of reference, should be formulated. Grandiose goals will make evaluations difficult because progress towards them will be dependent on too many external factors. In addition to clear and realistic goals, unambiguous performance indicators are needed. The early identification of such indicators permits a systematic assessment of effectiveness and of impacts.

In repressive, authoritarian systems, assistance should, in principle, be channelled through local NGOs as they are a key fulcrum for change. Reporting requirements should then be very flexible, partly for security reasons because local counterparts are often hesitant to give information, and partly because they might not be able to collect or collate the information required. Under these conditions, donors should recognize that local organizations often need to camouflage their actual strategy with neutral and vague objectives. Within democratic systems, combinations of support for governmental *and* non-governmental organizations are thought to be much more effective. Standards for reporting in these systems should be defined more stringently.

The impact of human rights interventions can often be increased by clustering. For example, electoral support should not only concentrate on the government's organization of elections, but also on the NGOs' ability to mobilize the population and to train potential voters. Clustering increases the aid agency's commitment in a given sector, but it may also increase the risks to the agency by raising its profile. In those countries where a donor supports many interventions, clustering may call

for, or lead to, the development of a country strategy.

Aid channelled through INGOs may benefit from the relations and influence these organizations have in a large number of countries. In addition, INGOs that support human rights often have the comparative advantage of being both professional and neutral. Local human rights groups may be given credence and, eventually, protection by virtue of their association with a recognized and respected international organization. The views of local NGOs should be taken into account when choosing an INGO, because it must first be established that the INGO has sufficient credibility in the country or region.

Donor Capacity Building for Human Rights Support

Many agencies are still in the process of improving the capacity of their staff to analyze and monitor human rights, good governance and political participation. Special issues like the demobilization of troops, the redesign of civil-military relations or public security, are areas in which only a few aid agencies and foreign ministries have extensive experience and expertise.

Because most agencies are now facing limited, or even reduced, funding, it is necessary to identify existing capacities and to specify objectives for strengthening them.

Key decisions about human rights programs will have implications for resources. Therefore, when assessing needs for capacity building, particular attention should be given to:

- the anticipated mode of programming (reactive or pro-active);
- the costs and benefits of different forms of presence in the field;
- the anticipated intensity of relations between the donor and the implementing agency;
- the role and responsibilities of the implementing agency.

Institutional Frameworks for Policy Dialogue

Although the documents reviewed for this study do not provide a comprehensive analysis of institutional frameworks for policy dialogue or of their comparative effectiveness, a few lessons about issues of co-ordination between different actors have been identified.

Co-ordination between Departments of the Donor Government

No human rights intervention is purely technical. The design of programs in human rights, and the timing of their announcements, carry a clear political message. Close co-ordination between aid agencies and the respective departments of Foreign Affairs is crucial for strategic programming in human rights and democratic development. Coherence between the aid agency and other departments of the donor government is also essential for an effective presence in the host country.

Co-ordination Between Donor Agencies and NGOs

Donor agencies must clearly articulate their human rights policy, analysis and strategy to their multiple stakeholders; stakeholder's judgements should also be taken into consideration. When preparing dialogue meetings on bilateral policy, it is important to involve Northern (and, where possible, Southern) human rights NGOs. Donors, however, must ultimately determine their own policy and not have it determined by the NGO agenda.

Bilateral Policy Dialogue

There are three possible links between human rights projects and policy dialogue:

- policy dialogue can be used to initiate new human rights projects and programs, but experience seems to indicate that this method is rarely used;
- policy dialogue can be used as a means to legitimize human rights activities. Even small human rights projects provide foreign donors with concrete knowledge of the local situation and, eventually, the opportunity to include human rights issues in the dialogue with the host country. For example, discussing the relationship between the donor and marginalized groups during policy consultations may be

instrumental in protecting such groups from adverse interference;

- problems identified in the project can be followed up in dialogue. Aid agencies do not always follow up on problems identified through their human rights programs with interventions at policy level. Yet without changes in policy, project results may be lost or undercut. The impact of human rights programs may be reduced because of nationally and internationally adverse policy conditions. Nationally, for example, the impact of a program supporting marginalized indigenous groups or community-based co-operatives may be limited by land title problems. Internationally, an example is the negative effects of Structural Adjustment Programs on some human rights programs.

The main conclusion is that a neutral, if not favorable, policy environment is important for consolidating the short-term results of human rights projects. Projects should be designed to take this into account, and policy dialogue should involve other donors as well as the host government.

Co-ordination between Donors

Lack of co-ordination between donors causes confusion and wastes limited resources. It also sometimes permits anti-reform groups in the recipient countries to exploit differing perspectives among donors in order to dilute or evade reforms.

As yet, there seems to be little agreement about which institutional frameworks should be used for co-ordinating donors in human rights programs, democratization and good governance. This issue cannot be separated from the question of which functions should be attributed to a multilateral rather than a bilateral framework of policy dialogue. Another unanswered question is: when should pressure (conditionality) be applied? Many aid administrations have established bilateral relations with a number of recipient countries on the basis of country programs that advance through an annual process of consultation and negotiation. Objectives are set in continuing bilateral dialogue. In this context issues known to be controversial and that may have a negative influence on development co-operation are likely to be avoided, or, at best, addressed in very general terms. This may explain why bilateral donors often use a dual strategy: supportive (positive) measures are brought to the fore in the bilateral dialogue, while pressure and negative conditionality are left to the multilateral fora. Thus, smaller donors as well as donors with vested strategic or economic interests in given developing countries can enjoy a free ride. If, however, this results in a compartmentalization in which multilateral fora are mainly used for pressure and conditionality, and bilateral frameworks for the discussion of positive measures, the links between them may be lost.

Evaluation of Human Rights Projects and Programs

Because aid agencies have started to evaluate human rights activities fairly recently, the practice of drawing lessons is new. An analysis of the available documents shows that evaluators use a wide range of disciplines, terminologies and approaches. For example, the same human rights topic may be analyzed in legal, sociological or political terms. Human rights institutions may also be examined in a number of different ways: administrative capacity might be assessed, so might the policy environment, stakeholder or public choice analyses might be carried out, and so on. Since no generally accepted framework for the analysis of human rights projects and programs is available, the comparison and integration of conclusions is difficult, if not impossible.

Nevertheless, three broad approaches to evaluation can be distinguished:

- assessing project effectiveness;
- understanding human rights issues by means of consultative evaluations;
- assessing program impacts against the background of different political systems.

CONCLUSIONS AND LESSONS LEARNED

Assessing Project Effectiveness

Evaluators must assess the organization of project management, the effectiveness of its institution building, improvements in the human rights situation in the country concerned and the sustainability of the

project's results. A summary of the emerging lessons follows.

Difficulties in evaluating human rights projects spring from unclear definitions of progress indicators and a lack of base-line data. It would, therefore, be advisable to develop progress indicators at project level; however, the collection of base-line data often cannot be justified for individual projects that are modestly funded, have few beneficiaries or little outreach.

Evaluators often try to analyze the links between a single project and changes in the overall human rights situation. This is an extremely difficult task because of other variables. They should, instead, concentrate on a more manageable task and analyze and assess the concrete links between the project and direct beneficiaries and other stakeholders. Depending on the scope of the project, such links could be studied at the micro- or the macro-level.

None of the evaluations reviewed seems to take into account the programming of other agencies and the impacts of their projects. It is necessary for donor agencies to co-ordinate with one another in carrying out analyses of human rights, base-line studies and parallel and combined evaluations.

Apart from these general issues, there are specific problems in assessing the effects of interventions in human rights. First, considering the responses and the counter-strategies of other actors would call for an evaluation of the process, not just of the outputs. Second, evaluators need to know the right places in which to look for the impacts of human rights and democratic initiatives. Identifying impacts is a difficult task, because the unique shape of a society and of its politics usually affect the way in which it responds to such initiatives. This may entail the study of processes that are not readily observable - for example, how an individual feels and acts in terms of his or her own rights and responsibilities vis-à-vis those of the state. It is suggested that rapid appraisal methods, such as focus group or key informant interviews, could be instrumental in this study.

Learning about Human Rights by Means of Consultative Evaluations

The purpose of the consultative evaluations that are used by Northern NGOs is to improve partnership relations and, most importantly, to understand the nature and characteristics of human rights work in developing countries. Evaluators often use an interpretative and critical approach, in which attention is paid to process, dynamics of change, learning and strategic orientation, and to the claims and concerns brought forward by the stakeholders.

Several lessons are emerging from the experience with this approach. In essence, human rights activities are intended to correct an imbalance of power. Thus, human rights evaluation involves political analysis and is political. The results of the evaluation will, therefore, depend, at least in part, on the ideological presuppositions of the evaluators. Conducting evaluations in a consultative, (that is, participatory) way has the advantage of including the voice of human rights partners in developing countries and, hence, their concepts of human rights, partnership and evaluation methodology.

One question often arises: Who evaluates whom and for what purpose? Northern agencies should ask themselves whether their institutional or bureaucratic needs take precedence over the needs of their Southern partners. Several Southern NGOs mention the desirability of reciprocal evaluations. According to them, evaluating the performance of Northern partners in their work of fund-raising, administration, public information, policy dialogue and advocacy in the North, "...would push Northern funding organizations from their back stage position into the limelight."

Impact Assessment in Political Context

A new challenge is presented in learning how to assess the impact of human rights programs that support sectors of public life or the organizations of civil society, against the background of different political systems. Four tasks have to be tackled in building the methodological framework for responding to the challenge:

- the identification of different phases of political development;
- the identification of the relevant sectors in public life and the organizations of civil society;
- the categorization of projects supporting these sectors;

- the design, for both overall and sector goals, of concrete indicators for use in impact assessment.

A number of other lessons have emerged. Evaluators acknowledge the difficulties in measuring impacts which can only indirectly be achieved. It is obvious that a multitude of factors contributed to, or opposed, the overall objectives of the interventions examined in this research, and a separate measurement proved impossible. Evaluators, however, stress the point that there is an urgent need for impact studies that lead, relatively quickly and reliably, to more informed policy decisions. This would be preferable to the rigorous explanatory studies of a small number of projects that do not deliver important general information. Evaluators should try to decide whether changes occurred, and whether they can plausibly be attributed to donor-supported interventions. An appropriate methodology needs to be developed.

The assessment of the impact of programs in human rights and democracy against the background of different political systems is a major step forward. The real challenge still lies ahead, however. There is evidence that the impact of human rights programs, directed towards human rights, democratization and good governance, not only depends on developments in the political system, but on three inter-related, and often interlocking, processes: stages in political development, stages in economic adjustment and stages in ethnic, nationalist and religious conflicts. Further research is required in these preliminary findings.

Conclusions: Work to be Done

A major lesson to date is that the challenge of supporting the implementation of human rights is much more complex than once thought. Thus, this study points to the need to develop a number of practical methodological and organizational tools.

1) Develop an analytic framework for the assessment of human rights policies and programs.

Aid agencies, consultants, and researchers are confronted with the task of developing an analytic framework to be used as a practical instrument for:

- the analysis of short-and long-term links, positive and negative, between policy goals in human rights, democratization, rule of law, good governance, and sustainable development.
- the analysis of three interrelated processes: stages in political development, stages in economic adjustment, and stages in ethnic, nationalist or religious conflict.

This framework should be instrumental in filling the gap between policy formulation and program implementation.

2) Create appropriate methodological tools for programming, monitoring, and evaluating human rights activities.

There is an urgent need for:

- a range of cost-effective methods for making rapid baseline studies of human rights;
- simple models of the dynamics of human rights suitable for analyzing the interactive processes between project beneficiaries, state agencies, and other stakeholders;
- a system of concrete indicators for progress or performance.

Progress indicators should encompass the monitoring of actual violations of human rights, but should also cover the broader field of the capacity and the incentives of all actors and agencies involved in the enactment, implementation and monitoring of human rights, the administration of justice and the enforcement of human rights.

3) Strengthen co-ordination between funding and implementing agencies.

There are strong arguments for aid agencies:

- to co-operate in carrying out analyses of the context of human rights, making baseline studies and parallel and combined studies. Depending on the situation of a given developing country, concrete initiatives could be taken within the most

appropriate institutional framework (consultative group, round table, or NGO platform);

- to create a network for learning about best practices in human rights and democratization.

Learning from evaluation documents alone is time consuming and tends to be piecemeal. A network for learning should establish a system for the exchange of information between aid agencies, practitioners in the field and research institutes. Consideration could be given to building a Development Assistance Committee (DAC) network.

[1] Prepared by Walter Stolz, consultant, in co-operation with Anjet Lanting, research assistant, on behalf of the Operations Review Unit, Netherlands Ministry of Foreign Affairs.

PARTICIPATION[1]

INTRODUCTION

Purpose and Scope of the Paper

This text is an Executive Summary of a more extensive paper on Evaluation and Participation that reviews and synthesizes the experiences of donor agencies with regard to support for participation or participatory development in policy work and through program and project funding. It attempts, firstly, to provide an overview of the present situation with regard to evaluation and participation and to obtain a clearer picture than presently available of commonalities and differences in current evaluation thinking and practice among DAC agencies. A second objective is to draw out lessons learned on the basis of the review, and to make suggestions regarding strategies and methodological issues to be pursued in future work on evaluation and participation. The paper is an non-exhaustive state-of-the-art report and is fairly selective in focus. It represents a contribution to the process of rethinking and dialogue to which all DAC Expert Group on Aid Evaluation (EGE) members contribute. The main focus is on donor/funding agency experience with participation as revealed in evaluation reports and other relevant project documents as well as within the context of development policies. Donor/funding agencies' use and experiences with assessment methodologies for the evaluation of participation are also discussed.

Topics Covered

In section II (Key Concepts and Frameworks Used), terminology, concepts and definitions of participation are discussed. This section also incorporates insights and clarifying conceptual frameworks from relevant research and recent analytical work on participation with regard to development processes generally, and to institutional development in particular. A discussion is presented of participation *in* evaluation, and of methods and approaches involved in *participatory evaluation*, based on innovative and experimental approaches and experiences reflected in recent research, analytical and reference literature on participation and evaluation rather than on submitted agency documents. Subsequently, the evaluations, project documents, and procedural manuals provided by agencies are reviewed with respect to the use and/or application of the concepts, definitions and indicators of participation discussed in section II. A special focus is on NGOs as potentially important actors and intermediaries for support to and promotion of popular participation.

Importance and Rationale for the Topics

The point of departure for the selection of topics was the Framework for Evaluation of Programs Promoting Participatory Development and Good Governance (November 1993) established by EGE members. This framework has also determined the boundaries of participation with respect to other thematic areas, particularly Decentralization and Human Rights, but also the Legal Systems and Public Sector Management themes. The discussion on the role of NGOs was also included in accordance with member agreements reported in the EGE Framework paper.

Participation is a relatively new concern for evaluation. There is also a gap between participation as rhetoric and element in current development policy discourse, on the one hand, and participation as operational practice on the other.

There continue to be few evaluations of participation owing to the relative novelty of the issues involved. Evaluations explicitly addressing participation, or applying participatory methods, are only just now beginning to emerge. However, as the review demonstrates, donors have supported programs and projects clearly relevant for participation since the 1960s. These considerations all point to the usefulness of reviewing the present situation with respect to these topics, in order to take the learning process a step forward.

There are also some difficulties in definitions of popular participation and participatory development[2]. These concepts imply various analytical dimensions and aspects that tend to be formulated and interpreted in different ways, in different settings and by different actors according to the administrative level involved in a particular development intervention at a specific point in time. Definitional problems with regard to participation result from the fact that not

only conceptual/theoretical, policy and operational dimensions are at issue, but also ideological and moral ones. Definitions may also vary with respect to how 'operational' they are in terms of applicability and relevance in actual projects. The significance and outcomes of participation in the practice of development co-operation also vary in accordance with such interpretations and conceptualizations.

Sources of Information and Methods Used

This chapter is based on a qualitative review of 43 agency evaluation reports, project documents and relevant policy or procedural papers received from eight bilateral donors. About the same number of analytical documents and publications on participation, some of them from The World Bank or commissioned by bilateral donors, were also perused.[3] The paucity of evaluations and other project documentation on participation is due partly to the fact that this topic, as an explicit focus, is relatively new. It may be due also to agencies' distinction between assessments of the relatively few recent projects in which participation has been an explicit objective or strategy and most earlier projects in which participation was defined obtusely or pursued more implicitly.

The sample of documents represents the work of only a small number of bilateral donor agencies and does not provide conclusive evidence regarding such issues as connections between participation and sustainability (or impact on governance, government services, economy and public finance). Despite such reservations, however, we have been able to get a fairly good picture of development agencies' collective state of knowledge and intentions with regard to participation and evaluation at this time. Findings include certain tendencies and trends that were noted, which we feel will serve well as a basis for future DAC work.

KEY CONCEPTS AND FRAMEWORKS

Although it has its origins in the concept of community development in the 1960s and 1970s, participation received new attention as an explicit goal in development assistance in the late 1980s due to increased emphasis on project sustainability, institutional development and policy reform. It was initially promoted and applied mainly by NGOs and in small-scale projects, but also by multilateral organizations such as FAO, ILO and UNRISD, as well as some bilateral agencies. Popular participation as operational *development practice* at the project or program level has, however, lagged far behind general awareness of its benefits and donor advocacy of its principles. Its use as rhetoric in policy discussions and public declarations of national development objectives and strategies is widespread.

The end of the Cold War and the transformation of authoritarian regimes and political systems in many of the countries in Africa, Asia and Latin America during the last few years focused renewed attention on participation in the context of political as well as economic development. Popular participation has been viewed as one of the ways of strengthening democracy, civil society, decentralization, human rights and the development of forms of good governance. The challenge of escalating environmental and social problems has meant that participation is increasingly being recognized also as an essential component of sustainable development strategies. It is now also obvious that in order for 'participation' to become more useful and applicable as a management concept and in actual development practice, it is necessary to define it in operational terms, with regard to primary beneficiary/stakeholder levels in particular social and political contexts.

Concepts and Definitions of Participation

The various definitions of participation applied by actors and agencies may be viewed along a continuum from more far-reaching or profound with respect to empowerment, influence and control on the part of grassroots participants, to more conventional conceptions where agencies or project staff still essentially retain decision-making power and control with respect to key project functions. Definitions may also vary with respect to how 'operational' they are in terms of applicability and relevance in actual projects within specific social, cultural and political development contexts. UNRISD's Popular Participation Program, 1985, defined participation as "the organized effort to increase control over resources and regulative institutions in given social situations on the part of groups or movements hitherto excluded from such control".[4] Although rather general, this definition captures the wider meaning of the participation concept and stresses its empowerment, control and decision-making aspects. The World Bank's Learning Group on Popular Participation defined popular participation as "a process by which people, especially disadvantaged people, influence decisions that affect them".[5]

The term "popular" refers not only to the absolute poor but also to a broader range of people who are disadvantaged in terms of wealth, education, ethnic group or gender structures, and "participation" connotes influence on development *decisions and project or program design*, not simply involvement in the implementation or benefits of a development activity. In subsequent World Bank documents, after internal review and discussion, the term "popular participation" is replaced by the more abstract and general "participatory development", while "popular", "poor" or "disadvantaged" groups are subsumed under the broader and more inclusive "stakeholder" concept.

According to this modified definition "participatory development is a process through which stakeholders influence and share control over development initiatives, decisions and resources which affect them." "Stakeholders" range from the ultimate beneficiary in a given society or setting to individuals or institutions with indirect interest. "Key stakeholders" are those intended to be directly affected by a proposed intervention, i.e., those who may be expected to benefit or lose from Bank-supported operations or who warrant redress from any negative effects of such operations, particularly among the poor or marginalized. It should be added that the Bank recognizes itself as a stakeholder with its own objectives, policies and institutional responsibilities.[6]

The World Bank Learning Group on Popular Participation also endeavored to specify and operationalize participation. It proposes a classification of *instruments* of participation, referring to institutional devices which organize and promote the sustainability of popular participation, such as local level development workers, NGOs (local, intermediary, apex organizations), local government units, central government agencies and private sector mechanisms.[7] The World Bank maintains that its Articles of Agreement prohibit its intervention in political affairs, and given its focus on economic development, its interest in participation is primarily as a *means* to improve the results of its investments. Several bilateral agencies (e.g. CIDA, GTZ, Sida, USAID), however, refer to participation as both an *end* and a *means*, and frequently view it as an explicit aspect of objectives such as democratization, equity, human rights and sustainable development.

The OECD/DAC definition of participation[8] approximates the World Bank definition cited above and in a recent OECD Development Center report "Participatory development stands for *a partnership* which is built upon the basis of a *dialogue* among the various actors (stakeholders), during which the 'agenda' is set jointly, and local views and indigenous knowledge are deliberately sought and respected. This implies *negotiation* rather than the dominance of an externally set project agenda. Thus people become actors instead of being simply beneficiaries".[9] This definition also implies as a main objective the *empowerment* of the local actors (as individuals or groups and institutions) to make participation sustainable. Entry points for the process should be sought both from below (local organizations, NGOs) and from the top (policy dialogue).

Levels and Dimensions of Participation

Different *dimensions* and *levels*, *degrees* or *kinds* of participation can be analytically distinguished[10]. These terms are used slightly differently by different authors and organizations. They refer basically to

where in the project cycle participation occurs (planning, implementation, monitoring and evaluation, take-over), to the *quality*, *intensity* or *extent* of participation (as passive beneficiaries, informants, cost-sharers, or as colleagues or counterparts with a voice in management, decision-making and control), and to societal levels (local, regional, national).

An operational dimension of participation concerns specific project *functions* or *tasks* such as construction, operation, maintenance, management and distribution of benefits.[11] In many projects, participation takes place with regard to tasks such as construction work, operation and maintenance (contributions in the form of money, labor or material), but more seldom in project formulation, management, control over resources and distribution of benefits. If resources are contributed by the "intended beneficiaries" or "primary stakeholders", they should obviously also have a say in the management and distribution of project resources and benefits. Participation in these respects must be introduced and prepared already from the beginning. As a project or development activity reaches a certain level of maturity, the beneficiaries or their organizations should gradually take over responsibility for management and other key project functions because this is a fundamental prerequisite for final take-over and project sustainability in the long run.

Links between participation and gender have been noted by some development administrators and researchers. To a certain extent, attention to the one encourages attention to the other, but these links have yet seldom been systematically explored. Participation and gender do not necessarily exist in a dynamic, mutually reinforcing relationship. Much evidence shows that a focus on participation does not automatically result in attention to gender.[12] The World Bank, OECD Development Center and others, discuss as a particular focus, gender aspects and the active participation of women at various phases of programs. It has also been suggested that representation and participation in terms of gender could be used in evaluations as an indicator of the nature and overall degree of participation in projects[13] because the same factors that prevent projects from being or becoming participatory in general are those that also contribute to the exclusion of women.[14]

Evaluations provide opportunities for testing the translation of development policy into implementation. Gender issues as well as participation require rethinking of assessment methods particularly with respect to equality and empowerment aspects, recognition and analysis of roles, responsibilities, resources and interests of female and male stakeholders. And since both monitoring and evaluation tend more readily to assess inputs or physical outputs, the need for innovative approaches and better indicators for assessing impact and effects is also something that evaluation of gender and evaluation of participation share.

Participation and Different Categories of Development Organizations

Small-scale, community-specific projects aiming at social objectives, frequently operated by NGOs, comprise a common form of donor assistance to the promotion of participation. NGOs are seen by donors (and by themselves) as working primarily with well-defined, grassroots-level, beneficiary groups. Since NGOs do not work within governmental structures, they are less restrained by bureaucratic obstacles and political resistance than bilateral and multilateral agencies. Advocates of support to participation through NGOs often maintain that they contribute to more effective achievement of project objectives because of NGO ability to reach people at the local level.

The NGO label includes widely differing kinds of organizations, some of which are working in a participatory manner, while others do not. Additionally, NGOs' representativeness and accountability often remain unclear.

Some problems related to induced development cannot be resolved exclusively at the local level. Programs must often make decisions and consider trade-offs regarding, for example, allocation of limited resources and sequencing of activities, that affect wider areas. While inputs into the planning and operational processes of such undertakings can be provided through consultations at the local level, some strategic, overall decisions must be taken at national, regional or program level.

Definitions and approaches to participation adopted by multilateral organizations, bilateral agencies and NGOs differ due to their different politico-organizational mandates and the contexts or settings in which they are embedded and operate. A key role for multilateral and bilateral

agencies is to encourage governments, through policy dialogue, to become more open to participatory approaches. Governments are the most direct and influential actors for promoting a favorable environment for participation among the intermediary public sector organizations which operate, frequently in co-operation with NGOs and grassroots' organizations, at regional and local levels.[15]

With regard to agency field presence, deemed important for support to participatory projects, bilateral agencies tend to have more extensive and continuous field presence than most multilateral agencies. NGOs normally have more presence at the local level than bilateral agencies. The different preconditions and characteristics and the complementarity of these organizations mean that there is considerable space and need for collaboration between them in order to fully exploit their respective advantages.

Costs and Benefits of Participation

A main finding of the World Bank Learning Group on Participatory Development is that "there is significant evidence that participation can, in many circumstances, improve the quality, effectiveness and sustainability of projects, and strengthen ownership and commitment of government and stakeholders. Community participation strategies are found to be particularly important in reaching the poor".[16] Systematic evaluations or "measurements" of the costs and benefits of participation are scarce, but generally indicate that the costs, in terms of time and money spent, tend to be relatively higher for participatory projects in the course of their early phases. The initial investments in participation, however, tend to pay off in terms of increased efficiency and sustainability and in saving time in subsequent phases.[17] Delays in disbursement during early phases may occur in projects where communities are given the responsibility to select, design and implement project activities because of the time required to build up sufficient community awareness and capacity. Rapid increases in the subsequent numbers of communities involved and in their capacity to manage the activities, as well as better prospects for long-term success, generally compensate for the time spent on initial preparation. For poor people, the costs of participation are generally measured in terms of added time spent on organizational matters as well as in terms of cost-sharing contributions they may make, and such costs may be considered by them as high.

Statistical analysis of 121 rural water supply projects in Asia, Africa and Latin America found that "beneficiary participation" was the single most important factor in determining overall quality of implementation, a significant contributing factor to project effectiveness, maintenance of water systems, overall economic benefits, percentage of the target population reached, and environmental benefits. Participation also resulted in community members acquiring new water-related and organizational skills, and strengthened community organizations that went on to undertake other development activities.[18] Other benefits observed in case studies of World Bank-financed projects include: an increased uptake of project services, decreased operational costs, an increased rate of return, and increased incomes of primary producers.[19] It has also been pointed out that in conventional (quantitative) evaluations of participation its costs are generally weighed only against estimated benefits and not against the costs of *not* encouraging and assisting participation.[20] Several of the benefits of participation presented above would thus constitute costs associated with non-participatory approaches (lack of use and misuse of facilities, poor maintenance, low rates of sustainability, etc).

Evaluating Participation Requires Methodological Adjustments

In discussing evaluation and participation, it is essential to distinguish among different types of projects, as well as different types of evaluation. An important distinction is to be made between evaluation *of* participation and participation *in* evaluation. Evaluation of participation in development projects refers to the assessment of a specific objective or outcome of an activity, whereas participation in evaluation refers to the degrees of involvement of different categories of social actors (e.g. agencies, project staff, grassroots groups) in the evaluation process. Evaluation *of* participation could, of course, take place in any type of development project to determine its extent and outcome, or its implications with respect to conventional evaluation criteria such as relevance, efficiency, effectiveness, replicability and sustainability of project activities.

Evaluating development process and outcome in terms of participation involves a consideration of the concepts,

definitions, dimensions, levels and forms of participation discussed above, with respect to specific projects. As indicated above beneficiary participation *in* evaluation, or participatory evaluation, require attention and preparation already at the very beginning of the project cycle. Data collection methods for the evaluation of participation include traditional quantitative methods (questionnaires, sample surveys) to "measure" quantifiable aspects of participation. Conventional procedures involve the identification of some basic criteria of participation. On the basis of these, a set of appropriate indicators (and interview questions) may be selected that are assumed to reflect extent, intensity and changes in participation at determined stages of a program or an activity.

Such quantitative indicators are, for example, number of project beneficiaries as a proportion of total population, frequency of project meetings, proportions and total numbers of beneficiaries attending meetings (or taking part in different project components or activities), recruitment of leadership as a function of social position or stratification pattern, rotation of leadership over time, distribution and circulation of key functions or tasks within the project or beneficiary organization, beneficiary contributions in the form of labor, money or material, distribution of benefits resulting from the project.

Participation is a process of complex social change and quantitative indicators provide us with only a very incomplete understanding or picture of participation. When the objective is to determine the *character* of participation and *how* it takes place, identification of *qualitative* indicators is necessary. Such indicators may be used to describe or characterize the relations between leaders and general members of an organization, forms of organization, forms and dynamics of decision-making, group solidarity, community spirit, conflict and problem-solving capacity, etc. Such properties, qualities, attitudes, relationships or behavior, are almost impossible to measure in quantitative terms. They must be perceived, described and analyzed through qualitative interviews and direct observation. Evaluation of participation will thus always require some combination of quantitative and qualitative approaches to data collection, analysis and interpretation.

Quantitative aspects can be dealt with by *measurement* that leads, through application of quantitative methods of data collection and analysis, to *judgement*. Qualitative aspects require *descriptions* (of properties or processes) leading, through *interpretation*, to statements about their nature or consequences. Evaluation of qualitative aspects therefore requires different indicators and methods of data collection and analysis. Oakley suggests, *inter alia*, the following key principles or characteristics of qualitative evaluation: it is *heuristic* in that the evaluation approach is subject to continuous redefinition as knowledge of the process and its outcome increases; it is *holistic* and sees the program as a whole that needs to be understood and analyzed from many different perspectives; it is *inductive* in the sense that the evaluator seeks to understand the outcome of a development project without imposing predetermined expectations; it is also *interpretive*, built up through description of the significant facts, figures, and characteristics of the project that are an accurate reflection of its overall complexity; it implies a close contact with the participants of a program in their own environment to understand the realities and details of their everyday life.[21]

The selection and development of qualitative indicators of participation is at an initial stage, and much work and experimentation remain to be done. Oakley suggests three broad areas of qualitative indicators of participation particularly related to the changes occurring in the nature, growth and behavior of the project group as a result of the project activities: *organizational growth*, internal structuring of the project group, allocation of specific roles to group members, emerging leadership structure, formalization of group structure; *group behavior*; changing nature of involvement of project group members, emerging sense of collective will and solidarity, involvement in group discussions and decisions, ability to analyze and explain issues and problems; *group self-reliance*; increasing ability of a project group to propose and to consider courses of action, group members' knowledge and understanding of government policies and programs, changing relationships of group with project staff/group facilitator, formalization of independent identity of the group, independent action undertaken by the group.

These indicators must also be observed and recorded. Furthermore, qualitative indicators are mostly intangible, manifesting themselves over time, they must be related to some observable

phenomena or activities and be part of a system of continuous monitoring. "Monitoring, therefore, has emerged as the key to the evaluation of participation and certainly as the only way to ensure a continual supply of relevant data and information".[22] Four categories of concrete phenomena are suggested which, if monitored continually, should provide relevant information and data for both quantitative and qualitative indicators: (1) *project or group activities*, economic or production activities, physical/construction work, collective project group work, project group internal structuring; (2) *changes in project group behavior*; nature of project group meetings, levels of explanation and discussion, people's involvement in group discussions, incidence of consensus and disagreement, emerging patterns of leadership; (3) *group action and articulation*, independent action by project group, levels and nature of contacts with outside officials, levels and nature of contacts with other groups or organizations: (4) *project-group relationship*; nature of initial relationship, building up of the project group, nature and changes in relationship between project and group, project withdrawal.

Methods that have been employed in judging certain qualitatively observed phenomena include: group records, log-books, and diaries providing a continual account of events and the process of participation as it unfolds; group discussions, key informants, and field workshops.[23] Participant observer evaluation, conducted by a neutral qualified observer to assess or evaluate project processes and effects in local communities, employs various of the qualitative and quantitative information gathering techniques mentioned above. Although the main responsibility for, and direction of, the evaluation process remains with the participant observer, it allows for a high degree of influence and participation from different categories of stakeholders.[24]

Participatory Techniques in Evaluation

Parallel to the increasing attention given to popular participation in the 1980s, Rapid Rural Appraisal (RRA) methods evolved from an initial emphasis on rapid and cost-effective data "extraction" by "outsiders" towards Participatory Rural Appraisal (PRA). PRA reduced the role of the "outside" researcher or "expert" to that of "convener", "catalyst", or "facilitator" enabling people to undertake and share their own investigations and analysis, as well as to plan and take action.[25] The basic epistemological or methodological premises underlying PRA, such as value-pluralism and the rejection of objective "reality" or "truth" (there are multiple layers of "realities" depending on positions in cultural and social settings) and thereby the importance of local knowledge, are also shared by the different versions of "participatory monitoring" or "participatory evaluation".

In participatory evaluation a variety of stakeholders should actively take part in the determination of evaluation objectives, the selection of procedures and data collection methods, the analysis and interpretation of data, as well as decisions regarding measures and action based on recommendations produced as a result of the evaluation process.

In practice, however, participatory evaluation is most often limited to the inclusion of a few *techniques* aimed explicitly at project participants or beneficiaries, such as group consultations or key informant interviews. These consultations usually take place within the conventional type of donor evaluation conceived of largely as an end-product or neatly-bound, one-off type of an essentially quantitative exercise. Beneficiaries or stakeholders have thus no participation in the determination of evaluation objectives, modalities, analysis and interpretation of evaluation data. Nor has evaluation usually been an aspect of planning and monitoring throughout the project or program process. The extremely low incidence of true participatory evaluation reflects partly a lack of ease on the part of donors with the more innovative approaches that such evaluation requires. As Marsden, Oakley and Pratt[26] point out, few projects adopt an authentic participatory approach to evaluation.

Participatory evaluation is applicable in different types of projects and settings. It is not intended to completely replace conventional evaluation methods. Rather, it should be used as a complement to make such methods more appropriate and effective, and to ensure that the reality and claims of the beneficiaries are really taken into account. Our impression is that inclusion of participatory techniques in more or less standard donor evaluations is increasing considerably.

Beneficiary participation in monitoring and evaluation should occur in projects claiming to use a participatory approach. But participatory monitoring and

evaluation could be employed also in other types of projects. The introduction of participatory techniques in projects that have not followed a participatory approach in planning may have to find ways to deal with certain inherent contradictions and practical difficulties. These would involve, for example, reorientation of conventional time-frames, re-scheduling resource allocation, and probably new ways of decision-making. Investments of time and resources for participation, however, tend to pay off in the form of firmer beneficiary commitment, more efficient capacity building, and ultimately enhanced sustainability.[27] As we shall see below, the increasing interest and work concerning participation in evaluation and evaluation of participation have not been limited to the field of development co-operation, but have been influenced and inspired by a broader scientific debate on the theory and practice of evaluation in general.

Participatory Evaluation: An Opportunity for Negotiation?

In a recent comprehensive review of methods and approaches to social evaluation, Marsden, Oakley and Pratt[28] describe the "traditional type of evaluation" or "first generation evaluations" as generated by the demands of management from the donor perspective, and usually serving the purpose of justifying agency spending. This type of evaluation was conducted by "external" or "independent" evaluation experts applying quantitative approaches to data collection ("measurement-oriented") and relying on a positivist scientific paradigm where the belief in the existence of universal and objective "truths" constituted a cornerstone.

A modified version of "traditional evaluation" is the "second generation evaluation" characterized by description of patterns of strengths and weaknesses with respect to stated objectives, whereas the "third generation" was characterized by efforts to reach judgements. The evaluator assumed the role of a judge, while retaining the earlier technical and descriptive functions as well. Guba and Lincoln identify the pervasive weaknesses of these three generations of evaluation as a tendency toward managerialism, a failure to accommodate value-pluralism, and an over commitment to the scientific paradigm of inquiry. As an alternative they suggest "fourth generation evaluation" which is based on two key elements: *responsive focusing* and *constructivist methodology*.

Responsive focusing sets the boundaries of the evaluation by interaction with its stakeholders and the constructivist methodology provides the wider framework in which "truth" and "fact" are recognized for their subjectivity. The positivism paradigm and its belief system are rejected.[29] The outcome of this process is not conclusions based on "objective" value judgements, but an agenda for *negotiation* based on the claims, concerns and issues that were not resolved in the evaluation dialogue. Fourth-generation evaluation thus constitutes a forum for debate. Evaluation is a learning process involving different sets of understandings that need to be negotiated. It provides important moments in the lives of all development projects, when opportunities for the "negotiation of values" might be centrally addressed.

Participation by the beneficiaries in such negotiation transforms the evaluation into a process of empowerment that offers opportunities for furthering our understanding of the operationalization of a participatory agenda. Further, such negotiation comprises building blocks in the development of effective partnerships between what tend to be essentially unequal partners. As a complement to traditional approaches to evaluation an *interpretive* approach, consisting of the following stages, is suggested:

1. Identify the full range of interested parties.

2. Find out how the evaluation is perceived - stakeholder claims and concerns.

3. Provide context and a methodology through which these can be understood, taken into account and constructively criticized.

4. Generate as much consensus about different interpretations as possible.

5. Prepare an agenda for negotiation.

6. Collect and provide the information requested in the agenda.

7. Establish and mediate a forum of stakeholders in which negotiation can take place.

8. Develop a text available to all.

9. Recycle evaluation to take up unresolved issues.

SUMMARY OF EXPERIENCE

The documents received from eight bilateral agencies (DANIDA, DGIS, FINNIDA, GTZ, NORAD, ODA, Sida and USAID) were reviewed qualitatively, in terms of three main concerns: (i) participation orientation or sensitivity overall; (ii) whether and how participation was reflected in the evaluation criteria selected to represent output or impact; and (iii) participation as reflected in evaluation procedures and methodology. Where possible, the Terms of Reference were also examined. The reviewed documents include evaluations and project documents, as well as some policy papers, analytical reports and procedural manuals. In addition to traditional evaluation criteria (relevance, cost-effectiveness, impact, efficiency/cost-benefit relation, sustainability, replicability), the documents were examined against the background of the conceptual and analytical issues discussed above.

Forms of assistance to participation commonly are: (1) co-financing; (2) framework support or Block-Grant type of funding for NGO support, usually to donor country NGOs; (3) mainstream - usually bilateral core program - project or program support e.g. in IRDPs or area programs (4) direct support funds for small-scale projects, usually administered through donor embassies or development co-operation offices; and (5) policy, research or analytical work.

The evaluations focused variously on activities, projects, sectors or national development efforts and are clearly influenced by the policy, planning procedures and traditional evaluation practice of the respective agencies. Evaluations specifically focusing on participation in development activities are few and there is little evidence of participation *in* evaluation, even in evaluations of NGO support. NGO evaluations, however, did employ participatory techniques to a greater extent than evaluations of core-support, bilateral programs.

Agency policies and experiences concerning participation exhibit some differences but many points of commonality can also be noted. A main one is that in a general sense all of the documents clearly show awareness of participation issues. The nature and degree of awareness, and its translation into explicit, systematic attention to participation vary considerably. Another general observation concerns the more pronounced focus on participation in the documents representing interventions in the agricultural, rural or village development sectors, than in those representing other sectors. Although we suspect that this relationship may be general, no firm conclusions can be drawn since there is a clear predominance of agricultural, rural and village development reports in the documentation submitted for review, just as there is a bias towards interventions in Africa.

Another striking point of commonality concerns overt donor attempts in the 1990s to transcend the confines of top-down approaches by adopting participatory strategies to an increasing degree. There is a clear trend not only to plan better in a general sense through formulation of planning frameworks and conceptual tools, but also to promote participatory planning, as is evidenced in the documents of several agencies. Current donor/funding agency discussions as revealed in the documents display a receptivity to participatory techniques and notions of participation in evaluation. Although the reports describe evaluation procedures essentially in terms of conventional, donor-steered agendas and mechanisms, they also incorporate impulses from analytical and research work on participation. This is important in bridging the persistent gap between participation as rhetoric, and as development practice and partnership.

The reports note and discuss a number of perceptions, beliefs, and assertions about NGO initiatives ("articles of faith") held by funding agencies, and by the NGOs themselves, that support the positive light in which they are increasingly viewed. These include the idea that NGOs are able to reach the poorest, or at least grassroots levels, with much less difficulty than mainstream development assistance. The NGO evaluations also employ somewhat more innovative criteria and methods than mainstream program evaluations. They raise such issues as how to constructively assess *exclusion*, the culture of the implementor at operational levels versus the cultures of the beneficiary groups, etc.

Institutional arrangements for implementation include national

governments, line ministries, local government units, parastatals, various kinds of NGOs (or "borderline" associations such as trade unions), community or *ad hoc* village or small local organizations. The documents reviewed here do not represent more than a small sample. We feel, however, that many of their findings and conclusions are largely concurrent, and that they thus demonstrate central issues, problems as well as indications of progress made in the area of participation and the assessment of participation. One question that cannot be answered definitively concerns differences in donor approaches, and differences between the donor community and the approaches to participation and planning models adhered to by different categories of NGOs ("learning process" models as opposed to "blueprint" or "top-down" models). Large NGOs exhibit both models in their approaches to participation.

The evaluations commonly referred to general policies concerning prioritized development principles or issues (poverty alleviation, sustainability, institutional capacity building, etc.) in assessing attainment or relevance of support and activities with respect to stated objectives. Prescriptive donor manuals that detail planning or procedural methods also contain discussions of participation, although these tend to reflect exclusively the perspective of the donor. Analytical papers emphasize interpretive or other non-conventional evaluation principles and procedures with regard to assessing participation. According to these latter, evaluations should not only focus on participation, but should themselves be participatory in the sense discussed above.

Most evaluations followed a conventional constitution as "a pre-structured exercise with prescribed procedures ... by external evaluators, which is commented upon by the project manager and provides the basis for decisions by the commissioning - i.e. funding - party." The challenge of a participatory evaluation procedure that "includes the same steps but follows different rules, since it is considered a learning process for all involved, and in which criteria and indicators are not prescribed in advance by 'outsiders'"[30] is seldom taken up.

Lessons learned from the evaluations in terms of popular participation are often not formulated as such in the reports. Despite common conceptions of NGOs as operating closer to poor people, the performance and impact of NGO projects varies greatly. The FINNIDA and Sida NGO support evaluations indicate that even where short- to medium-term performance is good, sustainability is weak as are participatory elements. NGO reporting is also normally weak, except for financial reports which are generally rigorous. Substantive reporting and monitoring of development progress and impact are frequently lacking. Though formally required by donors, in practice it is neither strictly followed by the NGOs evaluated, nor followed up by the funding agencies.

Donor Experiences with Respect to Specific Evaluation Issues

Definitions of participation and of project stakeholders

The difficulty of operationally defining participation emerges clearly in the documents. Definitions vary a great deal, both in projects supported and in evaluation studies intended to assess participation. Participation in projects is often defined either very generally or interpreted to mean a range of stakeholder roles, few of which actually involve "an active and influential hand in shaping development decisions that affect their lives" for primary stakeholders. In evaluations, participation is defined or at least practiced in terms of "consultation", the use of PRA methods or other participatory techniques. Virtually none of the evaluations, even the most comprehensive ones, demonstrated much evidence of participatory evaluation methods.

In large scale, multi-sectoral rural development programs, support to participation has involved local public sector institutions rather than grassroots stakeholder groups. There are, however, clear indications in the donor materials of a movement towards more exacting planning methods in which a basis for the monitoring and evaluation of participation at different levels can be established early on. Some project documents from very recent years refine "target group" designations by disaggregating stakeholder categories into a number of specified groups.

Evaluation methodology

Analytical and evaluative documents discuss the difficulties of measuring slow, long-term, qualitative or structural/political change, such as in attitude and behavior. A major issue raised in the methodological

discussions of the NGO evaluations was the development of parameters for judging performance of NGO-funded programs. Criteria for evaluating these and other social dimensions are underdeveloped. Impact and effectiveness are assessed and discussed primarily in quantitative terms (e.g. numbers of NGOs, projects, funds allocated, people reached, etc).

A prominent feature of the NGO material is the emphasis on awareness, organization and inadequacies of most evaluations due to the fact that they reflect almost exclusively the perspective of the funding agency and project management, and not that of the stakeholders. What happens to women and to gender relations as an indication of participation is treated in most of the documents. Gender information is generally requested in Terms of Reference for evaluations. The extent to which NGOs really are able to secure the participation of the poorest women and men is, however, difficult to determine, as is the issue of sustainability of beneficial impact and institutions. This may be due to the fact that NGO funds often go to small-scale projects adopting fairly short-term perspectives rather than directly addressing linkages to the wider politico-economic context. In addition, designating stakeholders may be quite tenuous, in terms of desegregation of target populations according to gender roles, status etc. Since the late 1980s, there has been greater emphasis on careful planning in anticipation of impact assessments and evaluation through variations of logical framework analysis. Whether such models are or can be rendered participatory in orientation is an important question. Some agencies stress planning for (quantifiable) results in this context, and this may hamper attention to the learning process aspects that enhance participation. We note also a trend toward an increasing incorporation of participatory evaluation techniques. Some interventions which are exploring adoption of a learning process approach see evaluation as part of an ongoing process of project reporting and monitoring for purposes of self-management as well as for periodic assessment in a funding agenda.

Conventional Evaluation Criteria

Relevance

The evaluations tend to assess relevance in two ways, namely, against the objectives formulated with respect to a particular intervention and against the wider development objectives of the organization. Relevance was also assessed against an analysis of the particular economic, political and organizational contexts locally and nationally, within which an intervention was framed. This is particularly true for the NGO evaluations. Analytical reports and some project documents from the late 1980s and the 1990s relate assessment of relevance to meeting the prioritized needs of different underprivileged groups.

Effectiveness and Impact

The more comprehensive NGO evaluations (DGIS, FINNIDA, Sida) discuss the analytical and operational aspects of these criteria in nuanced or multidimensional terms. Effects are discussed in descriptive terms intended to denote the nature and extent of change promoted by the projects in a qualitative as well as in a quantitative sense. Concerning participation, distinctions are made in NGO evaluations between direct and indirect impact (FINNIDA), and between immediate project goals and wider development objectives (Sida). The NGO evaluations focused also more clearly on actor *perspectives*, rather than on project beneficiaries as a target group.

Other qualitative, interpretive indicators applied and discussed in the NGO evaluations are *responsiveness* of projects and NGOs to pressures "from above" and "from below" and to unforeseen events or problems as well as *linkages* to popular or labor movements, professional organizations, etc. The development of such linkages could be indicative of institutional development in a broader sense and thus, of project or NGO effectiveness. Likewise, the existence of *strategies* explicitly attentive to the active participation of the populations concerned throughout the project including monitoring and evaluation also constitutes effectiveness in that problems may be detected before they develop into major sources of conflict. Effectiveness is also related in most of the NGO evaluations to such dimensions as *internal project group structure and functioning* and thus to organizational development.

For several donors, evaluations of support to the NGO sector are quite new. The reports evince a conscious focus on political as well as on social or economic goals. The Terms of Reference for the NGO evaluations are actually more detailed when it comes to participation than those for the core-support, bilateral

programs. This probably reflects overt donor attention in recent years to participatory and governance issues, but doubtless also, donor expectations of NGO projects and programs in terms of participation. The Terms of Reference and other documents compiled in connection with the NGO evaluations seem also to allow for a greater degree of flexibility and innovation in terms of methods than those for the bilateral programs. These evaluations were allowed to take place over an extended period of time, involved a series of relatively long field visits, and included some participatory techniques, even if in no instance could they be categorized as fully participatory.

Particular problems concerning impact that were identified include the determination of good qualitative assessment measures, evaluating the relation of studies and research to promotion activities for those NGOs that are involved with both kinds of activities, and those involved in assessing the impact, in amount and kind, of operational advice disseminated from trial and agricultural extension activities. Other problems which challenge existing tools for assessing impact are: participation as indicator of a process of *human resource development*, degree of *partnership* between projects and stakeholders, as well as questions of how to meaningfully apply what the authors of the DGIS NGO evaluation termed the *actors' matrix*, (i.e. state; grassroots organizations; local permeative organizations or institutions such as the church, unions, political parties; donor agencies; other big NGOs) in an evaluation methodology intended to determine, for example, the impact of big NGOs at macro levels.

The reputed greater effectiveness of NGOs as an alternative to mainstream bilateral programs was not borne out in any general way. Impact in a very constrained sense of attaining immediate objectives was considered to be achieved by the NGOs, although not in a broader sense of more widespread or sustained development. The track record of NGOs as regards effectiveness is certainly not worse than bilateral programs and may be better depending on the time-frame and extent of social, economic or political impact concerned.

Efficiency

All the evaluations attempted some kind of adapted cost-benefit analysis. The CPT Norte II NGO evaluation discussed the difficulty of using budget, number of staff, communities and people reached as criteria for judging efficiency. *Type* of program implemented was used as an assessment marker and the observation is made that basic services delivery and management seem to lend themselves more readily to large-scale support programs than production activities, particularly in a gender perspective (DGIS/NOVIB). NGO production projects (intended to impact directly on livelihoods and income-generating capacity) cost much more than social service ones, but it is not possible to say whether the cost-benefit relation is more favorable for the one or the other kind. Also here, the use of linkages as an evaluation criterion in terms of *multiplier effects* and making use of a small number of staff to achieve wide geographical and structural coverage was discussed in terms of efficiency.

Sustainability and Replicability

The importance of participation in the pre-project planning stage is stated in the NGO evaluations and in various analytical papers. Such participation, which commonly did **not** take place according to the evaluations, was used as one assessment indicator of potential for sustainability. Sustainability, particularly of institutions, was found to be low except where these had some degree of pre-existence, were headed by professionals, or have been linked into a collaborative network, or even into government. This is due partly to the contained nature of project support and, for NGO support, to the short time-frame commonly applied and to the harsh economic and political environments in which the projects operated. Intermediary NGOs may be said to have a basic operational modality that may be replicable to a certain extent within the same country. However, the fact that these NGOs try to respond and adapt interventions to the local context means that such "replicability" is limited and qualified.

Additional Evaluation Criteria and Issues Related to Popular Participation

The analytical reports, research documents, and case study materials yielded criteria in addition to the conventional ones. Combinations of these were applied particularly in some of the more innovative evaluations, usually involving support to NGOs.

Features of a Learning Process

Nearly all the evaluations noted an absence of both baseline or other useful planning information, and of active participation in intervention design, whether mainstream programs or NGO projects. Even where there existed some form of appraisal, feasibility or similar study, there was little evidence that this was used and built upon as a conscious monitoring effort within a programming system that could incorporate and generate useful new information. Weakest in this respect were most of the NGO forms of support. Here, we note the "articles of faith"-type of perceptions of donors and of NGOs themselves, as well as the lack of donor funding and rigor regarding self-evaluation. Considerably more effort is put into the financial reporting. A trend toward adoption of a more process-oriented approach as opposed to a top-down, blueprint or delivery approach in agency planning and implementation is noticeable. Demands for "results-oriented" planning monitored in terms of quantifiable, immediately verifiable indicators may, however, weaken such innovations with respect to participation, unless partnership and negotiation in formulating project objectives and in the planning of project content are achieved.

Donor Evaluation Culture

Donor agency evaluation culture as defined in procedural and evaluation manuals can impose constraints on participatory evaluation. Rendering conventional project planning cycles more flexible to incorporate participation throughout could improve this situation. Heretofore, evaluating participation and participatory evaluation remain an approach rather separate from the mainstream of agency support left largely to "the few staff members skilled in the social sciences or possessing the kind of practical field experience that would allow them to do the analysis required"[31], to special assessments such as "beneficiary" or "participatory poverty assessments", and to local community and field project levels. In the mainstream of evaluation, conventional quantitative methods are thought to exhibit a high degree of precision and objectivity. Participatory evaluation is implicitly discouraged through associating it with less reliable evaluation instruments, rather than viewing it as an integral part of a process of partnership in decision-making and ownership.

Donor agencies are, however, attempting to loosen the confines of conventional evaluation wisdom, as the increasing incorporation of participatory techniques demonstrates. Consultations with "focus groups", "key informants", workshops and "sensitization" training are among the most commonly used techniques. Some agencies are also exploring the possibilities of participatory planning and project formulation, as a foundation for shared monitoring and evaluation.

CONCLUSIONS AND SUGGESTIONS FOR FUTURE WORK

A very mixed picture is given by the documents reviewed, largely due to a considerable diversity of concepts, the absence of clear concepts of participation or the implicit nature of such concepts. This mixed picture hampers the evaluation of participation. But some positive trends can also be noted: *acknowledgement of the importance of participation*, especially in policy documents; and *use of some participatory techniques* in evaluations reviewed (e.g. focus group discussions, key informant interviewing, workshops and sensitization training).

To strengthen these trends, participation needs to be mainstreamed by development agencies (see DAC Orientations, OECD Development Center and World Bank publications on participatory development) and evaluation tools need to be further developed. In other words, the empirical base, i.e. the practical experience with evaluation of participation is rather limited but there are strong elements (based on policy intentions and analytical material) to develop prescriptions for:

How to evaluate participation, namely:

- **In a favorable context** which acknowledges the importance of participation, and builds the concept into planning and implementation practice.

- **As a process** with early stakeholder involvement, distinguishing projects according to their participatory or non-participatory origins, where evaluation is part of continual monitoring taking place throughout the projects. Beneficiary participation should be sought in all evaluations, but is more feasible and can be more profound in projects designed for

and planned with participation from the beginning. Here, evaluation is part of a learning and negotiation process involving donor agencies, governments and primary stakeholders.

- **On the basis of clear concepts and analytic frameworks** in which stakeholders are appropriately defined and possibly mistaken assumptions, e.g. about the participatory role of NGOs, are challenged.

- **With indicators reflecting these concepts and the results of systematic, collaborative analysis**. Evaluation of participation should include quantitative and qualitative assessments in accordance with the levels, dimensions, instruments and indicators of participation identified in the conceptual discussion above.

- **Preferably in a participatory way**, and by making participatory evaluation an **integral part of evaluation** (as suggested in DAC Principles for Evaluation pp.23-25).

Future work lies at two levels:

a) at a general level, **mainstreaming participation** in agencies and partner countries is still a major task to which evaluators are well suited to contribute (i.e. through intra-agency dialogue on participatory development), but which needs broad institutional support of both leadership and staff;

b) at a technical and procedural level, through **further developing evaluation frameworks, procedures and indicators** that better accommodate participatory processes.

Promoting donor and partnership learning through trials with specially conceived evaluations embodying the following elements could be a step in developing the evaluation of participation: policy and operational definitions of participation; the actual use of participatory evaluation; partnership and an active dialogue between the different involved parties, with a departure point in the primary stakeholders.

Other elements include the identification of contextually relevant monitoring and evaluation criteria and indicators of participation related to: *gender, involvement of poor, marginalized categories of people, negotiation and the resolution of conflicts and differences* both internally and with respect to other organizations and institutions.

Establish and systematically apply criteria connecting participation to the attainment of autonomy, expansion and diversification of project activities, such as:

1) the extent to which financing and management are taken over locally, by partner governments and/or primary stakeholders and their organizations;

2) the expansion or replication of a given activity without further project support;

3) diversification, i.e. the degree to which capacities created by a project for a given purpose are also used for other activities.

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[1] The approach paper has been prepared for the Evaluation Division of the Swedish International Development Co-operation Agency (Sida) by Anders Rudqvist and Prudence Woodford-Berger at the Development Studies Unit, Stockholm University. It has benefitted greatly from the ideas and comments of Hartmut Schneider, OECD Development Center.

[2] The terms "popular participation" and "participatory development" are frequently used synonymously, and as interchangeable concepts. However, proponents of the former term argue that it focuses more directly and explicitly on disadvantaged groups at the grassroots level, than the latter more general term. According to this view, popular participation more clearly reflects a preferential option for the poor in development programs.

[3] These analytical documents appear in the Notes and References section.

[4] Fortin, C. and M. Stiefel, 1985, *Of People, Power and Participation: An Overview of the Popular Participation* Project, Geneva: UNRISD, p.11; and Stiefel, M. and M. Wolfe, 1994, *A Voice for the Excluded: Popular Participation in Development, Utopia or Necessity?* Geneva and London, UNRISD and Zed Books.

[5] Bhatnagar, B. and A. Williams (eds.), 1992, *Participatory Development and the World Bank: Potential Directions for Change*, World Bank Discussion Papers 183, p.177. Washington D.C.: The World Bank.

[6] World Bank Operations Policy Department, 1994, *The World Bank and Participation*, pp.1-2, Washington D.C.: The World Bank.

[7] Bhatnagar and Williams, Op.cit., pp.179-180.

[8] *DAC Orientations on Participatory Development and Good Governance*, OECD/GD, 1993.

[9] Schneider, H. and M-H. Libercier, 1994, "Concepts, Issues and Experiences for Building Up Participation" (p.3), in *Participatory Development From Advocacy to Action*, Paris: OECD Development Center.

[10] Rudqvist, A., 1987, *Popular Participation: Levels and Dimensions*, Stockholm: Development Studies Unit, Popular Participation Program, Stockholm University; and 1991, *Guidelines for Consultations and Popular Participation in Development Processes and Projects*, Development Studies Unit, Popular Participation Program, Stockholm University; as well as Bhatnagar and Williams, Op.cit., p. 177ff.

[11] Development Studies Unit, 1991, Op.cit., pp 10-11, as well as Appendix 2.

[12] The issue of whether WID and gender aspects and perspectives are adequately addressed in discussions of participation has been treated in a number of works. Some of these which argue most effectively against the assumption that 'participation' logically or automatically incorporates gender, or that gender equity is merely a component of participation are: Bamberger, M., M. Blackden and A. Tadesse "Gender Issues in Participation", a paper prepared for the World Bank Workshop on Participatory Development, Washington D.C., May 17-20 1994; *Gender Issues in Bank Lending: An Overview*. Washington D.C.: The World Bank Operations Policy Department, 1994; and V. Siddharth, 1995, "Gendered Participation: NGOs and The World Bank", in *IDS Bulletin*, Vol. 26, no. 3, pp 31-38.

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