I. INTRODUCTION

Frequently the evening news features images of citizens taking to the streets to demand basic democratic rights. Cambodia, Indonesia, Kenya, and Nigeria are but a few places where citizens have protested openly—often at considerable personal risk. The road to democracy can also travel other routes. For example, in Bosnia, Liberia, and Mozambique, transitions to democracy began with the end of civil war. In central and eastern Europe and the new independent states of the former Soviet Union, the fall of the Iron Curtain and the collapse of the Soviet Union spurred the shift from authoritarian to more democratic governments.
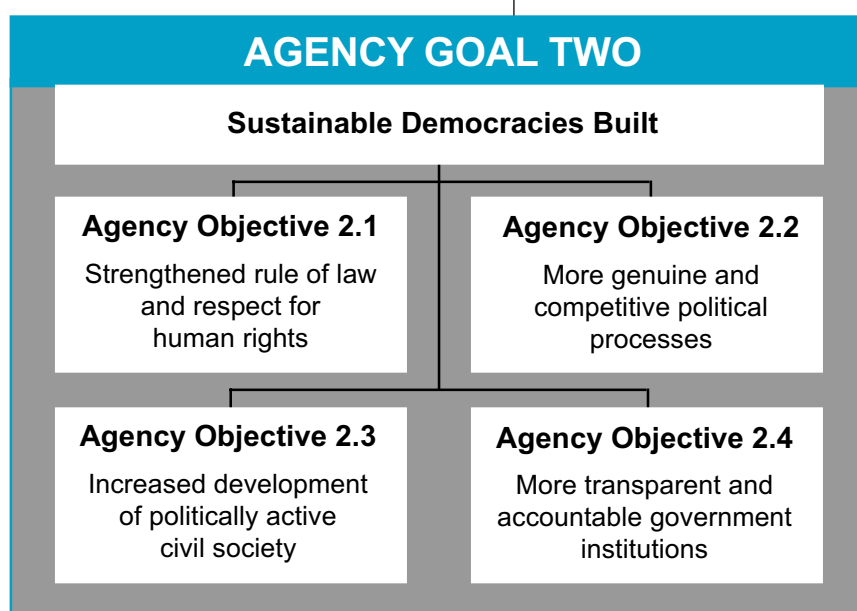
Once a transition is under way, the process of democratization typically encounters obstacles and may stall or even backslide. Often, the institutions and processes that underpin democracy are weak or undeveloped. Moreover, democratic transitions require leaders and citizens to make changes in their behavior and way of thinking. People need to develop values such as tolerance and respect for human rights, as well as an understanding of the responsibilities of citizenship. These changes in political culture are difficult and take considerable time, but are essential for democracy to be sustainable over the long term.

In line with its commitment to establish and nurture democratic institutions, USAID plays an important role in helping countries negotiate these difficult transitions. Democratic institutions create channels for people's views to be heard, which can, for example, help prevent unrest that can lead to civil war, refugee flows, or other humanitarian crises. Stronger democratic institutions promote political stability, which can help improve overall conditions for economic growth. Likewise, as citizens and civil society groups gain democratic skills, they can influence other sustainable development sectors, such as education, environment, and health and population.

USAID emphasizes four broad areas under its democracy and governance strategic framework:

- *Rule of law and human rights.* A predictable legal system with a fair, transparent, and effective judiciary protects citizens against the arbitrary use of state authority and lawless acts of organizations or individuals. Improving the administration of justice helps guarantee fair application of existing laws. Together, improved justice administration and a sound legal system ensure that all people, including women and minorities, enjoy equal rights and protection under the law.

AGENCY GOAL TWO

Sustainable Democracies Built

Agency Objective 2.1

Strengthened rule of law and respect for human rights

Agency Objective 2.2

More genuine and competitive political processes

Agency Objective 2.3

Increased development of politically active civil society

Agency Objective 2.4

More transparent and accountable government institutions

- *Credible and competitive political processes.* Free and fair elections contribute to the consolidation of democracy by providing a means for the peaceful transfer of power in accordance with expressed public will. Citizens and opponents to ruling governments have a voice in the political process when they have the opportunity to vote and participate in campaigns and election monitoring. Moreover, by allowing voters to endorse or reject their political leaders, elections encourage governing institutions to be accountable and responsive.

- *A politically active civil society.* One of the hallmarks of democracy is a vibrant civil society. It helps ensure good governance by facilitating citizen participation in and oversight of government actions. Civil society includes a wide variety of organizations independent of the government, such as cooperatives, labor unions, religious groups, business associations, and women's organizations.

- *Transparent and accountable government institutions.* Public accountability, responsiveness, and transparency play an essential role in consolidating democracy. For example, decentralization initiatives, which promote democracy at the local level, encourage broader citizen participation and create mechanisms for addressing community concerns. Strengthening the legislative and executive branches, establishing civilian control over the military, and promoting transparency and ethical standards in government build public confidence in political processes and institutions.

Distribution of Programming

In 1997, 85 percent of USAID's country and regional programs provided assistance to democracy and governance objectives (See annex A: table A2). In response to opportunities to support democracy and good governance, the Agency instituted new objectives or initiatives in **Lebanon, Moldova, Turkmenistan,** and **Zimbabwe.** Other changes since 1996 reflect progress and setbacks in democratic transitions. For example, USAID discontinued bilateral democracy assistance to **Niger** following a coup and subsequent failed elections. In other countries, such as **Latvia,** the Agency was able to cease its democracy support because the country had made sufficient progress.

Figure 2.1 presents the overall distribution of democracy programming, which changed only slightly from 1996. Support for the development of civil society remained the largest area of assistance. In two regions—**Africa** and **Europe and the new independent states**—every country's democracy and governance strategy included an element of civil society strengthening.

In the **Africa** region, democracy programming reflects the bureau's belief that the combination of a strong civil society and decentralized political and economic power increases the probability that democratization will be sustained. Yet as civil society organizations grow more assertive, some governments see them as a threat to their authority and try to restrict them. Therefore, while continuing to bolster civil society, USAID helps governments
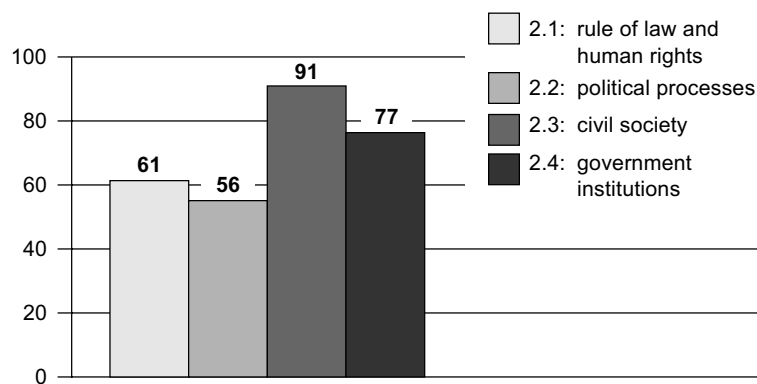
develop more effective ways to meet citizens' needs, so that they can respond to civil society rather than mistrust it. As a result, the Agency increased the number of countries where it supports activities to promote strengthened government institutions from 14 in 1996 to 19 in 1997. This increase reflects USAID's response to decentralization initiatives, which are spreading rapidly throughout the region.

In **Europe and the new independent states,** democracy programming is intended to speed the transition from communism. In most countries, it combines support for civil society with promotion of stronger government institutions. As in Africa, an increasing number of democracy programs work to strengthen municipal governments' capacity and to encourage increased citizen participation in local decision-making. In 1997, USAID provided election support to more countries in ENI than in any other region.

In much of **Asia and the Near East,** USAID has adapted its programs to work in countries with authoritarian regimes. Most country strategies center on developing civil society. In less free states, the Agency supports citizen groups that press for democratic reform, increased self-governance, and protection of human rights. Where democratic transitions have begun, USAID supports civil society organizations that press for greater access to justice and give a voice to women and disadvantaged people. The number of countries receiving electoral assistance was significantly lower in this region, where authoritarian regimes limit the likely impact of such support.

In **Latin America and the Caribbean,** the Agency distributes programming more evenly among the four broad areas of the democracy and governance strategic framework. However, rule of law and the protection of human rights remains the largest area of support. USAID provides advice on judicial codes, supports human rights ombudsmen, and works to ensure more effective and fairer administration of justice. The percentage of countries receiving direct support for civil society development was lower.

Figure 2.1
Percentage of Operating Units with DG SOs, FY97
by Agency Objective

Legend:
- 2.1: rule of law and human rights
- 2.2: political processes
- 2.3: civil society
- 2.4: government institutions

Values: 61, 56, 91, 77

Supplementing the Agency's regional bureaus and individual country programs, technical experts in Washington provide assistance and guidance. These experts are on staff in the Centers for Democracy and Governance, Women in Development, and Development Information and Evaluation. The centers study Agency performance and identify more effective approaches in democracy programming. In addition, the Office of Transition Initiatives in the Bureau for Humanitarian Response implements democracy and predemocracy programs in countries in early stages of democratic transition.

Overview

This chapter reviews USAID's democracy and governance assistance in 1997. Part II, *Country Development Trends and Program Performance,* looks at country-level experience in democracy and governance and the Agency's performance in carrying out its democracy and governance strategic objectives. Part III, *Highlights*, presents snapshots of results in individual USAID programs in 1997. Part IV, *USAID and Democratic Decentralization*, provides an in-depth analysis of the development theory underlying democracy programming at the local level, results achieved from such assistance, and lessons USAID has learned from its experiences in this new area.

II. COUNTRY DEVELOPMENT TRENDS AND PROGRAM PERFORMANCE

Tracking Overall Progress

While USAID relies on several sources to track the overall progress of democracy and governance worldwide, the primary measure of democratic status is the country score of the Freedom House survey.[1] While Freedom House scores do not provide a *direct* measure of USAID's democracy and governance assistance, they do provide important information on country development trends.

Freedom House has been rating the level of freedom in countries worldwide since 1973. To determine its rating, Freedom House brings together prominent academics and development specialists who assess the level of political rights and civil liberties in each country rated. Criteria include

- *Political rights.* These enable people to participate freely in the political process. They include open elections, real power of elected officials or representatives, the role of opposition groups, the absence of military or foreign control, and access to the policy process for cultural, ethnic, religious, and other minorities.

- *Civil liberties.* This refers to the freedoms to develop views, institutions, and personal autonomy apart from the state. Civil liberties include free media, open public discussion, freedom for civil society to organize and act, an independent judiciary, personal security, guarantees of human rights, and freedom from extreme government indifference and corruption.

Using the average of the scores for political rights and civil liberties, Freedom House gives each country a composite ranking of "free," "partly free," or "not free."

One caveat in assessing these (or any other rating of progress in democracy and governance) is that improvements in political rights and civil liberties occur gradually. Therefore, relatively few countries show changes in their overall rating each year. In addition, small but significant achievements in building or consolidating democracy often do not register in the rating. As a result, Freedom House may not capture the immediate impact of many of the changes USAID seeks to bring about. Finally, many of the factors most likely to contribute to an increase or decline in the overall rating are beyond the influence of USAID or any other external donor.

Country Development Trends

As shown in the box at right, on average, the democratic status of USAID-assisted countries improved in 1997. Four countries moved up on the overall Freedom House scale; none declined. The best performance was in the LAC region, where **Honduras** and **El Salvador** improved from "partly free" to "free." In Europe and the new independent states, **Azerbaijan** moved from "not free" to "partly free." In Africa, **Liberia** changed from "not free" to "partly free." The overall classification did not change for any countries in the ANE region.

Figure 2.2 compares the Freedom House ratings of countries receiving USAID democracy assistance. With the exception of the ANE region, countries categorized as "partly free" predominate. This finding indicates that many countries have undergone only a partial transition to democracy. In such incomplete transitions, often the executive branch continues to monopolize power, the judiciary is weak, local government lacks capacity, and the democratic culture necessary for broadened citizen participation is in an early stage of development.

In **Africa,** achievements include the second round of elections in **Ghana** and **Mali,** and long-awaited elections in **Liberia.** Election reforms and an improved election process led to an improved political rights rating for **Kenya.** Similarly, successful elections in Ghana helped boost its civil liberties rating for 1997.

Changes in 1997 Freedom House Rating of Countries with USAID Democracy Assistance

Change in Overall Freedom House Ranking

From 'Partly Free' to 'Free'	From 'Not Free' to 'Partly Free'
El Salvador	Azerbaijan
Honduras	Liberia

Change in Political Rights Rating

Improvement		Decline	
Bolivia	El Salvador	Brazil	Cambodia
Georgia	Honduras	Ecuador	Malawi
Kenya	Liberia	Mali	Peru
Mexico			

Change in Civil Liberties Rating

Improvement		Decline	
Azerbaijan	Ecuador	Mali	Mexico
Ghana	Liberia	Peru	
Romania	Tajikistan		

Figure 2.2
1997 Freedom House Rating of USAID-Assisted Countries
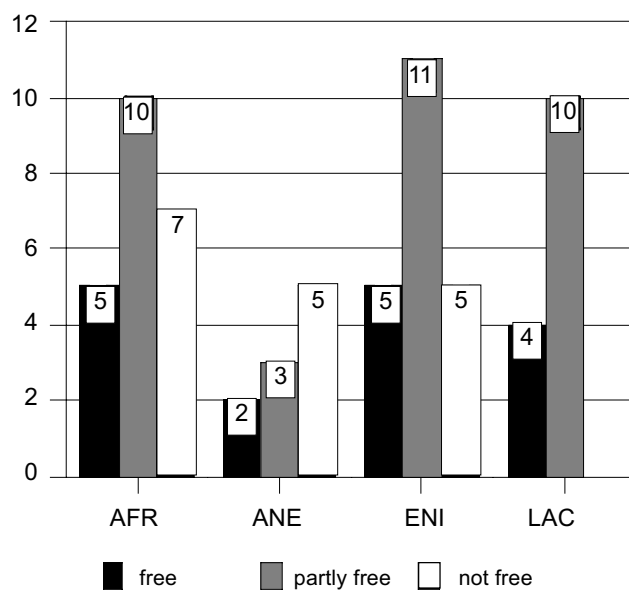
While such progress is encouraging, the Africa Bureau recognizes that most democracies in the region are hybrids —falling somewhere between authoritarian and democratic. Freedom House data from 1997 reflect this; most countries are rated either "partly free" or "not free." Even in countries ranked "free," such as **Benin, Malawi, Mali, Namibia,** and **South Africa,** governments face serious challenges. For example, when the government of Mali postponed local elections, both the political rights and civil liberties ratings for the country declined. In Malawi, delays in adopting election reform legislation resulted in a decline in its political rights rating.

Europe and the new independent states: The lack of a democratic tradition and the near eradication of civil society in the communist era distinguishes the new independent states of the former Soviet Union from central and eastern Europe. The relatively slow development of democratic institutions and attitudes in the new independent states reflects this difference. By contrast, most countries in central and eastern Europe are approaching a level of democratic development closer to that of Western Europe.

Countries of the northern tier of eastern Europe, such as **Hungary, Lithuania,** and **Poland,** have made remarkable progress in democratization. Almost all of the northern-tier countries were rated "free" by Freedom House. However, the work of building democracy in the region is not complete. To solidify the gains made to date, civil society, in particular, needs to continue to develop and grow stronger.

In most cases, the challenges to democracy are greater in the southern tier, where government institutions lack capacity, civil society is inexperienced, and the rule of law remains weak. **Croatia** faced the difficult task of addressing the aftermath of ethnic conflict. **Albania** overcame political breakdown and civil strife in 1997 but still encountered periods of instability. By contrast, **Romania** joined the list of "free" countries in 1996 and continued its progress toward democracy in 1997, earning an improved civil liberties rating.

All five countries in the ENI region ranked "not free" by Freedom House **(Belarus, Kazakstan, Tajikistan, Turkmenistan, and Uzbekistan)** are in the new independent states. The remaining new independent state countries (**Moldova, Russia, Ukraine, Georgia, Armenia, Kyrgyzstan**)**,** ranked "partly free," continued to face challenges to a fuller transition to democracy. In most of these countries, power tends to be concentrated in the executive branch, and political parties tend to be personality-driven factions disconnected from the body politic. Organized crime and corruption undermine effective governance. In addition, economic woes leave citizens little time or energy for political participation.

Against this backdrop, the new independent states of the former Soviet Union have made progress and suffered setbacks. **Tajikistan** improved its ratings for both civil liberties and political rights, but the more recent breakdown of the peace accord and deterioration of the political situation may undermine those gains. **Azerbaijan'**s rating rose from "not free" to "partly free," yet high levels of repression characterized elections

The work of building democracy in the region is not complete. To solidify the gains made to date, civil society, in particular, needs to continue to develop and grow stronger.

in October 1998. **Georgia,** by contrast, has made steady progress, with increases in its civil liberties ratings in 1996 and 1997. Despite continuing economic hardship, the other NIS countries did not register any change in overall ratings.

In the **Latin America and the Caribbean** region, countries have progressed consistently toward democracy. No USAID-supported country is rated "not free." Most have held multiple elections, establishing norms that help ensure the continuation of democracy. Human rights violations have declined and the underlying conditions for a free and independent press have improved.

However, despite considerable progress, many countries still face major obstacles in their democratic transitions. Perhaps most notable are rising levels of crime and violence, which threaten to undermine efforts to protect human rights and strengthen democracy in the region. Local forces have proved ill equipped to respond to drug-related criminal activity. In addition, a lack of opportunities for the poor to participate in countrywide economic improvements and the failure to disarm and employ ex-combatants have also contributed to rising crime rates and violence. In some countries the military's role continues to be a matter of concern.

Freedom House ratings confirm some of the difficulties the region faced. **Ecuador** and **Mexico** registered an improvement in one component but a decline in the other. In Mexico, for example, the stunning defeat of the ruling party in its 1997 elections warranted an increase in the political liberties rating. At the same time, the growing role of the military in internal security, continuing human rights violations, and violence against indigenous groups led to a decline in the civil liberties rating. Other countries in the region also experienced setbacks. Increased violence against the indigenous Indian community in **Brazil** and government pressure on the media and judiciary in **Peru** led to a decline in their political rights ratings.

While **India,** the **Philippines,** and **Sri Lanka** have had substantial experience with democracy, other countries in the **Asia and the Near East** region have historically had less. Some Asian leaders have advocated a system that prizes stability and consensus over democracy and political competition. That view, however, has begun to erode in East Asia as the 1998 financial crisis has highlighted weaknesses in government institutions. **Indonesia** is in the midst of an important democratic crisis, as well as an economic one, with huge possibilities for both failure and success.

Freedom House ratings for the ANE region reflect continued resistance to democratization. Unlike the other three regions, where most countries rank "partly free," a large number of USAID-assisted countries in this region are classified "not free." These include **Cambodia, Egypt, Indonesia, Lebanon,** and **West Bank–Gaza.** Overall Freedom House ratings of countries in the region remained unchanged in 1997. Two countries, **Mongolia** and the **Philippines,** continue to enjoy a ranking of "free," while **Bangladesh, India, and Nepal** rate "partly free." Among countries with USAID democracy assistance, only **Cambodia** saw a ratings change. After a coup in July 1997, its score for political rights declined.

Program Performance

In addition to tracking country-level performance, USAID monitors program performance of its operating units. As an integral part of the Agency's management for results approach, USAID Missions in each country develop a country strategic plan with broad strategic objectives. Each objective has specific intermediate results that contribute directly to its accomplishment. USAID monitors performance at both levels.

• Data for Performance Monitoring

USAID Missions identify performance indicators to measure progress toward each strategic objective and intermediate result. Regional bureaus review and approve the indicators. An indicator must have two elements: an *annual target* (derived from baseline data) and *actual data* on performance during the year under review. In 1997, Missions were able to report both target and actual data for 53 percent of their democracy and governance strategic objectives indicators. This is a major improvement from 28 percent in the previous year and reflects the efforts of the Agency's Center for Democracy and Governance and regional bureaus to help Missions identify effective indicators and improve data collection.

Performance reporting at the intermediate results level is also important. The Agency monitors it annually. In 1997, 61 percent of the 278 democracy and governance intermediate results had actual performance data against an established target. Of the democracy and governance strategic objectives with full indicator data for 1997, targets were met or exceeded in 83 percent of the cases.

• Technical Performance Assessments

The indicator data tell only part of the performance story. To assess Agency program performance in 1998, regional bureaus in Washington completed a detailed technical review of each strategic objective. This review combines analysis of indicator data, qualitative evidence of progress, and performance trends and prospects.

Of 86 strategic objectives in support of the democracy and governance goal, technical reviews by the regional bureaus judged that 15 percent exceeded performance expectations, 64 percent met expectations, and 21 percent fell short of expectations in 1997.[2]

• Performance Outcomes and Issues

Difficult environments—civil strife in **Albania,** political impasse in **Haiti,** strains in relations with the host government in **Colombia,** and the government's failure to follow through with promised actions in **Malawi**— accounted for the failure to achieve some objectives. Program design may also account for unsatisfactory performance in some cases.

Because democracy and governance is a relatively new area of assistance, USAID is continuing to learn from its experience and refine program design. Reviewing 1997 performance, for example, the Africa Bureau found that countries with programs that cover a specific geographic area, or address just one or two of the four broad areas of Agency democracy and governance assistance, performed better than those that attempted to address a broad variety of problems in democracy.

Each bureau takes such conclusions into consideration in making recommendations about how to improve future programming. In Africa and other regions, a number of Missions are redesigning and narrowing the focus of their democracy strategies to address areas where the Agency can have the most impact and where host country governments show interest in effecting change. Encouraging program synergy across a Mission's portfolio has also proven effective in bolstering performance. Finally, sharing positive experiences by disseminating best practices also helps improve performance.
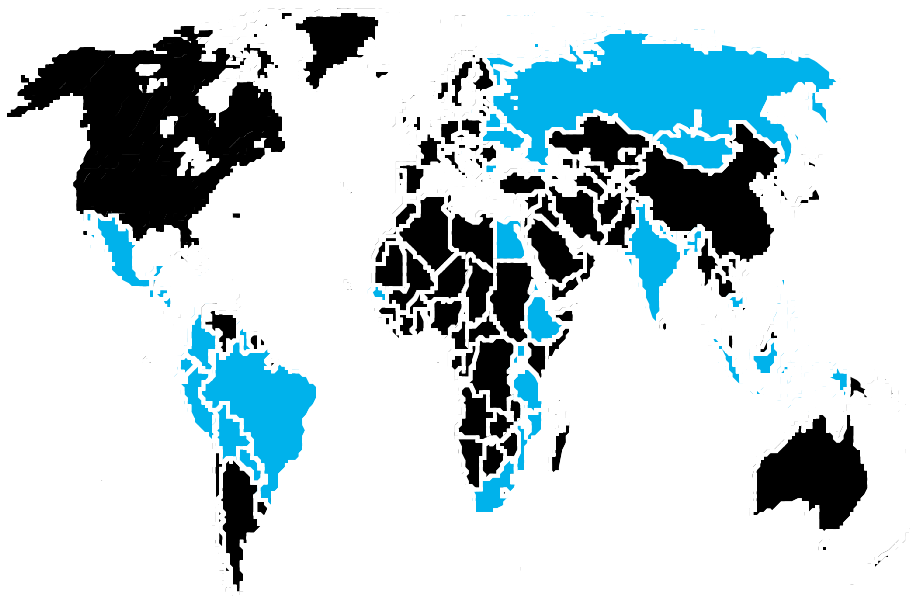
III. HIGHLIGHTS

This section provides a sample of USAID's experience in 1997 in each of the four broad areas of democracy and governance. These results represent the impact of a wide range of activities pursued around the world, including technical assistance to both civil society and governing institutions. Such assistance forms the basis for progress toward democracy and governance goals.

Rule of Law and Human Rights

To strengthen the rule of law and respect for human rights, USAID and its partners help countries formulate and implement legal reforms, improve administration of justice, and increase citizens' access to justice. They also promote awareness of citizens' rights. This support includes training for judges and lawyers, creation of legal

MAP 2.1

Objective 2.1: Rule of Law

Country Programs

Albania	Indonesia
Armenia	Malawi
Bangladesh	Mexico
Belarus	Moldova
Bolivia	Mongolia
Brazil	Mozambique
Bulgaria	Nepal
Cambodia	Nicaragua
Colombia	Paraguay
Croatia	Peru
Dominican Rep.	Philippines
Ecuador	Russia
Egypt	Rwanda
El Salvador	Senegal
Eritrea	Slovakia
Ethiopia	South Africa
Georgia	Tanzania
Guatemala	Turkmenistan
Guyana	Uganda
Haiti	Ukraine
Honduras	West Bank/Gaza
India	

Regional Programs

LAC Regional

databases to improve case processing, and promotion of alternative dispute resolution as a method to overcome court backlogs or increase access to justice for the disadvantaged. In addition, the Agency provides funding, training, and organizational support to civil society organizations that promote public awareness of citizens' rights and pressure governments to respect human rights.

Elements of judicial reform are featured in all democracy programs in Latin America and the Caribbean. In the **Dominican Republic,** for example, the Agency funded and helped organize forums and events that highlighted the importance of a transparent, non-politicized selection of Supreme Court justices. Civil society organizations formed a coalition that worked with major newspapers and television stations to press the National Judicial Council to publicly solicit nominations for the new Supreme Court. In response, the Judicial Council held public hearings live on national television. This process culminated with live coverage of the council's vote on the 16 new justices. Twelve of the 16 selected had the support of civil society. Five were women. This remarkably open and transparent process for selecting the Supreme Court was unprecedented in Dominican history.

In the ENI region, establishment of the rule of law has been at the core of efforts to support postcommunist societies' transition to market-oriented democracies. USAID assistance has helped establish judicial systems that are more independent and administer justice more fairly. In **Ukraine**, Agency-funded nongovernmental orga-

nizations (NGOs) serve as vehicles for public education on legal rights and as sources of test cases for the application of the rule of law. For example, following a legal battle waged by local residents, a court blocked proposals to create a landfill. By demonstrating that sound legal judgments can be used to safeguard citizens' rights, this court ruling helped boost public confidence in judicial institutions.

While judicial systems in ENI have made progress, many problems remain. Difficulties range from continued limitations on judicial independence to inadequate financial support for necessary judicial reforms. In **Russia,** for instance, USAID efforts launched in 1993 to promote a jury trial initiative faltered when the Russian government failed to provide the necessary funding. In 1997 the Agency revised its strategy in Russia, shifting to training lawyers in commercial law, an activity that does not rely on government financial support.

In the Africa and Asia and the Near East regions, USAID provided limited rule of law programming, but achieved important results in 1997, particularly in women's rights. With Agency organizational and financial support, five women's legal rights organizations in **Tanzania** conducted sensitization campaigns through workshops, seminars, and women-only focus groups. At the time, the Tanzanian Parliament planned to enact new legislation that discriminated against women in land inheritance. Following one of these workshops, as part of an effort funded by USAID and other donors, women's NGOs formed a coalition to draw public attention to the weaknesses of the proposed bill. Acknowledging the

MAP 2.2

Objective 2.2: Elections
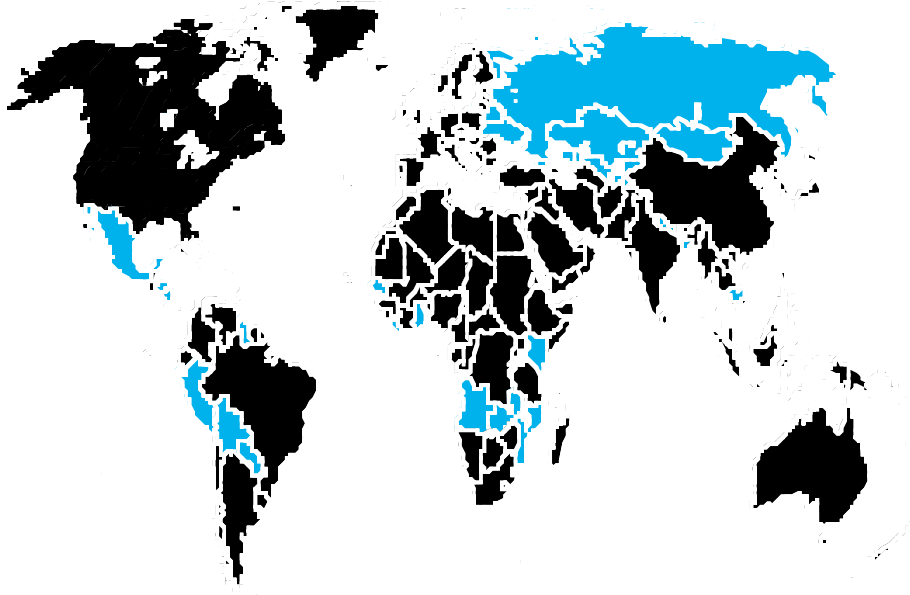
Country Programs

Albania	Macedonia
Angola	Malawi
Armenia	Mexico
Bangladesh	Moldova
Belarus	Mongolia
Bolivia	Mozambique
Cambodia	Nepal
Croatia	Nicaragua
Dominican Rep.	Paraguay
El Salvador	Peru
Georgia	Russia
Ghana	Senegal
Guyana	Slovakia
Haiti	Tajikistan
Honduras	Ukraine
Kazakhstan	Uzbekistan
Kenya	West Bank/Gaza
Kyrgyzstan	Zambia
Liberia	

Regional Programs

LAC Regional

coalition's concerns and lobbying efforts, Parliament delayed adoption of the bill—a remarkable achievement for the women's groups.

The July 1997 coup and its aftermath represented a clear setback for democracy in **Cambodia.** However, even in these difficult circumstances, ongoing democracy assistance continued to make an impact. For example, at considerable personal risk, USAID-funded NGOs continued to investigate and monitor human rights abuses. They promoted democracy issues and human rights in the mass media and distributed brochures in 19 of Cambodia's 23 provinces. As a result of public advocacy work by one of these groups, for the first time a police officer was suspended and punished for the death of a suspect in jail.

Elections

Successful elections require a certain institutional capacity and citizens who understand the electoral process. USAID and its partners offer advice on election reform legislation and help build the capacity of the electoral administration and election monitors. They also provide training to strengthen the organization and professionalism of political parties and promote civic education to create a better informed electorate and encourage participation of women and the disadvantaged in elections.

In the Latin America and Caribbean region, the Agency has considerable experience in providing elections assistance to help ensure free and fair elections. In **Paraguay,** technical assistance to the electoral tribunal and local

NGOs contributed to the success of the May 1998 elections. In 1997 the electoral tribunal met an ambitious target to add 250,000 voters to the national voter list. To achieve this objective, for the first time NGOs used data collected to target the most disenfranchised segments of the population for registration. To ensure accuracy, the electoral tribunal set up computers for citizens to check the information on the voter list and find their voting location. The tribunal also created a Web site on the Internet. As a result, approximately 80 percent of the eligible electorate registered to vote, 45 percent of whom were women. The Organization of American States and other international elections experts described this process as among the "cleanest" in Latin America.

In many countries in Latin America, free and fair elections have become routine. In other parts of the world, citizens continue to struggle for this basic democratic right. The elections in **Kenya** exemplify the struggle in Africa. In 1997 a wide array of politically active NGOs (many of which were USAID funded) formed a coalition with religious groups and opposition political parties to demand electoral and constitutional reform. In response to this pressure, Kenya's incumbent government implemented electoral reforms and agreed to discuss changes to the constitution. After four and a half years of delays, this concession was a formidable achievement for the coalition. While the December 1997 election was still flawed, the campaign monitoring group reported less intimidation and greater freedom for people to express their views than during the 1992 campaign.

In Asia and the Near East, USAID pays particular attention to increasing the participation of women and the disadvantaged in its election activities. In **Bangladesh,** USAID provided assistance and funding to NGOs working to increase voter awareness through group meetings, mass rallies, radio, television, and village theater productions. As a result of these efforts, 306 members of village-based associations of the poor won seats on local elected bodies (union councils) in the December 1997 elections. This was well above the 1996 baseline of five members and represented more than triple the target of 100. Their election will help ensure that the needs of the poor and disadvantaged are addressed by local government.

In the Europe and the new independent states region, USAID assistance for election reform combines support for the electoral commission with public education and the promotion of domestic monitors and independent media. In **Kyrgyzstan** during 1997, the Agency worked closely with the electoral commission, encouraging it to sponsor the first-ever televised debate between candidates competing in an election. Six candidates vying for one seat participated in a 90-minute debate broadcast on television and radio throughout the country. Televising the debate raised citizens' awareness of the issues and the electoral process. The candidates described the event as a real example of democracy in action and called for similar debates in future elections.

Not all election support meets with such success. In **Haiti,** USAID provided a modest amount of technical assistance

MAP 2.3

Objective 2.3: Civil Society
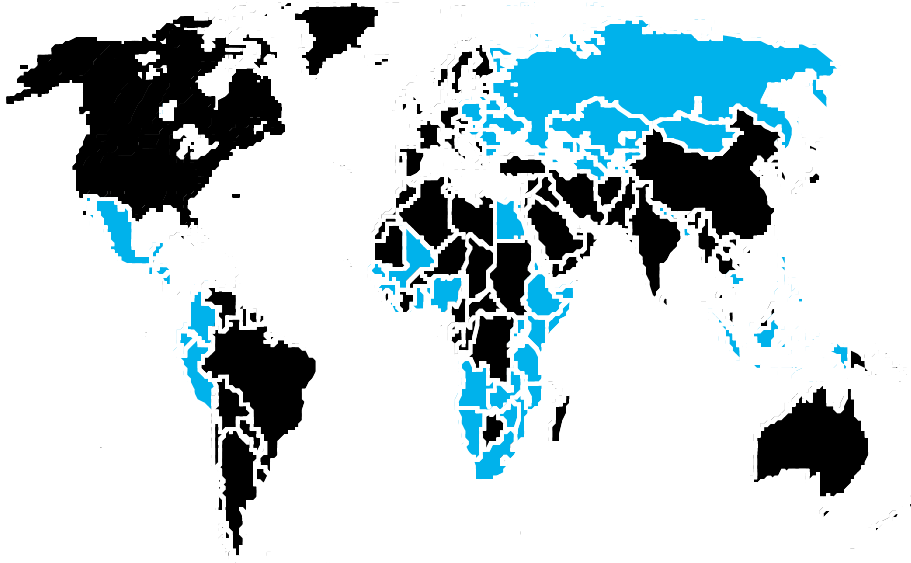
Country Programs

Albania	Malawi
Angola	Mali
Armenia	Mexico
Azerbaijan	Moldova
Bangladesh	Mongolia
Belarus	Mozambique
Benin	Namibia
Bulgaria	Nepal
Cambodia	Nicaragua
Croatia	Nigeria
Dominican Rep.	Peru
Egypt	Philippines
El Salvador	Poland
Eritrea	Romania
Ethiopia	Russia
Georgia	Rwanda
Ghana	Slovakia
Guatemala	Somalia
Guinea	South Africa
Haiti	Tajikistan
Honduras	Tanzania
Hungary	Turkmenistan
Indonesia	Uganda
Kazakhstan	Ukraine
Kenya	Uzbekistan
Kyrgyzstan	West Bank/Gaza
Liberia	Zambia
Lithuania	Zimbabwe
Macedonia	

Regional Programs

RCSA
Sahel Regional
African Sustainable Development

LAC Regional

and training to the Provisional Electoral Council before the local elections in April 1997. Even with this support, voter turnout was only 5 percent, far below the 45 percent baseline from the 1995 elections. To address the problem of disengagement of citizens, the Agency implemented new pilot programs to better inform citizens about their rights and responsibilities. The programs provided input on ways for citizens to increase their access to elected officials. USAID also initiated training for political party leaders to help them engage their constituents in developing meaningful platforms.

Civil Society

Civil society organizations are key actors in democratic political systems. Worldwide, they serve as public advocates, participate in policy debates, and provide services. Many civil society organizations tackle controversial issues such as government corruption, exploitive labor practices, destruction of the environment, and equality for women and the disadvantaged. Others help citizens find their own solutions to problems, rather than relying on government action. By forming associations and coalitions, civil society organizations share their experiences and enhance their potential impact on national policy.

USAID not only provides direct funding to civil society organizations, but also works with them to enhance their ability to flourish on their own. USAID-supported training helps civil society organizations gain necessary policy analysis skills, develop well-grounded proposals, articulate demands, and enhance their financial viability. The Agency also sponsors civic education programs to ensure broader public understanding of democracy and provides training to journalists on more effective reporting and investigative techniques.

In **Nigeria,** for example, USAID promotes coalitions, networks, and partnerships among NGOs. In 1997, local citizens' organizations formed a coalition to advocate against traditional practices degrading to women. Efforts by the coalition brought about a reduction in the compulsory mourning period for widows from one year to six months in one state and a ruling that widows could inherit their late husband's estate in another. Massive public awareness campaigns and the activities of legal clinics established under USAID's democracy and governance program led to a landmark judgment in favor of women's inheritance. In a heavily patriarchal society, this development was revolutionary.

Growing civil society influence provides evidence of the progress of democratization in other parts of Africa. In **Mozambique,** USAID worked with both civil society and the legislature to improve community outreach. In 1997 the legislative report on a proposed land reform law contained many references to points raised by civil society groups that had united to influence the legislation. The inclusion of their con-
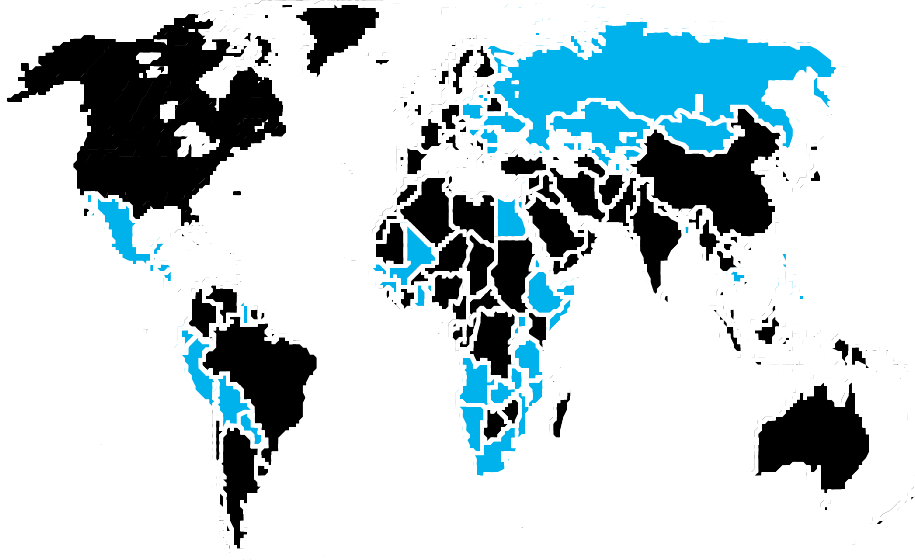
cerns confirmed the impact of civil society on this important issue, demonstrating that citizens can influence the policies that affect their lives.

The Europe and the New Independent States Bureau views the strengthening of civil society as key to the long-term success of transitions to democracy. In 1997, civil society organizations achieved notable success in **Romania.** USAID helped more than 425 NGOs form a national coalition that successfully advocated enactment of a new sponsorship law. This law provides tax deductions for individual contributions to NGOs, increases the tax deduction for corporate contributions, and provides tax concessions for radio and television stations that air public-service announcements for NGOs. Encouraged by this success, these NGOs have developed another coalition to advocate passage of more comprehensive NGO reform legislation.

In the Asia and the Near East region, civil society programming supports NGOs that advocate on behalf of women and the disadvantaged. In the **Philippines,** USAID helped bring together coalitions to heighten the impact of their participation in the public-policy arena. In 1997, Agency-supported indigenous ethnic groups came together for the first time to provide input on the proposed Indigenous People's Rights Act. Before signing the law in October 1997, both the House and the Senate addressed the issues raised by the ethnic groups. Passage of the act fulfilled a long-standing constitutional mandate to recognize indigenous peoples' cultural, political, and economic rights.

MAP 2.4

Objective 2.4: Government Institutions

Country Programs

Albania	Malawi
Angola	Mali
Bangladesh	Mexico
Benin	Moldova
Bolivia	Mongolia
Bulgaria	Mozambique
Cambodia	Namibia
Dominican Rep.	Nicaragua
Ecuador	Paraguay
Egypt	Peru
El Salvador	Philippines
Eritrea	Poland
Ethiopia	Romania
Georgia	Russia
Ghana	Rwanda
Guatemala	Slovakia
Guinea	Somalia
Guyana	South Africa
Haiti	Tajikistan
Honduras	Tanzania
Hungary	Uganda
Kazakhstan	Ukraine
Kyrgyzstan	Uzbekistan
Lebanon	West Bank/Gaza
Lithuania	Zambia
Macedonia	

Regional Programs

Sahel Regional
African Sustainable Development

LAC Regional

USAID pursues fewer direct civil society strengthening activities in the Latin America and Caribbean region. Instead, civil society strengthening is incorporated into other democracy objectives, such as reform of judicial and electoral processes. In **Peru** the Agency funded a civic awareness activity in which an NGO provided survey data and other information to the Women's Commission in Congress and the Ombudsman's Office of Women's Rights. This material contributed to the passage of legislation mandating that at least 25 percent of the party lists of candidates for town council and the Congress be women. This decision increases the likelihood of women being elected to public office.

Government Institutions

USAID recognizes the need for an appropriate balance between building demand for change through strengthened civil society participation and creating the institutional capacity that enables government institutions to respond to those demands. To help strengthen government institutions, USAID provides training to members of the executive and legislative branches at the national and local levels. In addition, the Agency promotes greater understanding between civil society and governing institutions during training sessions. It also organizes exchanges that bring civil society groups and decision-makers together.

USAID works to improve the decision-making capacity of legislatures in all four geographic regions. Following training from USAID, parliamentary committees in **Namibia** have increased the number of public hearings. In 1997, 42 percent of the bills considered received public comment, well above the target of 25 percent. The National Assembly used this input to shape amendments to eight of the nine bills reviewed in 1997. In addition to promoting citizen participation in 1997, the National Assembly asserted its oversight role by amending the national budget for the first time.

In 1997, with technical assistance from USAID, **Guatemala'**s Congress made significant progress toward modernization and meeting legislative requirements mandated by the recent peace accords. The accords require the drafting and passage of 14 constitutional reforms and about 200 laws. This is especially daunting, as nearly two thirds of the 80 representatives are first-time legislators. In 1997, through a modernization plan, Guatemala's Congress established technical assistance and independent budget analysis units. The technical assistance unit completed 68 legislative studies, which was more than double the target of 30. These provided information necessary for developing and enacting the new laws and identifying areas where *no* new legislation was needed.

USAID efforts to strengthen government institutions also address improving transparency and accountability. In **El Salvador,** USAID helped the independent audit agency improve its ability to conduct and enforce audits. As a result, this agency adopted a more aggressive auditing program to tackle government corruption. In 1997 it completed 286 audits, a significant increase from the 75 conducted since the program began in 1995. The number of audits performed and wider dissemination of audit findings underscored the agency's commitment to greater transparency in public finance.

Efforts to improve transparency and participation in formulating and implementing government policies are not always successful. In **Malawi,** limited government support and lack of agreement about project objectives undermined progress toward increased government transparency. Accordingly, USAID ended this component of its democracy strategy.

Support for democratic decentralization is another significant component of USAID work with government institutions. Results from 1997 illustrate some of the significant progress made in this new area. In **Poland,** all but one of the major political parties advocated decentralization during the 1997 elections. USAID supported this view during the campaign. The election brought a new coalition to power that has pledged to promote local autonomy, introduce additional elected positions at the local level, and increase local control over the budget. The new leadership turned to USAID for continued support in achieving these objectives, and as a result, the Agency upgraded its expectations for improvements in the policy and legal framework of local government.

A critical aspect of decentralization is ensuring that local governments have sufficient funds to carry out their mandates. In **South Africa,** USAID helped the government of the North-west Province implement a revenue collection program that increased local income, decreasing the province's dependence on central government revenue sharing. Three other provinces have now expressed interest in repli-cating the system.

In 1997 the National Association of Mayors in **El Salvador** achieved its first major policy success. A broad-based coalition of mayors lobbied to secure passage of a law granting a fixed 6 percent budget transfer from the central government to munici-palities. Encouraged by this achieve-ment, the association is pressing for other items on its policy reform agenda, such as broadening local taxing authority, strengthening citizen participation, and improving relations with the private sector.

By contrast, efforts to increase partici-pation in rural government in **Egypt** fell short of expectations because leaders in Cairo were reluctant to transfer meaningful authority to lower levels. Despite this, USAID found that many Egyptians want to become more actively engaged in development at the village level. An independent review commissioned by USAID stressed the value of pursuing such increased participation. It concluded that the Mission needs to adopt more realistic targets for helping the government transfer authority.

USAID support for democratic decentralization can also be seen in the Agency's participation in the 1997 Summit of the Americas. USAID's LAC Regional Office helped ensure that decentralization was on the summit agenda. This effort culminated in pledges by the governments in attendance to strengthen municipal and regional administrations. The plan of action adopted includes commitments to increase citizen participation in local decision-making, improving local access to revenue, and evaluating the possible transfer of additional govern-ment functions to local governments.

IV. USAID AND DEMOCRATIC DECENTRALIZATION

This section examines democratic de-centralization, an area where USAID is breaking new ground in responding to the opportunities and challenges that have arisen since the end of the Cold War. The discussion illustrates how USAID activities on the ground can contribute to a country's overall demo-cratic development. It is based largely on a recently completed evaluation of democratic decentralization (also known as democratic local governance) by USAID's Center for Development Information and Evaluation (CDIE). The evaluation looked at democratic local governance in Bolivia, Honduras, Mali, the Philippines, Ukraine, and Karnataka state in India.[3]

For decades, decentralization has been a central facet of development activity, for both USAID and other donors. Donors generally selected projects in traditional rural and urban sectors that

they believed would benefit from decentralization, such as irrigation, potable water and sewage, and maternal and child health. As the Cold War wound down in the late 1980s and countries around the world became increasingly interested in decentralization, USAID took the lead in emphasizing democratic principles and practices in local governance. During the 1990s the Agency pioneered a new approach, blending key elements of democratization and decentralization. Over the years, democratic decentralization has come to be understood as the transfer of meaningful political power to local bodies that are accountable and accessible to local citizens, who enjoy full human and legal rights and political liberty.

This approach reflects the Agency's concerns that confining efforts to build democracy to the national level is not likely to result in sustained change. Democratic decentralization helps local political leaders and government officials be more effective, responsive, and accountable. At the same time, it provides vastly increased opportunities for citizens to be involved locally. At the local level, politics is more understandable, issues affect people more directly, and access to government is easier. In short, building democracy through democratic decentralization has been shown to be full of potential to help leaders and citizens make the transition from center-based, exclusive, and directive regimes to governments that are pluralistic, inclusive, and representative.

Since 1990, USAID has launched more than 60 projects with a primary goal of facilitating democratic decentralization. The majority of these began during 1991–95. By the end of 1997, the

Agency provided support for democratic decentralization activities in more than half the countries with democracy and governance programming. That support is spread across the Agency's four regional bureaus. It includes small and large countries and typically is closely coordinated with related efforts sponsored by the World Bank, European Union, United Nations Development Program, Inter-American Development Bank, and other donors. USAID's Latin America and the Caribbean and its Europe and New Independent States Bureaus are the most active in democratic decentralization programming, with more than 40 projects between them.

The USAID Experience

USAID democratic decentralization efforts have resulted in significant accomplishments at the local and national levels. These include increased citizen participation; improved local government effectiveness, responsiveness, and accountability; and the devolution of political power and authority from central to local governments. At the same time, Agency experience shows formidable obstacles to sustained progress. Because democratic decentralization is a new area of USAID programming, it is too early to gauge its long-term impact on either building sustainable democracies or development writ large.

• **Increased Citizen Participation**

Decentralized government authority enables more people to get involved in the politics that affect them and helps make government more accountable by introducing citizen oversight and

control through local elections. If democracy lies in rule by the people, democratic decentralization helps make that rule more direct, immediate, and productive. In the countries studied, CDIE found impressive examples of increased citizen involvement with their local governments.

USAID's Municipal Development project in **Honduras** has helped advance public involvement in local governance. The project's goal is to bring about "more responsive democratic processes with greater citizen participation" by encouraging "more responsive and effective municipal government." To accomplish this, elected local officials and municipal employees received technical assistance and on-site training from private sector intermediaries rather than central government agencies. Mayors have learned the importance of holding town meetings where citizens can actively engage in public discussion of municipal goals and issues. The mayor of Puerto Cortés, for example, will consider local development proposals only after they are discussed in open meetings. Interestingly, because of this policy there has been little negative response from citizens when improved public services have come with higher user fees.

In **Mali,** USAID supported a pilot regional study and mobilization groups in three localities. These and similar groups throughout the country were central to the government's remarkable success in informing citizens about decentralization and making them stakeholders in it. The groups organized public meetings and information campaigns to explain the government initiative and solicit people's input. Building on this, the groups played a

critical role in directly involving the people in determining the composition and seat of government for each of the country's new local government units. As a result, the existing 270 *arrondissements* were reconfigured into 701 new *communes*—an exercise that may well be Mali's most successful attempt thus far to combine democratization with decentralization.

• **Improved Local Government Effectiveness, Responsiveness, and Accountability**

As democratic decentralization has brought more people into the political process for the first time, it has also helped local governments become more effective, responsive, and accountable. Local governments that come to see themselves as genuinely accountable to their citizens are more likely to pay attention to citizens' wants and needs. Similarly, as local governments become more transparent, it is easier to monitor their performance. The CDIE evaluation found ample evidence of these developments in the countries examined.

In **Ukraine,** USAID's pilot Municipal Finance and Management project helped bring about remarkable changes in three city governments. The mayors of these cities have made great strides in opening up budget processes that were previously entirely removed from public scrutiny. Since 1995, one mayor has successfully engaged the public in the annual budget process by holding televised public hearings, convening focus groups, and having detailed budget information published in local newspapers. After seeing the positive results of these practices, mayors of other cities began to involve the public in their budget process, as well as in

other government matters. In two of the three pilot cities, governments are publishing public annual reports for the first time. In one city the report was initially modeled after those its mayor saw on a project-sponsored study tour of American cities.

The Municipal Finance and Management project also helped city governments become more efficient and effective, since public support for them is closely tied to their ability to deliver basic services and respond to people's needs. Toward these ends, office equipment has been upgraded, communication and information systems have been modernized, staff have developed new skills and improved their overall capabilities, and services have been improved. In one city, a major reform of its personnel system introduced such "modern" business practices as competitive hiring, job descriptions, and probation periods for new hires. In another city, a number of electric trolley buses in its aging fleet were renovated, increasing the total number of buses in service by one third. "This helped us survive the winter," the bus company director told USAID evaluators. It was an important accomplishment, given public reliance on buses and the perception that the previous regime almost always met these needs satisfactorily.

USAID-assisted cities in other countries are experiencing similar successes. In the **Philippines** the Governance and Local Democracy project worked to "establish effective local governments with maximized citizen participation." USAID contractors helped local offi-

cials and citizens organize workshops to generate community development proposals. In these, local government officials, NGO leaders, national association representatives, and members of the business community gave high priority to projects involving computerized property tax assessments, management of water and power systems, and environmental management systems. In one project city, this highly participatory and inclusive planning process led to the enactment of a solid waste ordinance, incorporation of workshop priorities in the 1997 city budget, and establishment of neighborhood daycare facilities.

- **Devolving Political Power From the National to the Local Level**

In the past, many decentralization schemes foundered because national political leaders did not want to let go of their power and local elites captured most of those few benefits that were passed down. USAID has worked with host country governments to help them avoid these and other pitfalls. In many cases, policy dialog is crucial. In **Honduras,** for example, USAID Mission staff worked closely with host country officials on essential municipal reform legislation.

In other cases, the Agency has developed projects to support democratic decentralization initiatives as host country governments were enacting them. As **Bolivia'**s Popular Participation Law was being finalized in 1994, USAID was preparing the Democratic Decentralization and Citizen Participation project to support it. When the government formally requested donor assistance for the new law, the Agency

Many decentralization schemes foundered because national political leaders did not want to let go of their power. USAID has worked with host country governments to help them avoid these and other pitfalls.

was already on the way to authorizing the project, and contractors were able to begin work on it rapidly. In the **Philippines,** a year before the Local Government Code was enacted in 1991, USAID began its Local Development Assistance Program—a joint undertaking with the government that helped decentralize government functions, increase local governments' autonomy and authority, and broaden citizen participation in local governance.

A significant USAID accomplishment has been to support advocacy for local autonomy by associations of municipal leaders in **Honduras, Ukraine,** and the **Philippines.** With USAID support, the Ukraine Association of Cities, which counts more than 225 mayors among its members, played an important part in establishing the legal basis for local self-government in Ukraine's June 1996 constitution. Since then, the association has been working with the country's president and parliament on drafting laws needed to implement the constitution's general principles on local government including, most notably, legislation to firmly establish fiscal independence for local governments. Beginning in 1996, the association took the unprecedented step of publishing regular pieces in the parliament's newspaper under the title "Ukraine Cities: Yesterday, Today, and Tomorrow." Read widely by opinion-makers and those interested in legislative policy, this newspaper offered an excellent way to educate government officials and the public about local government issues.

- **Obstacles and Problems**

While USAID democratic decentralization efforts have generally had positive effects, there have been numerous obstacles that hinder building on those achievements. There are at least three major challenges most countries face: bureaucratic and political resistance, institutional and attitudinal vestiges, and lack of resources.

In **Honduras** the 1990 Municipal Reform Law has stimulated significant political and bureaucratic opposition, partly because central bureaucracies feared transferring authority and resources to municipal governments. At least one ministry has tried to assert the right to approve certain types of municipal expenditures; another has resisted municipal government efforts to obtain credit for local infrastructure development.

In the political arena, because the 1990 municipal reforms require the Honduran Congress to devolve much of its control of municipal finance to the local level, many members view the newly empowered mayors as rivals. Congressional resistance is evident in members' unwillingness to transfer more than 1.5 percent of the national budget to municipalities, even though the law calls for 5 percent. Members of Congress have also proposed waiving back taxes owed municipalities and prohibiting property taxes on the poor—measures that would seriously damage most local governments' revenue base and make them more dependent on central government funding.

In **Ukraine,** institutional and attitudinal vestiges of the Soviet era are major obstacles, since most political leaders and government employees are holdovers from the previous regime. Many are constrained by past policies and procedures and continue to think and act as they did under Soviet rule. The

difficulty created for local governments is illustrated by the revenue situation confronting the electric trolley bus company mentioned previously. Because operations are funded partly from fares and partly from city subsidies, one of the company's priorities has been to increase passenger revenue. However, the most obvious strategy—to increase fares—has proven difficult. The regional government sets the rates and there are so many categories of exemptions that 40,000 of the city's 250,000 inhabitants ride free. Any change to the *local* fare structure requires action at the *national* level.

Inadequate resources are also a major issue for every country receiving USAID democratic decentralization assistance. In **Mali'**s 19 operating urban communes,[4] elected mayors have been expected to do much with little revenue. For example, they are responsible for repairing property damage caused by the country's 1991 revolution and continuing episodic civil unrest. Yet one municipality was left without its entitled revenue because the national government, fearing further civil unrest, stopped enforcing tax collection.

Once elected, mayors of **Mali'**s new communes will likely face even harsher resource dilemmas. To illustrate, one rural municipality has 15,000 inhabitants spread among 10 villages. The 5,000 taxpayers contribute $30,000 in municipal revenue. Taxes from other sources yield another $10,000, composing a total budget of $40,000. Day-to-day government expenses aside, the municipality could not even build a three-classroom school without exceeding its revenue resources, since the cost of one classroom is $14,000.

Lessons Learned

Decentralization is a powerful tool for promoting democratic governance because it seeks to empower local governments countrywide while enabling more people to participate in the government decisions that affect their lives. More specifically, individual country experience shows that democratic decentralization can help

* Disperse political power and authority more broadly and change the balance of power between the central government and local government units

* Narrow the distance between constituents and elected representatives

* Make local government more open, responsive, and accountable, and increase its efficiency and effectiveness

* Increase political involvement of individuals and groups and facilitate better public understanding of government's role and responsibility

In addition to promoting democratization and good governance, democratic decentralization can support sustainable development in other sectors by

* Encouraging countries to root outlooks and practices in local experience for sectors such as economic growth, and health and population

* Providing mechanisms at the local level for resolving public–private differences

- Promoting more effective and responsive basic government services by locating the authority and responsibility for them closer to the customers who pay for and use them

In sum, democratic decentralization holds considerable promise and appears well worth USAID's effort. In countries such as **Bolivia, Honduras, the Philippines,** and **Ukraine,** where the central government used to control all aspects of local government, many municipalities are successfully managing city services, setting agendas, and increasing their resource bases. In addition, more and more citizens are participating actively in local government and holding officials accountable for their actions—in many cases, for the first time.

However, given the newness of democratic decentralization programming and the formidable challenges it faces, it is premature to judge its effect on a country's overall democratic and sustainable development. While the promise is there and initial accomplishments are encouraging, only time will tell how democratic decentralization programs will affect the countries where they are being implemented.

V. CONCLUSION

In 1997 USAID efforts to promote democracy and good governance resulted in numerous significant accomplishments and some setbacks. Agency democracy and governance programs clearly benefited the everyday lives of people around the world. USAID-assisted organizations and individuals influenced government decisions that directly concerned them. Agency programs showed governments how to improve their judicial systems and respect the need to protect basic human rights. The number of free and fair elections continued to grow, giving citizens a voice in choosing their political leaders. In addition, USAID support for democratic decentralization helped local governments become more responsive and accountable and helped citizens increase their understanding of and participation in local governance.

Because democratic transitions are typically difficult and often tenuous, Agency democracy and governance efforts also experienced setbacks and reversals in 1997. Events in **Cambodia** and **Belarus** provide stark reminders that the progression to democracy can be easily interrupted. In the same vein, USAID democratic decentralization programs met with formidable obstacles, from bureaucratic and political opposition to institutional and attitudinal vestiges of prior regimes. These and other problems threaten continued progress in Agency efforts.

Even with these difficulties, USAID's overall record of accomplishments in democracy and governance in 1997 is one of success in assisting countries with their democratic transitions. By emphasizing rule of law and human rights, political processes, civil society,

and government institutions, Agency programs are helping establish and nurture the culture and institutions necessary to democracy. As the USAID Administrator and a State Department colleague noted in a recent *Foreign Affairs* article,

> Building democratic culture and institutions is worthwhile not because it is easy, but because the

long-term rewards—increased stability, prosperity, and enrichment of the human spirit—make it worth the effort.

With millions of people around the world continuing to view democratic government as the model for their own countries, USAID can do no less than strive to help them achieve this end, as it did in 1997.