

## Reshaping local democracy through participatory governance

**SUMMARY:** Are local governments able to give more power to poorer groups? And support their capacities for action and partnerships? Can the urban poor make creative contributions to better urban management? The last ten years have seen many local governments, citizen groups and social movements developing more participatory ways of working together. Much has been made possible by more democratic and decentralized government structures and by bottom-up pressures. Even more has been made possible by citizens and civil society organizations demonstrating coherent and realistic alternative approaches to development. This Brief describes some of these new approaches and assesses their effectiveness. It includes a discussion of the following:

- how innovations in more participatory governance were driven by federations formed by the urban poor in Cambodia, the Philippines and Kenya; these provided local governments with effective development models, and developed new grassroots capacity to make such partnerships work;
- the diverse experiences with participatory budgeting in 25 urban centres in Latin America and elsewhere;
- the strengths and limitations of participatory governance initiatives driven by top-down processes (Costa Rica, and Andhra Pradesh in India) and bottom-up pressures (Vietnam, and Cebu in the Philippines);
- the difficulties in getting service providers to be accountable to citizen groups; and
- the difficulties in changing state structures to allow more power to poorer groups both in India (through a discussion of the National Campaign for Housing Rights) and in South Korea.

These examples highlight the importance of participatory governance for improving and extending access to services and infrastructure. They also demonstrate the very real benefits for local communities and the state that can result from greater political inclusion. But these innovations in participatory governance face difficulties when powerful groups oppose them and when bureaucratic systems resist change. It is easy for governments and international agencies to say that they want participatory governance; it is much less easy to change their structures and their relationships with poorer groups to allow this to happen.

### I. INTRODUCTION

OVER THE LAST decade, the significance of governance for both development and the environment has become increasingly evident. The roots of the present interest in governance by international aid agencies and development banks emerged in the 1980s and 1990s, when the institutional failures of the market became apparent. The promotion of the market by many international agencies was itself a response to earlier critiques of the performance of government agencies through which their development assistance was channelled. International agencies saw the shortcomings of governments in low- and middle-income nations as one of the reasons for the lack of progress in development. More generally, governments were shaped by short-term populism, corruption and the self-interest of political elites. Many international agencies switched to strategies that placed more emphasis on the market and commercial institutions, including privatizing what had previously been public agencies.

However, experiences with these strategies were mixed.<sup>(1)</sup> Most notably, the market failed to provide adequate solutions in the areas of inclusion, poverty reduction, environmental protection and public services. In urban areas, this can be seen in the failure to provide low-income groups with accommodation they could afford or access to land on which housing could be built. It is common for between one-third and one-half of city populations to live in overcrowded and poor quality housing structures in informal settlements, in conditions that are illegal and insecure, and with inadequate or no provision for piped water, sanitation and drainage.<sup>(2)</sup>

At the same time, better governance became a pressing issue for citizens all around the world. In the closing decades of the last century, people's movements in many nations demanded systemic changes in government, and helped drive a switch from politically repressive regimes to those that offered multi-party democracy. Special interest groups sought involvement in decision-making in their areas of concern (although many had little interest in participating in party-based politics). A further notable and more recent element has been the challenge to state power by terrorist violence. The "war on terror" is not a

1. For a review of the record of privatization with regard to water and sanitation in urban areas, see Budds, Jessica and Gordon McGranahan (2003), "Are the debates on water privatization missing the point? Experiences from Africa, Asia and Latin America", *Environment and Urbanization* Vol 15, No 2, October, pages 87-114 (this can be downloaded at no charge from [http://www.iied.org/human/eandU/sample\\_pubs.html](http://www.iied.org/human/eandU/sample_pubs.html))

2. UN-Habitat (2003), *Water and Sanitation in the World's Cities: Local Action for Global Goals*, Earthscan Publications, London, 274 pages; also UN-Habitat (2003), *The Challenge of Slums: Global Report on Human Settlements 2003*, Earthscan Publications, London.

This is a Brief of the April 2004 issue of the journal *Environment&Urbanization*, which was on the theme of **Participatory Governance**. It draws on the papers in this issue (which are listed on the back page, along with details of how to obtain electronic copies of individual papers or the whole issue). This summary, produced with the support of the Royal Danish Ministry of Foreign Affairs (DANIDA) and the UK Government's Department for International Development (DFID), is to allow the journal's main findings to reach a wider audience.

3. Gaventa, John (2001), "Participatory local governance: six propositions for development", IDS, paper presented to the Ford Foundation, LOGO Programme Officers' Retreat, June.

4. See the paper by Harry Smith listed on the back page.

5. Many key government services may be provided by national or provincial/state governments – for instance, schools, health care and the rule of law – but citizen and civil society engagement with these is usually through their local offices.

6. Schneider uses the term "participatory governance" somewhat differently, to refer to good governance as part of the participatory agenda (i.e. that governance should involve participation). He argues that good governance is participatory, in that it should include all relevant stakeholders taking part in joint decision-making; see Schneider, Hartmut (1999), "Participatory governance for poverty reduction", *Journal for International Development* Vol 11, pages 521–534. Gaventa also discusses participatory governance (with a local emphasis) in the context of extending participation beyond the social sphere into the political arena; see reference 3.

7. See the paper by Harry Smith listed on the back page.

8. See the paper by Mark Mattner listed on the back page.

9. See the paper by Yves Cabannes listed on the back page. See also Menegat, Rualdo (2002), "Participatory democracy and sustainable development: integrated urban environmental management in Porto Alegre, Brazil", *Environment and Urbanization* Vol 14, No 2, October, pages 181–206 (available from [www.ingentaselect.com/09562478/v14n2/](http://www.ingentaselect.com/09562478/v14n2/)); and Souza, Celina (2001), "Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions", *Environment*

traditional war with two or more governments contesting for power and resources. Rather, it pits states against groups of individuals who seek to influence government and the way in which it governs.

Thus, a key challenge for the twenty-first century is the construction of new relationships between citizens and governments.<sup>(3)</sup> The term "governance" is used for one aspect of this citizen–government relationship.<sup>(4)</sup> It encompasses **the institutions and processes, both formal and informal, which provide for the interaction of the state with a range of other agents or stakeholders affected by the activities of government.** Thus, it includes not only government institutions but also the wider set of institutions and organizations that influence the processes of government. This broader set of relationships has long existed, but a previous concept of government was that it should somehow stand back from the messy business of negotiating acceptance of and agreement to its own processes and decisions. Now, there is a recognition that this messy business is part of the process. Rather than government taking decisions in isolation, there is growing acceptance (indeed, expectation) of an engaged state negotiating its policies and practices with those who are a party to, or otherwise affected by, its decisions. This evolving perspective questions government strategies that simply involve negotiating with a few powerful but unrepresentative groups. Rather, the concept embraces a more systematic consideration of who should be included, and how. Governments, and indeed state power, are an important, perhaps predominant, but not all-determining force. Not all relationships between state and citizens fall within the remit of governance according to this definition. It does not include relationships between individuals and the state that are concerned simply with those individual's concerns and which do not affect others on any significant scale.

## II. THE ATTRACTION OF PARTICIPATORY GOVERNANCE

PARTICIPATORY GOVERNANCE IS attractive for different groups and for different aspects of development. For instance:

**Participatory governance is about making government more inclusive and, hence, more effective in poverty reduction.** For those who accept that one key aspect of poverty is a lack of "voice" within political systems, participatory governance measures can themselves be seen as poverty-reducing. For others, who use more conventional definitions of poverty, it offers potential for more appropriate policies and practices. With more communication with, and influence from, groups of the poor, it is believed that state policies and practices will improve.

**Participatory governance offers greater scope for action by organized civil society groups.** Increasing numbers of international agencies recognize the importance of citizenship movements and associated NGOs, and provide these with financial support. Some citizen movements have focused on a specific goal or policy, and have dissipated once success has been achieved; for example, the pro-democracy movements in a number of countries. Some have, themselves, sought to join government, with leaders standing for political office or accepting government appointments. However, others offer a grassroots challenge to existing government processes, and have campaigned for greater involvement and inclusion. Such groups see participatory governance as a necessary complement to representative democracy, which often fails to represent the interests of less powerful groups, especially in situations of resource scarcity, where elections become a way of allocating limited state benefits rather than making political choices.

**Governments see participatory governance as a way of increasing their legitimacy.** As governments have lost legitimacy and found their scope and decision-making being questioned, some have sought to regain citizen confidence and improve performance through offers of inclusive decision-making to a range of other interested parties. Measures have been taken at national and local levels, and have included further information, formal consultation and increased accountability to citizens. There have been some notable attempts to reach out to groups that have been excluded previously. Governments as far apart as Bolivia and the Philippines have institutionalized multi-stakeholder decision-making councils.

**Decentralization and local democracy have created a new generation of local politicians who are often more committed to more participatory governance.** Many of these politicians have strong links with local political activists. When taking up office, they have been encouraged to explore partnership arrangements with groups that state authorities traditionally kept at arm's length. At the same time, national and provincial governments seeking to strengthen local decision-making may see advantages in encouraging links between local government (most of which lack capacity) and other local organizations that share a development agenda.

In urban areas, most of the focus of participatory governance is at the local level. This is for two reasons. First, it is local government or the local offices of higher levels of government that have the most direct impact on the lives and livelihoods of citizens – for instance, in the provision of water, sanitation and drainage, health care and schools, the regulation and management of land for housing, building controls and spaces for informal businesses, police and the rule of law.<sup>(5)</sup> Second, it is at the local level that most opportunities for civil society groups' engagement with government exist. However, often, it has been changes at the national level – for instance, through decentralization, legal changes and local government reform – that have encouraged or allowed more participatory governance.

and *Urbanization* Vol 13, No 1, April, pages 159–184 (available from [www.ingentaselect.com/09562478/v13n1/](http://www.ingentaselect.com/09562478/v13n1/)).

10. See the paper by Harry Smith listed on the back page.

11. See the paper by the Asian Coalition for Housing Rights (ACHR) listed on the back page. See also <http://www.achr.net/>

12. UPDF (2003), *Urban Poor Development Fund (UPDF) in Cambodia*, Urban Poor Development Fund, Phnom Penh, 12 pages.

13. See the paper by the Asian Coalition for Housing Rights (ACHR) listed on the back page. See also <http://www.achr.net/>

14. See the paper by Lesley Dove listed on the back page.

15. See the paper by Eldrid Mageli listed on the back page.

16. See the paper by Seong-Kyu Ha listed on the back page.

17. See the paper by Yves Cabannes listed on the back page.

18. See the paper by Felisa U Etemadi listed on the back page.

19. See the paper by Yves Cabannes listed on the back page.

20. See the paper by Mark Mattner listed on the back page.

21. See the paper by S Cavill and M Sohail listed on the back page.

22. See the paper by S Cavill and M Sohail listed on the back page.

23. See Mulenga, Dr Mark C and Alain Dubresson (editors) (2001), "International symposium on government, governance and urban territories in Southern Africa", University of Zambia, Lusaka, 21–22 November, University of Paris X. A copy of this may be obtained from Professor Dubresson: e-mail him at [Alain.dubresson@u-paris10.fr](mailto:Alain.dubresson@u-paris10.fr)

24. See the papers on Cambodia, Kenya and the Philippines listed on the back page.

### III. WHAT IS PARTICIPATORY GOVERNANCE?

BUT HOW DOES participatory governance differ from simply good governance? If governance refers to the processes and systems of government, including negotiation with a range of significant groups, then participatory governance places a particular emphasis on the inclusion of the people, especially the poor. It emphasizes the need to introduce mechanisms to encourage the involvement of those who do not find it easy to participate in state structures and processes because these are generally far removed from their own cultures and practices. Such groups are likely to face many forms of discrimination, including those based on gender, ethnicity and, often, simply poverty, when they try to engage with state agencies.<sup>(6)</sup>

Participatory governance implies that the arena of action with regard to policy or practice has to go beyond a specific neighbourhood or single development. There are many participatory projects that involve citizens and local government in localized decision-making but which do little to change government processes. Hence, not all participation, even participation involving government agencies and officials, is participatory governance if it is limited in scope, scale and space. Government's engagement with individual citizens in individualized consultation and decision-making processes may be considered good government, but it is not considered here as participatory governance. Participatory governance implies the engagement of government with a group with interests beyond those of a single individual (although members may not benefit equally). For this to take place, some sense of group identity and interest is important, and this forms a starting point for a process of negotiation and collaboration between two or more parties.

Three themes emerge from case studies of participatory governance:

- the dynamic and embedded nature of participatory governance;
- the complexity of the relationship between participatory governance and representative democracy; and
- the ways in which new institutional capacities themselves become a part of the process, increasing future options and possibilities.

### IV. THE DYNAMIC AND EMBEDDED NATURE OF PARTICIPATORY GOVERNANCE

THE STRONG PROCESS dimension of governance makes it hard to draw simple conclusions about the strengths and weaknesses (or positive and negative nature of outcomes) at any specific point in time. For example, for "top-down" participatory governance (i.e. that initiated by government), an analysis of the Triangle of Solidarity in Costa Rica suggests that it has failed to improve local neighbourhoods because control over resources and over the process itself remained with central government staff.<sup>(7)</sup> Community members ended up frustrated and with a sense that they had been deceived. In Vietnam, the outcomes of a similar "top-down" measure were more favourable, as local dissatisfaction with government resulted in significant concessions from central government.<sup>(8)</sup> More active citizen engagement in local politics is seen as a way of addressing recognized weaknesses in state agencies, including local government. In both cases, the participatory governance processes are deeply embedded in existing political relationships and realities between the key groups. Conclusions made today may shift as new relationships emerge and new possibilities open.

Participatory budgeting is one of the most significant innovations in participatory governance – and one that is being applied in around 250 cities.<sup>(9)</sup> These cities are mostly in Brazil, but participatory budgeting initiatives are also flourishing in cities in many other Latin American nations and in some European nations. Participatory budgeting means more scope for citizens and community-based representatives in setting priorities for local government expenditures; it also implies a local government budgeting system that is more transparent and available to public scrutiny (Box 1). A review of participatory budgeting in 25 municipalities shows the multiple and distinct motivations behind the initiation of such programmes. While these programmes have some common aspects in their approach, their strategies and outcomes are very much related to contextual factors such as the motivation of the mayor or leading group within the council, the degree of autonomy that the council has over its own budget, and the nature and scope of the groups drawn into the budgeting programme.

Governments and civil society groups engage with participatory governance strategies with mixed intentions and with a diversity of understandings. From the beginning, these initiatives are strongly influenced by existing relationships and the ways in which power is distributed within such relationships. However, by its very nature, participatory governance should open up new possibilities by allowing non-state groups related to poverty reduction greater "space for negotiation". Even given the disappointing results of the Triangle of Solidarity in Costa Rica, potential benefits might accrue from such initiatives as, for example, the process results in community groups in one settlement being brought together for the first time – and community groups did manage to negotiate, albeit outside the official framework.<sup>(10)</sup>

It is, in part, the depth and complexity of the relationships involved that make any assessment of outcomes so difficult. For instance, in Cambodia, the municipal government in Phnom Penh has developed a city-wide strategy for improving conditions in hundreds of informal settlements, working with the local



**Box 1: Participatory budgeting**

Participatory budgeting is one of the most significant innovations in democracy and local development. Initially developed in Brazil some 15 years ago (particularly in the city of Porto Alegre), it spread to over 100 Brazilian municipalities during the late 1990s and then to cities in Latin America and elsewhere after 2000.

The forms that participatory budgeting takes are diverse, influenced by existing forms of government, by political motivation and by state–civil society relations. Experience varies much between cities as to:

- where participation takes place (citizen participation at the neighbourhood or the city level) and the form of participation (for instance, from every citizen having a right to attend and vote in “participatory budgeting assemblies” to participation by representatives of neighbourhood associations, trade unions or other civil society organizations);
- the proportion of the budget controlled by participatory budgeting (from a few per cent to all of the investment budget) and who takes the final decisions (from municipal council to the participatory budgeting council);
- what body is in charge of the decision-making (a new council, existing institutions or a mixture of the two); who manages it (for instance, the mayor’s office, the finance or planning department, or shared between several departments); and who oversees the works that are funded (for instance, what role for civil society groups); and
- the extent to which it has resulted in more funding and attention to the poorer neighbourhoods within the city.

Some cities have made special provision within participatory budgeting for vulnerable groups or groups that have particular difficulties getting their priorities heard (for instance, committees for women or children and youth). Some have delegates elected for particular groups – for instance, the elderly, adolescents, indigenous groups and the disabled.

Participatory budgeting has also helped encourage or support innovative responses by civil society groups in the informal economy and social economy through, for instance, the use of social currencies, collective purchases and systems based on barter clubs and “prosumers” (someone who is both a producer and a consumer of goods and services).

SOURCE: Cabannes, Yves (2004), “Participatory budgeting: a significant contribution to participatory democracy”, *Environment and Urbanization* Vol 16, No 1, April, pages 27–46.

25. For more details, see SPARC’s web-site <http://www.sparcindia.org>; also Patel, Sheela and Diana Mitlin (2001), *The Work of SPARC and its Partners Mahila Milan and the National Slum Dwellers Federation in India*, IIED Working Paper 5 on Urban Poverty Reduction, IIED, London, 34 pages (available from [www.iied.org/urban/index.html](http://www.iied.org/urban/index.html)). See also Patel, Sheela, Celine d’Cruz and Sundar Burra (2002), “Beyond evictions in a global city: people-managed resettlement in Mumbai”, *Environment and Urbanization* Vol 14, No 1, pages 159–172; and Burra, Sundar, Sheela Patel and Tom Kerr (2003), “Community-designed, built and managed toilet blocks in Indian cities”, *Environment and Urbanization* Vol 15, No 2, pages 11–32.

26. Boonyabancha, Somsook (2003), *A Decade of Change: From the Urban Community Development Office (UCDO) to the Community Organizations Development Institute (CODI) in Thailand*, IIED Working Paper 12 on Urban Poverty Reduction, IIED, London, 31 pages (available from [www.iied.org/urban/index.html](http://www.iied.org/urban/index.html)). See also [www.codi.or.th](http://www.codi.or.th) (this is in Thai but it has a section in English).

urban poor federation and a local NGO – with support from international agencies.<sup>(11)</sup> The prime minister of Cambodia has given his support to this, and announced a policy to support the upgrading of 100 settlements in a year and 500 more over the next five years.<sup>(12)</sup> The vice-governor of Phnom Penh stated that: “*This city doesn’t only belong to the rich. It belongs to all of us, so we should all be involved in improving it .... Now we have a lot of work to do. We have to sit down and set concrete plans for this upgrading programme together.*”<sup>(13)</sup> This points to the potential benefits of participatory governance. However, a review of this process in early 2003 would have presented a pessimistic conclusion, because government agencies still saw eviction and resettlement as the main response to informal settlements and they showed little willingness to consider the difficulties experienced by poor and vulnerable citizens or to work with organized urban poor groups. Indeed, one measure of the quality of the process may be how it changes the understanding of the parties involved, enabling a new set of approaches to be explored as knowledge and confidence grows. This was also demonstrated in an analysis of participatory planning exercises in 32 municipal authorities and corporations in Andhra Pradesh (India). The community members learned more about how state resources were allocated and were encouraged to take a greater role in decision-making; and the municipal officials recognized the quality of community decision-making.<sup>(14)</sup>

But there are no easy answers for those seeking to support political changes that are pro-poor. This is illustrated by a case study of the work of the Indian NGO, Unnayan, and of the National Campaign for Housing Rights in India. Despite seeking a participatory process to influence government, and despite being successful in embedding the issue of housing rights within judicial processes with the active support of movements of the poor, the campaign did not progress. The case study suggests that this was because of the lack of willingness to reform within government.<sup>(15)</sup> A case study from South Korea discusses the need to change the traditional exercise of state power if the needs and rights of the poorest citizens are to be addressed.<sup>(16)</sup>

## V. THE COMPLEX INTERPLAY BETWEEN REPRESENTATIVE AND PARTICIPATORY DEMOCRACY

PARTICIPATORY GOVERNANCE IMPLIES changed roles for politicians and civil servants. Inevitably, there are complex relationships between decision-making by existing state agencies, including elected representatives and government bodies, and decision-making emerging from participatory governance processes. Many elected politicians oppose most forms of participatory governance because they see themselves as the legitimate decision takers, elected by citizens through a democratic process, and believe such participatory processes are taking decisions and control away from them. This opposition has been evident in Brazil, where participatory budgeting was first developed, and there are many cities where participatory budgeting has been stopped.<sup>(17)</sup> This opposition is also evident in Cebu (the Philippines), where there were tensions between elected representatives and participatory governance initiatives, as the NGOs and people’s organizations found their political space constrained in the 1990s. The city government supported NGOs and people’s organizations in service delivery, but not in their attempts to broaden the

27. See [www.dialogue.org.za](http://www.dialogue.org.za) and [www.sdinet.org](http://www.sdinet.org); also Baumann, Ted, Joel Bolnick and Diana Mitlin (2001), *The Age of Cities and Organizations of the Urban Poor: The Work of the South African Homeless People's Federation and the People's Dialogue on Land and Shelter*, IIED Working Paper 2 on Poverty Reduction in Urban Areas, IIED, London, 40 pages (available from [www.iied.org/urban/index.html](http://www.iied.org/urban/index.html)).

28. Chitekwe, Beth and Diana Mitlin (2001), "The urban poor under threat and in struggle: options for urban development in Zimbabwe, 1995-2000", *Environment and Urbanization* Vol 13, No 2, October, pages 85-101 (available from [www.ingentaselect.com/09562478/v13n2/](http://www.ingentaselect.com/09562478/v13n2/)).

29. See the paper by the Asian Coalition for Housing Rights (ACHR) listed on the back page. See also <http://www.achr.net/>

30. See the paper by Sandra Yu and Anna Marie Karaos listed on the back page; see also [www.achr.net/philippines1.htm](http://www.achr.net/philippines1.htm); and Vincentian Missionaries Social Development Foundation Incorporated (VMSDFI), Manila (2001), "Meet the Philippines Homeless People's Federation", *Environment and Urbanization* Vol 13, No 2, pages 73-84 (available from [www.ingentaselect.com/09562478/v13n2/](http://www.ingentaselect.com/09562478/v13n2/)).

31. See the paper by Jane Weru listed on the back page.

32. See the paper by Felisa U Etemadi listed on the back page.

33. See the paper by the Asian Coalition for Housing Rights (ACHR) listed on the back page. See also <http://www.achr.net/>

scope of their involvement through an NGO advisory council. The NGOs are now pushing for the municipal council to accept sectoral representation, and legislation is being considered by the Philippine congress. But local politicians are not supportive.<sup>(18)</sup>

However, participatory governance may also provide local government with more legitimacy in the eyes of citizens. The significance of new forms of governance for traditional state activities is shown by the increase in tax revenues achieved in a number of projects, as relationships between citizens and the state are transformed. Participatory budgeting can mean that people are more willing both to pay taxes and to maintain the investments that they have jointly agreed to make.<sup>(19)</sup> In Vietnam, the processes involving greater participation in government opened up a space in which contestation becomes more acceptable.<sup>(20)</sup>

At the same time, service providers may find this new emphasis on participatory governance difficult to respond to.<sup>(21)</sup> They are tasked by both development agencies and national governments to find strategies to increase their accountability to clients. Many have sought to improve their performance through a better dialogue with users, but improvements in accountability have often not resulted in greater user satisfaction with planning, delivery and maintenance of urban services. In an era in which state agencies are being questioned, participatory governance is offered as a way of holding service providers to account. But service providers perceive themselves as offering a service to individualized customers – and to be accountable for the delivery of the service, not to be negotiating with collective customer groups; their own capacity to enter into such negotiations is likely to be limited. But there is a need for some kind of participatory governance for service providers – perhaps at a different level, as the poor prefer not to use the formal routes offered by service providers (such as complaints procedures) but would rather look for other opportunities to express their frustrations, such as "...public meetings, meetings with councillors, voting for politicians and approaching other public figures who also have a catch-all responsibility."<sup>(22)</sup>

## VI. NEW INSTITUTIONAL CAPACITIES BECOME A PART OF THE PROCESS

PERHAPS THE MOST significant point about participatory governance is its potential to create new (and unforeseen) opportunities for groups with widely differing, but related, interests to realize common objectives. To achieve such success requires new organizations, new ways of working within existing organizations and new rules for inter-organizational relationships. To date, there has been relatively little understanding of how to move towards the practicalities of power-sharing, especially in ways that include the poorest.<sup>(23)</sup> However, there are positive experiences emerging from some cities that have new relationships between state and civil society.<sup>(24)</sup>

A starting point is the need to create conditions in which the various interest groups can make choices about the goals they wish to prioritize and the strategies that they wish to use. For a participatory governance process to succeed, the individual parties must have some clarity of purpose and a common strategy. This is evident in the strategies used by federations formed by urban poor groups in many nations, including India,<sup>(25)</sup> Thailand,<sup>(26)</sup> South Africa,<sup>(27)</sup> Zimbabwe,<sup>(28)</sup> Cambodia,<sup>(29)</sup> the Philippines<sup>(30)</sup> and Kenya.<sup>(31)</sup> Strong local savings activities enable federation groups to collectively consider their needs, and federating with other groups enables city (and sometimes national) positions to develop. In another example, in Cebu, the NGO coordinating group, Kaabag sa Sugbo, has moved towards a clear agenda of its own, around the sectoral interests of its members.<sup>(32)</sup> Without such a growth in institutional capacity, there is a real danger that good governance, within its emphasis on stakeholder inclusion, will lead to fragmentation and repeated disputes between divided interests.

The achievements of the federations formed by urban poor groups also demonstrate the value of new kinds of engagement with government – as illustrated by the earlier example of the changes in government attitude in Phnom Penh. The federations of the urban poor or homeless use strategies such as community-designed and managed household enumerations and "slum" surveys to draw in local authorities. By offering the authorities information that they don't have, citizen groups immediately start to shift the balance of power within this relationship. As a more equal partnership begins, both groups explore new ways of working together.

- In Cambodia, the municipality of Phnom Penh was already engaged with local social movements in jointly operating a fund, together with the urban poor federation and local NGOs. The fund was collaboratively managed, and the confidence gained through its operation became an important factor leading to the engagement of the municipality in the more ambitious and complex programme of strategic planning for the city. The practicalities involved in co-management helped to deepen the nature of the relationship, enabling broad-based support for a jointly planned city strategy. Collaboration in a space in which power is more equally divided appears to be important in enabling some of the benefits to emerge.<sup>(33)</sup>
- In the Philippines, tri-party resettlement agreements have helped to provide a basis for new forms of relationship that the urban poor federation hopes will lead to further state support for community activities. The federation in the Philippines seeks to engage municipal governments in their activities at an early stage, for example in community surveys to identify the numbers living in high-risk areas and their preferences for improved housing. In some cases, the local government simply recognizes the survey is

34. See the paper by Sandra Yu and Anna Marie Karaos listed on the back page,

35. See the paper by Jane Weru listed on the back page.

36. See the paper by Yves Cabannes listed on the back page.

37. See reference 3.

38. Cavill and Sohail's paper listed on the back page points out the paucity of such strategies for accountability, if they are to draw in those groups which have the lowest incomes and are often socially excluded.

about to take place and promises to accept the results. In others, they are willing to be more actively involved. At the same time, existing government institutions (local development councils) are also involved. Through the more active involvement of civil society, existing mechanisms that have not achieved notable success can be renewed and invigorated, providing the basis for new kinds of institutions.<sup>(34)</sup>

- In Kenya, the urban poor federation, *Muungano wa Wanvijiji*, and the local support NGO, Pamoja Trust, are working with local government to develop an upgrading programme in an informal settlement (Huruma) where agreement has been reached on site development and land allocation. This is an important precedent, because any attempt to improve conditions in the informal settlements of Nairobi (where half the city's population live) is complicated by the potential conflict between landlords and tenants, and by conflicts between different ethnic groups, that have been exacerbated by manipulation by powerful political interests.<sup>(35)</sup>

One of the challenges for participatory budgeting (and other measures to support more participatory governance) is to reach out to groups that have traditionally been excluded from development processes.<sup>(36)</sup> One measure of the effectiveness of these initiatives is the extent to which they encourage new groups to become involved. There have been attempts both to increase voice (inclusion, consultation and mobilization) and to increase the accountability and responsiveness of the state.<sup>(37)</sup> Both are important for participatory governance, although particular emphasis is needed for increasing voice because measures concerned solely with accountability and responsiveness often engage with individuals rather than collective interest groups. However, stronger and more effective mechanisms are needed to hold service providers accountable, especially to the lowest-income groups and groups that the service provider does not reach.<sup>(38)</sup> This implies the need for a re-division of responsibilities, with the development of co-managed processes and institutions that enable more decentralized and localized decision-making, with greater equality between the groups involved.

It is easy for governments and international agencies to say that they want participatory governance; it is much less easy to change their structures and their relationships with poorer groups to allow this to happen.

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