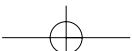
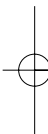
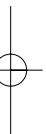
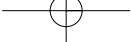


1. CONCEPTS, CHALLENGES, AND TRENDS

*1. Concepts,
and Challenges,
Trends*



1. CONCEPTS, CHALLENGES, AND TRENDS

The world is experiencing an urban revolution. Today, more than half of the world's population lives in cities; by the year 2025 this proportion is estimated to grow to two-thirds. Such rapid urbanization is placing immense pressure on cities, while at the same time offering opportunities for improved health, education, and environmental management.

Globalization, too, is creating new challenges and opportunities. From increasing refugee flows to the spread of infectious diseases or organized crime, no city remains immune from the effects of globalization. Chapter One examines the new context in which local governance is taking place, and outlines the key concepts and core characteristics of local democracy. It explores:

- **Principal challenges facing local administrators today;**
- **Recent trends impacting on the quality of local democracy; and**
- **New international norms shaping developments in local democracy.**

1.1 Key Concepts in Local Democracy

■ *Certain concepts are critical to our understanding of local governance, among them: citizenship and community, self-government, deliberation, and civic engagement.*

Central to any meaning of local democratic governance is the concept of self-government and administration closest to the people. The essential notion is that inhabitants of a given area have the right and responsibility to make decisions on those issues that affect them most directly and on which they can make decisions. Although national defence, foreign policy, and security may affect them directly, these matters are

usually too big to be handled at the level of cities and are almost invariably the purview of national governments.

Local democracy can be understood in two ways:

- in the *institutions* of local government, such as mayors, councils, committees, and administrative services; and
- in the organizations and activities of *civil society*.

Ideally, local authorities and civil society work together in a mutually-reinforcing relationship to identify problems and come up with innovative solutions. Government is only one part of the picture, albeit an important one. The notion of civic engagement – of citizen organizations, associations, businesses, neighbourhood committees and the like – is also central to the concept of local governance.

1.1.1 Definitions of Local Democracy

There are multiple meanings of local democracy in various settings, and there is no single concept or model of the “best” form of democracy. At the same time, there is a general understanding about the essential processes of democratic life that apply universally.

- Democracy means that there should be *periodic (or regular) and genuine elections* and that power can and should change hands through popular suffrage and not coercion and force.
- In democracies, political opponents and minorities have a right to express their views and have *influence* (i.e., more than just achieve representation) in the policy-making process. When minority views cannot be accommodated, *opposition* should be legal and loyal and not extra-institutional and violent.
- There should be the opportunity for *alternation* in governing coalitions; that is, voters should be able to remove certain politicians from office and replace them with new leadership.
- Democracy means that there should be respect and protection for basic *civil and political rights*.
- And, while controversial, many believe that democracy entails certain *development, economic, and environmental rights* such as clean water, housing, and opportunities for employment.

A discussion of the meaning of local democracy should take into account *cultural influences* on the way people think about democracy. Some cultures may have a tradition of citizen participation, whereas in others people may be more deferential to appointed or elected authorities. The concepts explored in this handbook may

mean different things in different cultures. The principal point is that, at the local level, deeply ingrained cultural practices – such as the roles of traditional leaders – must be carefully integrated into democratic governance.

Figure 1**Local Democracy: Key Concepts**

- *Citizenship and community.* Local community participation is the cornerstone of modern notions of citizenship because its institutions and decision-making procedures may allow for a more *direct* form of democracy in which the voices of ordinary individuals can be heard most easily.
- *Deliberation.* Democracy is more than elections. It involves meaningful dialogue, debate, and discussion in an effort to solve problems that arise in the community. Deliberation is more than listening to citizen complaints. A truly deliberative democracy is a give-and-take dialogue among all interest groups in a community about the key decisions and actions they face together.
- *Political education.* Local democracy facilitates “political education”. That is, citizen participation allows individuals to gain knowledge about community affairs that otherwise resides with elected public officials and professional city administrators. More informed and educated citizens make democracy – decision-making by the people – possible and more effective. Participation is about closing the gap between the political “elite” and members of the community.
- *Good government and social welfare.* John Stuart Mill and other advocates of participatory democracy at the local level argued that unlocking the virtue and intelligence of the populace would foster good government and promote social welfare. That is, democracy tends to enhance good relations among the citizens, building a community that is self-reliant and public-spirited.

1.1.2 Direct versus Representative Democracy

There are two philosophical traditions that inform two rather different concepts of local democracy. One school of thought, associated historically with Jean Jacques Rousseau, sees ideal democracy as *direct engagement by the citizen* on virtually all matters before the community. Rousseau believed that participation by all members of the community would reveal the general will of all, and that the best means of determining the general will is simple majority rule. Others suggest that today’s units of local government are simply too large for direct participation. The best democracy we can hope for, and indeed the only practical form of democracy, is one

that is representative, where citizens choose among candidates or political parties who make authoritative decisions for the entire community. Some see local democracy as the place where *representative democracy* best operates.

Some wonder in the modern age whether the notion of direct democracy is really possible, yet one sees this theme recur in contemporary philosophy and practice. Former Tanzanian President Julius Nyerere, for example, advocated a programme of villagization and *ujamaa* (community) for his country. In 1967, in the Arusha Declaration, Nyerere espoused a notion of village socialism based on kinship, community, self-reliance, co-operation, and local self-development. This philosophy envisaged economic and social communities where people live together and work for the good of all. In Nyerere's Tanzania, however, more than 90 per cent of the people lived in rural areas.

The size of a village, town, or city has always been seen as a potentially limiting factor in the realization of direct democracy. The larger the city, the less likely it is to practise direct democracy. As we will see in Chapter Five (section 5.7) advocates of Internet-based "virtual" decision-making have revived the idea of direct democracy even in today's complex social settings.

1.1.3 Adversarial versus Collaborative Democracy

Representative democracy implies an adversarial or competitive approach to determining what is best for society. Potential representatives must stand before the people and compete for support. In doing so, social differences and animosity are sharpened as political leaders seek to delineate their messages. Advocates of representative democracy assert that such competition among potential leaders brings vitality and accountability to political life. Others are sceptical of competitive approaches, especially those that rely on majority decision-making. Instead, they prefer decision-making structures and processes that place a greater emphasis on consensus building rather than on competing for elected offices.

Many believe that the balance has tilted too much in the direction of representative over direct democracy and adversarial versus more collaborative forms of decision-making. The focus on elections and sharp differences between policy platforms among politicians has created a distance between citizens and public officials and created heightened divisions among social groups. The consequence is that the average citizen becomes apathetic and withdraws from political life. Academics studying local governance in today's world have argued that there has been a sharp reduction in the legitimacy of local government institutions, and that there is widespread scepticism about the ability of local political parties to represent and co-ordinate differing social interests.

One indication of this public withdrawal from political life is low voter turnout. According to International IDEA's report on voter turnout, "Overall participation in competitive elections across the globe rose steadily between 1945 and 1990.... But in the 1990s, with the influx of a host of competitive elections in newly democratizing states, the average for elections held since 1990 has dipped back to 64 per cent. While the participation rate of all eligible voters has dropped only marginally, the drop in the participation rate of those actually registered to vote has been more pronounced". Although firm data is not readily available, most experts agree that turnout for local elections is much lower than in national contests. Recently, concern has been raised about the role of public opinion polls, financial contributions, and the use of consultants in shaping the public agenda, diminishing the impact of local citizen preferences and leading to cynicism and apathy.

Local political party structures are also under challenge as effective social institutions, especially in North America and Western Europe. The issues around which parties originally crystallized in Europe, for example along class lines, seem less relevant in today's world of high social mobility. This has led to a crisis of governance at the local level in some societies, and a set of fragmented structures of governance, some of which are imposed from central authorities in response to the inability of local governments to act decisively. This concern about legitimacy leads some to advocate a renewed focus on accessibility, equality, and the reinvigoration of citizen participation. As pressures for decentralization mount, these concerns are central. Inclusion and participation are essential to build the trust and accountability needed for citizen confidence in the quality of local democracy.

1.2 Challenges for Local Governance

■ *Managing the impact of globalization and urbanization, promoting effective service delivery, fostering social peace, and creating opportunities for employment are among the main challenges facing local democracy.*

Local arenas around the world face common problems today:

- Delivering fundamental *social services* – such as water or transportation networks – in a sustainable way;
- *Urbanization*, or the movement of people from rural areas to cities, and the pressures on the environment and on governmental capacity that this migration brings;

- *Economic vitality*, or creating opportunities for jobs and prosperity in a global marketplace; and
- Fostering *social peace* in increasingly diverse social settings, where a myriad of ethnic and religious groups must live side by side.

1.2.1 Service Delivery

Service delivery is a core function of local government, especially those services that require local co-ordination, networks, infrastructure, or planning. Among the critical challenges for local governance in this area are:

- Crime, public or political violence, policing, and the administration of local justice;
- Education, which often involves sensitive decisions on language or culture in increasingly multi-ethnic societies;
- Environmental management and resource scarcity, especially water and sanitation (garbage collection, sewage treatment);
- Housing, especially low-income dwellings, and managing settlement patterns in a manner conducive to inter-ethnic harmony in multi-ethnic municipalities;
- Joblessness and economic dislocation, and the need to competitively position the city to attract new investment in a globalized economy;
- Health care and hospital management, especially as new forms of infectious diseases challenge the social welfare while many old health concerns persist;
- Migration, often the influx of disadvantaged immigrant communities and refugees or refugees of depressed rural areas;
- Regional issues, such as shared water and air resources; and
- Transportation, traffic congestion, and the way in which people travel from their residence to their employment on a daily basis.

In 1997 the United Nations Development Programme (UNDP) and the International Union of Local Authorities' (IULA) Office of Research & Training surveyed 151 mayors world-wide on the foremost problems they face. Mayors responded that their first priority was *unemployment*; 52 per cent identified this as the most important issue, echoing an earlier poll taken in 1994.

There were regional differences in the findings of the IULA survey. European mayors were concerned about unemployment, and traffic congestion. Few said poverty was a major problem. In Africa, however, poverty, unemployment and rural-to-urban migration were cited as serious problems that place major strains on the ability of municipal authorities to provide basic services. In North America, important concerns were urban crime, joblessness, and traffic congestion. Asian mayors cited traffic congestion, pollution, and the need for better solid waste dis-

positional systems. In Latin America, unemployment and a deterioration of health and education services were considered serious problems. Finally, in the Middle East and the eastern Mediterranean region, migration and ethnic differences were important concerns for mayors.



1.2.2 Urbanization

Today, more than 3.2 billion people – more than half of the world’s population – live in urban settings. This represents a twenty-fold increase in urbanization during the course of the twentieth century; and the trend shows little sign of abating.

Population growth today is occurring most rapidly in cities in the developing world. A Worldwatch Institute publication reports that population increase in developing country cities will be the distinguishing demographic trend of the next century, accounting for nearly 90 per cent of the 2.7 billion people to be added to world population between 1995 and 2030. The most explosive growth is expected in Africa and Asia. Although urbanization has positive dimensions – many great leaps in development have occurred in urban environments – the growing popula-

tion of city-dwellers also poses significant challenges. Today's cities, for example, take up only two per cent of the earth's surface but their inhabitants consume 75 per cent of its resources.

Among the serious problems that urban environments will face in the twenty-first century are improving water supply and quality, mining urban waste, transportation and land use for building better neighbourhoods. Developing countries face problems of unplanned settlement, or squatter communities, in which services and infrastructure are absent. One of the most serious challenges for local governance will be providing low-income housing.

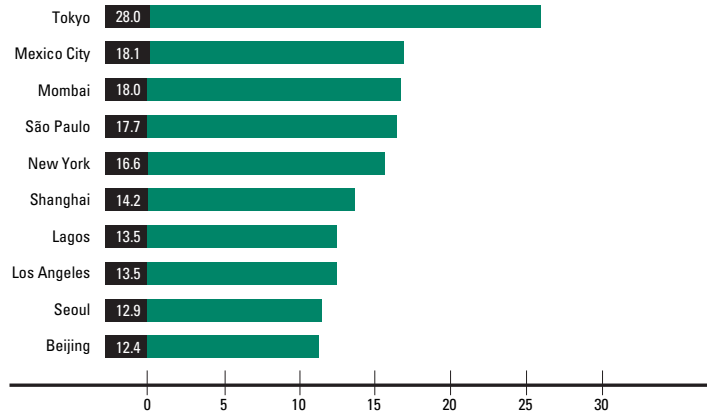
At the same time, many do not see urbanization as a problem, either environmentally or in terms of its social consequences. Arguably, cities make provision of services more efficient, allow for best use of scarce land resources, allow more land to be set aside for conservation, wilderness designation, and agriculture. From this perspective, urbanization will result in more effective governance because it will be easier to design policies that benefit the largest number of people – particularly education, running water, health care, and housing.

Figure 3

The World's Largest Cities

Projections for the Year 2000 (in millions)

In 1950, only 30 per cent of the world's population lived in urban areas; by 2000 the number had climbed to 47 per cent; and by 2030 the estimate is for 60 per cent of the population to live in cities.



Source: World Urbanization Prospects: The 1996 Revision. 1998. New York: United Nations.
World Urbanization Prospects: The 1999 Revision. 2000. New York: United Nations.

1.2.3 Globalization

Globalization refers to the ways in which the international system has changed after the end of the Cold War in the late 1980s. The term *globalization* includes several dimensions of systemic change in the world that, among other things, directly affect the ways in which local governance is carried out.

- *Economic change.* Although the international economy is still not fully integrated, and national-level governments continue to have critical importance for economic decision-making, the economic context of local governance has changed dramatically. There is new consensus around market-based economic models, tremendous increases in international capital flows, a rapid expansion of international trade, growing influences of multinational corporations, and new integration into the world economy by countries that had previously not been involved in the global economic system.
- *Political change.* The trend toward democracy in the past 20 years has been remarkable, and it has produced a much broader international consensus on the underlying values of political systems, the processes of democracy such as elections and the importance of civil society, and principles of democracy such as participation and inclusion. Democratization in many countries has resulted in a growth in civil society – if measured in the number of NGOs – which in turn has meant that many non-official actors are involved in policy formulation and implementation.
- *Technological change.* The information and communications revolution of the late twentieth century has touched virtually every country and municipality on the globe. Greater access to information and communications has resulted in fundamental economic, social, and political change. Most importantly, it has created an easier way to share perspectives and information, and to consider direct democracy and citizen input in a manner that simply would not have been possible just a few years ago.

No city or municipal area is immune from some of the effects of globalization, which include new inequalities among and within countries, threats to the environment such as declining biodiversity, increased refugee flows in many parts of the world, the impact of new infectious diseases, and the spread of organized crime and corruption. The increased flow of information and communication, while opening up societies to the free flow of ideas, also puts pressure on long-standing social and cultural traditions. Globalization has produced social dislocation in many parts of the world that has in turn created a rapidly changing context for democracy. As Jonathan Barker asks, “What does it mean to say that a village, a development pro-

ject, or a mosque is self-governing, when the livelihoods of the participants are at the mercy of environmental change, the actions of distant resource companies and change in world market prices that in no way respond to local views or actions?”

Globalization, however, produces more than these global “evils”. It offers opportunities for new sustainable economic development, growth and prosperity, and new flows of experience and information on how to manage a rapidly urbanizing context. It also presents new opportunities to improve social relations in societies that have been divided by deep-rooted conflict. Practices and lessons learned from promoting democracy in one part of the world can be adapted and implemented in another. Ways in which some cities have dealt with the problems induced by globalization potentially can be transferred to other settings, too.

Certainly not every decision, policy initiative, or problem faced by municipalities around the world is influenced by globalization. Indeed, the pace and extent of influence on municipalities by global trends is highly uneven. Many long-standing problems and successful solutions to these problems continue without a strong impact from the new global context. Nevertheless, one of the critical challenges facing local governance is to identify innovations and successes that may be adaptable from one setting to enhance the quality of democracy in another. (See the essay on “Globalization and Local Democracy” by Professor Caroline Andrew on International IDEA’s website, www.idea.int/ideas_work/11_political_local).

1.2.4 Diversity

Cities around the world are virtually all ethnically diverse. For some, diversity is an age-old historical pattern, as is the case of Jerusalem. Others are newly ethnically diverse as immigration across borders has increased in recent years – for example Oslo, Norway. In the United States the pressures of migration have stemmed from the push effect of the relatively poor Latin American economies and the pull of job opportunities in the United States. The result of years of migration by Hispanics into the US is rapidly changing the face of mid-American cities. From 1990 to 2000, the total Hispanic population in the United States grew from 22.6 million to 31.3 million. Hispanics are now more than 10 per cent of the country’s population. In many American cities today, the nature of racial conflict is not simply black-white; Hispanics are a significant majority or minority in most major cities now, too. The challenge of diversity and the methods of conflict management through local democracy are addressed in Chapter Three.

1.3 Trends in Local Governance

■ *Strategic partnerships, decentralization, and the international focus on local governance are current trends shaping local democracy.*

In response to such challenges, local governance structures need to perform differently today. Traditional concerns and functions – defining community values and making public policy choices – remain, but these are shaped by new trends. These trends can be characterized by the following:

- *Who?* Today, many functions of local governance occur in the form of *strategic partnerships*, or co-operative relationships among elected authorities, the private sector, civil society, community-based organizations, and citizens. Increasingly, local authorities subcontract some functions to firms and non-profit organizations that are better equipped to implement them. This approach of assigning functions of governance to private organizations is arguably more efficient, but it raises questions about democracy.
- *How?* Increasingly, countries are *decentralizing decision-making* authority to the lowest possible level. Decentralization is led by concerns of central governments to disperse power and responsibilities, and is spurred by policies of international financial institutions, such as the World Bank.
- *Why?* There is a growing movement to define local self-governance as a *universal right*. At both regional and national levels, international organizations and multilateral groups have adopted standards for national governments to devolve decision-making to the level closest to the people as a means of giving meaning to democratic principles. These norms help shape the international obligations of countries to foster local democracy.

1.3.1 Strategic Partnering

Sometimes public officials and administrators simply are unable, or unsuited, to providing certain services effectively or efficiently. In many instances around the world, local governments are entering into new strategic partnerships with the private sector and with NGOs, civil society organizations (CSOs) and community-based organizations (CBOs) to provide critical local services.

In the actual performance of services, there has been a remarkable trend toward privatization, joint public-private partnerships, outsourcing, and corporatizing of utilities such as water, electricity, waste management, housing, health care, and in some situations prison services. Two types of partnerships have rather different purposes:

- Working with *civil society*, such as NGOs, CBOs and CSOs, is one form of partnership. These partnerships are based on the premise that civil society groups have a comparative advantage in implementing policy or managing problems. They are closer to the people to be served. Local officials often serve as a funder, watchdog, co-worker, or specialist in such partnerships.
- Working with the *private sector* also involves a comparative advantage for business firms in delivering local services – such as clean water, transportation management, electricity, or garbage collection. But the foundation of these relationships is one of economics; business firms can deliver services as efficiently and more cheaply than local authorities.

While cities often see efficiency gains from such arrangements – things work much more smoothly – this efficiency may be at a loss of transparency. That means elected officials exercise less oversight over what actually gets done in a community; but, at least the service is provided. In many southern African communities, for example, municipalities rely on a regionally powerful multinational corporation – Eskom, based in Johannesburg – for their power supply. Local authorities and stakeholders may feel relatively powerless in negotiations with such large enterprises. Strategic partnering offers perils for private partners, too. For independent NGOs or CBOs, they may lose their independence and flexibility when their funding is coming from the local government, and may be less willing to take risks and develop innovative solutions to local communities if these somehow contradict local government policies.

Most analysts, however, see these partnerships as a healthy development for democracy. Pratibha Mehta of UNDP's Management and Governance Division summarizes the importance of creating participatory processes that structurally promote the involvement of civic organizations.

Community-based organizations play an extremely important role in promoting democratic decision-making, empowering communities, building community capacity to participate, and linking communities to municipalities. There is a need for institutional mechanisms such as policies or laws that promote the formation of new CBOs and their empowerment and that formally link them to the municipal decision-making system. This would help promote the participation of the poor (often excluded in a decision-making process at any level) and would encourage self-management at the community level.

Community-based organizations and associational life have become the glue that holds a society together. A strong civil society facilitates local democracy by:

- Delivering services, sometimes funded by private interests, that the government does not or lacks the authority or capacity to provide, particularly philanthropic efforts such as assistance to the poor or disabled;

- Articulating interests in society and advocating for social needs and reforms, through associations and self-help societies; and
- Providing technical services, such as gathering data on social problems and devising workable solutions in highly variable concepts.

In Nicaragua, for example, a specialized network for NGOs active in local governance has been created, known as the Nicaraguan Network for Local Development. It conducts civic education programmes, election projects, and promotion of women's participation. The network also has helped develop local *concertación* (collaborative consensus-making processes) in which NGOs, CBOs, and local officials search for solutions to specific urban problems.

The trends toward strategic partnering with community-based groups is found in developed countries and emerging democracies alike. Authorities who set such policies need to remember the importance of gender and age sensitivity when forging such partnerships. Many experts on local democracy argue that women, young people, and the elderly are often overlooked or systematically excluded from participation in local governance.

1.3.2 Decentralization and Co-operative Governance

Decentralization refers to the principle that public decisions should be made, when possible, at the level of authority closest to the people. At present, some 70 countries are implementing political reforms aimed at decentralization and enhancement of municipal governments, among them the Dominican Republic, Mongolia, Nepal, Pakistan, Tanzania, Thailand, Uganda, and Yemen. In many cases, new democracies that have only recently undergone transitions to popular rule are undertaking such reforms. Some advocate decentralization as a way to further consolidate new democracies, stressing the political, economic, and administrative benefits of decentralization to both central governments and civil society alike. The perceived benefits of decentralization to democratizing countries are:

- *Political*. Increasing the power of citizens and elected representatives;
- *Spatial*. Diffusing population and economic activities geographically;
- *Administrative*. Transferring responsibility for planning, management, revenue raising, and allocation from the central to field offices of central government, or to subordinate levels of government, or to other semi-autonomous institutions; and
- *Economic*. Increasing the efficiency of governmental management of the economy through stimulation and regulation.

Decentralization may also offer tangible benefits to civil society, by fostering:

- Greater government *accountability and transparency*;
- Improved *problem-solving*;
- Opportunities for *sharing technical and social expertise* in policy-making;
- *Influence* over policy decisions; and
- *Control* over the development of those policy programmes that NGOs may be expected to implement.

For example, many specialists point to the success of decentralization in Latin American states as a model of how to bring government closer to the people in a newly democratic setting. However, decentralization has not been without difficulties as the effort to rearrange political systems faced entrenched political power structures and established political cultures that are not conducive to widespread citizen participation. But gains have been made in locally elected leadership – especially the practice of direct, popular election for mayors, replacing the system of indirect “election” that had long served to strengthen political insiders.

A related trend is the development within decentralized systems of networks of local authorities, known as municipal associations. Whether one resides in a megacity or a network of rural villages, increasingly there are associations and networks of municipal politicians, managers, and civic leaders in regional, national, and international settings. Municipal associations have grown in importance in recent years and in many settings these associations have become important advocates for local-level democracy and decentralization of power.

In Bolivia, for example, reforms at the local level have served to dramatically strengthen the accountability of mayors through direct election and by extending the term of office. Other innovations include the introduction of regularly scheduled public meetings, known as *Cabildos Abiertos*, which have been launched in El Salvador and Honduras. In Brazil the expansion of neighbourhood associations has improved community budgeting practices, whereas in Chile the referendum has been relied upon as a means of reaching legally binding decisions about local public expenditures.

The current trend toward decentralization in many contexts points to some stark differences between established democracies and transitional states. In the former, change and reform is less likely and occurs much more slowly; patterns of intergovernmental relations and interactions are much more fixed and a matter of routine. However, in transitional or recently-democratized countries the relations among levels of governance are much more fluid and variable. Designing systems for local democracy anew becomes a real possibility.

1.3.3 New International Norms

The development of new global norms and regional mandates by international organizations on the importance of local democratic development is another trend shaping local governance. These new norms seek to ensure that in every country citizens have a meaningful way of exercising the right to freedom and choice envisioned in international covenants such as the 1948 Universal Declaration of Human Rights.

Regional organizations have been particularly progressive in establishing new norms that ensure a proper place for local governance in a country's political life. The Council of Europe and the Organization of American States (OAS) have both been assertive in creating new regional standards for local government. In Europe, there have been efforts to assure an important role for local governance in light of increasing economic integration and the principle of subsidiarity: decisions that affect people most and that can be made at the local level should be made there.

In Latin America, the OAS Unit for the Promotion of Democracy describes decentralization, local government, and citizen participation as issues of “growing importance to the Hemisphere’s democracy agenda” and the organization has been promoting this approach through training, workshops, research, publications, and technical assistance. This work is done in the context of norms or regional standards adopted by the organization in the early 1990s in defence of the new democracies that had replaced authoritarian governments. For example, in Santiago, Chile, in 1991 the organization adopted the landmark Resolution 1080, on “Representative Democracy”, which requires a rapid and robust response by the organization in the event of any “serious political, social, and economic problems that may threaten the stability of democratic governments”.

There are also regional norms regarding appropriate powers and scope for local authorities. The most extensive of these is the 1985 European Charter on Local Self-Government, which seeks to give concrete assurances of continued local decision-making authority in the context of regional integration and increasingly inter-dependent political and economic policy-making by EU countries.

Figure 4

International Norms on Local Self-Governance: Excerpts

The European Charter on Local Self-Government Adopted by the Council of Europe, Strasbourg, October 1985

Article 2 – Constitutional and legal foundation for local self-government

The principle of local self-government shall be recognized in domestic legislation, and where practicable in the constitution.

Article 3 – Concept of local self-government

1. Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.

2. This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.

Istanbul Declaration on Human Settlements: A Summary

Adopted at the Habitat II Conference, Istanbul, June 1996

Article 12.

We adopt the enabling strategy and the principles of partnership and participation as the most democratic and effective approach for the realization of our commitments. Recognizing local authorities as our closest partners, and as essential, in the implementation of the Habitat Agenda, we must, within the legal framework of each country, promote decentralization through democratic local authorities and work to strengthen their financial and institutional capacities in accordance with the conditions of countries, while ensuring their transparency, accountability and responsiveness to the needs of people, which are key requirements for Governments at all levels. We shall also increase our co-operation with parliamentarians, the private sector, labour unions and non-governmental and other civil society organizations with due respect for their autonomy. We shall also enhance the role of women and encourage socially and environmentally responsible corporate investment by the private sector.

Draft World Charter on Local Self-Government

International Union of Local Authorities, 25 May 1998

Article 3 – Concept of local self-government

1. Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.

2. This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them.

Article 10 – Participation of citizens and partnership

1. Local authorities shall be entitled to define appropriate forms of popular participation and civic engagement in decision-making and in fulfilment of their function of community leadership.
2. Local authorities shall be empowered to establish and develop partnerships with all actors of civil society, particularly non-governmental organizations and community-based organizations, and with the private sector and other interested stakeholders.

1.4 Sustainable Urban Development

■ *Building sustainable communities involves facilitating people's empowerment, encouraging co-operation, ensuring equity and access, and providing security.*

With these challenges in mind, the task is to find ways to build “sustainable” communities that are prosperous and vibrant. UNDP, in its 1996 *Human Development Report* defined sustainable development in terms of “protection of the life opportunities of future generations ... and ... the natural systems on which all life depends”. UNDP contends that economic growth alone does not lead to sustainable human development when measured by the Human Development Index, a composition of indicators on the quality of life and equitable access to resources.

How can sustainability be achieved? UNDP identifies five aspects of sustainability that directly relate to tasks of local governance in the twenty-first century. They are the following:

- *Empowerment.* The expansion of men and women's capabilities and choices increases their ability to exercise those choices free of hunger or deprivation. It also increases their opportunity to participate in, or endorse, decision-making affecting their lives.
- *Co-operation.* With a sense of belonging important for personal fulfilment, well-being, and a sense of purpose and meaning, human development is concerned with ways for allowing people to work together and interact.
- *Equity.* The expansion of capabilities and opportunities means more than income – it also means equity, such as an educational system to which everybody has access.
- *Sustainability.* The needs of this generation must be met without compromising the right of future generations to be free of poverty and deprivation and to exercise their basic capabilities.

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- *Security.* Particularly the security of livelihood. People need to be free from threats, such as disease or repression and from sudden harmful disruptions in their lives.

Undoubtedly, economic development will be critical for sustainability. Recent findings suggest that economic growth is often generated at the municipal rather than at the national level. The decisions of local policy-makers to facilitate long-term growth, for example through education and infrastructure investment, and the climate for enterprise development and promotion of the private sector are key to generating wealth in today's global economy. This new economic thinking implies the need to devolve to municipal entities the power to make and implement economic decisions. As discussed in Chapter Three, the thrust of many multilateral and international financial institutions is on decentralization as a prerequisite to promoting economic and social development.

E S S A Y

LOCAL GOVERNANCE AND DEMOCRACY IN THE TWENTY-FIRST CENTURY

Gerry Stoker

The heart of the task facing local democratic governance is how to reconcile two challenges. The first is how to ensure the continuing relevance and vibrancy of democratic local government in the context of a globalized world, in which the pressure for high service standards is considerable but willingness to pay higher taxes limited, and where faith in the mainstream instruments of representative democracy (professional politicians, parties, elections) would seem to be on the decline in many countries. The second is the emergence of a civil society of autonomous, self-organizing associations that limits the power of the state and provides an alternative base for both politics and the provision of services. The argument presented here is that the “local” provides a potential forum for a new reconciliation between state and civil society in theory and practice. However, to achieve this goal a different form and practice of local politics is demanded.

The first insight is that the “local” is a location where there is the capacity for great numbers of people to be actively involved in politics. Secondly, local politics and the need for local democracy can be justified on the grounds that it is only local institutions that have the capacity, interest, and detailed knowledge to oversee services and make decisions in tune with local conditions. In short, local democracy helps deliver effective accountability. Finally, the case for local democracy can be made by recognizing the sheer diversity of situations and needs between different localities. Local democracy enables us to cope with difference.

The forces of globalization do not undermine these classic arguments for local governance. There are factors beyond the control of any locality when it comes to the economy or the environment but the point is that these forces are not beyond influence. As the environmentalists put it “think global, act local”. The world is a big place but local action can make a difference.

The Core Characteristics of a Good System of Local Governance

Three essential elements are needed for good local governance: a system of local governance should have a capacity for *openness*, *deliberation*, and *integrated action*. These are not the only relevant values but they deserve the highest priority; they are essential in the search for a new legitimacy for local governance.

Openness

In a democratic system the participation of all is not required; rather its defining characteristic is its *openness* to all. Many people prefer to spend their time on non-politi-

cal activities. Some face social and economic constraints that limit their time for political activity. In this light the very ease of participation at the local level gives a particular value to local democracy. The crucial value for good governance is that the system is open, has low barriers to the expression of dissent, and limits the disadvantages of the poorly organized and resourced.

People have a right to participate. Democracy demands systems that can make that right a practical option. Citizens may well decide on reasonable grounds not to avail themselves of the opportunities to participate believing that their interests are already well protected or not threatened. The value of openness does not require or assume large-scale and continuous direct participation. It rests its case on the richness of democratic practice and the options for extending participation that are available. These options should operate without making overwhelming time demands and in a way that enhances the broad social representativeness of those involved.

There are exciting possibilities and developing new practices which take participation beyond the boundaries of traditional and formal representative democracy. Parties and the formal political institutions have a role but they cannot be relied upon or given exclusive roles as mobilizers and organizers of involvement. The presence of community groups, civil society organizations, and user forums, as well as opportunities for direct participation through citizen consultation, citizens' initiatives, referendums, and exchanges through information and new communication technology, all help define the openness of a system.

Deliberation

People are recognized as having the right and the opportunity to take part in local public life. Many of their interventions may be specific to the consumption of a particular service. Those interventions should be expected to be short-term, of low cost to the individual, and to bring forth a rapid response from the appropriate service organization. They are likely to deal with a matter of direct material interest to the person. This is not to say that the outcome of the exchange will always lead to "customer" satisfaction – resource and policy constraints may intervene – but the process should be straightforward and relatively low in its demand of time and effort. However to see local government as a site for political activity requires opportunities for a deeper more sustained level of public intervention and debate. Good local governance requires opportunities for *deliberation* in addition to the general quality of openness.

This concern with deliberation can be seen as a strong theme in communitarian visions of the virtues of local government and democracy. The trouble with liberalism, so some communitarian critics argue, is that it only encourages a thin democracy based around self-interested bargaining. From a communitarian perspective what is required instead is a politics of the common good in which neighbours look for common solutions to their problems. Judgement requires the sharing of experiences and the give-and-take of collective deliberation. Political institutions must be designed to enable citizens to relate to each other as deliberators and not as bargainers engaged

in exchange. Local political institutions with their accessibility to communities would seem well-equipped in principle for this task.

Civic leadership needs a commitment to deliberative politics to check the tendency for it to collapse into the creation of a narrow regime of public and private actors fulfilling their own agenda and their own self-interest with little regard to the wider concerns of the community. The spirit of deliberation requires that some consideration is given to drawing in a broader spectrum of the public into deliberative settings.

Public meetings, forums for the young or the elderly, and neighbourhood assemblies could provide appropriate instruments. Each of these instruments suffers from a number of drawbacks in terms of the spread and range of responses they are likely to obtain from citizens. Multi-choice referendums – accompanied by an organized debate – provide another option. A further option is to adapt the jury system for consideration of policy issues. In several countries experiments have been undertaken in which a sample of inhabitants have been drawn together and exempted from their normal work. They have been asked to make recommendations about a variety of issues with full access to expert advice, data, and administrative support. The great attraction of the last two options is that those who are not normally activists are likely to be drawn into deliberative processes.

A Capacity to Act

Openness and deliberation are to be valued but they lose their lustre in a system that lacks the capacity for effective action. Good local governance requires the *capacity to act*.

Effective bureaucracy and professional expertise will continue to be central to good local governance. The management context may vary and the particular organizational forms may change but a large part of the daily work of government is going to be undertaken by full-time professionals, administrators, and other employees. From the point of view of the citizen there are many advantages in letting these people get on with their complex variety of tasks. The issue is rather how to check the classic faults that emerge in all organizational systems of service delivery: insensitivity, rigidity, and lack of responsiveness. Many “customers” will be satisfied but mechanisms are necessary to allow those that are dissatisfied to make themselves known. Reform programmes to provide a challenge and check complacency are essential.

Yet the capacity to act is about more than meeting service delivery objectives, important as they are. If the “great” issues of poverty, economic renewal, unemployment, environmental decay, and crime – for example – are to be tackled, what is required is the blending of the resources of government with those of non-governmental actors from civil society. Some use the term “enabling” to capture this important task. Others talk of government being “reinvented” and having a catalytic role. The interdependence of governmental and non-governmental forces in meeting economic and social challenges focuses attention upon the problem of co-operation and

co-ordination both within government and between government and non-governmental actors.

One response to the problem of co-ordination would be to set up an agency to impose order and coerce others to go along with its policy goals. Co-ordination in this sense becomes a form of power. People are co-ordinated by being told what to do within a hierarchical frame of reference. An alternative approach and the one advocated here would be co-ordination through networks. Co-operation is obtained, and subsequently sustained, through the establishment of relations premised on solidarity, loyalty, trust, and reciprocity rather than through hierarchy. Under the network model, organizations learn to co-operate by recognizing their mutual dependency; through discussion, negotiation, and open communication; and by the development of shared knowledge and experience. The outcome of successful networking is a long-term commitment to one another and shared goals.

The Search for a New Legitimacy

Given the growing signs that the mainstream instruments of representative democracy are on the decline in terms of their capacity to engage the public and generate trust in government decisions, there is a great need for a renewal of representative democracy through more participatory openings and opportunities. The local polity provides a viable and attractive forum for such developments.

Governance in the twenty-first century needs to recognize the limits to state action and the power and vibrancy that rest in wider civil society. Effective service provision and the tackling of major critical issues such as economic development or environmental protection demand the engagement and active involvement of civic society. The institutions of local government will need to have the capacity to create, enable, and encourage.

The authority vested in the state and exercised through local governance still has a role to play. The renewal of democratic governance is about ensuring the legitimacy of that authority when it is exercised. The local polity provides an appropriate and potentially powerful forum to achieve a new political settlement between state and civil society. To achieve that settlement local governance needs to change the way it works, which means that its political and bureaucratic managers need to change the way they think. Democratic theory can point the way to new directions. Practical politicians and officials are needed to show us how to get there.

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