

# Innovations in Governance



A Report on the Proceedings of the First Arab  
Regional Forum on Innovations in Governance

November 13 - 14, 2006

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## Opening Message from the Dubai School of Government

**A**s Arab states struggle to keep pace with the challenges and opportunities presented by globalization, there is a growing realization of the need for public sector reform and good governance. In many Arab countries, efforts are being made to restructure institutions, to encourage the private sector to play a role in service provision, and to decentralize power so that local authorities can operate with more autonomy. Public officials are becoming more accountable to their constituencies, and access to information is becoming more transparent. It is hoped that basic reforms in these areas will initiate a political culture of participation and openness – a culture in which government and citizens alike can thrive.



To this end, the pursuit of innovative approaches to governance is increasingly important. The concept of innovations in governance refers to the development and application of new, creative methods in public administration and the application of public value principles to public service delivery. For Arab governments in particular, the move to create innovative policies and procedures reflects the growing consensus that public sector institutions must accommodate the needs and expectations of citizens, serving them in a more efficient and effective manner.

The participation of a number of Arab governments in the First Arab Regional Forum on Innovations in Governance signifies the commitment of the region's political leadership to positive change in public administration. The forum provided a platform for regional policymakers to describe the positive outcomes to their efforts to innovate select governmental procedures. It also gave participants the opportunity to exchange experiences, discuss shared challenges and develop new ideas for encouraging innovation. In addition, the forum highlighted innovations from across Europe, the United States, Latin America and Asia, allowing participants to explore their relevance to the specific challenges faced by Arab countries.

The forum was organized around the core issues of institutional and organizational restructuring, public-private cooperation in the co-production of governance, participation and accountability, and decentralization. Presentations covered government innovations in these areas at the policy, institutional and grassroots levels. Discussions during the forum highlighted the importance of these core issues to modern government and public administration, emphasizing the increasingly important role of non-state actors in emerging public administration strategies. Notably, participants concluded that the growing role of the private sector and non-governmental organizations in public administration does not reduce the role of government. Rather, in its transformed role, government plays an important role as regulator and facilitator of progressive change.

The success of the forum is best measured in relation to the objectives for which it was organized. In this respect, the exchange of lessons from successful experiences with innovations and the analysis of both challenges and opportunities within the Arab public sector were beneficial to participants. The presentation of Arab experiences with innovations in governance, as well as the caliber and level of Arab representation at the forum, helped strengthen regional efforts to bring innovation into the Arab public sector. To this end, the forum also witnessed the establishment of a network of innovators committed to working together to bolster innovations in governance in the Arab world and to generating public value at the regional and national level.

The proposed biannual gathering of this network of Arab innovators within the context of the Arab Regional Forum on Innovations in Governance will allow us to build upon developing synergies between Arab innovators and work towards more effective, comprehensive innovations in the future. The continued support of our partners at the Ash Institute for Democratic Governance and Innovation at Harvard University's Kennedy School of Government has proven and will continue to be invaluable in this regard.

The evolving role of government, particularly in the context of globalization and the rapid evolution of Arab social, economic and political conditions, places new responsibilities on and poses additional challenges to Arab policymakers and government officials. Government must rise to the challenge in an innovative and constructive manner. The sharing of lessons from experiences with innovative changes is one of the most constructive means by which greater efficiency and effectiveness can be achieved in the delivery of public goods and services. The Dubai School of Government is committed to the dissemination of knowledge relevant to public sector management and good governance at the regional level. This forum is but one in a series of steps that the school is taking to inform and support government leaders in the Arab world.

**Tarik Yousef**

Dean

Dubai School of Government



# Opening Message from the Ash Institute for Democratic Governance & Innovation

Government is in crisis. It has failed to meet its citizens' needs and is perceived to be incompetent, bureaucratic, irresponsive, and stifled with red tape. Widespread cynicism about government has resulted in a loss of public trust in its institutions. Taxpayers are revolting against out-of-control costs. As a result, government has been under attack from both ends of the ideological spectrum. Conservatives want to rein in the escalating costs of the government by cutting back on welfare and the redistribution of wealth. Liberals and progressives are against higher taxes but are opposed to any cuts that would reduce welfare or the quality of public services. Financial constraints will not go away; government will have to do more for less and work smartly.



With the very legitimacy of government in question, there has been an enormous compulsion to “reinvent government”-to make government innovative, problem-solving, responsive to citizens and cost effective. The crisis of government has produced a re-conceptualization of government. Even though the purpose of government remains the same, the manner of and mechanisms for the delivery of governance have changed vastly. Governance of society is no longer the sole responsibility of the government. Governance is jointly produced by government, the market, and civil society, a structure variously described as tripartite governance, trilateral governance, conjoined governance, co-produced governance, or as a network of capabilities. The challenge for us as scholars, policymakers and stakeholders is to find mechanisms and develop institutions that will enable the three sectors to work together to deliver governance. This conceptual shift - from government to governance - has freed us from traditional intellectual constraints and helped to make government more flexible and entrepreneurial.

In this new paradigm, governments have moved from being operational agents to being regulatory agents: services are now delivered by comparative advantage. Innovators have ended the government monopoly on service provision and are encouraging competition. These reformers conceive of government as citizen-centric, emphasizing customer service. In addition, the extensive use of information and communication technologies has raised standards of efficiency and transparency. Governments are now expected to be cost effective and to create public value. However, it is important to emphasize that this re-conceptualization has not changed the purposes of government. What has changed is the way governance is delivered.

Why has innovation become so important? First, innovation addresses real problems and makes a genuine difference to the quality of citizens' lives. Innovations are piecemeal; they do not wait for systems change. Second, innovations do not come with any ideological baggage. Unlike structural adjustment reforms that were intended to strengthen and open the market, innovations tend to be exempt from any overarching ideology. Third, innovation is adapted or developed locally. Because innovations are home grown, they enjoy legitimacy, they are not suspect, and acceptance by stakeholders is more likely.

This is not to say that the discourse on innovations is without its shortcomings. In the first place it does not adequately address the concerns of developing countries. Much of the impetus for innovations has come from developed countries with established democratic institutions, processes, rule of law, transparent decision-making and accountability. These cannot be taken for granted in developing countries.

Second, as governance becomes more diffused and responsibilities dispersed, institutional accountability and oversight weakens. In developing countries, in the absence of rule of law, transparent decision making and strong institutions, there is a need to exercise caution. Greater focus has to be given to institutional accountability, efficiency and cost reduction.

Third, government must by necessity whittle down excessive bureaucracy and streamline its operational role. However, it is equally important to make sure that it does not lose its operational capacity. Otherwise, there is the danger of, as is well known to the students of development, path dependency.

Finally, it is important to reiterate that a central role of government is to act as the guarantor of social justice. Market practice can obscure this principle role of government. Safeguard mechanisms have to be in place to ensure that the weak and vulnerable are not further marginalized by innovations.

This is the background that provided the impetus for the Ash Institute's Innovations in Government Awards. The culture of government is against change: the focus of public administration and management is accountability and the prevention of resource abuse. In the twenty years the Innovations in American Government awards have been in existence, we have learned that - despite government's penchant for resistance of change - public servants are remarkably innovative. What started as a small joint program by the Kennedy School of Government and the Ford Foundation has now spread around the world, and innovation has caught the imagination of public servants and citizens alike.

**Gowher Rizvi**

Director

Ash Institute for Democratic Governance and Innovation





## Lessons Learned

The Arab Regional Forum on Innovations in Governance was designed to provide a platform for interactive dialogue between practitioners, scholars and policymakers to learn and build knowledge through a mutual exchange of experience and ideas. The material that follows was developed from that dialogue. Forum participants and presenters came together from over 20 countries, bringing unique perspectives on issues they have faced as government officials, academics and civil society representatives in regard to developing and implementing innovations in governmental policies and procedures. The forum provided participants the opportunity to assess the relevance of innovations, as well as discussing the cultural, economic and political barriers to their implementation.

Lessons learned from the conference centered on the key areas of:

- Institutional and organizational restructuring
- Public-private collaboration of government, civil society and the private sector
- Civic participation and accountability
- Decentralization, devolution, and local governance
- Engaging youth in civic participation

Participants discussed how globalization has created increasingly complex service problems and how governments need new tools with which to solve them. Crises, whether caused by natural disasters, budget shortfalls, corruption, political change or global competition, can be obstacles to change, but they often provide fertile ground for innovation. In fact, many of the innovations presented during the forum were immediate responses to crises. In one example, a budget crisis provided local officials with an opportunity to increase competition for city services, which resulted in improved services at a reduced cost. In a second example, city inspectors formed a partnership with tenants and neighborhood organizations to improve housing conditions. In another case, a governor fought high unemployment and pervasive corruption by establishing local citizens' councils that prioritized citizen needs, resulting in improved public education and health services, as well as a reduction in corruption.

Innovators also discussed the importance of tapping into the desire of public servants to work in new ways to serve the public good. Successful innovations often depend on public servants' creativity and commitment to bettering the lives of the people they serve. Participants showed how dynamic and creative public servants can be and how they can become agents of positive change.

The importance of organizational culture in a government entity cannot be overstated. Participants acknowledged that resistance to change is often powerful, but institutional inertia can be overcome by changing civil servant incentive structures, targeting them in a way that encourages innovation. Where stovepipes are the norm, it is necessary to create cross-agency networks to communicate results and to share lessons learned. Where an organization is risk-adverse, it is important to create an enabling

environment that supports risk-taking. In this regard, award programs, both monetary and non-monetary, have been found to spur innovation, and are being used successfully in many countries. Strong ethical codes, determined leadership, competitive wages and stringent punishments for corruption can also help transform the behavior of civil servants.

Participants emphasized the importance of reducing red tape as well as legal and regulatory barriers. They also discussed minimizing the legacy of government structures opposed to concepts such as bond-financing, tripartite government, outsourcing and public-private partnerships. These can be minimized through communication programs and stakeholder involvement. Where civil society is weak, it may be necessary to support the development of civil society organizations around key issues.

Power struggles within and across organizations were identified as key problems that thwart innovation. These power struggles are often based on a fear of losing authority, competing interests, disagreements among political actors, and resistance from stakeholder groups such as employee unions. Participants considered power struggles one of the most difficult obstacles to overcome. However, they agreed that a champion of innovation with a strong political will, who encourages civil society to support innovation, offers a chance for success. Similarly, innovations begun from the grassroots often cut through power struggles.

Attendees agreed that a lack of resources, such as trained manpower or state-of-the-art technologies, can be a barrier; nonetheless, innovators in many countries have found creative ways to eliminate this barrier. For example, when the lack of landline telecommunications systems hinders internet access, service delivery kiosks or cell phone technologies can be used to replace the more traditional, but capital-intensive systems. Innovators also have looked to non-traditional sources of funding. Many are encouraging stakeholders to fund solutions, or are charging fees for services delivered. Bond issues were also discussed as a means to fund basic services, such as water and electricity.

Methodologies developed in the private sector, such as competition in service delivery, activity-based costing, customer-centric approaches and process redesign, also provide results in the public sector. Publicizing early successes at the start of an innovation provides a clear picture to others of expected benefits. Success inspires support, minimizes resistance to change and encourages replication.

Finally, participants agreed on the importance of shifting the leadership paradigm. Institutional structures must change from centralized, autocratic structures to ones that rely on empowerment, inspiration, integrity, commitment and vision-driven improvements.



# PANEL I : INSTITUTIONAL AND ORGANIZATIONAL RESTRUCTURING

## **Institutional and Organizational Restructuring: Setting the Context**

Diana Goldsworthy

In the industrialized world over the last few decades, innovators have struggled with government bureaucracies that have grown too large and too intrusive, scrutinizing what were-and were not-the proper functions of government. Innovators have examined policymaking and regulatory and service delivery functions with the aim of improving economy, efficiency and effectiveness of government. They have developed the means to reduce bloated bureaucracies, eliminate unnecessary functions, and shed activities that the private sector can do more efficiently and cheaply. Learning from the private sector, government actors have created structures designed to produce results, rather than just managing the process of service delivery.

In considering new methods for streamlining government, there has been much discussion about practices that have worked and those that have not. Some innovations, such as the executive agency concept and results-based budgeting, have taken root, while others have dissipated. As reformers in developing and emerging economy countries can attest, even the most promising ideas only function when they are adapted to fit specific political, economic and social contexts.

Government accountability and transparency are among the most pressing concerns for reformers today. Good government is a global issue as never before, and governments are under constant scrutiny. France, South Africa and Britain reveal the most about their budgets, while Nigeria, Egypt and Vietnam remain among the most closed. Russia, China and India are at the bottom of Transparency International's "bribe payers index." Such information influences international investors, who will put their money into countries with 'good' government if they can.

To succeed in the global economy, countries must ensure their government institutions are fit for purpose. Government must be intelligent, fast and flexible, able to look ahead and transition in good time. They must constantly guard against:

(1) The public sector's tendency to institutional proliferation:

When institutions do not succeed, bureaucracies tend to create new institutions without demolishing non-functioning ones. A robust cost-benefit analysis process must be rigorously enforced to curb this.

(2) Mistaking new processes for better results:

Governments are particularly prone to falling into this trap in the field of "e-government" where it is too easy to forget that technological penetration is lowest amongst the poorest and most vulnerable citizens.

It is essential for innovators to remember that what constitutes good government is not set in stone, but must continuously reflect the society that it serves. Good government is defined by citizens, not by governments.

### **The Agency Model, Dubai, United Arab Emirates**

Abdul Mohsin Ibrahim Younis

With the long-term goal of becoming a city of choice to live and work, the municipality of Dubai resolved to improve its policy making procedures and increase the efficiency, accountability and performance of its institutions. At the center of Dubai's reform effort is the augmentation of the Executive Council's leadership role so as to provide additional support for policy development and strategic planning.

Innovators have developed the Dubai agency model, which will restructure the policymaking framework for the Dubai government and improve the standards and efficiency of service delivery in the emirate. The Dubai agency model framework consists of four principle agents, including policymaking authorities, executive agencies, government corporations and independent bodies.

Once the model is fully implemented, policymaking authorities will be associated with every core government function. Headed by an Executive Council member and funded by the government, these policymaking authorities develop and implement more effective policies within their assigned fields. They must identify current problems and pinpoint future opportunities and challenges. They are also responsible for the development and communication of strategies designed to meet new scenarios, as well as monitoring and adjusting these strategies throughout the implementation process.

The executive agencies are responsible for delivering core government services identified by the policymaking authorities. These agencies are headed by executive officers reporting to an Executive Council member.





These officers enjoy a significant degree of autonomy and independence in return for delivering high-caliber measured to rigorous standards. The individual agency's relationship with the parent policy authority is contractual rather than hierarchical. In turn, they may contract with either private-sector companies or with new or existing government agencies to help deliver services. If appropriate, fees may be charged for services.

Government corporations, including government-owned commercial and trading enterprises, compete with the private sector to deliver services to the executive agencies. These agencies are wholly funded by commercial activities, and are headed by an executive officer reporting to an independent board of governors.

The framework also provides for independent review bodies that provide scrutiny to government activities and service delivery, as well as other independent functions. They are headed by a director reporting directly to the Ruler of Dubai and are funded by protected public budgets.

Implementing the changes called for by the Dubai agency model will result in a step change in the way government performs. First, the institutional framework will be more transparent and accountable, with role and responsibilities of agencies more clearly defined. Second, policy authorities and agencies will be custom-built for the jobs they do. Thus, systems and procedures will be designed primarily to achieve better results for the customer. This will end the "one-size-fits-all" administrative system that hampers innovation and business development. Third, the system is designed to increase the freedom of managers while providing greater accountability for delivering results. This creates a dynamic working environment for energetic and talented public servants.

Another benefit of the Dubai agency model is improved value for money through cost reduction and increased efficiency. Perhaps more importantly, the implementation of this model will bring about a fundamental shift in that makes public administration in Dubai customer-focused. It is intended to secure Dubai's place alongside the world's best governmental models in this regard. It should be noted that the agency model has been successfully adopted in Singapore, Hong Kong and New Zealand.

Because the Dubai municipality is attempting to foster a new organizational culture, it has taken time for government agencies to understand fully how the agency model's new methodologies will be implemented. The timeline for implementation of the model is extremely aggressive; therefore, early difficulties in adjusting the model to the Dubai context have been dealt with efficiently.

One policymaking authority, the Roads and Transport Authority (RTA), already has been established. Under the RTA, there are currently four service agencies. Agreements between the authority and these agencies



have been developed and will be signed shortly. The RTA now has its own well-defined strategy and charter. Furthermore, these methodological innovations have not hampered existing transportation projects. On the contrary, the implementation on the model has generated new momentum in the area of transportation.

### **Competition and Costing, Indianapolis, Indiana, United States**

Stephen Goldsmith

In Indianapolis, the twelfth-largest city in the United States, Mayor Stephen Goldsmith's administration contended with two administrative challenges: improving services and lowering, or at least stabilizing, taxes. To meet these goals efficiently and with minimal disruption of service delivery, municipal innovators had to choose between privatization and the bidding of public agencies against private firms for the provision of publicly-funded services.

Rather than simply encouraging privatization, the city government focused its goals on marketization. The first step to increasing the competitiveness of the public sector was to find out how much a given service would cost to perform in-house. Any reasonable evaluation of competitive bids depended on the ability of the government's own workers to estimate the costs involved in their projects. In the spring of 1992, the municipality instituted a process called activity-based costing. For every identifiable activity of government, civil servants determined the associated costs of its implementation. The process used private-sector definitions of depreciation and included all the costs of idle equipment, building space and other fixed costs.

There were benefits to the costing process wholly independent of improved competition. Because every dime of government spending was allocated to an outcome, managers scrambled to reduce waste and overhead. It was competition that caused managers to take the activity-based costing process seriously and use the new information at their disposal to make prudent choices about service delivery. Thus, innovators were able to empower the workforce and inject competition that enhanced the quality and quantity of public goods.





If marketization is structured properly, it can also provide business opportunities for citizens, especially residents of poorer urban neighborhoods. Under the previous system, the government taxed residents in poor neighborhoods, accumulated their limited wealth, and then used that wealth to hire workers from outside these neighborhoods to provide services. By generating competition in the delivery of services, municipal governments can provide opportunities for business development, as neighborhood groups can bid to perform their own services and use the revenue stream to leverage other possible business opportunities.

Innovators in Indianapolis did meet with entrenched resistance from members of the government with vested interests in the status quo. It had taken decades for government to integrate itself vertically into performing services that might best be performed by networks of private and nonprofit organizations, and many who had benefited from this structure were resistant to the proposed changes.



By May 1994, through its Office of Enterprise Development, acting at the behest of the Service Efficiency and Lower Taxes for Indianapolis Commission, the city had scrutinized some 70 individual activities of city government, deciding whether to reorganize, compete or privatize each activity. The Office of Enterprise Development estimated a budget savings of US\$27 million for the 1994 fiscal year, with a cumulative savings between 1992 and 1994 approaching half a billion dollars. Between 1992 and 1994, the city reduced its payroll from 5,400 employees to 3,900 employees, primarily by not filling positions that became vacant. No union members were laid off. Indianapolis also enjoyed significant increases in public employee and citizen satisfaction, as well as increased quality in service provision. To the extent that marketization reduced the size and cost of government, it left more money for families to spend for themselves. It moved services into the marketplace, which can be the most equitable way to approach city service delivery.<sup>1</sup>

### **From Bureaucracy to Networked Governance, Vehicle Registration Agency, Netherlands**

Johan Hakkenberg

The Dutch Vehicle Registration Authority manages the registrations of 8 million active vehicles and 9 million drivers' licenses. Civil servants at the authority process 127 million police consultations, supervise 6.2 million periodic inspections, and deliver 48,000 exemptions for special transports each year. They also perform 775 random inspections and answer 4,000 telephone and mail inquiries daily. The information they collect is essential not only to the Vehicle Registration Authority itself, but to the police and tax agents. Therefore, the Vehicle Registration Authority needed a central database to collect information on a vehicle's ownership, appearance and status. Offering registration data in one place would minimize redundancy and inefficiency. With the objectives of simplicity, low cost and customer satisfaction, innovators building the new database at the Vehicle Registration Authority resolved to use as much of the existing infrastructure as possible in

<sup>1</sup> Metiriels adapted from: Husock, Howard(1995) "Organizing Competition in Indianapolis: Mayor Stephen Goldsmith and the Quest for Lower Costs (A), (B), and (Sequel)," prepared for Assistant Professor Linda Kaboolian and Professor Mark More.Programs on Innovations in State and Local Government, John F.Kennedy School of Government, Harvard University. Funding was provided by Ford Foundation.

order to optimize channels for information exchange. Capitalizing on established registration networks in the post office system, they made it possible for vehicle owners to register online or at their garages and dealerships as well. Car dealers can now handle the registrations of vehicles on behalf of their clients making the process of buying a car much more convenient for the consumer.

Maintaining control of the database consolidation process was also a primary goal. The Vehicle Registration Authority worked in tandem with other organizations, including the police and tax and judicial authorities, to develop this centralized database. Innovators took into account the preferences of customers by establishing the Council of Users to give input on the authority's services. Civil servants also benchmarked their own performance in comparison with several other organizations in Europe and in the public sector of the Netherlands.

There are several essential points that must be taken into account when implementing this kind of innovation. First, officials must listen to their customers. Second, they must develop and institutionalize technical knowledge. Third, they must ensure organizational commitment to the project. Fourth, management of projects must be transparent, clear and organized; managers must develop both their employees and their organizations. Finally, innovators must stimulate controllable improvements.

The results of the innovations at the Vehicle Registration Authority met civil servants' expectations: the tax, justice, and police departments were all satisfied with the quality of the new database. The database has made it possible to register vehicles at many locations and on the internet. It has also eliminated many costs, saving the Vehicle Registration Authority an estimated 40 million Euro a year. Future challenges include implementing new policies and technologies, a changing regulatory environment and the potential for e-enforcement of penalties, fines and environmental regulations.







## Speaker Bios

**Diana Goldsworthy**, CBE, is an internationally-recognized expert in public service management. She has assisted individual governments, bilateral donors and international organizations. Before beginning her freelance career, Goldsworthy was a career civil servant in the United Kingdom Cabinet Office, where she played a leading role in implementing some of the government's major reforms. She has undertaken projects in many countries throughout the Arab world, Africa, the Balkans, and South and Central Asia. She is working currently on Jordan, Dubai and India, and focuses on the establishment of executive agencies, service delivery improvement, institutional streamlining, modernization of human resources management and cabinet office strengthening. Goldsworthy was honored in 1994 for her work on civil service reform.

**Abdul Mohsin Ibrahim Younis** is the chief executive officer of strategy and corporate governance at the Roads and Transport Authority of Dubai. Since November 2005, Younis has overseen strategic planning, performance and process management, business excellence, commercial and investment operations as well as audit and risk assessment across all of RTA's businesses. This includes responsibility for implementing the Dubai agency model within RTA. Before moving to RTA, Younis started his career at Dubai Municipality as a transportation planner in 1993 where he participated in designing and modeling Dubai's strategic transportation plan. He became head of the Follow-up and Development Office of the Roads and General Projects Sector in 2000.

**Stephen Goldsmith** is the Daniel Paul professor of government and the director of the Innovations in American Government Program at Harvard University's Kennedy School of Government. He is also the chair of the Corporation for National and Community Service. He previously served two terms as mayor of Indianapolis, Indiana. Goldsmith was the chief domestic policy advisor to the George Bush presidential campaign in 2000 and served as a district attorney for Marion County, Indiana, from 1979 to 1990. He is the author of *Governing by Network: The New Shape of the Public Sector*; *Putting Faith in Neighborhoods: Making Cities Work through Grassroots Citizenship*; and *The Twenty-First Century City: Resurrecting Urban America*.

**Johan Hakkenberg** is the chief executive officer of the Department of Road Transport, the Dutch national vehicle authority responsible for the safety inspection and environmental regulation of the Netherlands' vehicles. In addition to his government work, Hakkenberg is also the chairman of the De Arkduif Foundation, the Benchmark Group, and the Manifest Group, and a member of the Audit Committee of the Ministry of Public Housing and Environment. Before becoming head of the Department of Road Transport, he was appointed director of finance and economics at the Ministry of Transport. He also acted as an economic advisor for the Ministry of Transport, Public Works and Water Management from 1986 to 1989.

## PANEL II: PUBLIC-PRIVATE COLLABORATION: CO-PRODUCTION OF GOVERNANCE

### **Partnership to Improve Enforcement, Los Angeles Housing Department, California United States**

Domingo Saucedo

Conflict characterizes building inspection and code enforcement in most municipalities, with inspectors, tenants and building owners locked in disagreement with one another. In Los Angeles, after a 1997 blue ribbon commission found widespread, serious inadequacies in the city's rental housing and housing inspection routines, the Los Angeles Housing Department undertook a new approach to systematic code enforcement. By improving inspection implementation, the Housing Department hoped to ensure that the city's 760,000 rental units were safe and habitable.

In 1998, the Los Angeles Housing Department launched the Systematic Code Enforcement Program with the goal of institutionalizing rental housing inspections. Rather than pursuing bad actors in response to tenant complaints, the municipal housing department began a system of regular inspections of every rental unit in Los Angeles every five years. The city now works closely with tenants, neighborhood organizations and landlords on a system to solve problems cooperatively and proactively, rather than simply catching offenders. Since the launch of the Systematic Code Enforcement Program, 95 percent of the city's multi-family housing stock has been inspected and more than 1.5 million violations have been corrected. The Housing Department estimates that Los Angeles landlords have invested US\$1.3 billion in upgrades. The program also includes a low-interest loan program offered by the city to small-property landlords to assist in these repairs.

The most substantial challenge to the enforcement program came from apartment owners. Owners' organizations sued the city twice to stop the implementation of the Systematic Code Enforcement Program. While the City of Los Angeles eventually won the right to continue with the program, during the three years that the program spent in litigation, the Enforcement Program was unable to raise fees or hire new people for fear that the program would have to be cut.





The second challenge was one of jurisdiction. In conducting its inspections, the Housing Department has the right to enter every rental unit, not just common areas. Inspectors found many violations that came under the auspices of the Health, Fire and Social Services Departments. These other departments argued that, with the Housing Department's new, more aggressive inspection program, inspectors were encroaching on their territories. After the Health Department voiced concern that housing citations included health code violations, the Los Angeles Housing Department offered to refer all complaints involving health issues to the Health Department, which averaged around 2,000 violations per week. Once these departments recognized the sheer volume of the citations involved - once they saw that around 80 percent of landlords address health and fire safety concerns after one citation, and another 15 percent conduct repairs after follow-up letters - they agreed to allow the Housing Department to limit its referrals to the remaining 5 percent of noncompliant landlords.

The US\$21.5 million program employs more than 140 inspectors and compliance officers in the field who work out of the municipal headquarters and four regional offices. Besides the regular, scheduled inspections, the Systematic Code Enforcement Program responds to complaints within 72 hours and aims to resolve those complaints within 120 days. This target has been achieved more than 80 percent of the time. Recent additional initiatives include a focus on single-room-occupancy hotels, an examination of enforcement of the city's rent stabilization ordinance and a new program for working with elderly building owners to bring properties up to standards. This program received an award from the Fannie Mae Foundation in Innovations in Affordable Housing.

### **State Bonds for Economic Development, Quintana Roo, Mexico**

Omar Giacomani

Quintana Roo is home to world-class resorts and is one of Mexico's primary tourist destinations. However, less than 20 percent of the state's million residents benefit from the tourism industry. There is also a large indigenous population, many of whom have only two or three years of formal education. Many of the residents who live in the state's 1,000-plus small communities make their living from subsistence farming. Quintana Roo realized it had to diversify its economy and improve the education of its people; however, it did not have the tax base to support this development. It also had a weak financial management system due to the mishandling of funds by previous governments. Given this scenario, it was virtually impossible to provide funding for the infrastructure and small business development so vital to the state's growth.

Quintana Roo elected to participate in a pilot program sponsored by the United States Agency for Development (USAID) and Evensen Dodge International (EDI), under which the state received financial advisory assistance from EDI, a US-based financial consulting firm that facilitates capital market borrowing. USAID supported an initial phase of advisory work, which determined the state's financial position, developed its capital plan, and proposed a means by which the state could best achieve its capital goals.

With the assistance of EDI, Quintana Roo implemented the first municipal pooled-investment fund facility in Mexico. This allowed Quintana Roo to concentrate investment of revenue streams and funds that had been dispersed among different programs, units and public corporations in the state. Similarly, the state implemented the first public-private partnership program incubator facility in Mexico, a pooled-financing facility for public and private firms to obtain financing from the capital markets for infrastructure development purposes. Through this facility, Quintana Roo has refinanced its current debt and generated a savings of US\$50 million, which is being used for infrastructure development.

Public-private collaboration is a new concept in Mexico. There have been attempts at such partnership in the past, but the private sector, not the people of Mexico, benefited from these attempts. Quintana Roo's innovators had to overcome biases due to these past experiences. In addition, the state's antiquated legal framework did not allow creative financing options. Finally, reformers had to work with multinationals, who charged the state higher interest rates than could have been achieved through private sector financing.

The results have exceeded expectations. The Quintana Roo Fund has achieved a daily investment average equivalent to US\$100 million. This innovative model is providing financial gains to the state government in an amount equivalent to that collected through some of the state's most significant taxes. Quintana Roo now has the best sub-national credit rating in Mexico, according to the Fitch Rating System. In addition, the state's innovations in investment fund management brought about legal framework reform, financing for Quintana Roo's current debt load, and savings that are being reinvested in infrastructure development.

On October 5, 2006, the Quintana Roo State Legislature unanimously approved the creation of the Instituto para el Desarrollo y Financiamiento de Quintana Roo, an innovative financing structure similar to a US state bond bank. This vehicle is the first of its kind in Mexico and Latin America, and will permit the state and its underlying municipalities to access capital market financing at preferred interest rates. The state plans to use this structure to borrow nearly US\$100 million by the end of the year, which will be applied to the development





of new public and private partnerships in order to attract investment to the state. Innovators believe these partnerships will allow Quintana Roo's administrators to create new jobs and diversify the state's economy. One example is the Grand Port of Quintana Roo, which is expected to attract investment of nearly US\$500 million

### **Outsourcing Services, Ten Boer, Holland**

Harry ter Braak

The Dutch government requires that its municipalities deliver a range of high quality services, including issuing passports and a wide range of permits; providing subsidies for education, culture and activities concerning well-being in society; and delivering public utilities, sanitation, physical planning, environmental care and transportation services. Two years ago, Ten Boer, a small town with nine villages and 7,000 inhabitants, evaluated its future capacity to meet service standards and development challenges. Facing a planned town expansion, including a new shopping center and several hundred new residences, Ten Boer's government concluded that it would be unable to keep pace with new demands on its service capacity with its existing staff of 60 employees. Faced with the inevitability of compromised quality, Ten Boer was forced to find new strategies to provide its citizens with quality services.

Villages and cities in Holland often cooperate with one another to deliver services. This cooperation makes each town less dependent on individual employees and often leads to higher quality services. In the case of Ten Boer, the town researched the possibility of consolidating with a neighboring town but was unable to find a suitable partner. To avoid the looming services crisis, the town arrived at a unique solution. Ten Boer decided to "sell" its 60 town employees to the neighboring city of Groningen, which had a municipal government of 3,000 employees and a population of 180,000 people. The towns have agreed to a contract wherein all Ten Boer municipal services will be outsourced to Groningen while Ten Boer's employees work under Groningen's administrative structure. While some municipalities in Holland have considered limited cooperation, this is the first case in which all of one town's jobs have been contracted to another city.

In a big city like Groningen, the 60 Ten Boer employees and their projects are only a small part of the total administrative machine, and many of their Groningen colleagues will never work on Ten Boer-related projects. Cooperation between two such substantially different organizations, however, can be difficult. Perhaps the most emotional (but not the most difficult) challenge in the changeover process has been finding fitting jobs in Groningen for the Ten Boer employees. Many Groningen employees remain uninterested in the changeover of administrative power from Ten Boer to Groningen. The project has been in the works for over a year and a half, but most Groningen municipal employees have not yet been affected by it. During the transferal process, innovators have needed to clarify the strategic advantages to Groningen arising from partnership with Ten Boer.

Other problems have arisen in developing a governing philosophy to clarify who was responsible for what. The government of Ten Boer still exists and has a few of its own employees (for contracting and "stage



management”); these remaining Ten Boer employees will manage the policy development and contracting of Groningen activities. Information and communication technology have also presented some technical obstacles to the transfer.

Another substantial challenge has been that the knowledge and experience of Ten Boer’s government employees were not sufficient to meet the challenges of the changeover process. Consultants were hired to strategize for Ten Boer and are responsible for the development of many changeover strategies.

Innovators have run some simulations to identify problems that Ten Boer may face after the transition. The priorities of Ten Boer and Groningen governments are not the same, and it may be difficult for Ten Boer’s government to get what it wants. While innovators have found some solutions to this challenge, it could still become a problem. The contract between the two municipalities has been completed, and the two governments have been working hard to refine a system of accountability and settlement. However, the more meticulous provisions become, the more conflict could arise between the two municipalities. Civil servants in both governments have decided to generalize accountability regulations so that they can, to some extent, avoid arguments.

Experiments in the public domain require a lot of courage from politicians because inhabitants often do not anticipate the challenges involved in such a change; it is extremely risky to initiate something radically new, like the outsourcing of all of a town’s public services. It is also worth noting that the opposition parties have been cooperative and fully in agreement with this program.





## Speaker Bios

**Domingo Saucedo** is the director of code enforcement operations for the Los Angeles Housing Department, currently overseeing the Systematic Code Enforcement Program and all its supporting enforcement programs. He oversees code enforcement for approximately 780,000 residential rental units in the City of Los Angeles. As director of enforcement for eight years, he engaged in substantive work on many habitability and critical life and safety issues facing citizens living in rental housing. He has also been responsible for the development of several emergency response inspection units created as a result of the devastating 1994 earthquake and civil unrest in 1993. He has received numerous awards and declarations for his work in preserving clean and habitable housing in the City of Los Angeles.

**Omar Giacoman** is the chief of staff to the governor of the Mexican state of Quintana Roo. He has a broad range of expertise in working with Mexican municipalities, particularly in areas of finance and development. He developed and implemented Cancun's City Development Program, 1995-2020 and the State Development Program, 2000-2025. He was also director-general of the Student Loan Institute of Quintana Roo, affiliated with the World Bank's initiative to foster higher education in Mexico. Giacoman acted as liaison between USAID-EDI and the Quintana Roo authorities for a bond issuance project and has also acted as a financial advisor to the municipalities of Cozumel and Cancun.

**Harry ter Braak** is a certified management consultant and senior partner at WagenaarHoes Organisatieadvies. As a consultant, Ter Braak is involved in several projects in Holland, the United States, Belgium, Germany, Lithuania and the Czech Republic. He is also a lecturer on strategy and change management at the Free University of Amsterdam, and the author of several publications, including a book on the choreography of the municipality. Ter Braak was the provincial manager of Utrecht from 1993 to 1995 and the chairman of the Association of Provincial Registrars from 1995-2000. During his appointment as head of finance (1984-87) and city manager (1987-1993) in the municipality of Delft, the Society of Organizational Advisers and Experts presented an award to the municipality for its new government innovations.

# PANEL III: CIVIC PARTICIPATION AND ACCOUNTABILITY

## **Civic Participation and Accountability: Setting the Context**

Adel Abdel Latif

Civil participation and accountability are the pillars of good governance. Good governance is, in turn, a pre-condition for development. The United Nations strongly endorsed these principles in the United Nations Millennium Declaration, passed by the General Assembly in 2000, which resolves “to strengthen the capacity of all countries to implement the principles and practices of democracy and respect for human rights.” Among other goals, it urges states to “spare no effort” in strengthening participation and accountability. Hence, there is a growing consensus about the importance of both concepts not only in ensuring citizens rights, but also for improving government performance.

A core value underpinning the principle of participation is inclusiveness: all citizens must be accorded equal rights, including the right to participate in the governance process on an equal basis. Exclusion and discrimination in a citizen's dealings with the government are antithetical to the values of participation. Moreover, for participation to be effective, individuals should have an adequate and equal opportunity to place their demands on the public agenda, and raise their concerns and express their preferences during decision making.

Another core value of good governance, accountability is interrelated to the concept of transparency. Accountability requires that officials act on criticisms or demands made of them, accept responsibility for failure or incompetence, and answer to the public about the use of their powers and duties.

People can participate in governance in a variety of ways. As individuals, they can cast votes or engage in entrepreneurial activities. In groups, they can form community organizations or join trade unions or other associations. Civil society organizations offer people an opportunity to participate in economic and social







activities and assist them in organizing as more powerful groups to influence public policies and to access public resources. Technical assistance, frequently channeled through non-governmental organizations, can be an effective way to reach the poor and other marginalized groups in society.

Accountability empowers citizens to have a say in official decisions. It also allows them to hold leaders responsible for their activities. They can demand answers to questions about decisions and actions, and they can sanction public officials or bodies that do not live up to their responsibilities. In democracies, citizens can demand accountability in two ways: through action via civil society and through structures of representation and delegation. Apart from formal elections, the most important mechanisms of accountability are delegated to governments by citizens. These include the system of checks and balances between the judiciary, legislature and executive branches of government and specialized and independent oversight entities such as human rights, electoral and public service commissions, ombudsmen, auditors, and anti-corruption bodies. Mechanisms for holding officials accountable can be inter-organizational (between branches of government), intra-organizational (between supervisors and subordinates), and extra-organization (when organizations answer directly to stakeholders). Accountability depends upon the rule of law, freedom of information, and citizens' ability to organize without hindrance.

In order to achieve a more efficient and equitable form of management, most governments in developing countries are conducting sweeping reforms of their bureaucracies. Effective reform requires political commitment, which should include the support of the private sector and civil society. Decision makers in government, the private sector and civil society organizations must be held accountable to the public.

### **Program Assessment Rating Tool, ExpectMore.gov, United States**

Robert Sandoli

Understanding the performance of federal programs is often difficult for the average American citizen given the lack of both a standardized method of evaluation and access to the results of such assessments. Presented with the challenge of promoting accountability and transparency in governance, the American federal government developed the Program Assessment Rating Tool (PART). Using the PART over the course of five years, innovators assessed almost every federal program. They are continuing to update performance information periodically. Initially, summaries of PART assessments were published with the presidential budget each year, but full assessments were still unavailable to the public in an easily accessible manner. Innovators decided to develop an online site archiving objective assessments for all federal programs that American citizens could use to understand how the federal government spends their tax dollars.

The [www.ExpectMore.gov](http://www.ExpectMore.gov) site, launched in February 2006, contains objective information on the performance of nearly 800 federal programs assessed using the PART. On ExpectMore.gov, each program is categorized either as performing or as not performing; in either case, the site also publishes accounts of how the

government intends to improve program performance in the next year. In assessing programs using the PART, career staff members at the US Office of Management and Budget (within the Executive Office of the President) work with agency staff to complete the standardized PART questionnaire. The PART includes about 25 questions in each of four assessment categories: purpose and design, planning, management and results. The answers determine a program's overall rating. Once an assessment is complete, assessors develop an improvement plan to boost program performance. On ExpectMore.gov, the results of PART assessments are easily searchable by keyword, rating or topic. Each PART assessment on the ExpectMore.gov website includes evidence to support the program's rating, along with funding levels, results achieved and improvement plans.

In completing PART assessments, one ongoing challenge is the development of salient, outcome-oriented performance measures that agencies will commit to use. Preparing PART summaries that are jargon-free and easily understood by citizens unfamiliar with the programs can also be a challenge, but an internal review process helps address this issue. The key challenge for the ExpectMore.gov website was to develop a user-friendly design for the interface. ExpectMore.gov designers set up five focus groups with citizens in several locations to help guide their initial design of the ExpectMore.gov homepage and functional links. Site designers are now considering further improvements to the site in response to user comments: they may add new search capabilities and create a "What's New" page on performance management, with links to new publications on the subject.

Based on the number of site visits, innovators are pleased with the interest the ExpectMore.gov site has received. While the site is designed to target the general public, users also include academics and others with interest in specific federal programs. Future goals for the site's designers include encouraging more people to make use of this resource, particularly members of the US Congress and their staff.





## **Equity and Reconciliation Committee, Morocco**

Mahjoub El Hibba

Since winning independence, there have been numerous incidences of human rights abuses in the constitutional monarchy of Morocco. These violations include coerced disappearances, arbitrary arrests, and severe and institutionalized violations of civil and political rights. Redressing these violations is essential to combat the culture of impunity; to reform the fields of criminal justice, legislation, policy, and security governance; and to develop a plan for the promotion of a national culture of human rights.

The Justice and Reconciliation Commission in Morocco, which has its roots in the 1999 Independent Arbitration Commission, was created to reconcile Moroccans with their history, provide justice for victims of human rights abuses and offer recommendations to ensure these violations do not recur. The commission was initiated by royal decree on November 6, 2003, following a recommendation of the Consultative Council for Human Rights.

The commission has been entrusted with specific qualitative functions, including evaluation, investigation, arbitration and proposals relevant to the flagrant violations of human rights that took place during the period between Morocco's independence from France in 1956 and the foundation of the Independent Arbitration Commission in 1999. The commission's principles include the free disclosure of its verdicts in an atmosphere of open and collective discussion of state responsibility and a dedication to compensating citizens for harm done. The commission also takes into account collective harm and symbolic compensation in handing down its verdicts.

The work of the commission to establish the truth of complaints implicating both governmental and non-governmental actors was made difficult by the absence of sufficient documentation and academic studies dealing with contemporary history in Morocco. The commission faced limited and flimsy oral testimonies, national archives of poor quality and uneven cooperation from different organizations within the government. Some government offices gave incomplete replies about files referring to them, while several retired government officials refused to contribute their testimony to the commission's project. To make up for the incompleteness of some oral testimony, the commission had to resort to written sources for its evidence.

The commission has looked into 17,000 files and has handed down verdicts and sentences in 742 cases. After studying these files, the commission has found that about 10,000 applicants were entitled to benefit from various programs of compensation established by the commission. Regarding questions of collective harm, it proposed the adoption and support of projects for economic, social and cultural development to benefit municipalities, groups and regions suffering harm in the wake of independence. In addition, the commission has proposed the conversion of former illegal detention centers to other uses.

The commission, within the framework of enhancing national reconciliation, has organized public hearings in six regions of Morocco for groups of victims, with a view to regain the dignity of the victims, preserve the collective memory and share the suffering that has arisen from the psychological effects of these violations. The commission has also played an educational and pedagogic role in instructing all groups, particularly young people, in the importance of respect for human rights as a pillar of democracy.

### **Improving Services to Citizens in Mexico**

Pedro Langre

Mexican President Vincente Fox's administration launched the Good Government Agenda to restore voter confidence in the government bureaucracy. Responding to concerns that Mexican citizens had lost faith in the ability of government agencies to serve the people, the Fox administration developed strategies to fight popular perceptions of government as bloated, inefficient, inaccessible and ineffective. This challenge was one not only of bureaucratic red tape and inefficiency, but also of behavior and attitude of the civil service toward its constituency; innovators had to overcome both the government's organizational culture and the attitudes and behaviors of its agents.

In 2001, the Fox presidency began implementing the Good Government Agenda-six strategies for improving governance, consolidating democracy, encouraging honesty in public service and offering better service delivery to the citizenry. The first strategy emphasized an honest and transparent government in order to recover trust in government. Second, the agenda set the goal of professionalizing the bureaucracy to attract the best candidates to public service; recruitment based on merit became a means to improve efficacy and competitiveness. The third strategy focused on service provision, demanding an improvement in the quality of government to exceed citizen expectations. Fourth, the agenda called for increased digital governance to allow the public to obtain information conveniently. The fifth element of the agenda was regulatory improvement to enable citizens to conduct regulatory transactions such as opening a business or





obtaining permits easily, quickly and economically. Finally, the sixth item on the agenda was cost reduction with the goal of eliminating non-value-added expenses.

To combat institutional resistance to change, the Fox presidency created the Presidential Office for Innovation in Government, responsible for generating an open management style and involving civil servants in reform. The president also instituted a new system of awards and recognition to motivate government employees and to demonstrate his clear commitment to innovation in government. Also indispensable was the clear delineation of objectives and phases to be achieved as part of the agenda: ministers identified shared goals and established concrete targets to be reached every year.

Naturally, transforming any government involves challenges on many fronts. To implement President Fox's Good Government Agenda, the Mexican federal government had to re-imagine financial management and improve cost control. Officials had to manage the loss of resources by reallocating and optimizing agency spending.

The Good Government Agenda has initiated several profound changes in Mexico's federal government. Citizens have been integrated into the government innovation process with award programs like the ones presented during National Government Innovation and Quality Week, intended to recognize the efforts of civic associations committed to positive relations with the federal government. With the introduction of the Law for a Professional Career Civil Service and the Federal Law on Transparency and Access to Public Government Information, the government has made efforts to professionalize employment and encourage public scrutiny. Now, the challenge for Mexico will be to maintain governmental reforms across changes in administration.



## Speaker Bios

**Adel Abdel Latif** is the director of the United Nations Development Program's Program of Governance in the Arab Region (POGAR), a position he has held since the program's inception in 2000. POGAR works in partnership with key governance institutions and civil society organizations to advance good governance, rule of law, citizen participation, and transparency and accountability in the Arab region. A former diplomat, Abdel Latif has served in the Egypt diplomatic missions at the United Nations in New York, Geneva and Ethiopia since 1979. Abdel Latif has also presented many papers on social and legal reform and anti-corruption measures in the Arab world at international conferences and forums.

**Robert Sandoli** is a program examiner in the Energy Branch at the US Office of Management and Budget (OMB), where he provides analysis and advice to senior OMB and White House policy officials on issues concerning energy and the environment. He also assists in the implementation of several US policy and management initiatives, from hydrogen research to integrating budget and performance. Before joining the OMB in 2000, Sandoli spent five years as a project manager and environmental scientist at Earth Tech in Alexandria, Virginia, where he conducted environmental compliance assessments and prepared technical and regulatory support documents.

**Mahjoub El Hibba** is the secretary general of the Advisory Committee for Human Rights in Morocco. Between 1997 and 2000, El Hibba was the vice dean of the Faculty of Law in Casablanca. Prior to that, he served as an advisor to the United Nations Environmental Program (UNEP). El Hibba is a founding member of the Moroccan Organization for Human Rights and the Moroccan Network for International Humanitarian Law, as well as number of organizations active in the fields of social development and environmental protection.

**Pedro Langre** is currently a member of the transition team for the newly-elected president of Mexico, Felipe Calderon Hinojosa, who took office in December 2006. Before joining the president's transition team, Langre served as technical secretary of the Innovation Program for the Government of Mexico. In 2003, he joined the Presidential Office for Government Innovation, where he coordinated the Mexican Government Officials Network, intended to bring government agencies into compliance with the Innovation and Quality Strategic Model launched by President Vicente Fox in December 2000. He has also been an attending speaker and participant in forums and conferences organized by the United Nations Department for Economic and Social Affairs, the Organization for Economic Cooperation and Development's Public Governance Committee, the Latin American Center for Development Management, and Asia-Pacific Economic Cooperation.





# PANEL IV: DECENTRALIZATION, DEVOLUTION AND LOCAL GOVERNANCE

## **Strengthening Democracy through Decentralization: Setting the Context**

G. Shabbir Cheema

Decentralization strengthens democracy at the grass roots by providing opportunities for citizen participation in local decision-making, ensuring accountability of local political leaders and government officials, and promoting a system of checks and balances among various levels of government. Decentralization also promotes the institutionalization of democratic culture and improves citizens' access to government-supported services.

Recent best practices of national-level decentralization policies and programs illustrate their potential for strengthening democratic governance at the local level. They also highlight key systemic constraints that are impeding the implementation of decentralization policies and programs - including limited financial and administrative capacities of local governments, weakness of national-level political and legal frameworks, historical legacies, and local power structures. Despite these systemic constraints, partnerships among local actors - government functionaries, civil society organizations and the private sector - are paving the way in making decentralization work for the benefit of the people in this age of globalization.

Decentralization - including political devolution, deconcentration, delegation and transfer to nongovernmental organizations - promotes democracy and good governance by providing an institutional framework to bring decision-making closer to the people. It helps to strengthen the role and capacity of local authorities to become more responsive and accountable to the concerns of local communities and groups. Broadly speaking, decentralization can be both a means (to increase efficiency in service delivery, to cite one example) and an end in itself (to enhance the values of pluralistic, participatory democracy). It is my belief that the decentralization and devolution of authority are necessary conditions for enhancing democracy in pluralist societies.

The goals that can be achieved by innovators delegating authority to local governance are wide-ranging. Decentralization provides an institutional framework through which groups and individuals at many levels of government can organize themselves. By bringing government service providers closer to the citizen-customers, decentralization enhances accountability and improves access to public services. Decentralization strengthens the democratic culture by empowering local groups and individuals to make decisions regarding their own jurisdictions. It can also enhance poverty reduction efforts by providing a platform for different opinions to be incorporated in the public allocation of resources. Finally, decentralization gives local citizens an opportunity to play a direct role in the development process.

Decentralization is not a panacea for all of the problems faced by democratic governments. In fact, decentralization carries risks as well. By delegating authority away from central government, innovators risk

creating niches for authoritarian figures to consolidate their local power without intervention from central authorities. Serious tensions may arise between state and federal governments, and between local governments and marginalized minority groups. Disparities in resources can generate geographical inequalities between sub-national units. Similarly, decentralization without a clear delineation of authority or responsibility may cause inefficiency and redundancy in service delivery.

The theory and practice of decentralization should be examined in the context of the paradigm shift in the role of the state from government control and domination to one of democratic governance, involving active engagement of actors from the state, the civil society and the private sector.

Despite potential inefficiencies and tensions generated by the devolution of power and resources to local government, there is sufficient evidence that suggests that with right ingredients, appropriate timing, and on-going experimentation, decentralization can significantly contribute to achieving the objectives of democratic governance and development. The innovations presented here demonstrate how decentralization benefits local citizens.<sup>2</sup>

### **Qena Governorate, Egypt**

Adel Labib

One of Egypt's largest and poorest governorates, Qena has seen a long line of governors come and go without any substantial changes or improvements in the lives of its citizens. Outlaws populated the dense agricultural suburbs surrounding its cities, stealing land and terrorizing residents. Tribal blood feuds were

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<sup>2</sup> Material adapted from: Cheema, G.shabbir. (2005) *Building Democratic Institutions: Governance Reform in Developing Countries*. Bloomfield, Connecticut: Kumarian Press, Inc







pervasive. Additionally, Qena faced a number of socioeconomic problems typical of the governorates of Upper Egypt: a large percentage of its youth were unemployed, and corruption was rampant in the local municipal bureaucracy.

Governor Labib initiated a series of decentralized reforms when he took office in 1999. He formed the Local Popular Council, a committee comprised of representatives from the governorate and municipality, to prioritize the development needs of Qena according to the needs expressed by citizens. Working in partnership with local universities and research centers, the committee conducted a needs assessment that identified the most urgent areas for intervention as an the upgrading of outdated sewage and sanitation systems, the paving of roads, beautification of the cities, and the improvement of public service provision, including education and health services.

The core element of Qena's decentralization process was the emphasis placed on integrity and accountability in governance. Governor Labib frequently conducted on-site tours and visits, often unannounced. Committees were established at the village, town and governorate levels to oversee reform projects and to coordinate efforts across areas. In addition, weekly open meetings were held between citizens, representatives of the Local Popular Council, and governorate officials in the presence of Governor Labib. The government took immediate and swift action to attend to citizen requests and complaints. Within two months of the inception of these meetings, nearly 30,000 complaints had been resolved. The transparency of these meetings proved critical to the success of the decentralization process. Not only did it ensure that any decisions taken had a positive impact on the lives of the stakeholders in question, but it also contributed to the trust of the people in their local government, positively influencing their willingness to make any contributions deemed necessary.

Lack of security and resources within the governorate were the biggest challenges to achieving the governor's agenda of decentralized service provision. Governor Labib felt that gaining the trust of the people was essential to curbing Qena's rising crime rate and ongoing tribal feuds. He requested additional police reinforcements from neighboring governorates and gave small, symbolic incentives to the local force. He also worked with a number of senior officers to mediate feuds between families, which encouraged locals to respond to the government's call to turn in outlaws to the local police.

To secure the funds needed to finance the reforms, the governor took advantage of an Egyptian legal platform which allowed him to impose minor taxes and duties on services. Contributions from the private sector and collections made from villagers and city residents were placed into accounts opened separately for each village and city. These included accounts for 11 towns and 187 villages. Governor Labib empowered officials in the Qena municipality to draw up business plans for proposed changes and discuss them with the citizens in open meetings. By decentralizing both the fundraising and decision-making processes, the governor avoided the inefficiencies and irregularities that used to characterize public services in Qena.

Qena underwent a complete renewal during its decentralization process. Within a span of five years, over five billion Egyptian pounds were secured to finance Qena's transformation into the media-dubbed "Paris of Upper Egypt." In March 2004, Qena became the first Arab city to attain ISO 14001 certification. Later in the same year, Qena received the Mohamed Bin Rashid Al Maktoum Award for Arab Management.

### **Anti-Corruption in La Paz, Bolivia**

Ronald MacLean-Abaroa

In 1985, La Paz, Bolivia faced serious, systematic corruption in all areas of municipal government. Public works projects were undermined by everything from poor quality standards to theft of materials. Bribery was a common feature in tax collection, licensing and permit applications. Lack of transparency in city government led to more bribery and extortion in procurement, and personal friendship and political clout often influenced personnel systems. Corruption extended to auditing and investigations, which were often lax at best. Finally, in exchange for money and other favors, some senior executives and city council members exploited their positions to move favored applications and vendors through the system. It was Mayor MacLean-Abaroa's goal, as the first democratically-elected mayor of La Paz in forty years, to establish long-lasting reforms to combat entrenched corruption.

Mayor MacLean-Abaroa's administration began reforms by organizing "participatory diagnosis" workshops with senior officials to find out where the corruption was, its extent, its causes, and its possible cures. Innovators then implemented a policy analysis framework for each of the city's major activities: public works, revenue, tax collection, permits and licenses, procurement, auditing, and evaluation. This framework was organized into five parts. First, the municipality selected dependable agents by strengthening merit-based recruitment and circumventing cronyism. Second, reformers revised the agents' rewards and penalties, raising salaries, providing incentives for reducing corruption in the office and broadening penalties for dishonest behavior. Third, the mayor's administration investigated each office's efforts and results,





improving auditing and information gathering to find corrupt behavior. Fourth, innovators restructured the agent-client relationship to enhance accountability and circumvent patronage and monopoly power. Finally, the municipality set out to change the corporate culture in each aspect of municipal government, using training to implement a code of ethics and raise the 'moral costs' of corruption. By using this framework for policy analysis, La Paz was able to tailor sector-specific innovations to counter corruption in each aspect of the city government.

Over time, and under new leadership, some of the mayor's merit-based anti-corruption measures were undermined by recurring fraud. While increasing salaries of key technical officials was an important measure for resisting corruption when the mayor began his administration, it later became a controversial campaign issue and a means for renewed nepotism as city officers began hiring friends and political allies for jobs for which they were unqualified. Innovators also found that some anti-corruption measures had become sources of other forms of corruption. Sustaining a positive institutional culture across administrations was difficult in some areas of city government.

By implementing a policy framework for each sector of municipal government, by targeting some highly-placed corrupt officials early on as an example to other bureaucrats and by reforming systems of information, incentives and competition, Mayor MacLean-Abaroa's administration planned to create an institutional culture of honesty in government and to put a stop to La Paz's systemic corruption. Within three years of the mayor taking office, investments in the city's infrastructure rose by a factor of ten. Within two years, salaries in the city government were competitive with the private sector. However, in the long term, and after successive administrations took control of the city's finances, some of these meritocratic reforms were undermined and distorted. This led to institutional decay in La Paz's city government through the mid- to late-1990s. The new challenge presented to innovators by Mayor MacLean-Abaroa's legacy is finding mechanisms to maintain reforms across changing administrations.<sup>3</sup>

### **Citizen Engagement in Budgeting, New Brunswick, Canada**

Norman Betts

The Ministry of Finance for the Canadian province of New Brunswick established controlling provincial spending and balancing the budget as its priorities for the new millennium. Administrators wanted to engage the citizens of New Brunswick in the early stages of the financial development process and to develop an informed citizenry that understood the basics of "where the money goes" in their provincial government. They also wanted to encourage interest groups to consider the budget holistically and to balance their demands for funding with suggestions for programs that could be trimmed to pay for their increased financial allocations.

<sup>3</sup> Material adapted from: Klitgaard, Robert, Ronald MacLean- Abaroa, And H.Lindsey Parris. (2000) *Corrupt Cities: A Practical Guide to Cure and Prevention*. Oakland, California: Institute for Contemporary Studies Press.

The innovation the Ministry of Finance developed was surprisingly low-tech. First, innovators set out to communicate clearly and specifically the cost of the basic, uncontroversial public services offered by the province. They used electronic means, questionnaires, mass mailings, and workshops to distribute information on government spending, from the cost of plowing municipal roads in winter to the average price of each hospital visit by a New Brunswick citizen. Then, the Ministry's administrators listened to proposals for balancing the budget, refusing to consider advocates who demanded raising money for their projects without offering possible sources for that money. This innovation forced interest groups to say "you need less of ..." in addition to "you need more of ..." in an effort to maintain a balanced budget. This model of balanced recommendations was replicated within provincial cabinet meetings. Forcing the consultation process proved extremely productive.

Although the administrators tried to canvass everyone's opinions, the Ministry of Finance could not accept all of the recommendations it received. Some interest groups went away unsatisfied, but innovators tried to give everyone an equal opportunity to be heard. The goal was to balance the budget and to balance program results, which the ministry did successfully. While not everyone was pleased with the allocation of the province's resources, innovators gave citizens a place to air suggestions for balancing the budget and for considering the potential toll their demands made on other provincial service programs. Above all, these innovations added value to the budget development process in New Brunswick by changing the discourse of interest group lobbying and citizen involvement.



## Speaker Bios

**G. Shabbir Cheema** is the coordinator of the United Nations Global Forum for Reinventing Government, which advocates innovative solutions to economic and social challenges through entrepreneurial partnerships between the public and private sectors. He has also served as director of the Governance Division of the United Nations Development Program, where he designed democratic governance and public administration programs at the national, regional and global levels. Cheema is currently a visiting fellow at the Ash Institute for Democratic Governance and Innovation at Harvard University's Kennedy School of Government. Before joining the United Nations, he taught at the University Sains Malaysia, the University of Hawaii and New York University. He is the author of numerous works on governance and public administration, including *Building Democratic Institutions: Governance Reform in Developing Countries* and *Urban Shelter and Services: Public Policies and Management Approaches*.

**Adel Ali Labib** is the current governor of Alexandria, Egypt. He served as governor of Qena (from February 1991 to April 2006) and as governor of Behira (from May 2006 to August 2006). Governor Adel Labib has received numerous international and domestic awards for his achievements in the local community and environment of Egypt. He was nominated as one of twenty candidates for a Peace Award by the United Cultural Authority in Great Britain in 2003. He is also a member of, and award-recipient from, the American Biographical Institute. During his tenure as governor, Qena received a certificate of administrative efficiency from the Arab Organization for Administrative Development in Dubai, the criteria for which were environmental advancement and pilot program development progress. He was given the US Federation for Middle East Peace Award in September 2006.

**Ronald MacLean-Abaroa** was the first democratically-elected mayor of La Paz, Bolivia, serving in office from 1985 to 1991 through four reelections. He has held five national cabinet positions in planning, foreign affairs, information and communications, finance, and development, under three Bolivian presidents. In March 2002, he was nominated to represent the National Democratic Action Party as its candidate for Bolivia's presidency. Currently, MacLean-Abaroa works with the World Bank as a lead public sector specialist on governance, decentralization and poverty reduction. He also leads Poder Vecinal, a non-profit think-tank promoting citizen empowerment and participation. As a founding member of Transparency International, MacLean-Abaroa served as the first chairman of Transparency International-Latin America. He currently sits on the organization's Advisory Council.

**Norman Betts** is an associate professor of business administration at the University of New Brunswick in Fredericton, Canada. Betts is also a chartered accountant, a fellow of the New Brunswick Institute of Chartered Accountants, and a member of the board of directors of several companies listed on the Toronto Stock Exchange, the Toronto Venture Exchange and the American Stock Exchange. Before joining the faculty at the University of New Brunswick, he was a member of the Legislative Assembly in the province of New Brunswick, serving as the minister of business, minister responsible for service, and, from 1999-2001, minister of finance. During his tenure in the New Brunswick provincial government, Betts was directly involved in the development of departmental strategies corresponding with New Brunswick's ten-year Provincial Prosperity Plan. He has also been responsible for implementation of e-business and e-government strategies and for citizen involvement in formulating the province's budget and accountability framework.

## **General Organization for Youth and Sports, Bahrain**

Amal Al Dossari

Bahrain is a new democracy. After ascending the Bahraini throne in 1999, King Hamad bin Isa Al Khalifa instituted a host of reforms culminating in inaugural free elections in 2002. However, forums had yet to be established where young people could give feedback about government reforms. Youths began using protests and even destruction of property to express dissatisfaction. Reformers in the government initiated the Youth Parliament to give young people a legal, efficacious forum to express opinions. Another goal of the Youth Parliament was to train a new generation of potential politicians in the statecraft of democracy with the understanding that young people elected to the Youth Parliament will be involved in general elections in the future. Furthermore, since there was not much information available at the time on the exact duties and responsibilities of members of the Bahraini Parliament, innovators planned to use the Youth Parliament as a training ground for future Bahraini politicians.

The Youth Parliament has been in process for more than three years and will hold its first open elections soon. During the process of establishing guidelines for the Youth Parliament, designers of the project have involved young people, taking suggestions on what they want for the parliament and how it should be implemented. Innovators in the project have convened consultative committees to ensure that the Youth Parliament will not be a top-down initiative. Rather, it will be an institution established through the creative agency of Bahraini youths.

The Youth Parliament is a replica of the Bahraini Parliament, with forty elected and forty appointed members. Appointed parliamentarians will be selected according to recommendations from schools, youth organizations and other associations. Because the age of suffrage in Bahrain is 20, the designers of the Youth Parliament have limited the ages of participation from 15 to 19. Anyone between these ages can vote and run for office in the Youth Parliament.





# ROUNDTABLE PANEL: DISCUSSIONS ON INNOVATIONS IN YOUTH ENGAGEMENT IN GOVERNANCE

The primary obstacle to the establishment of the Youth Parliament is one of many youth-based initiatives: there was resistance from authorities and officials, who were concerned that such a broad-spectrum project involving young people might provoke unexpected reactions. Also, there was a concern that young people themselves might not be interested in participating. Another obstacle came from youth organizations representing individuals from 15 to 24, who felt that they were disenfranchised by the 19-year-old age limit. However, designers decided that it was more important to respect the minimum age for general suffrage in Bahrain than to conciliate these youth groups.

Thus far, the implementation of the Youth Parliament is proceeding as planned. After elections, the project's managers will hold a general sitting to get feedback on how to make next year's elections better. The designers have decided on an annual election cycle to make sure that every young person in Bahrain has as many opportunities as possible to participate in the Youth Parliament, particularly given the age constraints that limit individual eligibility to a span of four years.

## **School Mayors Project, Iran**

Parvis Piran

Engaging young people in Iranian politics is an urgent priority for community activists. According to the 1996 census, 67.9 percent of Iran's population is between the ages of 0 and 29 years old. It is well-documented that middle childhood and adolescence are the most important developmental years for civil education programs. Despite the size and developmental significance of this demographic, prevailing structural and institutional mindsets dictate that children and youth are usually ignored as far as participation in society's affairs is concerned. Youth have been and still are subject to marginalization in many cases. The Iran-Iraq war in the 1980s lent further urgency to the engagement of youth in civil development. In the wake of war, citizenship and sustainable development became the most important demands of the Iranian people. In order to redress the perceived dearth of youth engagement in developing Iranian civil society, innovators in youth participation programs designed an initiative called School Mayors of Iran.

At the beginning of each academic year, municipal schools inform students of the school mayoral elections and distribute easy-to-read booklets that describe the main objectives of the project, its organization and its procedures. All students are eligible to participate. If any adult intervenes in the election during any phase of the process, the school is automatically excluded from the project. Each school in a given municipality is allowed to elect seven to eleven representatives, depending on the size of the school. The student who receives the most votes becomes the school mayor, while the remaining representatives become the school city council.

A unique element of the program is that the jurisdiction of a school's elected representatives includes not only the school grounds but also its environs, up to 500 meters away from the school. The school mayor and school city council are responsible for projects within this area. The School Mayors project was first initiated with 20 boys and girls between the ages of 11 to 14 representing several middle schools in Tehran in 1994.

Resistance to participation in local communities is a continuing problem in Iran. Reformers have identified Iran as a context where individuals are defined in terms of their ties to family, clan and tribe. Thus, civil society and associational life have remained weak and limited. As public spaces are constantly under surveillance by the government, their social and communal meaning is reduced; people often regard spaces outside the home as hostile. Outside the walls of the home, the government is viewed as the only responsible institution for all society's affairs, which forms a pervasive non-participatory mindset. This resistance to secular community participation is an obstacle to youth engagement programs like the School Mayors project.

The School Mayors project has now been executed both officially and unofficially by many schools throughout Iran. At its height, over one thousand schools were involved in the project in some way. It was the first project of its kind in Iran and was initiated at a time when it was not regarded favorably by the state administration. Despite its potential political ramifications, it should be noted that the School Mayor Project was regarded as a non-political project, a position it has repeatedly reaffirmed. The Fourth Congress of Educating Cities in Chicago selected the School Mayors of Iran project as an International Model Project in 1996.

### **Youth Civic Engagement, Hampton, Virginia, United States**

Cindy Carlson

Before the inception of the Youth Civic Engagement project, the problem facing the Hampton, Virginia municipal government was getting youth involved in community development. Although young people often have a strong desire for social action, they may not have the strategies or experience needed to contribute substantively to community problem solving. Without a focused framework for involving youth in community planning, young people may feel disenfranchised from their community representatives. They also may turn to juvenile crime; young people are disproportionately involved in, and affected by, community problems. Likewise, city officials and community leaders often do not know how to begin involving youth in redressing these issues, since recruitment and employment may require non-traditional communication methods.

In order to encourage young people to serve others, to influence decisions in their own municipality, and to gain leadership and work experience, the City of Hampton initiated the Youth Civic Engagement model in the early 1990s. This model involves three levels. The first level is service, including short-term,





meaningful volunteer opportunities to introduce a broad range of youth throughout the community to strategies of civic engagement. The second aspect of the model is influence: with training, young people can participate in a variety of advisory roles that provide valuable information to schools, city government offices and various government-led service providers. Finally, the Youth Civic Engagement model relies on shared leadership. Youths serve in positions of responsibility and as voting members on city boards and committees, where they contribute to creating policy. Two youth representatives are also employed in the Planning Department where they help to develop the youth-oriented component of the City of Hampton's Comprehensive Plan. The full system of the Youth Civic Engagement community change process came online in 1996.

The biggest obstacle to youth-oriented programs is that of entrenched attitudes, both those of adults and youth in the community. Adults often do not believe that young people want to take part in or have anything to contribute to community service. For their part, young people are sometimes genuinely apathetic, and often assume that adults will not be receptive to their opinions and efforts.

Since instituting the full Youth Civic Engagement model in 1996, members of the city government have had many meaningful conversations with young people, which have far outstripped the expectations of reformers. Youth representatives have developed, secured approval for and implemented a youth component to the Comprehensive Plan. They have allocated over US\$150,000 through their grant program to more than 75 different services and opportunities that address the issues identified in that youth component. Young people in Hampton have developed recommendations and received council approval for a 26,000 square foot (2415 square meter), US\$3.9 million center for adolescents. They have also hired a marketing company to produce a video to raise money and support to offset the costs of this center. These results have been welcomed by reformers eager to see youth participation in Hampton's civic and political cultures.

## Speaker Bios

**Amal Salman Al Dossari** is the president of the Bahrain Youth Parliament Project and manager of the National Youth Strategy in the General Organization for Youth and Sports. The National Youth Strategy received two awards from the International Council for National Youth Policies in Vienna in 2004. Before this, Al Dossari was the director of the Department of Childhood in the same organization. She was also the manager of the national Multiple Indicator Cluster Survey (MICS), which was brought forward to the UN Special Session on Childhood in 2002. She was also the head of the team preparing the initial report of the Kingdom of Bahrain to the International Committee of the Convention on the Rights of the Child (CRC) in Geneva in 2001 and the team that produced the first national situation analysis survey of childhood in Bahrain.

**Parviz Piran** is a faculty member in the Department of Social Research at Allameh Tabatabaee University. He is also a visiting professor in the School of Architecture and Urban Planning at Shahid Beheshti University, Tehran, Iran. Piran has served as a senior consultant to United Nations agencies since 1996. His numerous publications include two books in English, *Poverty Alleviation in Sistan and Baluchistan: The Case of Shirabad* (UNDP 2002), and *Socio-economic Factors and Reproductive Health: The Case of Rural Communities* (UNFPA, CWP 2005). He has also designed and executed a number of participatory research projects in addition to the School Mayors in Iran program, including Neighborhood Councils in Iran, which are now active in all neighborhoods of Tehran and several other cities. In 2003, Piran was the recipient of a United Nations Development Program Award for his contributions to community development and poverty alleviation.

**Cindy Carlson** is the director of the Hampton Coalition for Youth, one of the recipients of the 2005 Innovations in American Government Award from the Ash Institute for Democratic Governance and Innovation at Harvard University's Kennedy School of Government. As a department head, she is responsible for long-range and strategic planning for youth and families, and for the implementation of Hampton's youth development agenda. Before her service in municipal government, Carlson spent 17 years as a manager in a nonprofit substance abuse prevention and treatment agency. She is the author of several journal articles on youth engagement and training curricula, and has also written a manual on establishing a successful youth commission, entitled "Shaping the Future: Working Together, Changing Communities."

