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CITIZEN-CENTERED GOVERNANCE: A NEW APPROACH TO PUBLIC SECTOR REFORM

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Introduction

Public sector reforms are pervasive in the developing world. Unfortunately the failure of public sector reform is equally pervasive in the developing world. The literature increasingly shows that many of the traditional and new reform-types have failed to make lasting and effective impressions on recipient countries. Unresponsive, unaccountable, inefficient and ineffective bureaucracies seem impossible to change with the current tools in place—requiring a new approach to the reform question. The current paper tackles this issue by presenting a new approach, called the Citizen-centered reform model. This model combines participatory decentralization with results oriented management and evaluation to create a reform approach that we expect to counter some of the most glaring problems with governments in developing countries.

The first section of the paper outlines what that common problems in developing country governments are: low capacity, organizational centralization, service monopolies, social insulation and poor evaluation. The second question identifies reform elements typically adopted in response to these problems and then discusses their weaknesses. The section shows that macroeconomic stabilization reforms, capacity building initiatives, results oriented management, decentralization and participation reforms have all suffered from conceptual and practical weaknesses themselves.

These reform weaknesses have limited the influence reforms have had on the problems they were designed to solve,

requiring a new approach for development and reform—especially at the local level where governments have increased in number and complexity over the last decade. The third section presents citizen-oriented reform as this new approach. It shows how a new bottom-up reform can introduce real change into public organizations by countering commonly problematic incentives and focal points in such. The conclusion shows how this approach constitutes a holistic answer to the pressing problems of governance in developing countries.

The Public Sector Reform Challenge in Developing Countries

It is easy to identify public sector weaknesses in the developing world. Observers tell stories of governments with governance structures that have degenerated completely or are in the process of doing so. Peterson synthesizes the situation by saying (of Africa specifically): “The catalogue of organizational ills one finds in public bureaucracies...is daunting” (1998, 39). Table 1 lists some ‘ills’ or weaknesses typically evident in such governments. Each is discussed thereafter.

Table 1: Common Governance and Administrative Weakness in Developing Countries

Low capacity:	<ul style="list-style-type: none"> ▪ Low personnel capacity ▪ Low systems capacity
Organizational centralization and top-down governance:	<ul style="list-style-type: none"> ▪ Process orientation ▪ Permanence and non-innovation
Service monopolies:	<ul style="list-style-type: none"> ▪ Uncompetitive and unaccountable public production processes ▪ Weak incentives for production efficiency
‘Social insulation’, low transparency and poor participation:	<ul style="list-style-type: none"> ▪ Social exclusion based on process and ‘normal professionalism’ ▪ Internally biased, non-responsive incentive structures
Poor organizational evaluation and accountability mechanisms:	<ul style="list-style-type: none"> ▪ Weak internal evaluation mechanisms ▪ Few external (social) evaluation mechanisms

Low Capacity

Weak operational capacity is often presented as a reason why governments fail to serve constituents, with abilities often being inconsistent “with the (governance) task at hand” (Shah, 1998: 7). Coston says that “governance problems” in general “may derive from a lack of capacity” (1998: 480). Governments are typically shown to suffer weak personnel and systems capacities, both entrenched by insufficient skills bases, low compensation and poor human resource and organizational policies.

Organizational Centralization and ‘Top Down’ Governance

Developing country governments are often portrayed as hierarchical, centralized and ‘top down’.¹ Such structures emphasize control in the governance process, and require role players to adhere to process above all else. This process orientation yields administrative entities unresponsive, with ‘top down’ structures seen as devices used for insulating bureaucratic heads from political masters and constituencies (Desai and Imrie, 1998). An allied problem relates to the common status-quo bias whereby governments organized according to the classic bureaucratic model emphasize permanence (of process and position) and non-innovation, entrenching unproductive and unresponsive production processes and limiting change potential (Peters, 1996: 7-12).

Service Monopolies

Public entities in the developing world are often monopolistic and are criticized for producing services using inefficient production processes, having no incentive to do otherwise.² This problem is argued to manifest in public

1 Stoker (1997: 175) describes this kind of mindset as one where governance must “start and end with the government agencies.”

2 Monopoly producers have no incentive to improve on such performance. This incentive problem results in entrenched inefficiencies, in fact entrenching the status quo. Inefficient bureaucrats do everything they can to protect their production processes and inefficient project and input choices from facing competitive pressures (from other producers or from comparative statistics).

budget growth tendencies.³ Uncompetitive production processes are also argued to hinder accountability, particularly when production and information barriers provide opportunities for corruption and self maximization (Egeberg, 1995). Such situations facilitate rent seeking because barriers provide buffers to external scrutiny and because corrupt gains can easily be passed off as waste related to the poor production method.⁴

'Social Insulation', Low Transparency and Poor Participation

Governments are typically portrayed as being insular, non-transparent, and non-participatory (Blair, 2000; Brinkerhoff, 2000). This is largely because of their dominant bureaucratic structures, in which organizational survival requires a protective 'shield' against external influences that might unbalance the balanced bureaucracy, described by Stillman (1991) as "stateless," destructive to human and democratic values (see Peters, 1996: 50). The centralizing nature of public organizations encourages a rule-based internal focus that buffers citizen access to decision-making processes or information (Kraan, 1996; DISHA 1999).⁵ Participation threatens established interests and the incentives structuring behavior. Neither political representatives nor administrators have an incentive to open governance processes to citizen involvement, as this would threaten established lines of relationship, decision-making and influence.

3 This argument is synthesized by Peters (1996: 240).

4 Government cost statistics reflect this kind of 'monopoly power'. They are often developed to limit the potential for comparison with private sector cost statistics. As public administrators enjoy monopolies over this kind of information, they are unaccountable, unresponsive, and have no incentive to act efficiently (Niskanen, 1971; Moe, 1984; Kraan, 1996).

5 The central importance of information in the development and governance process is most eloquently argued by Freire (1985).

Poor Organizational Evaluation and Accountability Mechanisms

Effective evaluation underscores institutional arrangements and incentives.⁶ Evaluations in developing countries, often undertaken by the public protector's office or auditor general's office, tend to have limited influence and are often open to criticism of political interference (see Schick, 1998).⁷ Another criticism of these evaluations relates to their irregularity and inconsistent quality (Feinstein and Picciotto, 2000).⁸ Furthermore, evaluations tend to be one-dimensional, concentrating only on fiscal probity and rule adherence. This institutionalizes the centralizing structures discussed earlier, and reinforces process-oriented incentives (at the expense of social responsiveness and efficiency) (Andrews, 2001). Furthermore, most developing countries lack 'evaluation entities' in the civil society that ensure citizens have a direct comment on government performance.

Conventional Reform Approaches, The Legacy they Leave, and their Problems

Many attempts have been made to develop governance interventions (reforms) that deal with the areas of administrative weakness discussed. Coston (1998) identifies 'waves' of reform, which tie closely to the chronological adoption of ideas regarding government improvement. Peters (1996) presents similar 'models' of governance in a more theoretical explanation of recent reform thinking. Major reform elements and themes are shown in table 2.

⁶ Organizations concentrate on those aspects of their mandate that are actively evaluated (knowing that poor evaluations will have 'stinging' consequences) (Feinstein and Picciotto, 2000).

⁷ Many audit reports are performed on special political request, for example.

⁸ Although many audit offices in the developing world are building capacity, for example, most still lack the resources to perform audits routinely for all administrative entities.

Table 2: Major Element and Themes of Reform in the Developing World

Element	Themes
Macroeconomic stabilization and administrative downsizing: Capacity building:	<ul style="list-style-type: none"> ▪ Fiscal discipline focus ▪ Privatization ▪ Downsizing ▪ Pay restructuring ▪ Skills development (usually centralized) ▪ Formal process development (usually centralizing)
Results-oriented management:	<ul style="list-style-type: none"> ▪ Outputs (or outcomes) focus: customers matter ▪ Subsidiarity principle in management (intragovernmental) ▪ Government as a business needs business tools
Decentralization:	<ul style="list-style-type: none"> ▪ Subsidiarity principle (intergovernmental) ▪ Competitive service production ▪ Customer service
Participation:	<ul style="list-style-type: none"> ▪ Government responsive to citizens (as more than customers) ▪ Citizen involvement in decisions (direct democracy) ▪ Decentralization as devolution (local accountability)

What Legacy do Conventional Reforms Leave Behind?

The list of reform elements in table 2 showed that there are many varying ideas as to how governments should be improved. Crucial questions asked in the broad reform literature center on the degree to which reform elements have been successful in tackling the problems with which they are most directly associated. In many instances evidence suggests that reforms have left a legacy of limited success Consider the following examples:

- A 1997 World Bank report of public expenditure reforms under adjustment lending examined the degree to which reforms between 1979 and 1994 shaped spending policies in developing nations (Huther, Roberts and

Shah, 1997). The paper concludes that reforms based on adjustment had “small positive effects on expenditure patterns” and points out a number of reform shortcomings, particularly suggesting that reforms failed to change government incentives and mind-set.

- Observers question the effectiveness of reforms focused on improving public performance through civil service adjustments. Quoting De Merode and Thomas, Grindle (1997: 481) states, “No conclusive evidence was found of better pay and leaner staffing...leading to major productivity gains.”
- A 1998 World Bank evaluation of its Public Expenditure Review process, designed to facilitate capacity building and financial management reform in host countries, found that these interventions had “only a modest impact on Bank lending strategies, client expenditure policies...as country officials view PERs only as a Bank process of little use to them” (World Bank, 1998: Memorandum).
- The Medium Term Expenditure Framework (MTEF) is a promising reform in the developing world, designed to bring direction and control to public budgeting processes. The South African MTEF, with its fiscal discipline and development focus, is seen as a ‘better’ application of the reform, and is argued to have ‘facilitated’ reduced deficits since 1993 (Walker and Mengistu, 1999).⁹ Unfortunately, the MTEF reform tenure has also seen decreases in key expenditure types, particularly capital spending.¹⁰ These results raise questions about MTEF’s ‘success’: While fiscal discipline appears to have improved, other fiscal outcomes have not, potentially thwarting the development effort.¹¹

⁹ Deficits (as a percentage of total expenditure) fell from an average 15.86 between 1981 and 1993 to 11.25 between 1994 and 1999 (Calculated from South African Reserve Bank data, July 2000).

¹⁰ Capital spending comprised 9% of spending between 1981 and 1993, but only comprised 4% between 1994 and 1999; Fixed assets made up 2.94% of total expenditure up to 1993, but had a 1.49% share between 1994 and 1999 (South African Reserve Bank, July 2000).

¹¹ Strategic spending has dropped in real terms and there is a concern critique that departments are underspending their budgets, leading to

- Desai and Imrie (1998) suggest that New Public Management reform in India has comprised more rhetoric than results. They report that, contrary to reform promises, governments remain insular and bureaucratic, with “Much of the new managerialism” proving “contradictory and flawed, characterized by de-democratizing tendencies and a fixation with procedural and technical processes” (Desai and Imrie, 1998: 645).
- A number of results-oriented, New Public Management reforms were introduced to Malawi in the 1990s (Adamolekun, Kulemeka and Laleye, 1997). These included budget reform and a privatization program which, while implemented, appear to have had little impact on behavior in the governance process. Reform elements have actually proved to contradict each other (decentralization of government and centralized financial planning are not complementary, for example), further hampering any positive effects.

Why Have Reforms Had Limited Effects (And What Can We Learn From Them)?

There is no one reason why reforms fail to meet expectations or counter public sector problems. This is especially evident when comparing failures over a variety of settings. Experience suggests various problems that seem commonly prevalent, however, relating to the elements themselves, the way they are arranged, and the degree to which they facilitate culture or incentive changes through active evaluation.

Problems With The Reform Elements Themselves

The literature outlines various weaknesses, conceptual and practical, with all the prominent reform elements:

inefficiencies and low levels of budgetary responsiveness (Business Day, April 9 2001). Can a reform be successful if it improves one outcome but not others? Is the decline in capital spending a manifestation of Alesina and Perotti's (1996) observation that medium term budgeting allows creative accounting and the postponement of 'difficult' projects?

- Macroeconomic stabilization reforms aim to make government more stable, disciplined and competitive, and less socially burdensome. The reforms are, however, widely criticized for removing local reform and governance autonomy and weakening the ability of individual nations to chart their own reform paths. Observers also question national readiness for these reforms, or indeed the appropriateness of the reforms in the development context.¹² Easterly (2000), for example, explains evidence of a negative stabilization effect on development by saying that the poor are not positioned to take advantage of any gains from these reforms. Conclusively, De Merode and Thomas (1994, as presented in Grindle, 1997, 481) state that, “Macroeconomic policy reform cannot by itself foster the major changes in work attitudes, ethics, and organizational culture that are needed if significant performance improvements are to be realized.”
- Capacity-building aims to enhance capacity and make governments more competitive. De Merode and Thomas (1994, as presented in Grindle, 1997, 481) question the influence of such programs on governments, concentrating on pay restructuring initiatives: “No conclusive evidence was found of better pay and leaner staffing alone leading to major productivity gains...This suggests that pay and employment reforms, although important determinants of performance, need to be supplemented with other measures.” Authors like Grindle (1997) and Coston (1998) also comment that many capacity building reforms have limited effect because of their one-dimensional, supply-side focus. Supply-side initiatives ignore demand and incentive-related ‘capacity’ constraints. Authors like Dia (1996) and Qualman and Bolger (1996) note this as one reason why, even with capacity-building reforms in place, areas like Africa still suffer significant ‘capacity’ problems.
- Results-oriented reforms aim to replace top-down, monopolistic, unresponsive public organizations with

¹² Dollar and Svensson (1998) find that stabilization programs regularly faltered. They explain such experience by saying that many countries simply weren’t ready for reform.

'flat', performance-oriented, productive and responsive public organizations. Evidence from industrialized countries suggests, however, that the reforms are not having such effects. Even where such reforms have been implemented, public organizations have not appeared to change much (Melkers and Willoughby, 1998; Andrews, forthcoming). Reforms are implemented in a centralizing way, limiting the ability of line agencies to develop results-based competencies and reinforcing process-based organizational incentives and insularity (goals are set internally, procedures are 'audited' internally and results are evaluated internally). In the developing world, these reforms have been characterized as a "loose collection of ideas, derived primarily from the private sector, and traveling between countries" (Polidano 1998). Desai and Imrie (1998: 645) describe such reforms as "contradictory and flawed." This description is apt in many cases, where results-oriented reform tools have been introduced as add-ons to pre-existing process oriented organizational structures and actually reduce civic access and government responsiveness (see Desai and Imrie, 1998).

Decentralization is intended to encourage local-level, competitive, bottom-up, participatory governance, but evidence suggests that such effects are slow-in-coming and limited. Many such reforms are limited to intergovernmental delegation (with central entities making decisions about provision but local entities 'contracted' to produce services) instead of total decentralization (where local entities enjoy authority over decisions about provision and production). The central argument in favor of such decentralization is that local governments lack governance capacity. The downside of such decentralization is that it prohibits demand-led capacity development in localities and refutes central tenet for decentralization. Provincial governments or municipalities with tight mandates from central governments have no reason or incentive to create personnel or process abilities related to decision-making, prioritization, planning and allocation (this is evident in cases of South African municipalities, where central influence over municipal entities retards spontaneous local

level capacity-building incentives).¹³ Given this argument, although in most cases decentralized governments can indeed be seen to have poor capacity, centralized decentralization exacerbates the problem. Tight accountability lines between central and sub-national governments also have an effect of entrenching top-down governance (a problem discussed earlier). Organizational hierarchies are maintained, simply running over formal intergovernmental boundaries, with sub-nationals responding to the demands of higher-level governments (rather than their own citizens). In most instances the nature of central-sub-national interaction is through top-down controls, which bind provincial and local level entities to specific processes—limiting any chance of citizen-based, results-oriented governance.

- This has resulted in numerous observers questioning the structure of decentralization initiatives (Prud'homme, 1995; Litvak, Ahmad and Bird, 1998; Shah, 1998). Studies by Shah (1998, 2000) and Huther and Shah (1998) find that decentralized governments do appear to have positive effects on public governance,¹⁴ but that the structure of decentralization bears significant influence on such effect. Devolved governments (where decision-making responsibilities are decentralized) tend to be more effective than deconcentrated governments (where minimal decision-making authority is devolved) (Shah, 1994).
- Participatory reforms are intended to bring citizens into the governance process, leading to bottom-up governance, greater public sector competitiveness and capacity (through community partnership). Many questions exist about involving communities in this process, however (Brinkerhoff and Kulibaba, 1996; Turner and Hulme, 1997; Schneider, 1999; Blair, 2000; Brinkerhoff, 2000). Many examples of participatory reform in the developing world—from Nigeria (Wunsch

¹³ South African studies include Foundation for Contemporary Research (1999), Oranje et al (1999), Otzen et al. (1999), Planact (1999) and The Planning Initiative (1999).

¹⁴ Huther and Shah (1998) find that 38% of variance in governance quality is explained by decentralization alone.

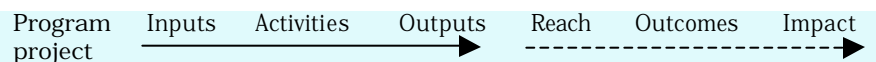
and Olowu,1996), to India (Dhesi,2000), to Bolivia (Blair,2000), and Brazil (Atkinson et al,2000)—tell a tale in which citizens largely remain disempowered and excluded from the governance process after interventions take place. Tauxe’s American study of local government (1995) shows that reforms tend to be centrally driven from within insular structures, rather than bottom-up initiatives aimed at opening such. In such instances technical administrators enjoy a powerful influence over the nature of participation, limiting such significantly. Such limitations are also prevalent in situations where political processes are un-democratic, centralized, or unrepresentative.

Problems with Reform Arrangement

When reform elements are combined, their arrangement often has negative effects on governance processes and outcomes. Reform combinations can lack positive, problem solving synergy. Instead of such synergy, reform combinations in the developing world can (and are commonly seen to) reinforce problems associated with the public sector problems of process orientation and centralization.

Earlier discussion held that most governments in the developing world, structured in the mould of the Weberian bureaucracy, are overly focused on process and ‘hard controls’ emphasizing input management (Shah, 2000: 16). Citizens, however, are understood to have an interest in government performance and service. The disjoint between what government organizations focus on (inputs) and what citizens look for from governments (outcomes and impacts) is evident in figure 1, Shah’s public sector results oriented management and evaluations chain (Shah, 2000). The chain presents different phases of public production, from program and project identification through social impact. The government focal point is at the left, while citizens focus from the right.

Figure 1: The Process Bias of Common Reform Combinations



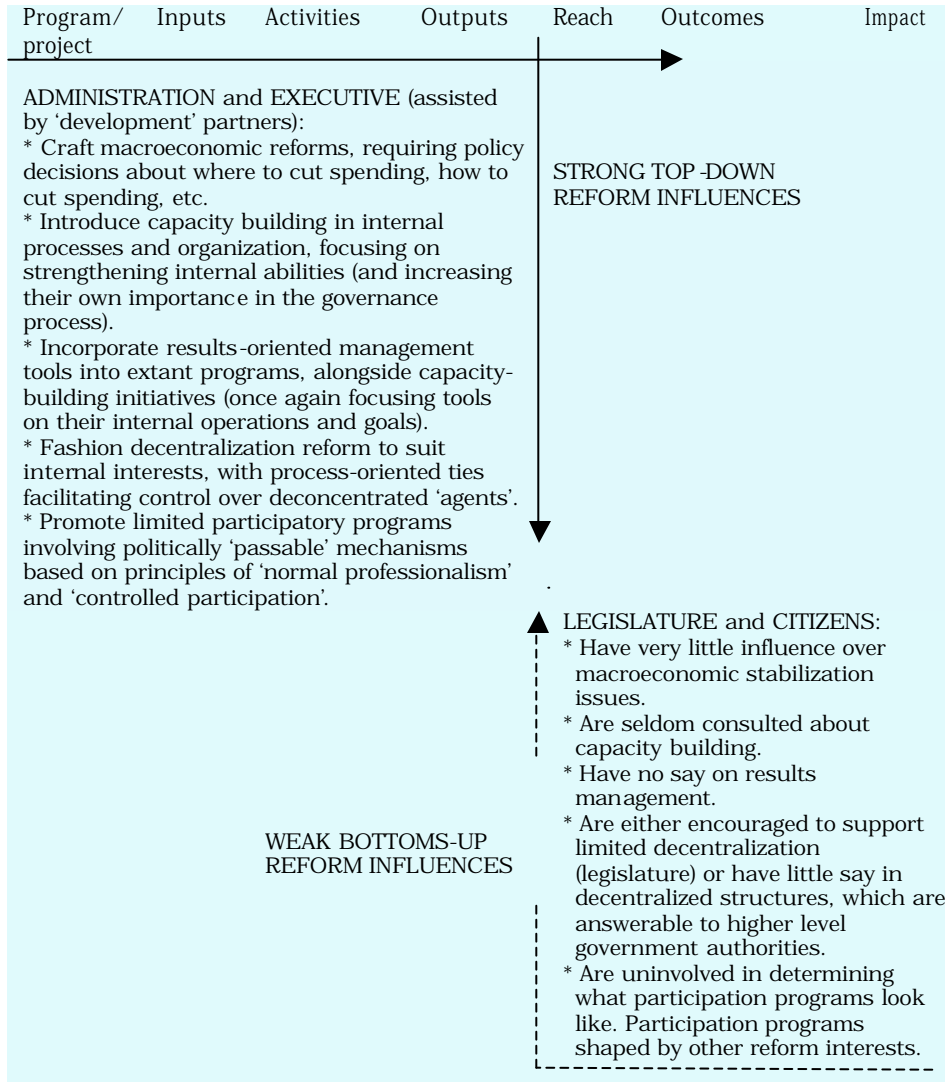
Instead of introducing mechanisms and changing incentives to shift government attention from the left of the chain to the right, reforms are typically arranged to consolidate hard input controls. This is evident in the dominance of macroeconomic stabilization reforms (focused on stabilizing processes and improving input management, typically related to personnel and cash management) and capacity-building initiatives (typically concerned with improving personnel and process 'inputs'). Reforms tend to concentrate on introducing controls and ensuring probity and central capacity before they move into areas of results management, decentralized and devolved service provision, and participation. In those instances where reforms have progressed to include results-oriented management, the focus is still limited (to outputs) and governments are still not given any motivation to consider their more important social effects. This is evident in Desai and Imrie's (1998:645) comment that that new managerialism is "characterized by de-democratizing tendencies and a fixation with procedural and technical processes." There are two explanations for this 'process concentration' in reform arrangements:

- Reforms are sometimes viewed as cumulative. Complicated elements like results-oriented management, participation and decentralization are seen to build on other elements—most importantly capacity building. Capacity building initiatives usually dominate the organizational reforms in developing countries (with macroeconomic stabilization issues prominent in the macro-policy arena). Poor capacity is considered the most serious impediment to good governance and is countered through initiatives focused on administrators: teaching administrators how to plan and manage resources and providing administrative entities with necessary processes.
- What could be called the 'bureaucratic stage argument', holds that administrative entities mature through specific stages. The argument, offered by authors like Schick (1998), is that bureaucracies have to learn about the importance of hard controls (focused on inputs) before they can successfully implement soft controls

(focused on results). The argument is used to legitimate interventions in the developing world that continue to concentrate on the introduction of basic budgeting and civil service controls. The idea is that, once governance processes are strengthened, reforms can re-focus on other sections of the results and evaluations chain, steadily moving from left to right. The argument makes two critical assumptions: (1) that reforms will ever be successful in establishing such controls, and (2) that administrators conditioned to focus on process will be able to shift their view to results and performance.

Reforms also commonly combine in a centralizing fashion. Figure 2 shows participants in the results and evaluation chain, and reforms at different stages in such. The figure shows the emphasis on and influence of administrators and executive office holders in the reform process.

Figure 2: The Top-Down, Centralizing Nature of Common Reform Combinations



The view that reform combinations centralize governance processes arises from the observation that dominant reforms (related to macroeconomic stabilization and capacity building) are almost wholly devised and run by central government and central agencies within central government. Even reform elements designed to redress the centralized character of governance processes are driven centrally: hence results-oriented programs, decentralization initiatives and participation programs are generally shaped and manipulated by central agencies. Andrews (forthcoming 2) argues, for example, that participation programs often fail because they are conceived by high-level government agents with no knowledge of participation needs and no interests in ensuring that participation programs actually work. Citizens and their direct representatives in legislatures are often either co-opted (to support) centrally devised programs or kept out of the reform design stages completely. The result is that top-down reform influences dominate bottom-up influences of citizens and their representatives.

There are two potential explanations of the centralizing effect in reform combinations:

- Reform elements fall into a hierarchy, which yields some elements more important than others. The reform hierarchy is dependent on a number of factors, including the normative values ascribed to different reform elements, reform incentives created by external reform participants (like international organizations) and economic pressure groups (notably business), and the chronological order of reform introduction. In many instances these factors yield macroeconomic stabilization the most important reform element. This reform element is usually charted, implemented and driven by central agencies. All other reforms, like results-oriented reform, decentralization and participation, are nested in this reform. Reforms that counter centralization are thus 'hidden' within reforms that reinforce centralization.
- Another explanation of reform centralization, given by Shah (2000) relates to the direct influence external reform 'partners' have on the kinds of reform adopted and the location (within governance structures) of reform

initiatives. Shah (2000:33) argues that external reform partners favor centralizing reform structures and initiatives because “a centralized hierarchical system lowers transactions costs for external assistance and enlarges the comfort zone for external participants in terms of monitoring the utilization of their funds for intended purposes.” The lending-based incentives international organizations create for reforming governments encourage such to adopt top-down, control-oriented reforms.

Evaluation Weaknesses in Reforms

Reforms can also be faulted for paying insufficient attention to the evaluation problems of developing governments. Interventions to develop evaluations capacities in developing countries are relatively new and have yet to be reflected in main-line reform elements (Feinstein and Picciotto, 2000). Evaluations are important for a number of reasons, chief being that they shape and enforce behavioral incentives in social settings. It is important to promote evaluations that facilitate institutional and incentive changes necessary for effective reform. Without such evaluations, incentives do not change from those associated with traditionally flawed public organizations, and behavior cannot be expected to change either.

Examples of the evaluations problem abound. Dia (1996) talks of African countries with the personnel, skills and process abilities to govern well, yet with records of poor governance (perhaps because of poor governance evaluations?). Andrews (2001) speaks of inconsistencies in results-oriented reforms related to the lack of attention given to changing the nature of process-based audit evaluations facing ‘results-oriented’ managers. Andrews comments that, “In such situations, managers are receiving a conflicting message: “Manage for results...but remember that you will be audited on your adherence to process (not on the results)” (Andrews, 2001: 10). In essence, the point is that an ‘untreated’ public sector shortcoming as important as this acts as a negative to any reform positives introduced. Reforms will be prone to failure if they fail to incorporate evaluations that introduce incentives conducive to public sector reform.

A New, Citizen-Centered Reform Approach

There is obviously a need to re-think public sector reform in the developing world, such that it is arranged to effectively counter the weaknesses and ‘ills’ evident in governments. To this end, we present a model of ‘citizen-centered reform’, developed as a reaction to the problems experienced with individual reform elements, the process and centralizing tendencies of reform arrangements, and the lack of an evaluation aspect to reforms. This citizen-centered reform model is different to those preceding it, not so much because of the kinds of elements in the model, but rather because of the way the model is organized and because of the elements emphasized.

Citizen-centered reform focuses on creating the right institutional environment for results oriented reform. This entails focusing on developing participatory, localized structures through which citizens are empowered to demand better results from government. With this kind of institutional environment in place, it is observed that governments have the incentives necessary to adopt results oriented institutions (rules and tools) themselves. Thus, these rules and tools should not be the focus of reform (as they often are) but rather an available resource provided to enquiring managers.

Citizen-centered reform combines elements from common reforms, results-oriented management, decentralization and participation, with a new reform element, results-oriented evaluation. Through the selection of these elements as well as the synergy between them, the citizen-centered reform model directly challenges the top-down governance models entrenched in the developing world. Citizen-centered reform’s bottom-up, results-oriented dimensions focus public entities on outcomes and impacts rather than inputs and process, and centers attention on citizens as the final principals of public entities. In so doing, citizen-centered reform tackles the problems and weaknesses that plague governments in developing countries, providing both the focus and incentives necessary for real governance improvement as well as the tools required to respond to such.

Describing Citizen-Centered Reform

Citizen-centered reform arises out of lessons learned from past reform failures. The main differences between Citizen-centered reform and other common reform approaches are:

- The overall arrangement of reform around a participatory-decentralization element,
- The central focus on results, and
- The inclusion of an evaluations component.

The model emphasizes bottom-up reform involving citizen participation in local government. This focus arises because citizen involvement is considered the key to public sector results-oriented reform in developing countries. In citizen-centered reform, citizen participation forms:

- The basis of all government decisions (with public entities responding to citizen demands),
- The framework for government accountability (with citizens evaluating what government does and 'rewarding' them for such),
- The central motivating factor for civil servants and politicians alike (with citizen 'evaluations' driving their behavior), and
- The foundation of government capacity (with governments drawing from their constituency to achieve the capacity levels needed to meet demand).

Citizen-centered reform's focus on participation and decentralization develops from both observation and theory. The observation is simply that governance problems in the developing world generally relate to excessive centralization, and 'centralizing', top-down reforms are not seen to visibly improve the organization, service performance or accountability of public entities.¹⁵ The theoretical foundation underlying such argument is varied and includes the following:

- Public economic theories generally posit that governments should focus on citizens. Probably the most prominent of these is the median voter theorem,

¹⁵ Peters (1996:48) argues that participatory approaches in governance reform emerge because of the belief that "the hierarchical, rule-based organizations usually encountered in the public sector (are) severe impediments to effective management and governance."

heavily used by economists in research on service provision, which assumes that governments respond to citizen preferences when they provide services.

- Broader economic and political science theories also emphasize the importance of citizen participation in governance processes. Consider Hirschman's (1970) theories about 'voice' and 'exit' mechanisms, as they relate to other work by authors like Tiebout (1956). These theoretical perspectives generally argue that, when citizen participation in government processes is enabled (through voice or exit mechanisms, the latter of which facilitates a special type of negative participation), governments are more efficient, responsive and accountable.
- Work in the evaluations literature increasingly emphasizes the importance of citizen involvement in governance. In his discussion of evaluations and corruption, Kaufmann (2000:292) argues that "the evidence is now clear that participation is the key to development," a sentiment echoed by Jackson (2000). Sartorius (2000: 133-4) identifies the potential benefits of involving citizens in evaluations processes, which generally reflect the information gains achieved by participatory evaluations, the improved capacity, more representative (and meaningful) goal identification potential, and greater social buy-in to governance decisions resulting from evaluations (which are considered legitimate).
- The Public Administration and political science literature presents participation as "one of the dominant...themes of the 1990s" (Peters, 1996: 47). Various approaches to participation exist in this literature, all calling for greater citizen involvement in decision-making and governance. Putnam (1993) finds that where citizens bound together and participate naturally (where social capital and social interaction is high) governments work better, for example.
- The prominent voice of social conscious, as expressed in the context of the struggle for development and growth in under-developed regions of the world, also increasingly emphasizes participation. Expressing the importance of

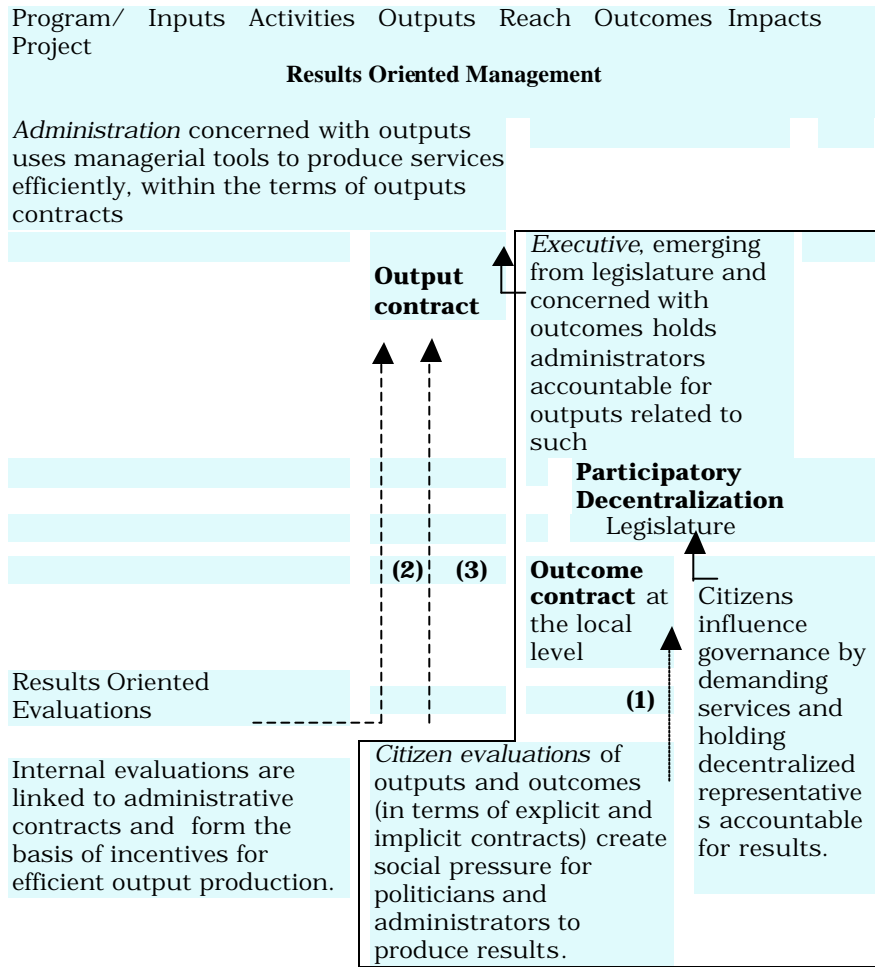
citizen involvement in their government and society, and of social capital, one of these voices, Bishop Desmond Tutu says that, “To be...is to participate” (Krog, 1998:110).

Effective participation that actively results in citizen empowerment is difficult to achieve in large centralized governments. Thus the participatory concentration in the citizen-centered model is conceptualized at the local (or regional) level (Oates, 1972). Governments at this level are small enough to facilitate citizen involvement. In this light, Vaughn (1995: 501) speaks of “the importance of sub-national environments where communities feel, breathe and express themselves and thus, where development programmes are relevant.” In decentralized governments citizens should have fairly close access to political representatives and administrators alike, not just street level bureaucrats. Living amongst constituents is assumed to be a most effective way of encouraging political and administrative officials to take such constituents seriously: citizens have a direct and natural line of influence over officials who live alongside them.

Figure 3 shows the citizen-centered reform model concisely. The direction of governance and reform influence is obvious. In contrast to figure 2’s representation of common top-down reforms, citizen-centered reform is bottom-up. Citizens, in the bottom right corner, are the central role player in the governance and governance reform process (with the participatory decentralization element captured by the clear block).

Citizen-centered reform sees citizens interacting directly with legislatures, comprising chosen representatives (note the explicit importance of some form of democratic process to the model). At the local level such communication goes beyond election processes (which are too irregular to guarantee effective participation), however. Communication and interaction and participation take the form of implicit social and explicit political ‘contracts’ between citizens and their representatives. These contracts are built on the social pressure citizens can exert on public servants (who live in their midst) as well as creative political and economic pressures that can be institutionalized through reforms. Such contracts center on the provision, by government, of specific results—outputs, outcomes, reach and impacts—in society.

Figure 3: Citizen-Centered Reform – An Introductory View



An example of such could be an elected mayor being required, by law, to turn electoral promises into a ‘contract for performance and management’—spelling out what citizens can ‘expect’ her to do in terms of water, education, roads, electricity (etc.) provision, and enhancing civic ‘participation’ in the evaluation of such performance.

It is assumed that a shift to participatory decentralization will lead to a natural results focus in the governance process (with the participatory decentralization element located at the right hand side of the results oriented management and evaluations chain in figure 3). The rationale is simply that citizens are more interested in government outcomes, reach and impacts than they are in controls over inputs (citizens want to know what government does for them, not how they do it). The rationale extends to the simple argument that results-minded citizens, when empowered through clearer paths of access into the governance process (such as a contract provides) create pressure for their political representatives and administrators to be results-oriented (hence the overlap between participatory decentralization and results-oriented management in the figure).

The figure shows that the participatory decentralization element overlaps with the second and third reform elements, results-oriented management and results-oriented evaluations. These graphical overlaps emphasize the fact that all reform elements revolve around the participatory decentralization component. It is citizen involvement in decentralized structures that creates the focus and provides the pressures that make the other elements both important and viable. The participatory decentralization concentration holds citizen-centered reform together, with citizen demand providing the basis for a results-orientation and comprising the source for results identification and evaluation.

Results-oriented management arises in citizen-centered reform because of citizen demand in the participatory, decentralized government. Because citizens demand results from their political representatives (and when citizens have devices or contracts to clearly engage results-oriented commitments), those politicians charged with running the administration (the executive) are pressurized to deliver. In developing countries such a pressure is problematic, however, as administrative processes are focused on inputs rather than

results (as discussed). Results-oriented management reform enters into citizen-centered reform to solve this problem. With the executive carrying the results-based demands of citizens (identified through participation mechanisms facilitating citizen voice, and formalized in the political contract), it uses results-oriented management interventions to focus and capacitate the administration to achieve such. These interventions take a number of forms, including:

- Devices used to effectively decipher citizen demands. (Such as total quality management is used in Malaysia (Chiu, 1997) and the “Serving the Community” Booklet used in Hong Kong, “to raise awareness and understanding” of “Serving the Community” (Hong Kong Efficiency Unit, 1999).).
- Mechanisms creating performance contracts (particularly focused on output performance) between the executive and administration. (These have been adopted in some commonwealth countries and are described by Kaul (1997, 15) as “new management structures” that enhance accountability by tightening task definition, and through “measurement of performance, devolution of resource control, strengthening monitoring, and clarifying incentives.” Grindle (1997) finds that such structures differentiate governments she would class as ‘good performers’ from those she would class as ‘poor performers’. In particular, she found that results-based planning and incentive schemes had a very positive effect on public organizations. Of the 26 case studies she examined, “12 out of 14 good performers set and applied performance expectations while 10 of 12 poor performers set no such standards for their employees. In these latter cases, employees were left to conform to the performance expectations for the public sector more generally—standards that were usually very low” (Grindle, 1997: 481).), and
- Tools used by administrators to transform their management processes from an input to an output and outcomes orientation. (there are various tools used to this end, including performance-based budgeting, which Ammons (2002, 344) argues is important: “How can government be truly accountable if it only tracks the

dollars moving through its system and barely mentions the services rendered through the use of these resources?” Benchmarking is also an important tool used to orient management towards results—“essential because it provides a standard of reference by which a government entity can measure or judge performance”(Foltin,1999,42). In Malaysia, benchmarking has been adopted to make comparisons with similar organizations that carry out the same functional activity, and in so doing to see how an agency’s results measure up (Chiu,1997). Activity-based costing is a similarly relevant tool, needed “to evaluate the costs of producing outputs and outcomes on a continuing basis in order to evaluate performance and allocate resources” (Rodriguez, 1995)).

The first two forms (mechanisms to decipher citizen demands and devices entrenching performance-based relationships) are considered the most important in citizen-centered reform. Devices to decipher citizen demands are the core instruments administrators use to develop their results focus, while ‘output’ contracts create the incentives for administrators to respond to demand. The management tools that help administrators in achieving results, like planning tools and accounting tools, are of secondary importance and should only be offered as options for administrators to appropriate as they see fit (rather than as the basis of reform, as they often are presented). The rationale behind this is that if administrators can identify the results they have to achieve, and if they have incentives to achieve such, they will develop the necessary tools and processes themselves (or take advantage of capacity-building opportunities presented to them). The flip-side of this rationale is that if results-oriented tools are introduced, and capacity developed, without the results identification and incentive enhancing mechanisms, administrators will not use the newly acquired tools to serve citizens (because they have no reason to do so).

Citizen-centered reform’s final element is results-oriented evaluation, which plays an important role in strengthening results-oriented incentives facing politicians and administrators in the governance process. The figure shows that this element is intertwined with participatory decentralization (as the two overlap graphically, with the arrow

labeled (1) connecting citizen evaluations to outcome contracts). The element also relates directly to results oriented management within government structures (with two arrows labeled (2) and (3) connecting internal and citizen evaluations to output contracts).

This third element simply involves the evaluation of results. Such evaluation is important for the ongoing analysis of results-oriented contracts, between citizens and political leaders (where the concentration is on outcomes) and between political leaders and administrators (where the concentration is output). These evaluations constitute important accountability and transparency devices, which help to inform and enforce important behavior-binding and shaping influences in the citizen-centered reform system:

- Citizen evaluations of outcomes are necessary in ensuring that citizens have the ability to assess public sector performance in terms of negotiated 'outcome contracts'. Political leaders are only expected to take such contracts seriously if citizens, either directly or represented by groups in civil society, actively and regularly force them to do so (by evaluating performance and holding political leaders accountable for such). An example of this in action comes from the NGO MKSS in Rajasthan. Here, community evaluation devices take a number of forms, including *jun sunwais*—public hearings—at which detailed accounts derived from public expenditure records and other documents are read aloud to assembled villagers. Local people are invited to give testimony that might highlight discrepancies between official records and their own experiences. "Through this direct form of 'social audit' discrepancies have been identified and public officials (politicians and administrators) have been brought to account. This "reinforces democratic notions regarding the obligations of government officials and elected representatives as public servants" (Jenkins and Goetz, 1999:605).
- Political evaluations of outputs are similarly important to bolster the effect 'outputs contracts' have on administrators. Administrators are only expected to take such contracts seriously if political principals force them

to do so (by evaluating performance and holding administrators accountable for such). In this light, performance-based audits are becoming increasingly popular in countries like the United States: “Local government auditors are increasingly being recognized for their role in establishing accountability while improving government performance” (Niesner, 1999, 37).

- Citizen evaluations of outputs are necessary to strengthen the results-orientation of administrators. While the political-administrative output contract sets formal incentives for administrative behavior, citizen interaction with administrators is an often overlooked but powerful informal influence on administrative performance. If citizens actively evaluate outputs as well as outcomes, they can consistently engage with administrators (who live in their midst) about results, creating incentives for administrators to work hard at maximizing their performance.

The three types of results-oriented evaluations thus reinforce the citizen-focused results orientation in citizen-centered reform. They complete the citizen-centered reform model by consolidating new incentives in the public organization that not only support a new view of governance but also help to facilitate reform itself: the more regular, focused and participatory results-oriented evaluations, the greater the incentive to make change work and produce results.

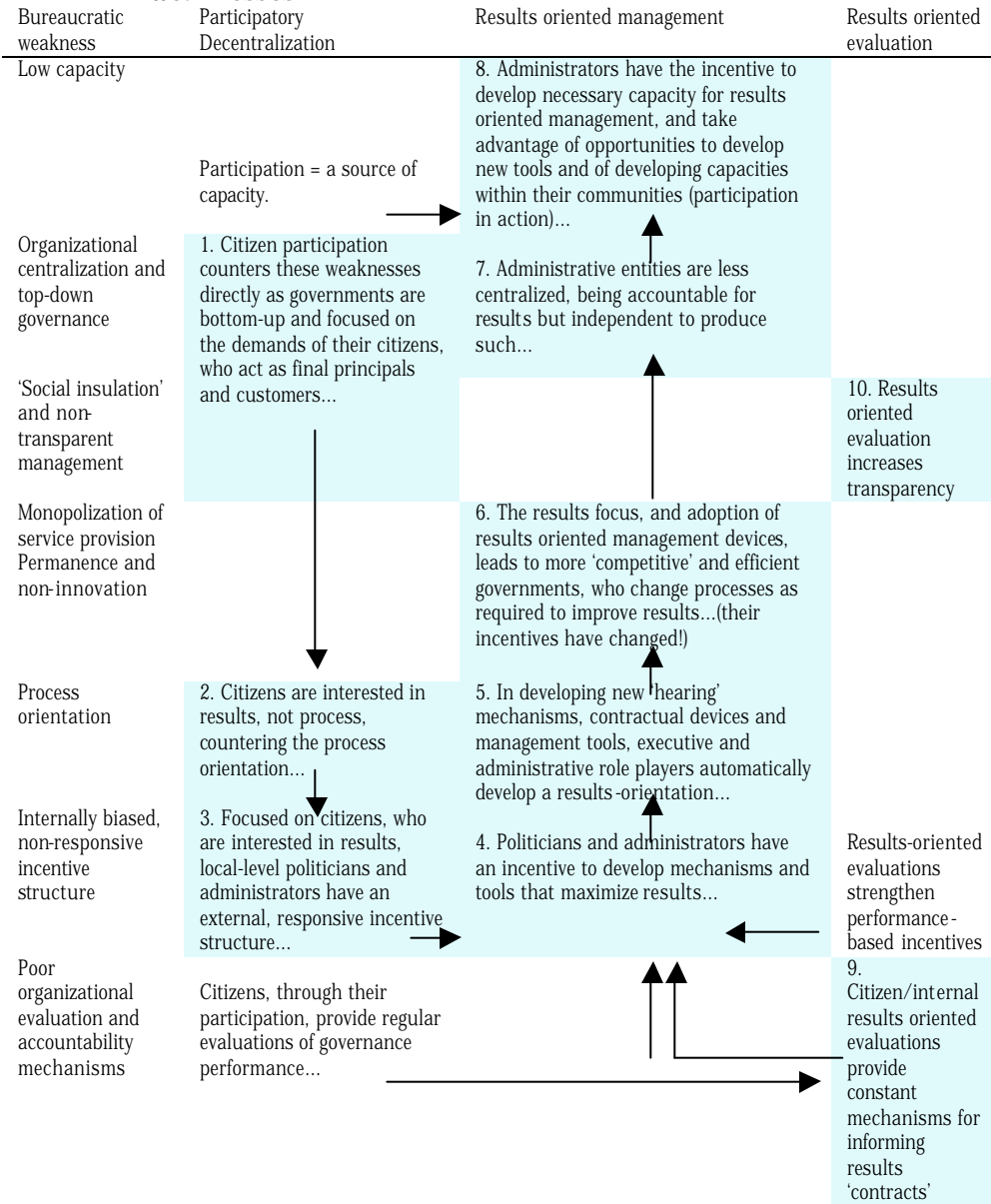
Conclusion

The citizen-centered reform model is argued to tackle problems facing governments in the developing world. These problems were introduced in section 1. Section 2 described common responses to such problems and section 3 provided a number of reasons why reforms often prove ineffective in solving such problems. These reasons related to the poor ‘fit’ of reform elements to situations (either conceptually or in implementation), the absence of any evaluation concentration in common reforms and the adverse effects accompanying reform combinations.

The citizen-centered reform idea looks to avoid such reform shortcomings by focusing on reform elements that have

intuitive appeal in the developing country context, arranging elements so that the holistic reform effect counters public sector problems, and adding an evaluation dimension. The citizen-centered reform effect is shown in table 3, as the individual elements relate to individual governance weaknesses. The figure shows the basic argument as to how citizen-centered reform counters administrative and governance weaknesses in the developing world. In the first instance participatory decentralization directly counters weaknesses related to top-down, centralized and insular governance structures. This effect is achieved by focusing government on citizens (usually at the bottom of the governance hierarchy) and decentralizing public sector structures ('1' in the table).

Table 3: Citizen-centered reform influences on governance weaknesses



Participatory decentralization is also expected to automatically stimulate changes in public sector organizational orientation and incentives ('2' and '3' in the table). Citizens are assumed to be interested in results rather than process, and as they express their preferences so it is expected that public organizations will divert their attention to outputs and outcomes, having explicit incentives to do so (the better their results, the greater their citizen support).

Results-oriented management enters the equation to bolster the new incentives and results orientation ('4' and '5' in the table). Political representatives, influencing administrators through output-based contracts, create incentives for these administrators to focus on results rather than process. Beyond these incentive mechanisms, administrators also develop new tools for evaluating citizen demands and meeting such. These tools facilitate the change to a results orientation and lead to government agencies being more creative, efficient and competitive in their provision processes ('6' in the table). New results-oriented management incentives and tools also lead to decreased centralization as government entities are held accountable for results but given significant discretion over how such are produced ('7' in the table). This discretion leaves capacity building in the hands of actual service producers ('8' in the table). Administrators have an incentive to improve their capacity for service provision, can access results oriented management tools, and also lean on their participating communities for necessary skills and processes. Once again, the elements work together to counter weaknesses of centralization and poor capacity.

The final weakness, usually untreated in reforms, relates to the poor evaluations and monitoring devices in public sector entities. This weakness is addressed directly through the results-oriented evaluations reform element ('9' in the table). As results are evaluated, so governments are held accountable for performance. These accountability mechanisms bolster incentives created by results-oriented management tools and are themselves facilitated by the high degree of citizen participation in citizen-centered reform. Citizens too conduct evaluations, which also increase transparency in the governance process ('10' in the table).

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