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**AT THE INAUGURATION OF THE FORUM**

**BUILDING DEMOCRACY FROM THE GRASSROOTS**

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Your Excellencies the Permanent Representative and Permanent Observer Representatives to the OAS, distinguished guests:

"Civil society", "social capital", "citizen participation", "third sector", "community empowerment", "civic engagement" - these are just some of the many terms coined by those concerned with the development of democracy in the world today. These myriad expressions are but a reflection of different perspectives on a common phenomenon, namely the recognition of the importance of citizens organized in the service of development.

The fact that our language is enriched by these terms is merely a reflection of a new vision of the very concept of democracy. Developments such as the breakdown of old paradigms and the emergence of a new framework of action for public policy have led to a recognition of the importance of collective action, and an understanding of the way in which this contributes to development. This is a worldwide phenomenon whose significance is highlighted in all political spheres, for example it is explicitly mentioned in the most recent report of the Trilateral Commission on democracy. (Cited in Putnam et al. In "Disaffected democracies").

Here in the Americas, this subject is also highly relevant, even controversial, both in light of the views expressed by Robert Putnam on the decline of social capital in the United States, and the valuable contributions by

Professor Salamon, our keynote speaker today, whose views on what he himself terms "the Third Sector" will no doubt enrich our deliberations today.

For all working to improve the quality of democracy in Latin America today, this issue provides a tremendous laboratory for ideas and strategies. Working with civil society has led to practical solutions for the numerous problems affecting millions of people in the hemisphere; it has also led to a re-definition and replacement of old models, while at the same time re-shaping the characteristics of sustainable and equitable development.

If we look the panorama in Latin America, we find a set of challenges which we must face in order to consolidate and deepen democracy across the region. In general, we can speak of four main areas for attention: the need to ensure more effective functioning and greater legitimacy of our democratic institutions; the challenge of strengthening civil society and elevating the level of what might be termed our democratic culture; the need to establish a better framework for relations between the actors of the political process, that is, between governments, political parties and civil society, in order to ensure the governance necessary for development; and finally, the guarantee of more effective action by the state to resolve the problems of poverty and lack of services which affect a majority of citizens in our hemisphere.

### **BIUILDING A NEW PARADIGM**

To meet these challenges, construction of a new paradigm for the functioning of the state and for democratic governance has become necessary. To understand public life in this new schema, it is evident that the active participation of citizens in the task of development is a central element; however, for civil society to fulfill this role, it is necessary to have the policy framework which will contribute to this objective. In other words, government can support, impede or retard community empowerment, depending on the adequacy or inadequacy of its public policies. In the context of appropriate policy framework, decentralization and mechanisms for participation have proved to be powerful tools to meet the challenges to which I have just referred.

Decentralization, understood as the effective transfer of power to local communities, can help to improve the action of institutions through a better distribution of state functions; it can empower the community and increase civic culture, in the same that it contributes to establishing a better framework for governance both nationally and locally; and, of course, it has the great potential for facilitating better service provision and more appropriate solutions to the needs of citizens.

This does not mean that decentralization is the panacea for all the problems of democracy, but it is a powerful tool which, if effectively used, can have an impact on improving standards of economic, social and political development.

For decentralization to fulfil its potential, it must have as its objective the genuine empowerment of the community, and not solely the redistribution of functions within the state apparatus. Thus, for the Unit for the Promotion of Democracy, decentralization finds its best justification as a public policy because it is the means through which more space is opened up to consolidate democracy and create social capital, in other words, we consider that decentralization allows us to build democracy from the grassroots.

### **DECENTRALIZATION AS AN INTEGRAL PROCESS**

In a recent publication on decentralization in Latin America, professors Al Montero and David Samuels point out that the predominant view has restricted analysis of the issue to the most recent reforms, losing sight of a more historic and long term vision which would help us to understand decentralization in the context of the construction of the countries of Latin America. Similarly, we consider that most studies on decentralization to date have focussed on the economic and administrative aspects, rather than on the political aspects.

If we take a quick look at most of the existing literature on decentralization, and above all if we look at the body of work aimed at

evaluating it, we will see that most of these very valuable studies have focussed on issues such as the economic effects of income distribution, the macro-economic effects of decentralization or its effect on service provision. These issues are of course all extremely significant and important, but the comparison I am making is with their prevalence in contrast to the scant attention paid to evaluating decentralization in terms of its contribution to democracy.

What I want to draw attention to is the need for more analysis of decentralization and democracy in the region. To mention just some of the issues, by way of example: what information is available on how decentralization has affected the credibility of the democratic system in the eyes of the average citizen? Twenty years ago few countries in the region had direct election of local authorities, whereas today the majority do. What has this meant? What consequences has it had for the legitimacy of democracy? Or for the reconstruction of the political party system?

In terms of the concerns of today's meeting, it is even necessary to ask ourselves whether, in those countries which have instituted processes of decentralization, there has been a real impulse towards strengthening of civil society. Do we have more social capital as a result of decentralization? Do we have a greater degree of civic culture? Are local governments favorable to the development of the third sector?

It is evident that there are numerous questions to be answered and a multiplicity of issues to be explored. To embark on this task with adequate empirical documentation represents a challenge for all those interested in progressing along the road to strengthening civil society.

Today there will be presentations on a series of cases which will, I am sure, illustrate the validity of what I have stated. The experience from El Salvador reinforces our belief, however, that we need to identify better methodologies and more effective policy designs, finding common elements and models which can be replicated so that these best practices and successful experiences can be transferred and repeated.

## **ELEMENTS FOR POLICY DESIGN**

Convinced of the need for progress in designing better normative frameworks and in creating more effective contexts for political action on these issues, the Organization of American States has convened, on July 29 to 31, 2001, the first meeting of Ministers and High Level Authorities responsible for policies on decentralization, local government and citizen participation. This meeting seeks to develop the mandates of the summits of Heads of State and Government, and to give greater impetus to the design of integral policies for decentralization.

Some of the elements which one might consider necessary for an integral approach to decentralization, taking into account its political, economic and administrative aspects, are:

- The guarantee of direct popular election of local authorities as a basic element of political responsibility (accountability), and this should be accompanied by regularly applied institutional mechanisms of accountability.
- The promulgation of legislative or reglamentary measures to promote social participation as an integral component of decentralization, measures such as, for example, the proposed "Ley de Diálogo" or "law of dialogue" currently being debated in Bolivia. In the event that such measures are not possible, there should be promulgation of measures complementary to those authorizing the transfer of resources and functions, so as to guarantee citizen oversight of those resources.
- The grant of greater autonomy to local government for the provision of services under its responsibility, as well as for the definition of investment priorities and for the allocation of resources. Only when citizens have important issues to resolve will they have the incentive to become involved in deliberations on public policy.

- The design of regulatory frameworks which recognize the heterogeneous make-up of a country, promote sub national development in its different regions and facilitate flexibility in administration. In this way, there will be a greater opportunity for citizens to develop their initiatives and find solutions appropriate to their specific circumstances.

### **STRENGTHENING LOCAL DEMOCRATIC LIFE**

Nonetheless, it is not enough for the regulatory framework to provide for possibilities for community empowerment; it is also essential for local government to be participatory, otherwise the possibilities for empowerment will remain at the level of the theoretical.

This is particularly true if one considers the preponderance of urban issues and the great urban conglomerations which are central features of the current demographics of the region. We need only recall, for example, that in Latin America the level of urbanization has risen from 61.24% in 1975 to 73.39% in 1995, and that this trend is expected to continue, so that by the year 2015 it will reach close to 80%, and will be on par with levels of urbanization in North America and Europe.

This means that to a large extent, the solution to the problems faced by citizens depends on effective public management at the local level. Without the effective operation of cities and local governments it will not be possible to resolve many of the problems related to exclusion and marginalization faced by millions in the hemisphere.

Some of the measures which should be taken into account to facilitate local governance and to contribute, from the realm of urban management, to the construction of democracy from the grassroots include the following:

- More effective division of cities into districts or zones for administrative purposes. This would facilitate the organization of

citizens for their participation in the solution of problems of which they are acutely aware because these problems are part of their environment.

- The generation of a process of consensus building and strategic planning. This has proved to be a powerful tool not only to commit citizens to a long term planning process, but also to guarantee the cohesion of government action through successive administrations.
- The identification of consensus solutions for immediate problems. Together with long term processes, it is essential to find mechanisms for consensus solutions to deal with urgent problems. Local pacts, community contracting and, in particular, civic dialogue, are good examples of instruments for finding concrete solutions to immediate problems.
- Improved access to information and capacity to disseminate public activities. This includes presentation of regular management reports and the institution of mechanisms of direct dialogue between the mayor and the citizens. In this regard the use of new technologies is emerging as a powerful support tool for the democratization of information.
- Ensuring citizen oversight both in decision-making and in follow-up of administration action, and above all in public spending; in the latter case this should be accompanied by measures to ensure transparency in administration and to facilitate political accountability.
- New mechanisms for participation, such as public hearings to discuss issues of particular importance; regulations for citizen initiatives to permit citizens' organizations to propose initiatives to their political bodies; direct popular consultations so that voters might themselves decide on issues of particular relevance to their city.
- Civic campaigns to involve and empower social and volunteer organizations.

- Defense of public forums as an essential element in community life.
- Promotion of strategic alliances, especially with the involvement of the private sector, with a view to solving specific problems or undertaking essential community projects.
- Formation of citizens' organizations to act as consultative bodies, advising administrations and increasing the legitimacy of their decision-making.
- Policies on civic education and the promotion of democratic values, which should be developed in schools and relevant public administration offices.

## CONCLUSIONS

As I have indicated previously, the local context is a privileged space for the generation of values inherent in democracy; nonetheless developing this potential will depend not only on the interest of citizens themselves, but on the ability of policy-makers to formulate effective regulatory frameworks and local policies on participation. Taking this action from very corner of the hemisphere constitutes part of the task of consolidating democracy and of deepening its content. Democracy is not only an institutional apparatus, but is a way of organizing political.

Our challenge, then, lies in improving the design of policies on decentralization, our knowledge of its effects and the variables affecting them, as well as its real impact on democratic life. The effective incorporation of civil society into local life is the best means of ensuring a greater degree of social capital and the generation of a new political culture as an anchor by which democracy will permanently take root in Latin America.

I am certain that today's presentations will assist us, not only with a deeper understanding of this new axis of democratic life and development, but also with developing better criteria for decision-making and action, so that we

may continue working towards building democracy from the grassroots, a task which indeed is engaging countless thousands throughout the length and breadth of the Hemisphere.

SG/UPD

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