



Democratic Economic Governance

MDG-F Thematic Study: Key Findings and Achievements.

Executive Summary

Background

Democratic Economic Governance of Utilities

Democratic economic governance can be seen as the exercise of democratic principles and good governance practices in political and economic decisions involving the management of public funds, resources and affairs. Good governance ensures that the voices of the poor and vulnerable are heard. The interaction amongst all stakeholders – the state, private sector and civil society – influences the extent to which political and economic institutions and processes deliver for all, especially the poor.

The democratic economic governance of utilities is a critical challenge for developing countries because universal and affordable access to such services is crucial for progress towards the Millennium Development Goals (MDGs). The 2006 UNDP Human Development Report (HDR) highlighted how lack of access to safe drinking water and sanitation may constitute a barrier to achieving several MDGs. Enhanced access is also key for sustained economic growth and sustainable human development¹.

The MDG-Fund Democratic Economic Governance Thematic Window

The thematic window is focused on democratic governance of public utilities, supporting interventions that enhance access to, and provision of, services by utilities, increasing their efficiency and affordability at both national and local level, and ensuring that the poor participate and benefit from these services. This window includes 11 Joint Programmes (JPs) worldwide with a total value of almost US\$60 million. Most of the participating countries have focused their work on water, with the exception of Albania which also responded to development needs in the energy sector. The JPs were implemented in Albania, Angola, Bosnia & Herzegovina, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay and the Philippines.

The programmes work in various areas, including: i) capacity building and support to regulatory revisions and decentralisation of water supply and sanitation responsibilities, along with the strengthening of sector governance; ii) development of new and innovative mechanisms for the financing of water supply and sanitation infrastructure; and iii) involvement of civil society representatives and enhancement of the role of women in relevant planning and policy making. The strategies of the JPs include participatory and rights based approaches, with a strong focus on vulnerable groups and marginalised communities.

¹ Government of Spain-UNDP MDG Achievement Fund (MDG-F). Terms of Reference for the Thematic Window on Democratic Economic Governance.

Achievements and Results

The JPs have achieved valuable results in improving access to water and sanitation as well as in attracting investments in water supply infrastructure. In Bosnia & Herzegovina, 260,000 citizens benefitted from the programme's activities and 50,000 of them have received improved water supply services, including better water quality and quantity. In Ecuador, 4,750 people benefitted from improved access, continuity and quality of water. In Honduras, nearly 35,000 people obtained access to water and sanitation; the programme also supported 3,330 households in adopting adequate hygiene practices, which benefitted approximately 16,000 people. In Mexico, the improvement of water and sanitation services in schools benefitted a school population of 2,317. In Nicaragua, water and sanitation projects implemented in communities and schools on the Caribbean Coast improved access and water supply sources for almost 17,000 community members. In the field of infrastructure investment, the JP in Bosnia & Herzegovina directed US\$1.25 million of investments in small infrastructure projects to increase water supply coverage. In Honduras, the JP leveraged nearly US\$4 million from the Central American Economic Integration Bank for rural infrastructure. In the Philippines, the 36 municipalities where the JP operates have been prioritized under the SALINTUBIG program of the government, which will provide up to US\$0.23 million per municipality for the development of water supply systems.



In addition to quantifiable results obtained so far, there are a number of elements in the design, approach and methodologies of the JPs which make them relevant interventions and ensure their sustainability.

Capacity development

The Joint Programmes have achieved good results in terms of enhancing the capacity and ability of the poor to participate and influence processes of reform and policy development. Joint Programmes supported consultative processes leading to the development of water policies and strategies in Guatemala and Albania. Working with public officials, community members, and local associations among others, JPs improved water governance capacities and service delivery (Ecuador, Guatemala, Mexico, Philippines). Most Joint Programmes focused on the inclusion of vulnerable groups resulting, for instance, in increased women's participation and leadership in water projects (Angola); active participation of women and community youth groups in Municipal Management Boards (Bosnia & Herzegovina); priority to participation of ethnic minorities, indigenous and Afro-descendants groups (Nicaragua); and increased directive roles played by women (Guatemala). Valuing and incorporating cultural diversity has also facilitated participation and inclusion of beneficiaries and their knowledge in development processes. Specific methodologies -- such as the Healthful School and Home methodology applied in Honduras, which developed greater awareness and improvement of sanitation conditions in the rural community of Hacique -- are good examples for replication.

Generation of public-private and civil society dialogues

Several JPs contributed to the active engagement of local people and target groups, encouraging a broad public-private dialogue, including civil society, when conceiving and implementing public policies and reforms. JPs fostered participation of user groups in decisions to reform the water and energy sectors (Albania); ensured the active engagement of residents through the formation of Municipal Management Boards and strengthened Water Boards (Bosnia & Herzegovina, Ecuador, Nicaragua); and facilitated networks to foster coordination and public-private dialogue (Panama, Paraguay, Angola, Guatemala).

Promotion of social-contracts



JPs contributed to the promotion of social contracts through specific work on the functioning, sharing of responsibilities and involvement of stakeholders in the water and sanitation sectors. JPs contributed to a water contract model and Consumer Complaints Management System (Albania); transfer of certain liabilities of (semi) public institutions to communities (Angola); a Proposed Act for Providing Water and Sanitation Services (Ecuador); an initiative for Citizenship Monitoring for Water and Sanitation (Mexico); an integrated approach to water resources management (Paraguay); revision of finance instruments (Philippines, Ecuador); and criteria and measures for social policy for water supply, including rules for subsidizing vulnerable groups (Bosnia & Herzegovina).

Actions to support long-term strategies

To ensure that contributions made will support long-term planning and strategies, JPs have focused on fostering local ownership and ensuring demand-responsive approaches that are relevant to country needs and priorities, and that are complementary to the on-going efforts of national partners. JPs have also made valuable contributions to building enabling environments that ensure the rights and assets of all stakeholders. This has included revising policies and laws (Ecuador, Guatemala, Honduras, Mexico, Philippines), examining the potential impact of reforms (such as an increase in tariffs in Albania), and strengthening regulatory agencies for sanitation services (Paraguay). By strengthening institutions, the JPs have made a long-term impact on how those institutions deal with policy, regulations, implementation, execution and oversight. The JP in Bosnia & Herzegovina participated in the establishment of the Department for Water in the Ministry of Foreign Trade and Economic Relations and in the formation of Municipal Management Boards. In Ecuador, the JP contributed to strengthening social organization in communities. In Guatemala, the JP facilitated the creation of the Water and Sanitation Unit, and in Honduras the National Water and Sanitation Council has been strengthened in its role as the governing body for policies and planning in this sector.

Conclusions

Sustainability

All Joint Programmes have a solid grounding to continue contributing to the achievement of the MDGs. The articulation and social inclusion found in all JPs is a key aspect for social contracts, dialogue and long-term strategies necessary to achieve democratic economic governance. This is even more feasible when accompanied by continuous work in capacity development.



Most of the activities implemented by the JP are part of larger strategies and programmes that are coordinated by national partners with other support. This has been crucial in facilitating ownership, alignment, complementarity and continuity to relevant efforts. The JPs have contributed significantly to capacity development. These capacities (technical, for leadership, for governance) facilitate long-term application and set the basis for replication, resulting in political and social sustainability.

Sustainability is also seen as a result of the complex and numerous linkages which the JPs have managed to propose, establish and coordinate. These new areas of collaboration become political instruments and management bodies which enable dialogue, collaboration, integration and drive for knowledge transfer and continuity of actions.

Recommendations

Promote linkages to overcome fragmentation and facilitate knowledge sharing and collaboration. Water sectors in most countries tend to be fragmented. The current paradigms of Integrated Water Resources Management and Human Rights Based Approaches lead the way for sector reforms, and synergy of interventions and investments in water and sanitation.

Facilitate and support the formation of Water Boards for local development. The formation of Water and Sanitation Boards at regional and municipal level helps to establish areas of cooperation and dialogue between stakeholders. It is important to consider aspects of capacity building and financial support for their efficient functioning.

Empower vulnerable groups for community development. Empowering vulnerable groups is essential to address inequalities.

Support governance through empowered institutions. Strengthening institutions is key to enabling them to deal with policy, regulations, implementation and delivery in an effective manner. This embraces governance reforms, legislation, apex bodies, local authorities, river basin organizations, water utilities and a range of other institutional arrangements at different levels.

Support sector strengthening with improved management instruments. Enabling decision-makers to make rational and informed choices, through relevant instruments and methods, constitutes an important support in this sector.

Access to full report: <http://on.mdgfund.org/1314EM9>