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"Local Governance in the Americas:
Political, financial and organizational challenges"
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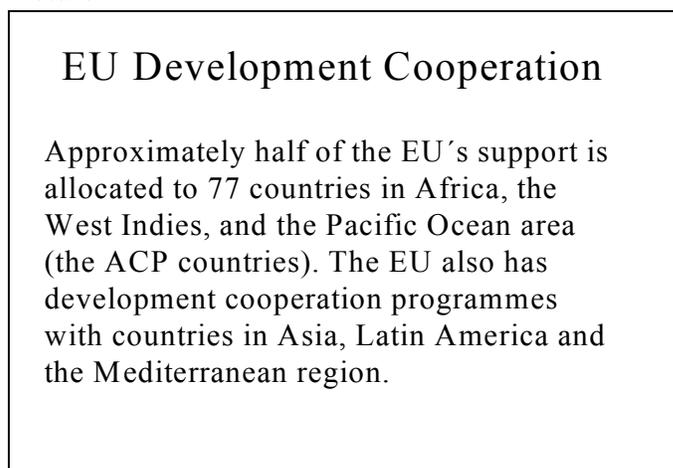
**The International Community
and
the Building of Local Governments in Latin America**

**Presentation by
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The International Community and the Building of Local Governments in Latin America

Through their membership fees to the European Union Sweden and the other European countries contribute to the extensive development activities administered by the European Commission.

Picture 1



To some extent the development cooperation is also channeled to other multilateral organizations. But most of the development cooperation is bilateral.

The policies of development cooperation and Local Governance are more or less the same in the countries that are members of the EU, so please let me take my own country - Sweden¹ - as an example.

The total amount allocated for International development cooperation in Sweden is this year SEK 15,7 billion². As percentage of the gross national income (GNI) it is 0,73.

¹ Sweden is a constitutional monarchy with a parliamentary democracy. Sweden's 289 municipalities vary widely in size, from Stockholm, the capital, with a population of about 680,000, to Bjurholm, with 3,000 residents. Municipalities enjoy considerable autonomy and far-reaching powers of their own. The constitution established the principles for local self-government, which creates the opportunity for citizens to take part in the local decision-making process and local administration via elected representatives to municipal and county councils. Municipalities have the right to levy taxes and determine tax rates. The municipal tax is a flat tax in which the same percentage of the citizens income is paid regardless of the individual level of income. The average tax rate is 32 per cent (including county council tax), but it varies from 26 to 35 per cent.

² 1 USD=10.80SEK

Generally speaking, there are two main approaches in development cooperation – a bilateral approach and a multilateral approach.

Approximately one-third of Sweden's development cooperation is channeled to a number of multilateral organizations, mainly UN agencies, the World Bank Group, the regional development banks and the EU. Support is provided in the form of core contributions for regular operations and support for special interventions.

Two-third of Sweden's development cooperation is thus bilateral.

Work in connection with disasters will always form an important part of Swedish support. Food, medicine and clothing must of course be sent when this is necessary. But Sida gives priority to work that promotes long-term change. Important aspects of this work include promotion of democracy, equal opportunities and environmental conservation.

Democracy and respect for human rights are not only obvious ends in themselves. Economic growth requires a society with the qualities provided by democratic institutions: stability, security, an efficient form of government and an independent judicial system. Foreign investors demand a functioning banking system and an efficient capital market.

Sweden therefore works in a number of different ways to reinforce the democratic process around the world. This takes the form of drafting new laws suited to the market economy, in for example Nicaragua training judges, and supporting independent media.

Picture 2³



³ ASDI hoy y en el futuro – Un folleto sobre la cooperación sueca internacional para el desarrollo a través de Asdi

The goals of Swedish development cooperation are⁴

- Economic and social equality
- Economic and political independence
- Democratic development
- Sustainable use of natural resources and protection of the environment
- Gender equality

Sida is the Swedish government agency for bilateral international development cooperation. The Parliament and Government decide on the development cooperation budget, the countries with which Sweden shall have programmes of development cooperation and the focus of cooperation.

Sida supports activities in almost 120 countries, including the partner countries in Central and Eastern Europe. Most of the resources are allocated to the twenty countries in Latin America, Africa and Asia with which Sida has extensive, long-term programmes of cooperation. The framework of cooperation is specified in special country strategies and regulated in agreements between Sida and the government of each partner country.

Sida's contributions are based on the changes the partner countries wish to implement and are prepared to allocate funds to. Sida's task is to assess the type of contributions that can give results and then to provide the know-how and capital required. Each contribution in project ceases as soon as the project is able to operate independently of Sida funding. Less successful projects should be concluded rapidly rather than revised.

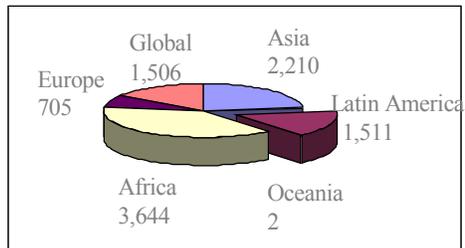
Sida operates on the local level through some 1,500 partners in cooperation, mostly Swedish. These are companies, popular movements, organizations, universities and government agencies that possess the expertise to make Swedish development cooperation successful.

In the long run Swedish development cooperation should lead to wider economic and social cooperation to the benefit of all parties concerned.

Picture 3

⁴ Sida today and in the future – A brochure about Sweden's international development cooperation through Sida

Bilateral development cooperation, disbursements 2000, by region, MSEK



This diagram shows the bilateral development cooperation by region. You may notice that SEK 1,511 billion are allocated directly for Latin America. Then Latin America of course also take part in the global programs.

Picture 4

Sida's main partner countries (disbursements 2000, MSEK)

Tanzania	584,4
Mozambique	423,7
Honduras	382,0
Vietnam	344,5
Yugoslavia	306,7
Nicaragua	306,3
South Africa	299,2
West Bank/Gaza	297,6
Bangladesh	296,7
Bosnia & Herzegovina	219,4

Among Sida's main partner countries you will find Honduras as number 3 and Nicaragua as number 6.

Sweden has allocated a total of SEK 1.4 billion for the next three years period to finance activities connected to the post-Hurricane Mitch reconstruction program in Central America. A little more than half of these funds are allocated to infrastructure inputs in Honduras and Nicaragua. The remaining resources have been divided between several different areas with an emphasis on support designed to combat poverty.

The major part of the support has been allocated to Honduras, which has previously received relatively small amounts of development assistance from Sweden, and to Nicaragua, a country that Sweden already has a long-term cooperation with. Small-scale contributions will be implemented in El Salvador (including housing) and Guatemala (including temporary bridge construction).

Another major programme is Swedish assistance for contract-financed technical cooperation. The aim of Sida's contract-financed technical cooperation is to promote human resource development in low and middle-income countries and to provide know-how in areas which are of strategic importance for the development of partner countries.

Contract-financed technical cooperation shall promote a greater exchange of skills and experiences between Sweden and partner countries and encourage a broad spectrum of Swedish participation in the cooperation.

Sida decides each year on the countries in which programmes of contract-financed technical assistance may take place. The programmes are restricted to sectors in which Swedish competitiveness and expertise is strong, mainly public administration, human rights and democracy.

Each year Sida supports between 150 and 200 projects in some 30 countries under the contract-financed technical cooperation programme. The projects have clear objectives and time limits, usually 1-2 years, and normally cost in the range of SEK 0.5 to 4 million.

Sida also finances six Swedish consultant trust funds in the International Development Banks, for example the Inter-American Development Bank (IDB), and in UNDP.

These trust funds make it possible for the Banks and the UNDP to use Swedish expertise within the framework of their projects.

Picture 5

Participation of All and Local Governance

- Participation of All: who is responsible?
- Voice: need to encourage and respond
- Solidarity: can we take for granted?
- What is a community? Inclusion of All
- Communities at all levels: horizontal
- Communities: vertical and *bottom-up*
- Trust and confidence
- Transparency

Participation of all is a prerequisite for Good Local Governance.

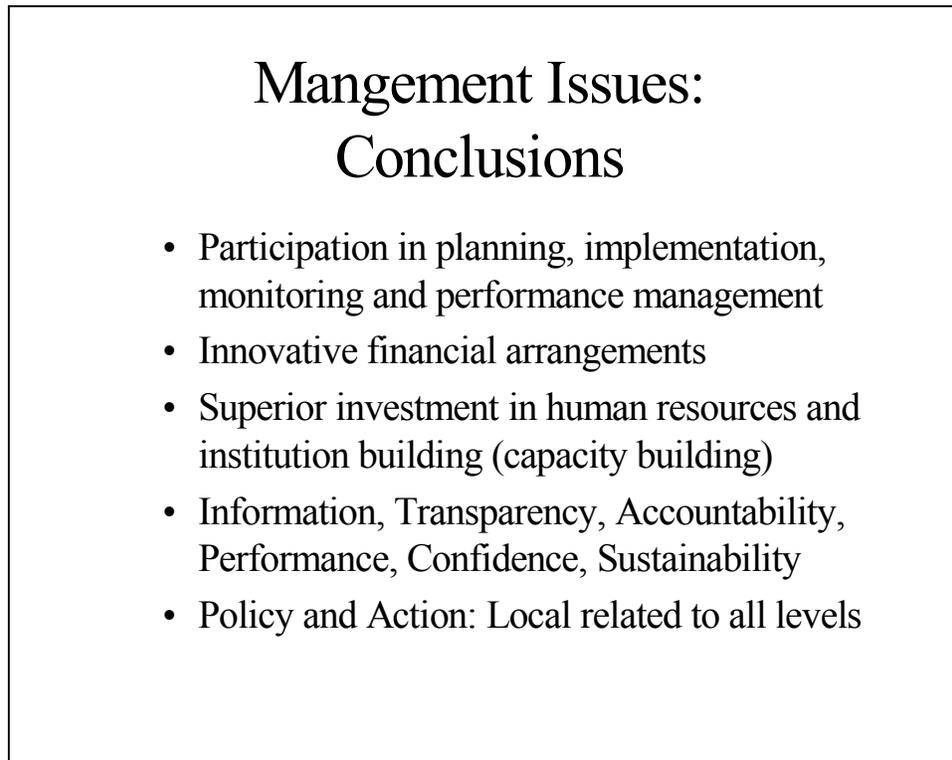
The bilateral cooperation therefore include for example, the introduction of management information, performance measurement and planning budgeting systems and support the introduction of procedural and institutional changes that contribute to maintaining an ethical behavior in government.

What does the goal of “social services for all” add to the list of management issues?

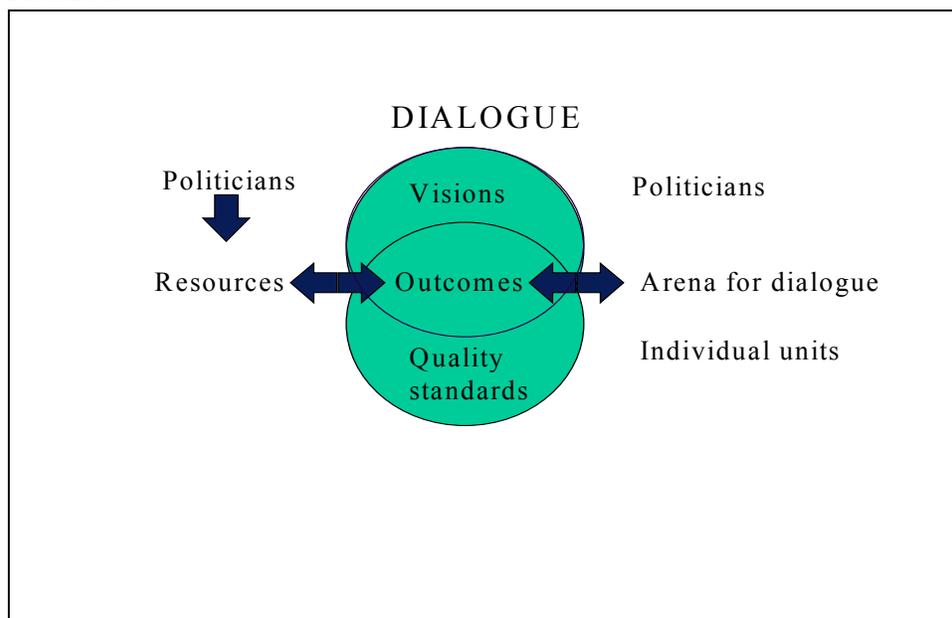
- **Inclusion:** who is NOT included? {data and analysis}
- **Reach:** how to reach out to those not included? When? Where? What? How? Why {fairness and sustainability} ?
{strategies for universal service delivery}
- **Respect** :how and how soon and with what attitude are the under-served populations involved in participation?
{strategies for inclusive participation}
- **Responsibility:** *EVERYONE* {network for partnerships}

Important management issues are shown in picture 7.

Picture 7



Picture 8



The lessons of experience of implementation of MbR on the local level have been extremely good around the world.

Picture 9

The Implementation of MbR - LESSONS OF EXPERIENCE

- ◆ The effects for the people concerned (patients, children, pupils) should be focused at all levels in the organization.
- ◆ Discussions about visions, goals and targets should be integrated into the budgetary process and all decisions should relate resources to demands for results in terms of the quantity and quality of services delivered).
- ◆ This process should be designed in such a way as to engage every politician and every employee of the organisation. Targets which are credible and motivating must be established.
- ◆ The government should be organised into “result units” and there should be a commitment (contract) for every result unit signed by the manager and her/his supervisor, where responsibility for certain results is agreed upon.
- ◆ Required results (which are possible to follow up and evaluate), must be linked to resource allocation.

The dialogue between politicians, citizens and professionals has been a prerequisite for effectiveness and efficiency.

Picture 10



One of the more successful management systems that have been implemented on the local level is CQM⁵. The commitments are to be based on the objectives on central and local level and the individual needs of the citizens. Monitoring and measuring progress and continuous reviewing and improving performance are some other important steps in the process.

All knowledge obtained in connection with evaluation is important for the design of future programmes of development cooperation.

If we use it in the right way, work in the future can be even more successful. And the knowledge we obtain for example by remodeling the judiciary in Nicaragua will be of use to other countries.

⁵ Arne Svensson: Commitment Quality Management (UNCRD's semiannual journal Regional Development Dialogue, vol.18, No2, 1997)