

# **Local Actions, Better Lives**

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## **Decentralizing Rural Infrastructure Services**

**The Economic Development Institute  
of the World Bank**

## **An Accelerating World-Wide Trend**

- In the early 1970s the government of Egypt passed a series of decentralization laws in order to strengthen the capacity of regional and local governments to deliver basic urban and rural services.
- In 1984 the government of Bangladesh decided to decentralize the delivery of selected local services such as roads, markets, storage, and small-scale irrigation, drainage and flood control.
- In 1988 the government of Ghana passed a decentralization law giving local authorities the direct responsibility for planning and managing local development, and in 1993 it passed a constitutional amendment that requires the central government to transfer 5 percent of its revenues directly to local governments.
- In the early 1990s the government of Mali initiated a decentralization program in order to strengthen democracy in the country and increase the participation of the local people in their own development.
- In 1992 India passed a constitutional amendment that requires the state governments to decentralize political and fiscal authority for the delivery of basic services to the lowest appropriate level of government.
- In 1994 the government of Zambia created a National Roads Board, among other things, as an instrument of fiscal decentralization, in order to generate and transfer financial resources to local governments to maintain and rehabilitate local roads.

These are six examples of an accelerating world-wide trend. Along with globalization, democratization, and liberalization, decentralization is sweeping the developing world. While it may not hit the headlines as often, decentralization will arguably have a greater impact on the vast majority of rural people in developing countries.

Today, many countries are decentralizing a range of rural services including roads and transportation, water supply and sanitation, irrigation and drainage, natural resource management, agricultural extension, health services, and education. But decentralization is not a

quick fix for improving the delivery of these basic services to rural people. All are discovering that it is a slow, deliberate process.

Recently, the World Bank organized an international workshop on rural infrastructure in order to learn about delivering rural infrastructure services in a more sustainable way. As the first video in this series indicates, decentralization emerged as the major recommended strategy. But, what is decentralization? Why should countries decentralize rural services? And how should they decentralize? The workshop produced answers to these questions. This video highlights those answers.

## What is Decentralization?

Decentralization is the transfer of authority and responsibility for various government functions from higher to lower levels of government, as well as to communities and the private sector, in order to improve the delivery of basic local services. The goal is to strengthen the capacity of **local governments, communities, and groups**.

Decentralization has three dimensions: **administrative, political, and fiscal**. If the central government only decentralizes its administrative functions, then it is simply moving its bureaucracy closer to the people without devolving political power to the local level. If it devolves political power without fiscal authority, then it is creating local authorities without the means to do their jobs. For genuine decentralization, the central government must transfer an appropriate mix of all three types of authority to the local level.

*We can go back historically to 1988 when the first serious attempt at decentralization was made. In short, it ended up as an administrative exercise -- deconcentrating administrative functions to the regional level. The regional level became a stronger center than it had been. Not much was achieved below the region at the district level. And so we only succeeded in placing a second layer of bureaucracy between the grassroots and the center. And naturally this exercise failed to work. The second reason that this attempt failed was that, apart from the paper transfer of functions to the regional level, this was not accompanied by any form of capacity building for the sub-national level to perform the functions transferred. For instance, no level of fiscal authority was devolved on the regions or the districts.*

## Why Decentralize Rural Infrastructure Services?

There are a number of reasons why it makes sense for governments to decentralize rural infrastructure services.

### **Facilitates the use of local knowledge and information**

Decentralization makes it easier for the providers of rural infrastructure to use important local knowledge and information in their planning and implementation decisions.

*So far, we were having a paradigm where . . . . everything was from the top. We would like to go to a situation where it should be from below -- the planning from below. For which we have to have grassroots-level organizations. India is too big, and it is absolutely impossible to govern from the top in a centralized sort of a system. Without decentralization, we can't have it. When we think about decentralization, any developmental process without the people's participation will not take us where we want to go.*

**Palat Mohandas, Mission Director  
Rajiv Gandhi National Drinking Water Mission, India**

*We find that decentralization has considerable promise for increasing the information flow both within the government system, and also between the government and other sectors -- the non-profit, the NGO sector, and the private sector -- and also with the beneficiaries. For example, it has been noted that decentralized systems are much more effective at tackling local problems, of responding to local problems, of bringing local problems to the attention of central authorities so that appropriate action can be taken.*

**Graham Kerr, Senior Research Associate, The World Bank**

### **Facilitates local participation and ownership**

Decentralization makes it easier for the users of rural infrastructure to participate in planning and

implementation decisions, to express their true demand for services, and to develop ownership of the new investments.

*I tell you this is very innovative, very experimental, and very challenging also. And this gives a lot of respect to the beneficiaries, to the villagers, to the people. The people play a central role, they are the main actors in this project. . . . They decide the design, the source of the water, the kind of delivery they want -- whether they want a pipe, or they want a well, or they want rain harvesting, or they want some other system -- because they are also contributing financially, they are contributing by labor, they are contributing by time. So they are not passive. They are very active.*

**Avdhash Kaushal, Chairman,  
Rural Litigation and Entitlement Centre, Uttar Pradesh, India**

### **Unleashes new resources at the local level**

Decentralization unleashes previously untapped resources at the local level, thereby enlarging the total resources available for infrastructure investments and reducing the pressure on central government resources.

*The villages can now repair their own pumps. They have their own workshops. And we feel that in the ongoing decentralization, the rural communities will have more resources. They will be able to take responsibility for more things. With decentralization they will be able to define their own priorities. And that's very important because it's only when they make their own decisions that we can achieve convincing results. The state will only be engaged in supervising what is being done.*

**Moussa Dieng, Project Manager,  
Village Water Supply Project, Republic of Mali**

### **Enhances transparency and accountability**

Decentralization enables everyone in the chain of accountability -- the people, the politicians, and the public officials -- to exercise greater oversight, thereby reducing any graft, corruption, or other opportunistic behaviors by those who deliver infrastructure services.

*Now when do these opportunistic behaviors most commonly arise? Well, they most commonly arise*

*where there are different amounts or availability of information to the parties involved. The contractor knows what he's doing out there on the road, but if you are the supervising engineer and it's impossible for you to get out to the roadway to inspect that individual's work, you don't have that same amount of information. There is a different amount of information, and therefore it is much easier for the contractor to shirk.*

**Larry Schroeder, Professor,  
School of Public and Environmental Affairs, Indiana University**

## **Builds capacity to provide other local services**

Decentralizing rural infrastructure builds local capacity to provide other services as well, since infrastructure services are often the first services that local governments learn how to plan and manage effectively.

*Infrastructure programs present a unique opportunity, and perhaps the first opportunity in any community, to influence the delivery of services. They can establish and reinforce the institutional environment in which rural people provide the services they want and need for themselves. Note that the actors in the previous sentence are "rural people", not the government. I think the concept of decentralization requires a total change in the attitudes of all parties involved. In a decentralized system, the folks at the bottom of the system are in charge. That is very different from the past, and often very difficult for a lot of us to accept.*

**Graham Kerr, Senior Research Associate, The World Bank**

## **The Role of Central Agencies and the Private Sector**

Local governments and communities cannot do everything, or more would have already done so. They typically lack the up-front capital resources and the professional and technical expertise to get started.

There remains an important role for central government agencies as catalysts, advisors, regulators, and financial partners. Their key functions include nation-wide **coordination**, **building capacity**, administering **financial transfers**, and establishing and enforcing realistic construction and maintenance **standards**.

*In fact, the Local Government Engineering Department is almost synonymous with the local government institutions in Bangladesh. We have so much interaction and we work so closely that any rural infrastructure requirements at the local level are immediately attended by our engineers working at the local level throughout the whole country. . . . What we are doing is very unique in the entire regional situation. Our organization is highly decentralized. We have our technical manpower working in all the local government levels, and all the implementation and decisionmaking processes are also done at the local level.*

**Quamrul I. Siddique, Chief Engineer,  
Local Government Engineering Department, Bangladesh**

There is also an important role for the private sector. It is one thing for local governments and communities to decide the scale and quality of infrastructure investments, to arrange financing, and to monitor production and use -- what economists call “**provision**” activities. It is another thing for local governments actually to construct and maintain infrastructure investments -- what economists call “**production**” activities. Rather than using force account labor, local governments should consider contracting out such production activities to the private sector -- whether to capital-based or labor-based contractors, as appropriate.

*Feeder roads are suitable for labor-based contracts, but not all the feeder roads. . . . Labor can be cheap, but the terrain can be so winding that you need to do a lot of cutting, you need to move a lot of material -- that is, you need to do a lot of earthworks. And if you get into such a situation, then you should avoid using labor-based technology, because you overtax the labor so that it will become unprofitable. . . . Using labor-based methods for road maintenance hasn't got the limitations that I mentioned earlier. Like we saw yesterday, on a trunk road, we saw a single-man contractor doing bush-clearing and seasonal scything. This is a trunk road constructed by capital-based methods, but now you have labor-based methods being applied in the maintenance. So there is no limitation using labor-based methods in road maintenance. As of now, the Department of Feeder Roads is using about 90 percent -- applying labor-based methods on 90 percent of its network.*

**E. Nii Klemesu Ashong, National Coordinator,  
Department of Feeder Roads, Ghana**

Local governments might even consider contracting out some management functions to

the private sector.

*Another important issue relates to the size of district networks. A hundred to three hundred kilometers of roads is insufficient to justify the build up of full-fledged management capacity within each local government, so that it is very difficult for local governments to recruit and retain qualified staff. Hence, local governments lack capacity to plan and to manage road networks.*

**Christina Malmberg Calvo, Transport Economist, The World Bank**

## **The Logic of Coproduction**

Such a partnership between central agencies, local governments, local communities, and the private sector -- what economists call “**coproduction**” -- makes sense because rural infrastructure is a complex economic and social good.

Unlike a private good, such as a drink of Coca-Cola consumed by a single individual, rural roads and water supply systems are used jointly by many consumers at the same time. Usage is **non-rival**. One person’s use of a road or a well does not reduce its availability to other people unless, of course, the road becomes congested or the well runs dry.

Because many people use the service at the same time, the up-front capital costs of a typical infrastructure investment are large relative to each user’s limited resources. Somehow, society must aggregate the resources of many users in order to make these up-front investments.

A second characteristic of most rural infrastructure services is **non-excludability**. It is difficult to prevent people who do not pay from using the road or the well. While in some cases, like toll roads and bridges, it is possible to charge users at the point of usage, this is not the case for most rural roads and water supply systems in developing countries.

A third characteristic of most roads and certain water supply systems is that they are part of a network, which makes planning more complex. That is, deciding to build or improve a particular road will generally be linked to other portions of the network.

Consider this simple, two-by-two classification of goods and services.

		<i>Excludability</i>	
		<i>High</i>	<i>Low</i>
<i>Rivalry</i>	<i>Low</i>	Toll goods	Public goods
	<i>High</i>	Private goods	Common pool goods

For **private goods** like the drink of Coca-Cola, since both rivalry and excludability are high, markets can function effectively to provide such goods.

For **toll goods** like telecommunications, even though rivalry is low, markets can still function, since suppliers can still exclude those who do not pay. However, because of non-rivalry and the resulting economies of scale, the typical suppliers tend to be large, hierarchical organizations, like public enterprises or large private firms.

However, for **public goods** like rural infrastructure, since both excludability and rivalry are low, markets do not function effectively, since suppliers have difficulty excluding those who do not pay. Some form of collective action -- by local governments and communities -- is necessary in order to make all users contribute.

This explains why coproduction of rural infrastructure makes sense. Neither the private sector in markets, nor central government hierarchies, nor local communities acting collectively can do it alone. The solution and the challenge, workshop participants said, is to establish institutional arrangements for effective coproduction, so that local communities, supported by central agencies and contracting certain tasks to the private sector, can make sound financial and technical decisions -- in favor of a pipe scheme or a well scheme, an all-weather road or a dry-weather road.

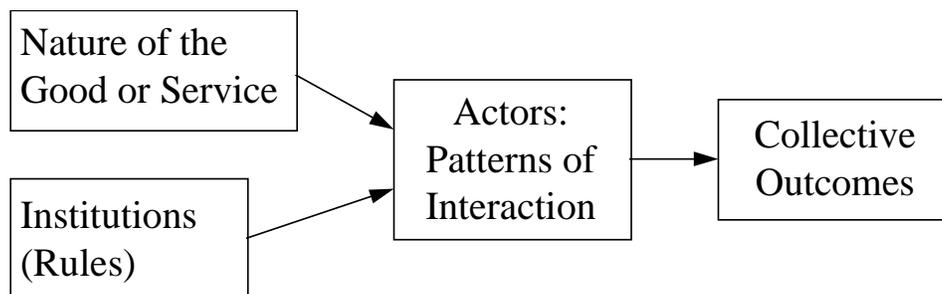
## The Challenge of Coproduction

To focus our attention on this challenge, we assume:

- That there exists a general, **national framework** for decentralization, since rural infrastructure alone cannot drive the decentralization process;
- That the politicians and senior **policymakers** are providing the necessary political commitment and political cover to proceed with the agreed-upon reform strategy;
- That the **reform manager** -- the person who is actually responsible for managing the reform process on a day-to-day basis -- has been given the necessary authority to complete the task,
- That is, to put in place a new set of **service-level institutions** relating to the delivery of a particular service like rural roads or water supply.

*Overall, the more effective are service-level institutions, the greater will be the output of coproduced water and sanitation services, through these incentive mechanisms. The challenge of coproduction is thus to craft a set of these institutions. However, as emphasized by so many of the workshop participants, there exists no single formula for effective design of these institutions nor determining the ex ante relative importance of each such service-based rule. In each case, concerned stakeholders must be flexible enough to design and adapt these institutions to the circumstances in each village.*

**Jon Isham, Research Associate, IRIS Centre, University of Maryland**



Institutions are rules. Institutional arrangements like coproduction are sets of rules. For wherever human beings interact, one needs rules in order to coordinate their actions and produce the desired outcomes. Given the **nature of the good or service**, the objective of the reform

process is to establish **new rules** that will change the behavior of **the actors** in the system, and improve the **collective outcomes** in terms of criteria like efficiency, sustainability, transparency, and accountability.

How then should a reform manager go about designing and implementing a new set of rules that will improve the collective outcomes for a particular service such as rural roads or water supply?

## **An Institutional Reform Cycle**

The reform manager needs to focus first on the **process of reform** rather than on the final substance of the reforms.

*One other feature which I could additionally emphasize was that from the outset they had this process approach to this whole issue of rural infrastructure, not like a blueprint which was to occur. Because if you are working with these local people in the local government sector, you have to be flexible and open to respond to new needs as they emerge. And after one infrastructure has been created, it might generate a subsidiary demand. One needs to be able to respond to that.*

**Hossain Z. Rahman, Institute of Development Studies, Bangladesh**

The reform manager needs to work constructively with the **major actors** in the process, who have a stake in the outcome.

*On a day-to-day basis I would say that I have to deal with at least four to five organizations. You could start with the World Bank, formerly in Washington where the task manager was, and now in New Delhi. We have a new task manager. There are a whole range of issues which we discuss. Then I have the central government, which is the Rajiv Gandhi Drinking Water Mission, and they have a number of questions, and they are supporting us a lot. Then in the state government, I have the state government, the secretary, the chairman of my organization who is also the agriculture production commissioner. And then of course the NGOs -- the support organizations. And boy, you know, we are talking to these people every day, and they raise a whole host of issues. For half of them you are pleading with, you are cajoling with, but basically we have established a very good relationship with them. Then you have the*

*communities. And although we don't interact that much with the communities, but we get a whole range of letters from our village water and sanitation committees and we have to respond to them. Then you have got the politicians. . . . And sometimes, you know, you wonder if you are running a project or just dealing with a number of organizations.*

**Parameswaran Iyer, Director, The SWAJAL Project, Uttar Pradesh, India**

Because there are so many actors involved, the reform manager needs a good **communications strategy**.

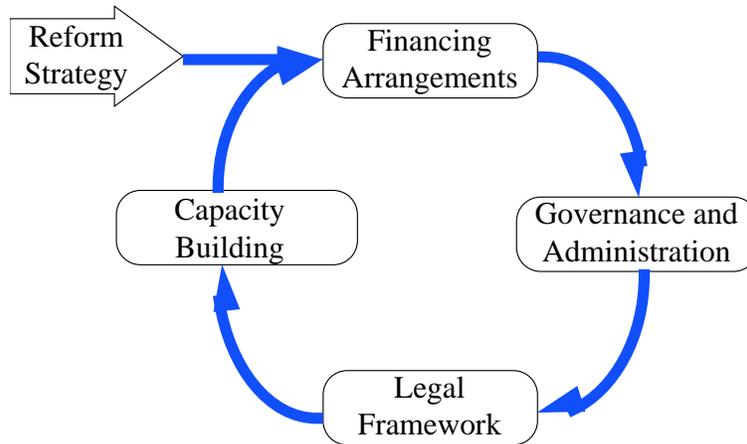
*Yes, a very strong one. We realized that you have to get information back to the people. Roads are very close to people's hearts. So we have a radio program, a weekly radio program. We advertise regularly in the press -- how much money we have collected; how much has been disbursed; the way it has been disbursed; what we are doing; what problems we have, and there are problems; what the problems are. Because people are paying, they want to know. They ask questions. And we allow them to ask questions. We interact. We have a journal which we publish. We allow free access to journalists and there is constant debate in the press.*

**Raymond A. Jhala, Chairman, National Roads Board of Zambia**

Finally, the reform manager needs to address the key areas requiring action in a logical **sequence**, such as the following:

- Financing arrangements
- Governance and administration
- The legal framework
- Capacity building.

Thus institutional reform is an ongoing cycle, driven by an overall reform strategy -- in this case, decentralization and coproduction. As new institutions are established, as capacity builds, and as experience develops, new ideas emerge to improve the system still further, and the cycle is repeated.

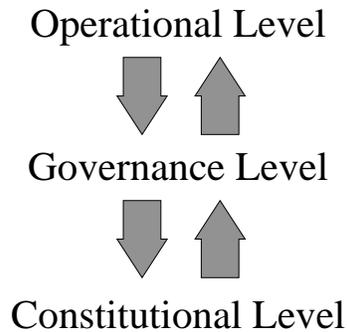


New ideas may emerge from many quarters. In Zambia, the idea of a fuel levy, to be deposited in a special account, and to be administered by a stakeholder board, purely for maintenance and rehabilitation of roads, came from a stakeholder workshop.

*The consultative process began in February 1993, where we held a conference and basically what came out of there was very simple. The stakeholders said, "We are prepared to pay as long as we have a say in how that money is used." Now when the resolutions were being made, the stakeholders themselves did not believe that the government would say "Yes" to this. They thought it was just your usual workshop. You make fancy resolutions, have your receptions, your cup of tea at the end of the day, and you go home! And then everything returns to the status quo. When the politicians received the resolutions, they said, "Yes, we will go in this direction!" And when that decision was made, it was then a question of bringing everyone on board, and everyone has now come on board.*

**Raymond A. Jhala, Chairman, National Roads Board of Zambia**

The first three steps of the reform cycle relate to the three levels that exist in all institutional systems. The **operational level** -- where most of the actors in any system function most of the time -- refers to the existing, day-to-day rules, including the current financing arrangements. The **governance level** refers to the rules for governing the system, that is, for making and enforcing the existing, day-to-day rules. The **constitutional level** determines who is given the authority and responsibility for making and enforcing these existing, day-to-day rules.



Comprehensive institutional reforms usually end up changing the rules at all three levels of an institutional system and going through all four steps in the reform cycle -- from financing arrangements to capacity building.

## **Financing Arrangements**

The financing arrangements specify who pays for rural infrastructure investments and how. Conceptualizing new financing arrangements is the first step in the reform cycle because no institutional arrangement will be sustainable unless it can pay for the investments over the long term, not just for construction but also for operation and maintenance.

*No institutional set up will be effective without a steady and adequate source of funding for maintenance. So what are the financing options? Well, I am afraid that I do not have a silver bullet here, but, as mentioned by the two keynote speakers of yesterday, financing of recurrent expenditures for rural infrastructure is very much part and parcel of fiscal decentralization. Now having said that, I still do not think it is an exaggeration to say that the new generation road funds open up a window of opportunity to finance both local government roads and community roads and paths that were previously not there.*

**Christina Malmberg Calvo, Transport Economist, The World Bank**

The reform cycles in Zambia, India, and the Republic of Mali all started with new ideas about financing. In Zambia, the government decided to institute a fuel levy to generate resources specifically for maintenance and rehabilitation of existing roads. In India and Mali, the government decided that local communities should pay a portion of the capital costs of new water supply investments.

While financing may come from several sources -- such as local taxes and contributions, user fees and charges, or central government transfers -- the financing arrangements are more likely to be sustainable if three principles are followed: **fiscal equivalence, administrative simplicity, and special accounts**. That is, people's financial contributions should correspond as closely as possible to the benefits that they receive, their contributions should be collected in the simplest possible way, and the proceeds should be deposited into a special account that is used only for the service in question.

## **Governance and Administration**

Governance and administration refers to who makes and who enforces the day-to-day rules in relation to the delivery of infrastructure services. Designing a new governance system, or modifying an existing one, to administer the new financing arrangements is the next step in the reform cycle.

The new governance and administrative arrangements should be built upon **local traditions and local capacity**.

*Because you are dealing with people who have their own culture, the transition process should be rooted in their culture. People should not feel that the reform is something that has come from abroad to be imposed upon them. You have to take into account the issues and break into the peoples' own cultural life in society as a whole. . . . The reform policy should be adapted to the political, economic and social realities of the country.*

**Ousmane Sy, Chief, Mission for Decentralization, Republic of Mali**

The new governance and administrative arrangements should facilitate **local participation** in planning and implementation decisions.

*The beauty also of the bottom-up approach that we applied in the Basic Village Services Program in 1982 was to give the people at the village level the right to choose, the right to discuss, the right to select. And because they are living there they know better than any good planner, who's coming from Cairo or who's coming from the governorate level. So they know everything, they know their conditions. Moreover, when the people as a village have the right to select the project, they will support it, starting from the*

*beginning. It is a road, and you need a small piece of land from this farmer to be able to complete this road, he will give his piece of land for the road. But if you impose a project on him, he will hesitate to donate part of his land for the sake of the approach.*

**Mahmoud Abou-Raya,  
Institutional Development Specialist, Chemonics Egypt**

Most important of all, the new governance and administrative arrangements must establish a **chain of accountability** from the users who are paying for the system, to the governing board, to the day-to-day administrators, and to the actual suppliers of infrastructure services.

*They are central government staff, but working at the local level. They are accountable to the local authorities. . . . Their works are being supervised by the elected representatives. There is a regular reporting in the monthly meeting of the local council, and all their works are open to everybody. So it is not that they are only answerable to the departmental hierarchy. That's the unique thing we have established. Though it is a dual responsibility, and it may be difficult from a management point of view, but we have been able to establish this system in Bangladesh.*

**Quamrul I. Siddique, Chief Engineer,  
Local Government Engineering Department, Bangladesh**

## **The Legal Framework**

Codifying the new governance and administrative arrangements in law is the next step in the reform cycle. This is important in order to create the institutional stability that will encourage local people to invest their own resources in the new system.

*Very few of the countries that have embarked on decentralization of governance have had the commitment, a strong commitment, to translate this into a legal obligation, let alone a constitutional one. So, my first recommendation is to make sure that the concept of decentralization, in whatever form that country wants to implement it, is translated into law. That way the concept itself is protected. And that way a strong exhibition of political commitment is shown. And having sent such a strong signal, of course, you would expect an equally high level of commitment from the grassroots level to the process.*

**George Cann, Director, Ministry of Local Government, Ghana**

A legal framework generally:

- Defines **property rights** that create ownership, grant access, and delegate authority and responsibility
- Establishes **enforceable rules** to monitor and sanction performance
- Provides **dispute resolution mechanisms** to manage conflicts before these get out of hand.

The absence of a well-defined legal framework for rural infrastructure clearly remains a problem.

*Once one goes to rural areas, one finds that rural roads are really constructed by all kinds of free-standing projects, missions, NGOs, volunteers. In one way, this is an expression of the great demand that there is for transport infrastructure. The problem is that many of these very good intentions do not provide for sustainable setups for maintenance. And many of these roads remain legally undesignated, and belong to no one. People refer to them as the project's road, the mission's road, the food-for-work people's road. There is insufficient strengthening of local capacity in both the public and the private sector to effectively assume responsibility for these roads. And we are all very familiar with the outcome of these problems.*

**Christina Malmberg Calvo, Transport Economist, The World Bank**

## Capacity Building

Building the human resource capacity to run the new system is the final step in the reform cycle. Even the best designed institutional arrangements will not work without the necessary managerial and technical capacity at all levels.

The central government needs to build managerial, technical, and other expertise at its own level.

*There is an extensive training program for our engineers. Not only is it on engineering and management but also on the social dimensions of the development program and understanding the poverty reduction issues. . . . You'll find our engineers understanding the social issues, like people's participation,*

*relationship with the politicians, working in the local government situation. All these are part of their social development training.*

**Quamrul I. Siddique, Chief Engineer,  
Local Government Engineering Department, Bangladesh**

The government needs to build planning, implementation, and financial management capacity at the **local government level**.

*There are several areas of skill shortages -- financial management, basic planning processes, project implementation, project design itself, supervision of effective implementation of projects, feedback mechanisms. All these are areas of critical shortages in terms of skilled manpower. What we are doing to meet these constraints is to design a number of project interventions, with built-in capacity management systems. The village infrastructure project is one such project.*

**George Cann, Director, Ministry of Local Government, Ghana**

The government needs to help build various kinds of capacity, including maintenance capacity, at the **local community level**.

*It was the first time that some people really knew what was the meaning of preventative maintenance, because you know Egypt in that time wasn't a maintenance-oriented country. Nobody thought about maintenance. So in fact, part of the program for capacity building here was operation and maintenance. It was a big part. . . . So we built first of all a maintenance workshop in each mother village. So you have now, the existing situation now, you have a maintenance workshop responsible for the very simple preventative maintenance, daily and weekly preventative maintenance, and simple repairs for all infrastructure projects at the village level.*

**Mohamed H. Ashmawi, Executive Vice-President, Chemonics Egypt**

The government needs to help build technical and managerial capacity **in the private sector**.

*For the contractors' course -- that is, basic training in the application of labor-based techniques -- we have a full 20-week course. Six weeks are in the classroom -- theoretical work in the classroom -- and then fourteen weeks on the floor. And during the 14 weeks, the trainees are taken through the full cycle of*

*what it entails to construct a road, from setting out clearing, to graveling at the end. And at the tail end, we have a one-week course on road maintenance. So we have a full 20-week course for contractors' foremen. And then we have 2 weeks for the managing directors, that is, management training for the managing directors.*

**E. Nii Klemesu Ashong, National Coordinator,  
Department of Feeder Roads, Ghana**

Since governments cannot do all this alone, most work with nongovernmental organizations, particularly for building capacity at the local community level.

*Well, one of the main reasons was that the existing delivery system basically concentrates only on construction activities. It does not do any kind of capacity building, by way of community mobilization or community participation. Now the kinds of NGOs we have picked are basically grassroots organizations. They've got a certain rapport with the community. They have already worked with them. And they are very good at building capacity at the local level, because they share a one-on-one relationship with the community. . . . And that is why we are using NGOs. Because they have flexibility, they can adapt, and they are interested in the project. They have commitment, because they are basically volunteer agencies that have done this kind of thing before. And we are interested in the whole process of decentralization through capacity building. We could not have done that through the existing government organization.*

**Parameswaran Iyer, Director, The SWAJAL Project, Uttar Pradesh, India**

Decentralization is changing the world. It is unleashing the previously untapped resources and latent capacity that exist among rural people all over the world and is leading toward a more sustainable pattern of community-based rural development.

This trend shows much promise for permanently improving the well-being of rural people everywhere, while taking the pressure off over-extended central governments.

However, in order to fulfill this promise, decentralization must be associated with effective institutional reforms. This video has provided a conceptual framework and practical steps to carry out such reforms.

The participants who attended the recent international workshop on rural infrastructure challenge those who are managing institutional reform processes all over the world to put these steps into action.



This brochure, *Local Actions, Better Lives: Decentralizing Rural Infrastructure Services*, accompanies the video of the same title. These have been produced by the following:

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