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## Decentralisation, enablement, and local governance in low-income countries<sup>†</sup>

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**Abstract.** Decentralisation to local governments has acquired new dimensions. These dimensions refer to delivery of basic services as well as to public or collective demands and goals. Enablement is central to new decentralisation in which the role of government is to facilitate and regulate the overall framework within which other actors can make their most effective contribution. After situating decentralisation, I explore the notion of enablement. Subsequently the concept of local-government enablement of communities is operationalised. Criteria are formulated and applied to a (nonrepresentative) sample of local governments in seven countries. It is concluded that introducing enablement in local planning is comparatively easy. However, changing regulatory, administrative and financial public decisionmaking processes is much more difficult. In the final part of the paper I examine a number of issues in the local-governance debate. Decentralisation to local government takes place in the context of decentralisation to market and to communities. Issues are identified on the supply and demand sides of governance, and on the question of embedding of government. New decentralisation raises a new class of problems, for which, as yet, few answers are available.

### **Introduction: situating decentralisation, enablement, and local governance**

Decentralisation has become a central issue in development and in the development debate. It was recently estimated that of the seventy-five developing countries with a population of more than five million, sixty-three are actively pursuing decentralisation policies that devolve functions and responsibilities to local governments (Lee and Gilbert, 1999). The phenomenon has greatly increased in complexity. In earlier waves of decentralisation the 'problematique' was restricted to the organisation of the public sector. There it concerns the transfer of public responsibilities and powers, in different forms and formats, within the public sector. Much of this tradition was and is framed by welfare-economics-type considerations, which implicitly assume levels of government to be separate and self-contained units. The central question of decentralisation in this perspective can be formulated as follows: to what extent does decentralisation of powers of public decisionmaking (and financing) from the central to local government lead to better delivery of services? The latter may be defined here in relation to (a) local priorities and preferences for the mix of services (for example, primary education, roads, local markets); (b) higher levels of qualities (for example, fewer drop-outs and better results in primary education); and (c) lower unit cost (for example, cost per child). Although there are many types of arguments for and against such decentralisation, given the realities on the ground, it would in fact be quite difficult to argue a priori in favour of any position. Different criteria would lead to different and contradictory outcomes.

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The comparative static question, “which level of government is more appropriate?” has in the last decade of the previous century become secondary to a more fundamental questioning of the relations between society and state. Several factors may be mentioned here. According to Bennett (1990) who examined the situation in OECD countries, there are a number of issues. First, too many government programmes are political pork barrels to buy votes of particular interest groups, and so the programmes can include clientelist politics, corruption, and fraud. There is a growing scepticism and reappraisal of the ability of public administrators and politicians to manage and target public services (programmes for the poor are hijacked by the better-off). Moreover, these government interventions have often created new dependencies on government rather than encouraging self-reliance. Furthermore, these programmes have suppressed other initiatives (of local governments, communities, and non-governmental organisations, or NGOs). Costs of services have escalated and so have the difficulties of politicians who manage and impose controls. Also, there is an increasing unwillingness to support the implied high level of public expenditures (this is known as ‘macroeconomic crowding-out’).

In low-income developing countries, these factors are also relevant but, it should be added, the political and economic situations are substantially different. ‘Soft states’ have a smaller, historically centralised, public sector, and a smaller and less diverse collection of institutions capable of delivering public services. Inflation and fiscal austerity programmes in the wake of structural adjustment caused public-sector wages, especially in Africa, to shrink below the ‘living wage’ level and this, in turn, undermined the capacity of the state from within (see data provided by Schiavo-Campo, 1998). Interest payments on foreign and domestic debt in the 1980s and 1990s consumed ever-larger portions of recurrent budgets, etc (Helmsing, 1996). The centralised developmental state became increasingly incapable of performing a socially relevant function for growing numbers of urban and rural people, mostly (self-)employed in the rural economy and urban informal sector, and living in villages, urban squatter settlements, or dispersed in the rural areas (Hanmer et al, 1997; Stren and White, 1989; UNCHS, 1989a; 1990). At the same time, growing numbers of better-off people (and enterprises) side-track the state and withdraw from its services, either by design or by default.

The corollary of the above is that the social–political legitimacy of the state in society came under discussion. The political events of the early 1990s and the disappearance of the East–West ideological divide gave this a new twist. A sizeable proportion of this discussion was initially, and still is today, donor-driven and was introduced in relation to policy conditionalities of structural-adjustment programmes under the banner of ‘good governance’ (World Bank, 1992). Later, in the 1990s, the discussion broadened (Litvack et al, 1998; World Bank, 1998). It is argued that through decentralisation to and democratisation of local-level government, part of this legitimacy may be regained by, for example, the creation of elected and representative local governments, direct election of mayors, the formation of local-government substructures at village and neighbourhood level, and citizen participation in decisionmaking, planning, and budgeting. This has become an important dimension of decentralisation.

In essence, two fundamental issues have emerged in the rethinking of government in the 1990s (Bennett, 1990). The first issue concerns the ‘take-up’ of collective goods and services. This refers to questions of ‘need’ for services, demand, and preferences. How is the take-up of services revealed—through voting, collective action, and group articulation, or through the market? What institution—public, private, NGO, or community-based organisation (CBO)—is best suited to identify demand? One thing

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seems to be clear: the capacity of more or less democratically elected politicians to reveal and decide on collective preferences and the capacity of public officials to articulate collective demands in a centralised state setting have both come under discussion and scrutiny.

The second issue concerns the delivery of basic services. In the past decades, basic services have been predominantly provided as public services. There is a growing consensus that the public-service approach is but one of a number of ways in which collective goods can be delivered (Bennett, 1990). Voluntary, nonprofit, community management as well as regulated market responses are some of the other modalities, alongside privatisation. To put it in short: *public goals may be achieved through nonpublic means*. Several factors have contributed to this. One refers to the already-signalled inefficiency and ineffectiveness of the public-service approach (government failure). Another refers to the shifting boundaries between public and private goods: technological change reducing market failure (for example, with cell telephones), organisational and managerial innovations that permit 'unbundling' of basic services (World Bank, 1994). A third factor is demands on the part of organised groups in society and of citizens in general to participate in the public decisionmaking that affects their lives. A fourth and related factor is a certain (re-)appreciation of indigenous institutions through which communities organise basic services. Lastly, the NGO/CBO nonprofit sector has grown in strength in the delivery of basic services. Thus, the problem does not lie only with the public sector and its problems but also arises from other factors and from the fact that other modalities of delivery of services have become more viable and attractive alternatives. In other words, the 'hollowing out' of the state is not caused only by public failure.

Decentralisation in the 21st century is a complex issue, which cannot be reduced to a mere public-sector phenomenon. We should not consider whether local governments can do the same job better where central governments have failed. Rather, we must broaden the picture and take into account that the context has changed. Other actors have to be considered, such as CBOs and NGOs, as well as the private sector, each performing different roles in varying capacities. CBOs are area-based associations of residents or functional groupings, or both. In developing countries they are usually found at neighbourhood level. They may have been formed spontaneously at the time of the original land occupation, to counter outside threats or to seize particular opportunities to address local needs. A number of CBOs together may form an umbrella or apex organisation at local or even at higher levels. NGOs come in a great variety of shapes and sizes. They may be membership or nonmembership intermediary organisations, be of indigenous origin or come from abroad. Many have external funding. Here specific reference is made to those NGOs that play a role in the delivery of basic services (education, health, and community services) and to advocacy NGOs in the area of grassroots empowerment and citizen participation. NGOs often play a catalytic role in the formation of CBOs.

Decentralisation has ceased to be a local-government affair and has turned into a local-governance issue. (Local) governance is a different way of governing (Rhodes, 1999; Stoker, 1998; UNDP, 1997). It may be described as structures and processes of societal decisionmaking at the local level. Local governance would have to cope both with the above-mentioned demand-articulation and supply issues, and with what role local governments have therein (Coston, 1998).

Within the new governance thinking there has been a reappraisal of government and its shifting roles have gradually been clarified. A central concept of this new role of government in general, and local government in particular, is the role of government as an 'enabler'. Rather than engaging in direct intervention and delivering (public)

services, the government has to facilitate and regulate the framework in which other actors (or service providers) can make their most effective contribution. This new role poses new demands for governments. The question is not so much more or less government but a qualitatively different one.

In this paper I would like to elaborate on this new role and its implications for the organisation of (local) government in developing countries. I will begin by reviewing the concept of enablement and its origins. Government enablement may serve different purposes and different actors. In this context, distinction is made between enabling markets and the private sector and enabling communities and CBOs. I will look into operational aspects of enablement at the local level and concentrate here on enablement of communities. There are two reasons for this. One is that in many low-income countries markets are very small and fragmented and incomes are low. Consequently there is less room for market-based solutions and communities have to assume a greater share in (co-)managing basic services. A more practical reason is that research conducted for the United Nations Center for Human Settlements (UNCHS) has provided the opportunity to explore these ideas empirically. How can community enablement be institutionalised? I will present some partial evidence on emerging patterns of enablement in twenty-three localities in seven low-income developing countries. If decentralisation to local government takes place in a context where government as a whole ceases to be directly responsible for the delivery of basic services and switches to an enabling role, what implications would this have for local government? I will also raise a number of unresolved issues in the local-governance debate.

### **Government enablement: general notions**

The UNCHS first enunciated, in 1988, the ‘enabling’ approach of government in its *Global Strategy for Shelter to the Year 2000*. This acknowledged the fact that, despite efforts to provide shelter, a growing proportion of the urban population was living in slum and squatter settlements, especially in developing countries. Governments should concentrate less on direct intervention and more on the creation of incentives and facilitating measures so as to enable housing and other urban services to be provided by households themselves, CBOs, NGOs, and the private sector. In this way the full potential of all the actors in shelter production and improvement would be mobilised (UNCHS, 1990, page 8). Enabling government is not a lesser role but a different one: “this role does not lie in the direct provision of housing, nor in state administered housing projects, but rather in facilitating and regulating the overall framework within which other actors can make their most effective contribution” (UNCHS, 1991, page 8).

The United Nations Development Programme (UNDP) *Human Development Report 1990* emphasised that

“the limited financial and human resources of municipalities and central governments make it particularly important to use the energies of all actors on the urban scene. The best way to release these energies is for governments to shift from directly providing services to enabling others to provide them—be they formal and informal producers, community-based and non-governmental organisations or the urban residents themselves. Enabling strategies can yield the highest returns in the provision of shelter and urban infrastructure” (UNDP, 1990, page 92).

Soon thereafter, the World Bank presented a policy framework, entitled *Urban Policy and Economic Development: An Agenda for the 1990s*, to address weaknesses in previous urban-policy formulations. This new framework combined the (continued) emphases both on the economically productive role of the cities and on the style of

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assistance relating to governments as facilitators rather than providers. The approach focused on market efficiency and an important role is reserved for the private sector as the main force of development. The state should let markets work where they can, and step in promptly and effectively where they cannot (World Bank, 1991a).

What thus emerged is an insistence that governments should create legal, regulatory, and financial frameworks or institutional arrangements in which private enterprises, households, and community groups can play an increasing role in meeting housing and basic-service needs. Eliminating or mitigating market failures continues to be the concern of the government and therefore a key feature of a government's enabling role. But just as governments should regulate to overcome market failures, they must also avoid intervening in ways that disrupt markets. An effective enabling strategy addresses market failures directly and deals with underlying causes, rather than the symptoms such as insufficient and inadequate housing. Market failure refers here not only to its conventional neoclassical meaning (negative welfare effects of unequal competition between existing market parties) but also to the institutional exclusion of large numbers of poor people and informal enterprises from entering and staying in these markets.

By making the housing sector function well, the strategy serves the interests of all participants in the sector—consumers, producers, and financiers, as well as central and local governments. Such a strategy is applicable to all countries, although the relative priorities of different strategic elements will vary from country to country, depending on the relative importance and strength of the various actors and agents. An enabling strategy should allow actors to perform their role in the most efficient manner possible, leaving governments to leverage their limited resources so all the other actors in the sector can effectively meet housing needs (World Bank, 1991b; 1993).

Shortly after the publication of the *Global Strategy for Shelter* by the UNCHS and the sector paper by the World Bank, the UNDP followed with a strategy paper, entitled *Cities, People and Poverty: Urban Development Co-operation for the 1990s*. This paper was even more explicit in emphasising a new style of aid assistance, which in its turn had to be enabling and had to respond to national priorities of governments rather than to what the aid donor preferred. The UNDP sees its document as complementary to that of the World Bank, stressing the social or human dimension of economic development rather than simply the economics (UNDP, 1991). According to the UNDP, it is critical that social justice, sustainability, and participation accompany economic viability and productivity. Removing the constraints on urban productivity is a necessary but not a sufficient condition to improve the situation of the poor in the cities of developing countries (UNDP, 1993).

The *Global Strategy for Shelter* and the UNDP and World Bank policy papers exhibit substantial agreement as to the approach to be adopted in dealing with the problems of urbanisation. There are important differences in emphasis but the basic approach—namely the need to get the enabling environment right, and to strengthen urban management so as to loosen the constraints on urban productivity—does not seem to be in question. The papers present somewhat different perspectives on what is nearly the same agenda. There is a little more of a human-development perspective in the paper of the UNDP and a little more of an economic perspective in the paper of the World Bank (Harris, 1992, page 62).

Devas and Rakodi (1993) noticed that “enabling is clearly an attractive concept, but there seems to be little consensus about its precise meaning, let alone about how exactly it is to be achieved”. In fact, few authors pay attention to the concrete implementation of the enabling policy, something which led Mitra and Nientied (1989, page 41) to argue that “at higher levels, a lot of attention has been paid to a

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possible policy change towards an enabling public role, it is not clear yet what such a role should look like in practice. There are no clear elaborated official documents dealing with the course of action, from policy to planning, to implementation, with connected institutional implications. The vagueness on the subject invites confusion, resistance and criticism.”

Burgess et al (1994; 1997) take the conceptual development a step further by distinguishing three different kinds of enablement. According to them, the central state has to develop enablement strategies for the market, the local state and the community. In addition, the local state, in its turn, should also formulate and implement enablement strategies in relation to local markets and local communities. Differences exist between countries and between policymakers over the relative significance that should be attached to enablement of the market, of the local state, or of the community. In some formulations emphasis is placed on market enablement and little significance is attached to community enablement (participation); in others political–administrative decentralisation is stressed without participation and so on (Burgess et al, 1994; 1997).

According to these authors, market enablement lies at the heart of most neoliberal policy frameworks. Enablement meant facilitating and promoting the formal and informal business sectors and entrepreneurs to provide market solutions for the production, distribution, and exchange of urban goods and services. Where possible the state should withdraw from the direct provision of these, and in all cases should expose them to market disciplines. “By removing market obstacles, mobilising resources, and encouraging entrepreneurship, skills, and innovation, market enablement would increase the supply of goods and services. It would produce sustainable long-term growth and employment gains and it would reduce the prices of urban goods and services to more affordable levels” (Burgess et al, 1994, page 55).

Political enablement is defined as “a transformation in the structure and functions of central and local government, the relations between them, and their relations with the market and the community”. Political enablement is achieved through “political/administrative decentralisation, democratisation, managerial and institutional reform, the widespread use of NGOs and community-based organisations and through adopting enabling strategies towards the market and the community in the allocation of material and financial public goods and services” (Burgess et al, 1994, page 55).

Community enablement can be defined as “a strategy adopted by central and local government to co-ordinate and facilitate the efforts of community and neighbourhood-based organisations to initiate, plan and implement their own projects according to the principles of self-determination, self-organisation and self-management” (Burgess et al, 1994, page 57). There are several elements that make up the community-enablement strategy but the most important is the increased significance attached to the principle of community participation.

Burgess et al stressed that the current problems in the discourse on enablement focus on the failure to differentiate its three forms—market, political, and community—and the tendency to equate enablement with either one of these forms. Countries vary widely in the relative importance they give to these forms. In general, market enablement has been the most common, and political enablement less so, with successful examples of community enablement being the least common. However, it can be fairly concluded that the shift from self-help to enablement is undoubtedly one of the principal themes in the evolution of Third World urban policies over the last twenty years (Burgess et al, 1994, page 73).

Very recently, Smith (2000) enunciated six distinct strands of practices of enabling local authorities and drew on recent British local-government experiences to illustrate and analyse these. He identified the following enabling practices: contracting out,

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consumerism, community planning, community leadership, community self-help, and community participation in local government. As we will see below, the first two broadly correspond to market enablement whereas the other four refer to different aspects of what is elaborated here as community enablement.

This initial conceptual exploratory tour identifies a number of pointers. First of all, enablement entails different relationships between government and its different policy subjects or clients—the private sector consisting of firms and the community consisting of individuals and households. Depending on which client group one refers to, one speaks of market enablement and community enablement, respectively. Although in both cases government consists of facilitating and intervening directly only under certain circumstances, the structure, functions, and processes are apparently sufficiently distinct so as to separate the two. Second, enablement involves substantive policy shifts. Government is asked to do different things and do these better, rather than simply reducing its interaction with firms and communities, although there is no complete agreement on this. At the same time, various commentators criticise the vagueness of the concept and the lack of operationalisation in plans, policies, and programmes. Third, enablement involves important changes in institutional arrangements, with a greater involvement of civic society, through which public policies are initiated, formulated, and implemented. This applies not only to the manner in which government relates to the private sector, communities, and NGOs but also to the manner in which components and levels of government relate to each other (for example, central and local governments). Finally, enablement involves an intra-organisational change dimension. Calls for better and transparent local-government management and planning styles have been made, and these stem from enablement advocates as much as from ‘good governance’ debates (Moore, 1993).

### **Operationalising criteria for local-government enablement of communities**

Government enablement concerns a fundamentally different way in which government conducts its affairs. Instead of self-contained, hierarchical bureaucratic processes, mediated by more or less democratically elected politicians, enabling governments seek to involve other actors in the formulation or implementation, or both, of government policies and programmes.

Communities are one of these actors. As we have seen above, communities often form organisations at their neighbourhood level (CBOs) in response to local needs. These CBOs normally operate informally and are situated outside the system of local government but have the potential to become a partner to local government.

In this regard community empowerment is the counterpart of government enablement. It implies that communities take part in decisionmaking affecting their own livelihood and are involved in managing programmes to improve their livelihood and human-settlement conditions while government facilitates community participation and management rather than intervening directly and unilaterally. In short, government should enable communities to take their own responsibilities and should derive its own actions from community initiatives. Government enablement of communities may thus be redefined as (local) government creating appropriate legal, administrative, financial, and public-planning frameworks to facilitate neighbourhood communities (a) to organise into CBOs, (b) to manage community-level affairs, and (c) to undertake community collective action.

If government enablement is to take root, it should be reflected in the management and administration of government affairs, in the planning, budgeting, and financing of government activities. One of the challenges for the *operationalisation* of enablement is to identify key indicators by which the degree of enablement in these

signalled areas could be identified and assessed. Below, a number of indicators are formulated in different procedural dimensions of community enablement. This is a first and exploratory attempt to come to grips with the enablement concept.

There are three principal dimensions within which government enablement of communities may be situated. The first dimension is based on the notion that government bureaucracies are, to an extent, rule-driven organisations. One of the key criteria of sustainability of government enablement therefore concerns the degree to which the participation of communities and their CBOs in the administration, finance, and planning of public affairs is legally enacted. There is, of course, no guarantee that, for example, the legal recognition of the roles of CBOs in defining local development plans would actually lead to a better outcome. However, legal enactment of their position does provide a potential legal resource on the basis of which communities can demand to be involved, claiming the exercise of an acquired political right.

Enablement practices that are not legally enshrined would stand the risk of being dependent on particular favourable political or other circumstances (such as the presence of a committed mayor or of a particular political party). The institutionalisation derived from such legal enactment, is only an indication of the adjustment of bureaucratic rules and procedures. This is not to say that a legalistic approach is adopted. Many other factors play a role. Legal provisions on enablement may exist but may not be implemented or may be abused for clientelist purposes, and enabling practices may be weak on the ground.

Actual practices of enablement may be either running ahead or lagging behind the legal framework. The actual enablement dimension therefore seeks to identify to what extent government bureaucracies have adjusted their internal organisation of administrative and financial affairs.

Last, but not least, local planning for poverty alleviation and for settlement and basic-services improvement constitutes an important area in which government and community in developing countries interact. This is an area where there is a long tradition that predates the enablement era and finds its roots in the community development of the 1950s and 1960s and the alternative development approaches of the 1970s and 1980s (Wils and Van Rijn, 1996). Government enablement would find expression in the manner in which (1) planning at community level takes place and (2) governments incorporate such efforts in their own planning activities.

Below I will elaborate on the principal indicators that may be formulated to measure, albeit on qualitative scales, the degree of government enablement in these three dimensions. Subsequently I present some empirical evidence on their application.

#### **Legalisation of enablement in government**

With regard to legalisation and formalisation, experience and literature suggest that the *legal recognition of CBOs* is an important indicator. Two elements were identified. The first concerns the existence of an official register of CBOs and the particular uses made of it. The existence of such a register of CBOs in the local government signals the establishment of a practice of community enablement. The use of the register refers to information, consultation, cooperation, and implementation of programmes. The second element defines the legal basis of recognition of CBOs as actors in local-government administrative and planning processes. The last may occur, in a more restricted sense through, for example, an administrative instruction from a sector ministry (such as the Ministry of Local Government and Housing in Zambia), may be based on local initiative through local council resolutions or bye laws, or may be based on national legislation. An example of this is in Bolivia where the national Law on Popular Participation specifies what procedures local government should follow in



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relation to local public investment in and physical planning of neighbourhoods. It also indicates the issues for which local governments are required to consult the communities concerned. Such framework legislation provides a stronger base and wider recognition of CBOs. For our purposes a qualitative scale was defined ranging from the existence of: (1) national framework legislation on community-level participation in local government; (2) administrative instructions to local governments by central government and sector ministries; (3) local government bye laws, statutes, or other legal instruments; and (4) local-government council resolutions.

Closely related to the above is the *legal status of areas* or jurisdictions in which community participation and management are upheld, for example, in relation to land regularisation, special institutional and fiscal arrangements, and ownership of basic service facilities. Crucial here is the question of public information on access and on procedures to obtain such legal status.

A second major subset of indicators concerns financial aspects of government enablement of communities. This relates to the existence of legal provisions for budgetary support for CBOs and for community participation, management, planning, and implementation of programmes. In essence, one may distinguish between (a) decision-making costs, (b) recurrent and capital costs for basic service provisions, and (c) the discretionary powers of CBOs in relation to these. Decisionmaking costs refer both to costs on the part of the (local) government and to costs to be made on the part of communities and their organisations in local-level public decisionmaking processes. Particular provisions may be identified as formal budget items. Many permutations are possible which range from line (sub)items in budgets for operational expenses of government staff to cofinancing of CBO activities. An indicator was devised which scores a cumulative range of budget provisions for enablement starting from zero provisions, to provisions for nonsalary operational expenditures, for salary costs for managing or running community participation and management (CP&M) programmes, and for salary costs for training in CP&M of CBO members, to provisions for cofinancing operational expenses on the part of CBOs and training of agency staff in CP&M and enablement. The second indicator in this subset refers to recurrent and investment cofinancing of CBO basic services. Indicator scores range from no budget provisions for investment to cofinancing of community investments in the form of loans and to cofinancing in the form of grants. The same indicator scores were applied to recurrent cost provisions for specified basic services. These two indicators are combined into an indicator called *local government budget provisions*.

The third indicator relates to the *(co)management of public funds*. Do CBOs, entrusted with service-delivery tasks such as maintenance of water points, school buildings, or primary health posts, have any formal responsibility to (co)manage public funds and do they have legal powers to raise local levies? Again many permutations are possible. Preparatory field studies uncovered a range of options that may be ranked in order of financial autonomy given to the CBO. Five qualitatively different states were defined for this indicator: (1) CBO is not allowed to manage public funds; (2) CBO leaders co-sign for expenditures along with a local-government official (as in the Sri Lankan community construction contracts); (3) CBO receives public funds via a separate organisation (such as a welfare or cooperative society or NGO); (4) CBO directly receives and manages public funds (as the village councils in Uganda); and (5) CBO is empowered to collect local levies and charges for infrastructure or facilities run by CBO (as in the case of the Zambian Residents Committees).

A third subset of indicators seeks to capture the degree to which CBOs have a formal position within the system of local public administration and management. One indicator concerns the existence of an administrative unit within local government

responsible for the promotion of citizen and community participation and management (like, for example, the so-called housing cells in the Sri Lankan local governments) and the level at which this unit is inserted in the local managerial hierarchy. For the purpose of this research the indicator can take three values: no administrative unit responsible for CP&M, an administrative unit existing within a line department; or a unit existing at senior management level.

The second indicator in this subset concerns the existence of special formal administrative *coordination mechanisms* to cope with problems of intersectoral coordination associated with integrated policies and programmes (as in the Zambian instances). Again, the level at which this mechanism is inserted in the managerial process may vary and this is taken as indicative of the degree of enablement. Coordination may either not take place at all, or the task may be specified at different levels, that is it may be the task of a line official, or of senior management, or there may be an ad hoc committee or task force, or a fully fledged interdepartmental coordination committee. Lastly, there may be interagency coordination mechanisms. This indicator is presented separately in table 1 below.

Fourth, the political representation of community participation and management in either peripheral or central political bodies of local government is important to ensure that community participation and management are reflected in public decisionmaking (as in the Bolivian case). Political representation may either be absent altogether or be the responsibility of the local council, or subcommittees thereof, or be shared in a wider arena (for example, in 'integration councils' in Ecuador in which CBOs and other social groups take part). Together these indicators form the *administrative coordination* variable.

#### **Actual enablement practices in public administration and finance**

Actual enablement practices may or may not coincide with formalisation or legalisation of government enablement. Thus, the same aspects of enablement are looked at again, not now from a legal point of view but in terms of actual practices on the ground. One indicator tries to capture the degree to which the senior management of local government encourages relevant departments to involve CBOs in their activities (*stimulation of CP&M*). On the basis of preparatory field reports, five different situations were identified: (1) there is no explicit attention to and stimulation of CP&M within the local-government administration; (2) there is explicit attention to and stimulation of CP&M, especially in the implementation of activities and works; (3) there is explicit attention to and stimulation of CP&M in the planning of activities and works; (4) there is explicit attention to and stimulation of CP&M in monitoring and evaluation of activities and works; (5) there is explicit attention to and stimulation of CP&M in convergence among local service-delivery agencies.

Is community participation primarily a matter of a relatively minor department, such as community welfare, or does it extend to major ones, like a department of public works? To what extent have actual coordination mechanisms been created and at what level in the local-government hierarchy are these inserted (*administrative mechanisms*)? Five different situations were identified: (1) no actual administrative coordination for CP&M; (2) presence of coordination as a task delegated to head of relevant department (often the social-welfare or community-development department); (3) the task is delegated to an ad hoc senior management committee; (4) the task is assigned to the chief executive officer; (5) the same as in (4) but with an interdepartment coordination committee. The higher the score, the deeper enablement practices have permeated in local government.

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Another set of indicators concerns the degree to which CBOs are politically represented in local government and the weight CBOs carry in public decisionmaking. The first one of these captures the level at which this representation takes place (*political representation of CBOs*). Political representation of CBOs may take a variety of forms. On the basis of results from field studies the following range was considered: no direct political representation in local government; occasional ad hoc invitation to meetings at field-office level; presence of CBOs in local-government substructures; presence of CBOs in (sub)committees of the local council; ad hoc invitation of CBOs to the local council; permanent presence of CBOs in the local council.

The second is a more qualitative assessment (on a five-point scale), undertaken by the field researchers, of the actual weight CBOs carry in relevant public decisionmaking (*political weight of CBOs*). A last indicator in this section relates to finance and comes back to the issue of (*co*)*management of funds*. Do CBOs have any full or shared responsibility for managing funds and do they raise local revenue (for example, for community facilities)? The indicator is defined in an identical way as it was in the legal dimension. Also here low scores reflect low degrees of government enablement of communities.

### **Enabling planning practices**

The central questions concerning enabling planning practices relate to the manner in which communities and their CBOs are involved in public–community planning processes and the degree to which the outcomes of such efforts are incorporated into local government's *own* planning.

Over the years a considerable literature has accumulated evaluating the experiences with community-based planning both in rural and in urban areas in developing countries (see for example, Helmsing and Wekwete, 1990; Korten and Klauss, 1984; Uphoff, 1986). Lessons learned refer to (1) the sequencing of the planning process, (2) the roles of community members in the identification and prioritisation of needs, and in the formulation and ownership of action plans, and (3) the role of external facilitators. Indices can be devised which characterise the degree to which the planning process is bottom-up or top-down. The indicators reflect on (a) different degrees by which community needs are defined (by local agency without consultation of community, with consultation, or by community alone); (b) who formulates the community action plan (agency or NGO, agency facilitating community, or community on its own); and (c) different degrees of specification of resource requirements (absent, material inputs only, labour inputs only, full costing). Together these constitute the *community action plan* (CAP) indicator.

An important additional indicator refers to the identification of resource commitments by the various actors for implementation (*commitment of resources*). The indicator specifies the following options: (1) resource contributions are not specified; (2) only community or only local government contributions are identified; and (3) contributions from all parties are identified.

Once these community-level projects and plans have been formulated, a critical issue is their use in local-government own-planning processes (*place of CAPs in LG planning*). Do CAPs have to fit planning targets and budget allocations predetermined by the local government? Or do these plans contribute to a reprioritisation of government plans and programmes and a reallocation of budget resources either within sector programmes or across them? Together these questions may be scaled into one indicator.

The relative importance that is attached by government officials to community-based planning may also be expressed on a qualitative scale (*importance attached to CP&M*). On the basis of the results from field studies, various propositions were

identified which range from CP&M being seen as a means to attract funds to the local government to CP&M being seen to be of strategic importance in attempts to improve local governance.

Intersectoral and local convergence mechanisms are also considered. Does government enablement of CP&M extend into wider public and public–private resource-allocation processes? For the purpose of this research an indicator (*convergence*) was defined which establishes four basic options for intersectoral administrative convergence at the local level (none; local coordination body, composed of sector agencies and local government, in which information is exchanged with the aim being to improve operational efficiency; the same as the last option but with actors exchanging information about their respective annual work plans; the same as the last option but with actors negotiating their respective annual work plans to improve overall effectiveness). The same scales are used for investment coordination.

Are CBOs involved in the wider local-development agenda at neighbourhood or city level, or are they restricted to narrowly defined improvement of their own settlements? This indicator seeks to capture, albeit in a crude manner, the existence of different degrees of convergence at the political level. It combines the formulation of city-wide strategic development agendas and the existence of local platforms in which local actors come together to exchange views and set overall priorities. The higher the scores of these indicators, the more enabling local-government planning is.

### **Patterns of enablement in selected local governments in Africa, Asia, and Latin America**

In the period 1996–98 I was involved in codirecting a programme of research to trace the conceptual evolution and practical effectiveness of the Community Development Programme (CDP) of UNCHS (Habitat). The programme operated in the period 1986–96 in sixty municipalities and settlements in seven countries, three in Latin America (Bolivia, Ecuador, and Costa Rica) and Africa (Ghana, Uganda, and Zambia), and one in Asia (Sri Lanka). The study yielded a number of country reports prepared by national research teams and several global reports prepared by Wils and myself. The principal findings are summarised by UNCHS (Ludeking and Williams, 1999). The research allowed us to use the above-described indicators on government enablement of communities. How far have selected local governments and other public agencies modified their planning, administration, and financial frameworks, and institutionalised these changes, to enable *poor* communities actively to take part in upgrading of their settlement (that is, to improve housing and basic services)? Clearly this is not in any way a representative sample of local governments in low-income developing countries.

Table 1 presents the relative scores of the enablement indicators for twenty-two selected local governments in the seven countries. All the indicators used are of a qualitative nature representing different degrees or states of the variable concerned, whereby the general rule is that a higher score represents a more enabling situation. In each case a ‘normative’ maximum score may be defined. The table gives the relative scores in relation to the maximum, denoting, as it were, the relative degree to which community enablement is achieved.

On the whole, it would seem important to stress that it is almost too early to try to assess government enablement. One reason is that so little has been adopted in actual government policies and practices (see Wils and Helmsing, 1997). Moreover, the soil on which the new policies have been sown may be rather variable in quality. Furthermore, it may take time for policies to permeate downwards. That is to say, there may be considerable time lags before the intended policy effects become visible.

**Table 1.** National comparisons of government enablement indicators. Relative scores for selected local governments (max = 100) (source: CDP field surveys, 1996, 1997; Wils and Helmsing, 1997).

	Bolivia	Costa Rica	Ecuador	Ghana	Uganda	Zambia	Sri Lanka
(Number of local government units)	(2)	(1)	(3)	(5)	(3)	(4)	(3)
<i>Legal enablement</i>							
Legal recognition of CBOs	100	88	67	73	67	83	50
Legal status of areas	8	8	24	13	25	29	33
Local-government budget provisions	24	21	54	27	19	19	19
Comanagement of funds	9	36	34	9	9	9	9
Administrative coordination	46	58	54	46	51	55	48
Coordination mechanisms	50	42	50	38	46	46	50
Overall score for legal enablement	39	42	47	34	36	40	35
<i>Actual enablement</i>							
Administrative mechanisms	58	25	65	38	43	43	19
Stimulation of CP&M	90	30	77	51	55	49	64
Political representation of CBOs	55	40	53	55	69	52	47
Political weight of CBOs	90	20	67	51	55	49	64
(Co)management of funds	21	45	30	28	25	27	25
Overall score for actual enablement	63	32	58	44	50	44	44
<i>Enabling planning</i>							
Community action plan (CAP)	86	57	64	54	57	79	—
Commitment of resources to CAPs	100	58	94	90	94	97	86
Place of CAPs in LG planning	56	25	88	74	56	77	88
Importance attached to CP&M	79	100	78	67	80	90	78
Convergence	42	35	44	62	61	49	53
Overall score for enabling planning	73	55	73	69	69	78	76

Note: overall scores are unweighted sums of individual scores.

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Indeed, if we examine the degree to which government enablement has been adopted, it is clear that the overall scores are relatively low. A second major conclusion is that the adoption of enabling practices has been rather uneven. Considerable progress may have been achieved on some aspects but little or nothing on others. For example, several countries have made a lot of progress on the legal recognition of CBOs but few have institutionalised financial provisions.

It appears that greatest progress has been achieved in adopting enabling practices in planning. Enablement of communities has been translated only partially into actual practices within the government administration and management, either in the form of changes in internal government procedures, or by having political representation of CBOs, or by actually allowing CBOs to wholly or partially manage public funds. Furthermore, and with the exception of the legal recognition of CBOs, there is a relatively low level of institutionalisation of enablement, especially on the financial side. Thus, one could argue that it is relatively easy to incorporate enablement into public planning, but that it is more difficult to change the ways and means by which the government administration operates. The institutionalisation of any such changes in government administration meets the greatest of challenges.

A second general observation on this first empirical application is that it demonstrates the multidimensional complexity of enablement. This applies not only in terms of the three categories of enablement—namely legalisation and institutionalisation, actual administrative practices, and planning—but also within each of these categories. For example, in several countries considerable progress was made in promulgating laws that provide a legal basis for CBOs. At the same time, there was little progress in establishing the legal status of the areas in which CP&M is taking place (for example, in land tenure or land use, facilities, and services). Actual involvement of CBOs in public decisionmaking processes does not necessarily go together with comanagement of funds. Even though senior executives claim to encourage departments within local government to adopt community participation in their activities, this is not necessarily followed up with administrative measures to monitor that this is actually done. Many senior executives of local government in the selected cases claim to attach considerable importance to CP&M and see it often as a means to reduce poverty (rather than simply as a way to reduce the costs of public investment). However, when it comes to taking into account the outcomes of community plans and projects, they may be far less enabling.

Of the sixteen indicators, the legalisation of community participation and management in statutory planning laws (legal status of area) and the legal provisions concerning financing of CP&M score rather low. This also applies to the institutionalisation of enablement in administrative coordination. Thus, in actual practice, local-government bureaucracies find it relatively difficult to change their behaviour (as reflected in efforts by local governments to incorporate CP&M in their activities and in their financial practices, that is, comanagement of funds). Looking at it from the other side (political representation and actual involvement of CBOs in local government) the situation is, on the whole, slightly more favourable.

The relatively high scores of enablement indicators in planning, in combination with lower scores in enabling practices in administration and finance, suggest that the translation of plans into reality is as difficult as committing the proverbial words to deeds. Introducing more enablement in planning is one thing, changing regulatory and financial public decisionmaking is quite another.

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### Government hierarchy and enablement

One of the conclusions of the literature presented above was that the concept of enablement in government has gained considerable acceptance but much of the policy discourse is abstract and lacks operationalisation in substantive policies as well as in the institutional development of government. Also, practices and views on government enablement of communities in human-settlement improvement in a particular barrio, shanty town, or village may be quite different from the 'higher' policy discourses and practices at the level of the local-government head office.

A key issue is the question of what extent achievements obtained at the level of the communities are translated into government action. Is a local government really facilitating community efforts or are communities merely facilitating the local governments with other goals (such as attracting donor funds, legitimising government political agendas, etc)? In the mentioned research Wils and I have attempted to shed light on this issue by comparing the views of senior local-government officials (such as mayors, town clerks, or district executive directors) on enabling practices with those of their field staff. The field staff have direct contact with communities and their CBOs and directly observe and mostly also participate in community-level planning. They have, however, little direct influence on the manner in which local governments respond to these community efforts. Senior executives of local government (like mayors, town clerks, or district executive directors), on the other hand, have little direct contact with CBOs but their views are critical for the enabling response of local government. By comparing the views one may be able to get an idea of the extent to which views on enablement have spread throughout the local-government organisational hierarchy and identify which level 'lags behind'.

Several situations may emerge. One is that there are no significant differences between senior executives and field officers, that is, the two levels of the local-government hierarchy share the same experiences. These may be more or less enabling depending on the level of the indicators. Alternatively, there may be significant differences. If senior executives score higher than field officials, the agency would be in a relatively favourable position. New practices could still filter down the hierarchy. If senior executives score lower than the field officials, one could have a problem. The agency would lag behind—although field officials try to adopt enabling practices, either on their own initiative or stimulated by CBOs or external agents, donors, or NGOs, these practices may not be translated into local-government actions because their senior executives still maintain conventional views and stick to 'old' practices.

Table 2 (see over) synthesises overall findings. Actual scores of each particular group are not given. The table only states if and when there are significant differences between the scores and which group has higher scores, field officials or senior executives. If a cell is blank it means no significant differences were found. On the whole, senior local-government executives do indeed lag behind in comparison with their field officials. If there are differences, these relate to those cases in which field officials score higher than senior executives. This points to one of the core problems: the local governments in the sample do not lead enablement. At best they follow, if anything. Senior local-government executives are significantly less enabling in their views than their field officials. When examining this at the regional level, it was found that this general finding reproduces itself, particularly in the selected African cases. In the Latin American cases there are no significant differences between senior and field officials (with one favourable exception). Thus not only are the levels of enablement in some of the Latin American countries (especially Bolivia and Ecuador) notably higher than in other countries, there are also no significant differences between levels of the

**Table 2.** Enabling government practices in local government: senior executive and field officials compared (source: CDP surveys, 1996; 1997; Wils and Helmsing, 1997).

Indicator	Overall sample (59 senior LG officials: 68 field officials)	Latin American local governments (13 senior LG officials; 36 field officials)
Initiative to planning		senior>field
Technical assistance rendered		
Definition of needs	field>senior	
Formulation of plan	field>senior	
Objective of plan	field>senior	
Specification of contributions	field>senior	
Place of CAPs in LG planning		
Importance attached to CP&M		
Comanagement of funds	senior>field	
Attitudes scores on CP&M and enablement	field>senior	

Notes: senior>field—senior officials score significantly higher than field officials (*t*-test at 0.95 confidence level); field>senior—field officials score significantly higher than senior officials (*t*-test at 0.95 confidence level); blank cell—no significant difference; CAP—community action plan; CP&M—community participation and management; LG—local government.

government hierarchy that would slow down the effectiveness of enablement. In contrast, in the selected local governments in Africa the general differences between levels of the local-government hierarchy are fully reproduced.

### Unresolved issues in the local governance debate

In this section I would like to raise a number of unresolved issues in the local-governance debate. Recalling the situational analysis elaborated in the first section, I would like to pursue, in the first instance, some problems of governance on the supply side. Then I would like to discuss the issue of insulation versus embedding of the local state, and conclude with raising some issues in relation to the demand side of governance.

#### Problems of governance on the supply side: multiple modalities of service delivery

Enablement seems to suggest that liberalisation from restrictive regulation and from public-sector monopolies would release energies and potentials of other players, such as private-sector firms, informal enterprises, and communities. Such an optimistic view was held, for example, by UNCHS in its *Global Settlement Strategy* (UNCHS, 1990; World Bank, 1993). Another view would be that communities and the informal sector lack regulation that is adequate and appropriate to their situation, in other words the Hernan-de-Soto-type institutionalisation problem of the informal sector. Other social groups profit from the institutional insecurity of informal enterprises, households, and communities. By resolving tenure insecurity and simplifying registration of property rights and strengthening the institutional position, this sector can better integrate itself in the economy. Thus, the priority would not be simply deregulation but *better* regulation that is commensurate with and appropriate to the activities and circumstances of the majority of the population. This refers especially to critical issues such as recognition and registration of property rights in informal settlements and informal enterprises, protection against monopolistic practices, tenure insecurity, etc. Dia (1996) made a similar plea for Africa's economic development and argued about removing the 'disconnect' between formal economic institutions (such as banks) and indigenous enterprise. Enabling policies towards communities



**Table 2** (continued).

Indicator	African local governments (31 senior LG officials; 24 field officials)	Asian local governments (5 senior LG officials; 8 field officials)
Initiative to planning		
Technical assistance rendered		
Definition of needs	field>senior	
Formulation of plan	field>senior	
Objective of plan	field>senior	field>senior
Specification of contributions	field>senior	
Place of CAPs in LG planning		
Importance attached to CP&M		
Comanagement of funds		senior>field
Attitudes scores on CP&M and enablement	field>senior	

would also include issues on the legal dimension of enablement (legal recognition of CBOs, legal status of areas, legal financial provisions supporting CBOs and community action). The research has demonstrated that it is precisely here that the least progress has been made.

A particular contestable, but often implicit, issue is that liberalisation seems to suggest a win–win situation (UNCHS, 1993). Both private sector and communities will gain from deregulation and liberalisation. New governance systems would thus develop free of conflict. However, there is competition in urban land uses, competition between established formal traders and informal street vendors, and between informal-sector firms and formal ones. The urban land market is subject to severe market imperfections (information asymmetries, widely varying expectations, market power). Thus, there may be rival and conflicting interests. Are emerging governance networks capable of handling these conflicts? Even if an enabling government would be well advised to look for win–win situations in their enabling policies, they should not turn a blind eye to such conflicts. The research has demonstrated that in this respect little progress was made in relation to settlement upgrading, as reflected in the low relative scores of the legal status of area indicator.

As governments decentralise more to markets, the domain for community management of basic infrastructure and services may actually shrink and the relationships between communities and governments may undergo important changes. For example, policies and proposals for community management of basic services put forward with the aim to replace inadequate public-sector delivery may now have to compete with proposals for private-sector-based delivery. If and when governments in particular countries have decentralised responsibilities for service delivery to the private sector and by-passed, for good or for bad reasons, giving communities the opportunity to organise delivery themselves, these communities would need to develop new strategies towards governments to ensure their access to the new private-sector-based services. In such a context, communities would also need to develop new responses towards the new private-sector service providers.

The literature on enablement includes at least four varying views of the effects of market enablement on the urban poor (Helmsing and Van den Bosch, 1997). First, the more optimistic view of market enablement states that market enablement improves

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competition, and will generate a supply more attuned to the variety of demands, and will lower costs (World Bank, 1993). Along the same lines it is argued that, by removing regulations, market enablement will allow small contractors and builders to participate better in the provision of housing (UNCHS, 1989b). Hence, in terms of both cost and incomes, and demand and supply, market enablement will have favourable effects for the urban poor. Goods and services become more affordable and supply is more attuned to the specific demands of the poor. A second variant involves a more restricted working of market enablement, especially as regards lower-income groups. In this case market enablement gives the market greater capacity to take care of the middle-income and higher-income demand, and this in turn will make resources available, which the state can reallocate towards providing for the needs of the poor. A third variant refers to what is essentially a nonrelationship and considers market enablement in the context of a fundamental dualist structure of the economy. The point of departure is not the alleged rationality of the informal sector but the pursuit for profit by the formal sector. The demands of the poor for housing and for services are not commercially interesting or profitable. Thus, according to this view enablement of markets will not affect the poor. Market enablement is said to be too much more focused on the formal sector. Baken and Van der Linden (1992) and Baken and Rao (1995) are exponents of this viewpoint. A fourth viewpoint stresses the negative effects which market enablement will have on the urban poor. It states that market enablement will advance commercialisation of urban land, housing, and services, and will contribute to a worsening of the position of the poor who in all respects are the weakest market party. This view in particular is claimed to be correct by the UNCHS in the first evaluation of the enabling shelter strategy (UNCHS, 1991).

Be this as it may, the coexistence of the enablement of markets and of communities calls for a consideration of boundaries between the two (Helmsing, 1997). This we may call the upper bound of community enablement. Under what conditions is community enablement in the provision of infrastructure to be preferred over public and over private modalities? When does community enablement cease to be a viable modality, and are market provisioning via market pricing and public delivery via taxation or cost recovery more desirable? There are at least five aspects: (1) the nature of the provision to be created; (2) the nature and organisation of demand; (3) the supply characteristics, including minimum scale; (4) the existing capabilities of communities to organise collective action; and (5) the capacity and willingness of governments to stimulate and regulate. There is also a lower bound. Particularly, there continues to be a case for direct government assistance for those categories of urban poor whose destitution or dependence makes it impossible for them to benefit meaningfully from enablement.

An important issue is that greater involvement of other parties in the provision of infrastructure and services would in fact require not a reduced by an *expanded* regulatory capacity on the part of government. Thus, whereas on the one hand there is deregulation (especially in the areas of price controls and planning controls), new modalities of infrastructure provision need new and complex regulatory and monitoring capacity of government, especially with respect to public–private partnerships in the provision of infrastructure and services. The most important regulatory issues are: tendering and procurement procedures and institutions; tariffs and standards of quality and access; monitoring and evaluation; compliance and sanctions; and public–private and public–community partnerships as well as private–community partnerships. Other aspects are regulatory mechanisms for private developers and for emerging private contractors. There is a very limited record of research on matters of regulation and the evaluation of the effectiveness of particular forms of regulation.

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Public–private and public–community partnerships in developing countries are still largely untested policy prescriptions. The research has shown that only Sri Lanka has developed a system of community construction contracts, but even there the legal basis is weak.

A number of difficulties would have to be anticipated. The ultimate criterion for judging partnerships would be whether partnerships result in delivery of services at lower cost and higher quality than conventional (bureaucratic and hierarchical) public delivery. Principal difficulties lie in defining the product of the partnership, for which no previous market equivalent may exist and where problems of information and monitoring may complicate performance assessments. Furthermore, as Kettle (1993) observed, partnerships involve contracts, which give rise to problems of adverse selection in identifying partners, as well as difficulties in formulation of incentives, in devising sanctions, and in enforcing compliance. Contracts may also not be the most suitable instruments in case governments and CBOs or NGOs pursue parallel rather than opposite objectives (Kettle, 1993). Thus, although public delivery handled via public administrative hierarchy may have its problems, public–private, public–community, and public–NGO partnerships present their own class of problems for which (local) governments in developing countries may not be well equipped either institutionally or technically.

The coexistence of many actors leads us to the systems or systemic dimension on the supply side of governance. If there are many actors (public agencies, NGOs, CBOs, and commercial enterprises) active in a service sector and if unbundling within that sector has created a myriad of different arrangements applicable to different functions, segments, and areas, what imbalances and gaps in quality, cost or price, and access emerge and what are the overall distributional impacts? The blurring of boundaries between public, private, and voluntary actors creates ambiguities and uncertainty among policy makers and the public about who is responsible and what the consequences are, particularly when things go wrong (Stoker, 1999).

In the past, decentralisation was about the distribution of roles and responsibilities between levels of government; nowadays, decentralisation is about the emergence of complex networks of multiple (and unequal) actors. Governance therefore needs systemic coordination by negotiation, both horizontal and vertical, for steering the development of the network. This remains a role for government but, as we noticed earlier, as an enabler it can do so only imperfectly. The empirical findings have shown that it is easier to become more enabling in the planning sphere but that it is comparatively more difficult to change local-government administrative and financial practices, not to mention the institutionalisation of multiactor-based delivery of basic services.

### **Embedding or insulation**

The previous point brings us to consider the relationship of government to these new governance networks. Should government become an ‘embedded institution’ or remain at a distance? Embedding contrasts strongly with the conventional view of government as an insulated neutral bureaucracy (Evans, 1996a). In the last, the loyalty of public officials is to be generated through long-term employment and commensurate pay. This is meant to induce officials to act in a disinterested manner, in the public interest. The ‘new public management’ approach in public administration continues to affirm this central proposition, and seeks to make governments more responsive by applying private-sector management techniques (customer orientation, performance management, incentives, etc). In this way officials are

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made more responsive and accountable internally. Others argue that the insulated position of the bureaucracy and of the state as a whole has had negative consequences. Dia (1996) argues that the historical 'disconnect' between the formal institutions of state and the indigenous institutions in society has contributed to many of the ills bedeviling the African states and bureaucracies (low performance, corruption, and fraud, etc). Explicitly grounding the state in indigenous institutions would strength external responsiveness and accountability of officials and create dynamism in both state and civil-society institutions. The notion of government enablement is based implicitly on an embedding of local government. The empirical findings seem to indicate that few local governments have succeeded in embedding themselves in local communities.

The insulation view is based on complementarity between the public and private sectors. The public sector has clearly delineated responsibilities. The enablement of markets is based on complementary roles and these may be characterised as a principal-agent relationship. Government as principal seeks to achieve certain public goal through the private sector, which acts as agent (for example, as contractor). Embedding and increased interaction between public and other actors may generate synergy (Evans, 1996b). This is typically the case of community enablement where communities coproduce and comanage basic services with the (local) government. On the basis of each others strengths and weaknesses, particular tailor-made solutions may be generated for problems faced by local communities. Poverty and poverty situations are too diverse and varied to be remedied by standard policy prescriptions. Through embedding a better coresponse may be generated.

Both instances refer to the supply side of governance, that is, the delivery of services. The two types of relationship may also be identified on the demand side. In essence, governance associated with representative democracy is based on complementary and clearly differentiated roles of politicians vis-à-vis both the electorate and the officials. Participatory democracy may be considered an example of embedding where citizens or communities take part in the formulation and decisionmaking on collective choices, and in the monitoring of public programmes. The experience of Porto Alegre, Brazil, with participatory budgeting and planning is a good example (Chavez, 1998; de Sousa Santos, 1998).

One could agree with the point made by Evans that the distinction between insulation and embedding may be more apparent than real. Embedding takes place in the context of complementarity of roles. However, this may also be considered as side stepping the issues. After all, complementarity is a principle well established since welfare economies. We should ask ourselves why is embedding gaining ground? The blurring of the boundaries associated with the hollowing out of the state is no doubt an important factor. As more functions are taken over by other actors, either by design or by default, politicians and officials must justify their existence and redefine their own roles and responsibilities. O'Reilly argues that this process explains the increasing collaboration between NGOs and municipal local governments in Latin America (O'Reilly, 1995).

The blurring of the boundaries would assist would-be reformers in government in seeking alliances in civil society in support of their programmes (Evans, 1996b). Schneider (1999) makes a similar point when he argues that participatory governance generates more information to base and share decisions on, and raises commitment and accountability. This also ensures that one or other particular group does not hijack the state for private interests.

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**Issues on the demand side**

In the introduction I stated that the capacity of more or less democratically elected politicians to reveal and decide on collective preferences and the capacity of public officials to articulate collective demands in a centralised state setting have come under discussion and scrutiny. Several factors have contributed to this. One is the poor performance of the state in being responsive to collective needs and preferences. But there is more. Economy and society are rapidly growing in complexity and differentiation. Public goals change more rapidly and the process becomes more complex. The centralised state proved to be rather inflexible in trying to cope with these changes. Another factor is the greater associational capacity of groups of individuals and of enterprises and the emergence of 'private-interest governance'. The emergence of advocacy NGOs is related to this. The information revolution in communication technology plays a complementary role. To the extent that the process of hollowing out of the state continues, and more functions are taken over by other actors, these new actors, be they NGOs, commercial enterprises, or CBOs, also partly take control over which collective needs will be met and which will not. Thus the key mediating role of politicians to define collective preferences is, at least partially, given out of hand. As the state ceases to engage in the direct delivery of services, and restricts itself to an enabling function, it also loses important information about collective preferences and needs and the ways to deal with these.

A related point is that not all actors and the networks they form necessarily have a democratic character and capture and respond to collective preferences and priorities. That also applies to NGOs and CBOs. Strategic behaviour of the organisation or of its leadership and private goals may influence how responsive they will be. Hirst (1994) in his argument for associational democracy assumed that associations are internally democratic and accountable. The voluntary character and the voice and exit options that members have would enforce it. He argued that public (co)financing would generate a mechanism for external accountability (Hirst, 1994). Whether these are sufficient conditions is questionable. In any case, service networks may not represent all relevant groups and interests. What happens to the needs and priorities of those that are excluded?

Enabling of markets for the delivery of basic services has other types of complication. Competition in and for markets may not always exist (Kettle, 1993), particularly when markets are fragmented and small. The responsiveness and performance of the private agent may therefore not be forthcoming. Furthermore, public-private partnership contracts are very often not public, complicating the pursuit of public accountability.

Strengthening governance on the demand side becomes a crucial issue in building new types of checks and balances in the formulation and monitoring of implementation of public policies. Burns and his colleagues distinguish four options (Burns et al, 1994). One is improving representative democracy (for example, by voter-registration drives or by giving citizens rights at public meetings). In our case, the roles of CBOs in public decisionmaking processes has been taken as an indicator of improving representative democracy. A second option is to extend the basis of representative democracy, for example by creating local-government substructures at neighbourhood or village level. A third option would be to infuse representative structures with participatory democracy, for example by co-opting CBOs in local-government structures, or by forming mixed structures as often happens in Africa (Helmsing, 1999). A fourth option would be to extend participatory democracy, for example by supporting or subsidising non-statutory community groups. The Porto Alegre experience with city-wide participatory budgeting and planning represents a combination of the second and third options.

The importance of creating 'voice' for the most vulnerable communities and groups would be important, and probably is most effective in the context of an overall

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strengthening of the role of citizens in local governance. In this context, it is relevant to stress the importance of national enabling legislation. Bolivia serves as a good example, where the 1993 Law on Administrative Decentralisation and the 1994 Law on Popular Participation created a new decentralised local-government system. The last-mentioned law created the opportunity for citizen groups to form a neighbourhood organisation called territorial base organisations (or OTBs in Spanish). Local governments are required by the same laws to consult with these OTBs for any public-sector investment plan. The same law created the opportunity for the OTBs to set up 'watchdog' committees to monitor the progress in the construction of public works and to hold local-government departments accountable. Another example is the Regulatory Framework Municipal Service Partnerships, which is in preparation in South Africa. This is a piece of enabling legislation that determines purposes and procedures for local government to develop partnerships in infrastructure and basic services.

### **Final observations**

Decentralisation to local governments has acquired new dimensions. These dimensions refer to public means as well as to public or collective demands and goals. Enablement is central to new decentralisation. Instead of being directly responsible for the delivery of basic services, the role of government is to facilitate and regulate the overall framework within which other actors, such as private individuals and firms, NGOs, and CBOs, can make their most effective contributions. In the previous sections I have explored the general policy discourse on what enabling policies would entail. This exploration was restricted to urban local development. In most of the analysed policy areas, market enablement gets most attention and I showed potential tensions between market and community enablement. Subsequently local government enablement of communities was operationalised. Some sixteen criteria were formulated and applied to a (nonrepresentative) sample of local governments in seven countries. It was concluded that introducing enablement in local planning is comparatively easy. However, changing regulatory, administrative, and financial public decisionmaking processes is much more difficult. NGOs and donor agencies working hard to empower communities tend to pay insufficient attention to making local government more enabling. In the final part of the paper I examined a number of issues in the local-governance debate. Here I signalled that governance is not simply good government but concerns the 'hollowing out' of the state. Decentralisation to local government takes place in the context of decentralisation to markets and to communities. A number of issues were identified on the supply and demand sides of governance, and on the question of embedding of government. This new form of decentralisation may resolve a number of 'old' problems but presents us with a new class of problems. Key questions concern the following. Governance presupposes the existence of partially self-organising networks in the delivery of services. Have these really emerged in low-income countries? This research, albeit in a limited way, raises doubts about their existence. And even if so, what are their inner dynamics, taking into account the likelihood of considerable inequalities among various actors (foreign firms, indigenous enterprise, CBOs, domestic and foreign NGOs). How do these networks cope with conflicts and with accountability gaps? What are the comparative strengths and weaknesses of the various actors in a network? Unbundling gives scope for forming new types of networks, but is no guarantee that the overall workings are necessarily better. This brings us to a crucial matter, namely the systemic dimension. What are the overall impacts, especially for poor groups? These distributional impacts may be difficult to establish in practice but the question nevertheless needs to be raised. To begin with, do local governments have the regulatory

capability to steer the service-delivery networks? What is the potential contribution of governance on the demand side to strengthen that role?

In the decentralisation debate a number of old questions continue to have relevance. However, the governance framework is instrumental in raising a number of new questions for which as yet few answers are available.

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