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GOVERNANCE OF LOCAL ECONOMIC DEVELOPMENT IN SUB-SAHARAN AFRICA: WHO ARE THE DANCERS AND DO THEY ACT 'IN CONCERT'?

A.H.J. (Bert) Helmsing

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Comments are welcome and should be addressed to the author:

c/o ORPAS - Institute of Social Studies - P.O. Box 29776
2502LT The Hague - The Netherlands

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ABSTRACT

This paper is a critical reflection on recent theories of local and regional economic development.* One of the central messages of this growing literature concerns a positive sum game of the governance of local economic development. That is to say, that actors such as entrepreneurs and their associations, communities and their organisations and local government agencies have an interest and an ability to work together, to undertake public, collective and joint action, to generate synergies and to commit resources through partnerships in order to promote local economic development.

In this paper we will argue that the local governance problem in Sub Saharan Africa may be more complicated that this literature suggests. If we present the governance problem as a dance, then not all dancers may be present on the dance floor and the ones who are there may not be dancing the same dance.

The paper examines i) the position and strengths of local governments which received important impulses through decentralisation policies, ii) the roles of business associations which in Africa have been growing in recent years, and, iii) community associational activity which is widespread in Sub Saharan Africa.

The paper concludes that there are relatively few actors ‘on the dance floor’ and that they are dancing according to their own scripts or rhythms. There is as yet little ‘acting in concert’. Growth coalitions between local governments and private sector or between government and community associations, as they have been found elsewhere, may not yet exist in Africa. The paper calls for more empirical work on case studies of the governance of local economic development in Africa.

*An earlier version of this paper was presented at the Second RLDS International Policy Research Workshop on Local Economic Development and Globalisation, organised by the Regional & Local Development Studies Programme, Addis Ababa University, in Addis Ababa, 28-29 April 2003.

CONTENTS

1 INTRODUCTION

New theories of local and regional development are based on two central premises. The first is that place matters in economic development. This premise is supported by a set of different strands of theories. (Helmsing, 1999, 2001a, 2003). The second premise is that the extent to which the localised nature of economic development can be made use of to promote economic development of particular localities/regions depends on purposeful public, collective and joint action by several actors. These are government agencies, entrepreneurs, their firms and their associations, communities and their organisations as well as other domestic and external actors. This second premise constitutes the governance of local economic development (LED). The central message of much of the literature is that the governance of local development has a positive sum game and that the multiple actors involved are interested and able to work together to generate synergies and to commit resources through partnerships in order to promote local economic development.

In this paper we will argue that the local governance problem in Sub Saharan Africa may be more complicated than this literature appears to suggest. If we present the governance problem as a dance, then not all dancers may be present on the dance floor and the ones who are there may not be dancing the same dance and even if they do, they may not be dancing ‘in tune’ or in the same rhythm. Not to mention the fact that some may be calling the tune for others to dance on. There are attitudinal, incentive and capacity problems on the part of key actors to take part in the governance of LED and there are political-economic issues that shape relationships. In this paper we will examine these problems in relation to local government, business associations and community-based organisations.

The paper concludes that decentralisation has advanced significantly in Sub Saharan Africa but there are considerably differences in pace and in depth between countries. Overall, it would be fair to conclude that even if local governments would want to act in the local public interest, they would have few means and limited room for manoeuvre to do so. In relative terms the amount of resources that is spent through local governments is extremely modest. There are considerable competence and capacity problems especially in relation to local economic development.

While there is a growing recognition, also in Africa, of business associations and their role in interest representation towards government, they are not representing the entire spectrum of entrepreneurs and enterprises. While in theory business association may contribute to define business issues in an inclusive manner, it is important to recognise that entrepreneurs may rely on other associations and networks to get access to state resources and policies. Moreover, the degree of associational activity of enterprises ranges from informal and small group activity to more formalised and large groups and has apart from interest representation, three other important dimensions. These are social activity and solidarity, producing or providing individual and club goods for their members and to (self-) regulate members on particular issues. To single out only one dimension, – interest representation –, may actually distort our understanding and may even undermine associational activity.

With regard to community associations we conclude that there is a relatively low degree of formalisation of community associational activity. It is widespread but analysis is hampered by lack of systematic data. Mostly it remains informal and loosely structured and takes a variety of forms; membership is often a mixture of ethnic or religious identities and adscriptive criteria; there is also a relatively low level of long term commitment to collective action; In Africa, territorial community associations are often 'hybrid organisations' that are not fully independent of government. There are few city-wide or district level apex organisations of community associations that can act as interlocutor and represent community interests at that level.

In all, there is a great need for research on this topic. The evidence provided in this paper is sketchy at best and offers only very partial views drawing on a few countries across this diverse continent. Priority should be given to examine which governance configurations actually work (i.e. produce positive sum games for local economic development). An empirical and eclectic approach is called for.

The paper is organised as follows. In section 2 we highlight the principal features of local economic development and in section 3 LED conditions in Africa. In section 4 we begin to look at governance issues by examining decentralisation and local governments. In section 5 we examine business associations and their roles in governance for local economic development and section 6 we do the same with respect to communities and community based organisations. In section 7 we draw some tentative conclusions.

2 LOCALISED NATURE OF ECONOMIC DEVELOPMENT

In the past 10-15 years there has been a re-appreciation of place in economic development. Even though space may have become less important in the age of globalisation, place does not. In fact it has become more prominent. Three factors enhance the localised nature of economic development, namely externalities, learning and governance. Externalities are well-known phenomena, but their meanings have expanded. The role of learning at the level of firms, clusters and localities and regions is of a more recent origin but rapidly gained ground. Governance connects the two. A greater range of externalities can be exploited and learning enhances local competence for policy. Below we will briefly elaborate on these three pillars of LED theory (Helmsing, 2001a).

Externalities have always played a role, notably in seeking to explain patterns of location of economic activity. This was mostly based on static economic analysis. Krugman (1995) has added several important points. Firstly, economies of scale and external economies contribute to increasing returns. These give firms a stronger position in competitive struggles with other firms. Secondly, there are rounds of regional effects that we know as processes of circular cumulative causation. Agglomeration of economic activity reflects processes of cumulative circular causation whereby 'activities tend to cluster where markets are large and markets become larger there where activities cluster'. Apart from market size effects there are advantages derived from presence of specialised labour pools and knowledge spill-overs. Thirdly, the specialisation of an area in a particular industry may be an historical accident. But once established, increasing returns may set in and the pattern of specialisation may become 'locked in' by cumulative gains from trade. This produces path dependence. Trade and location are integrated. Fourthly, if transport costs would fall even further, dispersal would be feasible. But regions that have had a '*head start*' will, because of increasing returns, have a better chance to continue to grow.

In essence, this analysis underscores one of the central guiding ideas of LED namely its concern for the development of the *local economic base* of an area. The local economic base refers to the activities that involve exporting products. For that reason it is often also called the export base of an area, district or town. The destination of these exports is for all practical purposes anywhere, in other parts of the same country or abroad. The economic base of a district may consist of one or several agricultural products, or of manufacturing or service activities (e.g. trading or tourism). Other local economic activity mainly supplies the local market and hence depends for its demand ultimately on the growth of the export base. The export or economic base normally consists of one or more clusters of local producers. Firms and clusters may grow and specialise in their activity. This *specialisation* itself is an important growth mechanism, enhancing the competitive position of these producers. But specialisation may have a negative side as well. If a region is too specialised, and ‘locked’ in a particular industry, then a shift in demand may lead to a collapse of that industry, plunging the region into a deep crisis. Specialisation raises vulnerability. Globalisation has heightened this vulnerability aspect of specialisation.

Being simply a low cost producer is no guarantee for economic success. The problem is that products must also be quality competitive. For that, new knowledge is key. With this in mind, new thinking has emerged that sees an enterprise as a repository of productive knowledge. Core competencies of firms are the result of learning by the entrepreneur and the workers on how to coordinate diverse production skills and integrate multiple technologies etc., (Foss, et al. 1996). Local producers must develop their competences. They have to invest in knowledge about products, inputs and production processes. They also must develop their knowledge about their clients, their suppliers and markets. Local producers have a limited capacity to undertake a range of activities. Choices must be made. Thus, when a local producer wants to invest in new products or processes, in response to new competition, (s)he may encounter problems because of lack of knowledge to efficiently undertake the complementary activities needed to produce and market these. Or a producer may be able to produce cheaply but lack the competence to design its products to the latest fashions. Inter-firm cooperation in different formats and modalities becomes a key to address this issue. One can therefore argue that in regions where this complementary knowledge is available, local producers have a better chance to adapt, learn and develop new routines and competencies. Skilled labour, specialist services and inter-firm cooperation create a capability in a region or cluster to renew and augment the competencies of firms. This requires a social context, and a common language and culture to facilitate exchange, and the local area may provide these.

Access to knowledge and learning are crucial for local producers to become competitive and to withstand competition from elsewhere. How do local producers learn? Of course local producers learn by investing their own time and resources, by experimenting and by learning by doing. They also learn from other sources. For example suppliers of inputs and equipment are often cited as important sources of new knowledge. They also can learn from clients. Business associations can become an important source of knowledge as well. As we will see below, associations have become important sources of innovation and sometimes play a catalytic role to stimulate local producers to upgrade their competences. Local producers also learn from business support systems, from enterprise agencies, from NGOs active in the areas of business support. Last but not least universities and research and training institutes can become a source of innovation and learning. Research has established that collective learning may occur through different kind of channels, which especially for small firms is important. Small firms lack the resources to maintain a capability on their own and need to draw on external resources and support. This need not necessarily be public resources but can especially take for form of relations with other firms, large and small. Hence, for small firms collective learning is an important mechanism.

Economies are rapidly increasing in complexity. Producers not only depend on their own capacity to cope with this complexity, but draw on other firms and on support institutions as providers of inputs and services and as sources of learning and innovation. Problems of coordination have multiplied, while uncertainties about outcomes have increased. In order to reduce or to cope with these and associated problems (such as information asymmetries, moral hazard and opportunism), governance becomes a critical issue. This general argument can also be extended to the local level. 'Regions in which (such) coordination is weakly developed and in which unregulated competition prevails, face many problems and predicaments that compromise long-run viability. These regions are all the more vulnerable because, in a world of contested markets, they find themselves faced with competitors based in regions that provide effective regulatory and coordinating services' Scott and Storper (1992: 22). In other words, the viability or strength of a region depends as much on the firms as on the local regulatory, coordinating and supporting institutions and the way in which they interact. Local systems that are better able to handle these problems have a greater capacity for timely adaptation and this allows them to maintain a growth trajectory. New forms of governance are required both between firms as well as between firms and territorial or public agencies.

The governance of inter-firm relations has undergone rapid changes. Relations between firms have been conceptualized in a great variety of ways. New core concepts are millieux, networks, commodity chains, production systems, clusters and business systems. For local producers to gain access to international markets, they generally require specialist producer services in order to obtain knowledge about these markets. They also need specialist services in order to prepare their own manufacturing operations financially, technologically and organisationally for internationally competitive production. Management and workers need to learn new skills and routines and to adopt new attitudes and practices. Large firms may be able to do this on their own. Small and medium enterprises, however, often have to gain access to external resources.

As we saw above specialist services may be one of the externalities that spontaneously arise from agglomeration of producers. However, the cluster literature has stressed the crucial role of inter-firm co-operation in generating specialist BDS services on a *non-market* basis. The empirical point appears to be that markets for these services have not developed in many countries and regions. Overlooking the literature one may find a wide range of institutional modalities: Public provision, public-private partnerships, intermediary agencies, and associations, consortia and informal groupings of firms (Levy, 1994; Helmsing, 1999).

One of the crucial pre-conditions for local economic development action is the development of local competence for policy. This cannot be assumed to exist automatically. There must be some degree of economic organisation and economic interdependence. There must be some channels, e.g. an association, through which local producers can articulate their (semi)collective needs and priorities. There must be some degree of economic interdependence that helps local producers to realise that there is a ‘catch 22’ situation.

Local collective learning can be understood as the emergence of basic common knowledge and procedures across a set of local producers, which facilitates cooperation and the solution of common problems Lawson and Lorenz (1999: 320). Central factors are: i) a common language for talking about technological and organizational problems; ii) shared or partially overlapping technical knowledge; and iii) shared organizational knowledge on how to manage and divide responsibilities and modalities of joint or collective decision-making.

Collective learning also refers to the interaction between firms and territorial institutions that regulate and/or are responsible for support systems like training centres, universities, information and technology institutes, and other specialist services. Networking, greater systems rationality and convergence in their investment and delivery programmes may constitute another source of local advantage. It is important to stress here that this does not refer only to local institutions but also to decentralised sector, industry and national agencies. The participation of key stakeholders may generate new forms of local economic governance. These may consist of public or private ones, as well as partnerships. In many countries there has been a veritable explosion of differently constituted local economic development agencies, fora, platforms, commissions etc, that play a role in coordination, promotion and support. Specialisation and localised learning may thus lead to the development of new tailor-made institutions, which in their turn enhance local capabilities. The broadening of the local institutional base is one of the central messages on local economic development (Amin, 1999).

Preconditions for collective learning are common, regional, culturally based rules of behaviour, a language of engagement and collaboration, and accepted but tacit codes of conduct between local producers and between producers and government agencies, which enable the development of trust, itself essential for innovative collaboration. Often a local 'collective agent' of some kind plays a pivotal role in enhancing these preconditions. For some BAs can play this role (Meyer-Stamer, 1998). Others see a role for local and regional governments (Cook & Morgan, 1998).

The local area acquires its own 'area level' competencies. These are understood here as emergent properties of social activity. 'Some level of organization can be said to be emergent if there is a sense in which it has arisen out of some lower level but is not reducible to it or predictable from it' (Lawson, 1999:157). It should be stressed that local competence for policy is not only constructed endogenously, but also by incorporating 'external' actors. For example, by involving national sector agencies and importers, traders and specialist service providers from elsewhere. A crucial dimension of 'local competence for policy' is that it based on networking among actors and hence refers to 'socialised knowledge'. For local development initiatives to be endogenously created there must be a minimal degree of 'institutional thickness' and key actors need to have a certain degree of autonomy for action.

Local capabilities of an area

Summarising, we can say that for the growth of an area and for the development of its economic base, several ingredients are important. First of all, developing a specialised base and through clustering achieving different types of agglomeration economies. This contributes to achieving advantages in trade. The development of local institutions and infrastructures through private and public governance can contribute to lower production and transaction costs. Learning and collective learning enables firms more rapidly to react to changes in the market.

This may be phrased it as follows: an area has to develop local capabilities. These consist of: 1) infrastructure and built environment; 2) natural and land resources of the area; 3) specific institutional endowments, and 4) knowledge and skills available in the area (Maskell & Malmberg, 1999). The institutional endowments embrace all the rules, practices, routines, habits, custom and conventions associated with the regional supply of capital, land and labour and with regional markets for goods and services. These endowments are a product of history, of previous rounds of economic activity and set the stage for new rounds of localized knowledge creation.

How are these local capabilities created? One important mechanism is the so-called 'first mover advantage'. This is similar to Krugman's head start mechanism of specialisation but it has an evolutionary selection mechanism: those areas that have suitable local capabilities can better serve the needs of local producers and thereby give them a better chance of survival. As the industry grows, more institutional development to suit these producers, for example in the areas of hard and soft infrastructure, training of the workforce etc, augments the competitive advantage of the area. A second mechanism is spin-off. That refers to new firm formation in the same lines of activity. If an area has specialised in an industry, it also becomes a learning ground for new entrepreneurs and firms. A third mechanism is triggered by positive feedback loops arising from internal economies of scale and from agglomeration economies (knowledge spill-overs for localized learning and transaction cost advantages).

In the past it was often thought that specialization has an almost automatic cumulative path effect (Myrdal, 1957 and Krugman, 1995). Others reject that idea. As some argued: "regions (must) rebuild obsolete structures, renew exhausted resources, restore decrepit institutions, revitalized outdated skills and replace inadequate knowledge" (Maskell & Malmberg, 1999:178). In the age of globalisation localized capabilities cannot be taken as permanent and enduring.

Ideally, localized capabilities must be valuable, rare, not easily substituted and imperfectly imitated. Three mechanisms contribute to this. The first is what sometimes is called 'institutional thickness'. The more 'dedicated' economic institutions are present in an area, the better will the area be able to respond to new economic threats. Secondly, copying institutions, adapting them and make them work elsewhere, takes a lot of time and effort. Thirdly, local learning is characterized by inter-connectedness of institutions. That is to say, it involves a complex web of links across national, regional and local institutions as well as between institutions at each level. Thus, being able to reproduce one subset will turn out to be inadequate, as one will soon discover that other conditions need to be fulfilled as well.

3 CONDITIONS FOR LED IN AFRICA

In previous papers I have commented on conditions for LED in Africa (Helmsing, 2001c, 2003). It is important to stress here that these conditions have changed considerably. In reviewing case studies of African clusters, McCormick (1999) argued that there are at least three different types, defined in terms of stages in the clustering-cum-industrialization process. The first is the (pre-industrial) 'groundwork cluster' in which micro and small enterprises dominate, many of which are survival oriented. Conditions are highly competitive; there are no internal economies of scale, while the lack of inter-firm relations prevents deepening of the division of labour. Cluster advantages are limited to market access. The second is the 'industrializing cluster', which is still primarily local market oriented but which contains more advanced units. Also, this type enjoys limited external effects. The third category is the 'complex industrial cluster', which contains firms oriented towards national markets and to exports. This cluster comes closest to the theoretical ideal type. Case studies record joint action in this type of cluster, albeit ad-hoc and on a limited scale. Most African clusters enjoy only (limited) passive cluster advantages.

In comparison to clusters and districts, there are very few studies on localised learning and innovation in lower and middle-income countries. Hence it may be too early to judge the degree to which this perspective can assist in understanding local economic development. At first sight and perhaps subject to gross oversimplification, conditions in many of these countries do not seem very conducive. The industrial structure in many countries is characterised by a low degree of division of labour, with relatively few firms in individual market segments. Often a few large firms dominate. At the same time there is no middle segment and a large number of undifferentiated small producers, often concentrated in 'pre-industrial' clusters. Problems of trust and fragmented markets further complicate the emergence of inter-firm relations and subsequent learning. Import-substitution processes pre-empted the need for learning as technology was adopted 'lock, stock and barrel' from advanced countries and markets were heavily protected, reducing the need and incentive to improve products to suit local demand (Helmsing, 1993). Firms were vertically integrated, incorporating the manufacture of some inputs and internalising key producer services, and importing the remainder. Few were concerned about marketing, and many experienced 'seller's markets'. Few firms were 'world class' or regional market leaders. Most were imitators in a technological sense and national innovation systems were weak. Low incomes meant that the role of 'demanding customers' was limited anyway. Moreover, relatively affluent local people imitated western lifestyles, thereby enhancing the first mover advantage of firms from the West.

After structural adjustment had liberalised international trade and domestic markets, firms in these countries became exposed to international and 'new' competition. In many countries structural adjustment had enhanced (or at least not diminished) the turbulence of the macroeconomic conditions. In these circumstances of heightened uncertainty, vertical disintegration became a very risky strategy. Meyer-Stamer (1998) studied firm-level strategies in the textile, engineering and ceramics industries in one state of Brazil. He found that firms initially persisted in vertical integration. Even though inefficient, it insulated them from the turbulent economic environment. Vertical disintegration would have made firms dependent on many other suppliers of inputs and service providers. As competing imports began to bite, many firms began to lose their market share. Only in the ceramics industry did a process of collective learning begin thanks to the role of the local business association. My own research in Bulawayo, Zimbabwe, also demonstrated that many firms resorted to strategies of 'belt tightening', 'economising' and 'accepting lower profit margins', rather than engaging in more innovative strategies (Helmsing, 1998a; 2002b). The periodic economic crises, caused by recurrent droughts, had turned defensive strategies into accepted and effective routines, at least for as long as a drought would last. After liberalisation, more innovative strategies were required. The local situation in Bulawayo is still far removed from the conditions of an innovative milieu (ibid). The most recent developments in the country give no reason to assume that the situation is much different today, if not worse.

In agriculture, state marketing boards, fertilizer and seed distribution agencies and extension department defined the immediate business environment for peasants and farmers. An important aspect of state intervention was pan-territorial pricing. That is to say, irrespective of transaction costs, a particular input was sold and output was bought at uniform prices. The determining factor was access in the form of the presence of depots of the agencies concerned. The policies of the agricultural agencies were more based on distributional consideration than of economic potential and competitiveness. The implication of this is that regional competitive advantages (including agglomeration economies) were ignored; regional specialisation was as a result not encouraged.

Structural adjustment and market liberalisation ~~(which actually means 'liberating' markets from public intervention)~~ changed the general local economic context. Central government ceased to be the main organising actor~~agency~~. The business environment changed from being heavily intervened by central government and run by public institutions to one in which there is little official regulation ~~but~~ and where market supporting institutions are lacking but where governments are looming in the background. One of the sad lessons of structural adjustment is that the private sector investment response, about which the Bretton Woods agencies~~central de-regulators~~ had high expectations, has not been ~~spontaneously~~ forthcoming in many African countries. Getting the prices right is not enough. One also needs to get the right institutional environment, both at macro and meso level.

Markets do not emerge spontaneously. Investment opportunities do not reveal themselves so easily. Information is hard to come by and risks may be very high. Investment by one economic actor is dependent on simultaneous and parallel investments by other actors. So, a peasant farmer who wants to innovate in cash crops could spend a lot of time and effort to ~~introduce~~ grow a new crop and built his/her competence in production only to find out that there are few local buyers, or that packaging, transport and finance or trade are a bottleneck. Success is critically dependent on the simultaneous complementary investments by other economic agents.

In our example, complementary investments would need to take place in packaging plants, transport equipment and/or need to be undertaken by banks or by traders. The opportunities and constraints for a local producer are embedded in the opportunities and constraints of the *entire* industry. Certainly at early stages of the development of an industry, market and market supporting institutions are insufficiently developed. *These institutions need to be crafted and built up over time, and often from scratch. Local action to build such economic institutions is an important factor determining economic performance* (North, 1994)

The success of the innovating peasant farmer or small entrepreneur depends also on the presence, effectiveness and efficiency of 'related and supporting' services. For example, are extension services able to answer queries on technical aspects? The local organisation of support systems can remove barriers to innovation. Peasant farmers in areas where these systems are in existence have a better chance of economic survival and growth than peasant farmers in areas where these do not exist. The local business environment matters in so far as basic infrastructure is concerned. Without electricity, tools and equipment can't function. If transport services are erratic and cause considerable losses, the competitive advantage that a peasant farmer may have in producing a particular crop, cannot be exploited. It is important to remind ourselves that support services and infrastructure have the economic characteristics of (semi-)collective or public goods. Hence collective and public action for their programming and delivery constitute a core ingredient of local economic development.

In conclusion, conditions for local economic development in Africa have changed dramatically. There are several aspects. First of all, many countries have experienced serious economic downturns, often associated with structural adjustment and political instability. Few have been able to restore economic growth. The overall climate for local economic development has been negative. Secondly, central governments have lost their central economic coordinating role; while other actors, to make the market economy work, are weak. Investments and improvements plans of local producers critically depend on complementary investments by other producers and other economic agents (traders, banks) as well as government. This interdependence has produced, quite frequently, a deadlock or '*catch 22*' situation. Particular in poverty situations where potential markets are small and information networks poorly developed such *'catch 22'* may be enduring and 'lock' an area into economic isolation and underdevelopment. ~~Local economic development can contribute to reduce such deadlock.~~

Thirdly, globalisation and the new ‘geo-economy’ context create winners and losers. Some localities are able to export goods and services to larger domestic and to international markets and to attract external firms, capital and expertise to enable them to grow further, others are unable to benefit from the opportunities offered by new geo-economy and are loosing their own local resources (capital, firms and educated people) that look for ‘greener pastures’ elsewhere. Fourthly, after structural adjustment, central governments paid even less attention to (equalisation of) economic conditions across regions and localities. Socio-economic gaps between localities and regions are likely to have been rising. Fifthly, localities are increasingly thrown onto themselves to create ‘place prosperity’, to create the right conditions for the economic advancement of its population: i.e. that entrepreneurs can seize business opportunities, that households can improve their livelihood and that workers can find jobs that match their capacities[i].

Local government have an important role to play to create place prosperity. However, local governments must realise that they are not in the driving seat. Much depends on local producers ~~private enterprise~~ and their associations, CBOs, ~~unions~~ and support agencies (incl. NGOs). Lastly, local economic development is about new roles for the public sector. This applies not only to central government but also to local governments. Local government is to provide the right mix of local public goods and secondly to facilitate or *enable* these other actors, communities, ~~private firms~~ enterprises, workers and NGOs, to make their most productive contribution.

The central question is to what extent are LGs, BAs and CAs up to perform expected roles and what can be said about their interaction as a basis for generating competence for LED policies? In the next section we start by examining LG as one of the key actors. Then we will examine business associations and community associations. In the final section we will address the issue of their interaction as a basis for developing ‘area level’ competence for LED policy.

4 DECENTRALISATION, LOCAL GOVERNMENTS AND GOVERNANCE

The basic theoretical considerations about administrative decentralisation concern the assignment of powers and responsibilities between levels/tiers of government. Mainstream theory distinguishes 3 key dimensions. The first concerns expenditure assignment. That is to say the assignment of expenditure responsibilities (policy and implementation) to the various levels. The principal criteria for expenditure assignment are I) subsidiarity, ii) technical and iii) economic efficiency. The second dimension concerns revenue (or tax) assignment. This basically relates to the question how the powers of taxation can best be distributed taking into account the characteristics of the various tax bases. The central issue here concerns mobility of tax base and shifting of tax burdens. The assignment of borrowing powers is a special aspect of this problem. The third dimension deals with the vertical and horizontal imbalances between expenditures and tax assignments. Normally the decentralised levels face a vertical imbalance while regional inequalities in expenditure needs and fiscal capacity are responsible for causing horizontal imbalances. Central government transfers are the principal means to address these imbalances. A central issue hereby is how transfer systems are structured. There is no unique or optimal solution to these questions, though there are broad based trends or policy lessons (Bahl & Linn, 1992). Much depends on the historical evolution of political administrative systems in a country.

In the second half of the nineteen nineties the *institutional capacity* issues received more attention in decentralisation policies. These focussed on the question of increasing the capacity and responsiveness of local governments. Reference is also made here to the executive versus the collegial systems, election of mayors, creation of local public service commissions, local public accounts committees, local tender boards etc.

Governance in relation to decentralisation relates broadly speaking to 2 dimensions (Helmsing, 2002a). The demand side of governance refers to the interaction between local government and local civil society and economic actors in the process of establishing annual and medium/long term public preferences/priorities and plans (public investment, long term territorial and development plans) and downward external accountability. The supply side of governance refers to the delivery of public services by non-public means (thru collective action or privately) and the role of non-public actors in improving the efficiency and effectiveness of service delivery (public and non-public). Decentralised governance may be both a means to an end as well as an end in itself. It is an end in itself when governance is primarily seen as a way of improving democracy and the legitimacy of the state. The hollowing out of the state and political changes may call for greater embedding through governance. Governance is also a means to improve the quality of public sector, its policies and delivery of services.

Decentralisation in combination with governance is alleged to have a number of advantages: it would contribute to greater responsiveness of public sector as LG is 'closer' to the public; it would improve economic efficiency, allow for greater variation in and adjustment to local circumstances, and would improve accountability. However there are various factors that may prevent this from actually happening. These factors may have various origins. On the one hand central governments, in an effort to deflect criticisms for poor service delivery, may transfer more responsibilities than it is willing to match with resources, causing 'unfunded mandates'. Sector ministries often seek to recoup powers lost through decentralisation; high dependence on central government current transfers and investment grants and loans reduces local responsiveness. On the other hand there are a range of local factors: elite capture of local government institutions and local patronage and clientelist politics; poverty of resources, such as poor fiscal capacity, technical and human capacity problems all undermine the capacity of local governments to effectively and efficiently delivery basic services.

Decentralisation, local government and governance in SSA

What is the situation with regard to decentralisation in Sub-Saharan Africa? How far has decentralisation advanced? This is not the place to elaborate a comprehensive review of the state of decentralisation and governance in the Region. Moreover, it is difficult to find systematic and detailed studies that compare situation of different countries. A number of partial studies have been produced under the auspices of the Municipal Development Programme (MDP) for Southern & Eastern Africa and MDP West Africa (MDP West Africa 1999; MDP-ESA, 1999). Helmsing (1999b) studied decentralisation and emerging patterns of local governance in Uganda, Zambia and Zimbabwe. An important one is the DANIDA financed study on

‘Fiscal Decentralisation and Sub-National Government Finance in relation to Infrastructure Services Provision’ in 6 African countries (Danida, 2000).[1] Finally, also the Global Urban Observatory provides some interesting non-fiscal data about decentralisation and governance (GUO, n.d.). The GUO database includes data of a total of 232 cities of which 55 are located in 32 African countries. The latter cannot be

[1]These are Senegal, Ghana, Uganda, Zambia, Zimbabwe and Swaziland.

considered a representative sample, as only large cities are included. Drawing on these studies a tentative picture of broad trends is emerging that will be presented below.

In only a few countries there is an elaborate and well-documented central government policy of decentralisation with an implementation plan. Uganda is a notable exception. It has developed its policy in various rounds and implemented it in phased manner (Helmsing, 1999b). In other countries the policy process is more haphazard and fragmented and CG retains important powers. From a macro economic perspective local governments carry very little weight. For the six countries of the DANIDA study, the share of local government expenditures as a percentage of GDP varied in the late 1990s between 0.5 and 3%. MDP-West Africa reports similarly low figures for local revenues as percentage of GDP for West African countries.[2] As a percentage of general government expenditure LG expenditures were in all countries of the DANIDA study less than 10% except for Uganda (25%). The picture is not much different for other countries such as Kenya (Smoke, 2000) or Malawi (MDP Eastern & Southern Africa, 2001). The composition of local government's expenditures varies considerably between countries. Recurrent expenditures tend to predominate (80% or more), except in the case of Ghana where capital expenditures reached 70% (thanks to the District Assembly Fund). Data from the six countries examined in the DANIDA study shows that recurrent spending on general administration amount to some 40%, social sectors amounts to 20-24%, community and other amenities 14-15% and economic services around 11% (see table 1 in Annex). Wages and personal emoluments use up 50-60% of recurrent expenditures, though in West Africa lower shares (30-50%) are recorded (MDP-central and West Africa, 2002). All countries in the DANIDA study rely primarily on own local revenues, except Uganda and Ghana where central government transfers provide 65-70% of the funding. User charges are relatively unimportant as a source of local revenue for almost all countries (Schroeder, 2003). Local governments tend to have rather limited tax autonomy, in terms of power to set tax rates, to adjust the tax base and/or to improve efficiency of tax administration (incl. collection). There are important exceptions especially for city councils. Also there is low autonomy in

[2]These include Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo.

deciding on recurrent expenditures, primarily as a result of earmarking of central government transfers and due to the practice of central government having to approve LG budgets. The same applies to capital expenditures. Capital project often require central government approval and central grants are earmarked down to project level. Of course, also here there is variation across countries. A major problem facing local governments is sustainability. That is to say responsibilities have increased without appropriate adjustment in revenue powers or in transfers (i.e. unfunded mandates have multiplied).

Having briefly looked at fiscal decentralisation, let us now look at some issues of institutional capacities of local governments. The DANIDA study offers the most systematic and detailed account and unless otherwise indicated we rely below on that six country study. Local governments are increasingly made responsible for local needs in infrastructure services. However in most countries one cannot speak of sustainable provision due to regulatory, financial, managerial and human resource constraints. Often budgets require central government approval. Budget accountability is in most countries upward and audit based at the expense of downward accountability (towards citizens, users and tax payers) and accountability on performance. With some exceptions (e.g. Urban councils in Zimbabwe), land is in most countries not a resource of local government and central governments have a far greater control, registration and command over ownership tenure (although this is beginning to change, as in Uganda). In general, LGs have limited autonomy to issue bye-laws and/or amend these and/or use other regulatory instruments. Also LG autonomy in physical planning and territorial development of their jurisdictions is constrained by approval or discrete decision making by central government. Not only do LGs not have significant autonomy but also they have little sovereignty over the jurisdiction for which they are responsible. That is to say, CG and donor financed projects can take place without LG being able to exert much influence. In the majority of cases they are directed by CG to allow such interventions to happen and to support these.

The capacity of LGs in Africa is also greatly affected by the fact that LGs, with the exception of countries like Uganda, are severely restricted in their competence to recruit, dismiss or promote their own staff. There is little separation of the sphere of politics and administration. Politicians get involved in running the administration. The financial stress under which most LGs operate also has implications for human resources development. Many LGs lack technically competent staff, in important areas such as finance, physical planning and territorial development and CGs in most countries do not provide systematic active support.

The Global Urban Indicators prepared by the Global Urban Observatory (n.d.) give some additional albeit partial views (see table 2 in Annex). These can be construed from qualitative data, which is available from 1 or more cities of 27 Sub Saharan African countries. From this database it can be found that in 19 of these 27 countries CG has the power to close down a local government. In 14 out of the 27 countries CG can in the same vein remove local councillors. In this context it is important to note that this also actually happens. In Kenya, Tanzania and Zimbabwe CGs have removed locally elected councils of respectively Nairobi, Dar-es Salaam and Harare. Centrally appointed commissions currently manage these cities.[3] This practice is more wide spread, especially in politically contested cities and districts.

Transfers from CG to LG are known in advance in selected cities of only 14 of the 27 countries. LGs have in the majority of cases (18 out of 27 countries) only some powers to set local tax rates (mostly subject to CG approval). In 13 countries LG had no such powers and in only 3 cases LGs had full autonomy. In relation to powers to set services charges the situation is slightly better (in 9 countries LG had no powers, 13 had some power and 5 had such authority for all services it provided). In 12 out of the 27 countries LG have no borrowing powers. In 15 cases it had some limited borrowing powers. In the majority of cases LG has limited powers to select contractors. Only in 9 of the 27 countries do LGs have full autonomy in this regard (GUO, n.d.).

Moving now to governance dimensions ‘on the demand side’, in many countries there is some degree of involvement of civil society in the process of planning of infrastructure. This is also confirmed by the GUO data: In 18 out of the 27 countries civil society does participate, in one form or another, in major infrastructure development, such as major roads and other major public projects. The same applies to alterations in zoning. In relation to governance on the supply side, the regulatory framework to involve the private sector and community based organisations in

[3]For Kenya see Karanja (2003), for Dar es Salaam see Mhamba, 2001. In Zimbabwe the central government appointed a commissioner in 2002, but the locally elected and MDC dominated council fought this measure. The elected Mayor was consequently imprisoned (see Financial Gazette).

infrastructure services provision is mostly at an incipient development phase (DANIDA, 2000). Decision-making on this matter in most cases remains discretionary and ad-hoc. Although according to the GUO (n.d.) LGs, in 15 out of the 27 countries, have some powers to select contractors and that in 23 out of the 27 countries tenders are published. The DANIDA study, which looked into the matter in detail, found that competitive tendering is not widely practised even though in several countries the legislation is in place. And in those cases where it exists, as for instance in Ghana, it is not adhered to (Awortwi, 2002, 2004). Lastly, the actual involvement of the private sector in infrastructure services delivery in Africa is relatively limited.

Local governments and local economic development

The above picture about decentralisation and local governance is admittedly rather partial and fragmented. Taking this qualification into account, what does it tell us about LG and its role in LED? According to the literature on local economic development LGs have at least 5 roles to play (Bennett & McCoshan, 1993; Helmsing, 2002c, 2003): i) LGs have a direct role through service delivery, which potentially provides a source of economic opportunity; ii) the delivery of services may enhance or inhibit local economic development and competitiveness. Poor services may reduce attractiveness of a place for external investors and raise costs for the ones operating from there. E.g. road maintenance or the lack of it; iii) Orderly territorial development, through physical and land use planning and development control reduces uncertainties for investments by households and firms and potential social conflict about negative externalities; iv) by virtue of their public interest role, LGs have a ‘capacity to convene’ other social actors to define the local public interest and the broad direction of local economic development; lastly, v) LGs can enable or facilitate other actors to make a more effective contribution towards solving LED problems.

In relation to the first three roles, it can be argued that LGs carry little maco-economic weight. In spite of a number of years of decentralisation, its economic incidence is rather limited and in several countries has gone down, though there are important exceptions such as Uganda, South Africa and to some extent Ghana. It should be recognised that only in a few countries there is a broad-based political drive towards democratic decentralisation. In many countries decentralisation is a reluctant process: although CGs see the need for more local embedding of the state, they are reluctant to devolve substantial powers to local actors. CG officials remain control oriented. As we have seen above LG powers are restricted on budget competencies, on resources and planning as well as delivery of services. In most SSA countries, LGs have limited autonomy and limited actual responsibilities for services delivery. Even *if LGs would want to improve their efficiency, CGs would not allow them*: they lack autonomy to define tax rates and service charges and to develop their own tax bases in accordance with their expenditure responsibilities. Transfers are in many instances not known in advance and are largely earmarked, leaving LGs little policy and managerial discretion. It is also difficult for LGs to act equitably, as cost recovery is hardly practiced and service charges are set uniformly very low with little or no charge differentiation. LGs lack sovereignty as other actors can infringe on its functions without due process. Thus, even if LGs would want to act in the local public interest, they would have few means and limited room for manoeuvre to do so. The role of LGs in public sector capital expenditures can amount to a significant proportion in some countries, notably South Africa, Uganda and to some extent Ghana. However it should be noted that in most countries overall levels of public investment are generally very low. Only in the noted exceptional cases can local economic development 'slipstream' on local capital spending (Hindson, 2002).

It should also be recognised that LGs are an important source of formal employment in the local economy, esp. outside the main cities. Politicians exert pressure on their administration to act as 'employer of last resort'. Consequently, LGs find it difficult to restore fiscal balance and sustainability. As Awortwi (2002 and 2004) showed that in three important Ghanaian cities politicians made use of the privatisation of solid waste management cities to become 'quasi entrepreneurs' of SWM enterprises receiving generous contracts from LG. In spite of privatisation and contracting out, the number of public employees in the relevant departments did not go down. On the other hand, one could argue, local democratic and accountability mechanisms may take time to take effect. In Uganda's latest local government election a large majority of councillors were not returned to office (Nielsen, 2002).

Before considering the last two mentioned roles – the capacity of LGs to convene other actors and to enable them to play a role in LED – it is useful first to examine these other actors. In section 5 we look at business associations and in section 6 we consider community associations.

5 ENTREPRENEURS AND BUSINESS ASSOCIATIONS

In local economic development theory entrepreneurs and business associations are expected to play an important role. New insights from LED theory argue that competitiveness is not only something that is generated by entrepreneurs on their own but depends also on clients and suppliers as well as on the immediate and general business environment. In order to improve that environment, entrepreneurs can associate themselves either to produce jointly certain goods and services that otherwise cannot be obtained in the market or from non-market sources at desired price and quality. Associations also serve to represent business interests vis a vis other actors, notably the government but also other parties such as workers, clients and suppliers. In addition associative action is instrumental in 'private interest governance' that is to say self-regulation. Finally, business associations offer important opportunities for social activity.

Alongside LG, business associations and civil society organisations are seen as key actors in LED. The literature on LED in rich countries (Bennett, 1998a, 1998b) and case studies from Latin America (Helmsing, 2002b) indeed demonstrate the important roles played by business associations. This LED literature does not question business associations nor their emergence and rationales. BAs are assumed to exist and to be effective and efficient organisations to represent business interests. The debate centres more on issues of what roles it performs and how this is done and the degree to which BAs actually may 'capture' the local state or vice versa. The former is hypothesised in 'regimes of accumulation' theories (Valler, et al, 2000; North et al, 2001), while the second is seen in corporatist theorizing (see section 7 below). However in African (local) economic development BAs cannot be taken for granted. It is necessary to examine first BAs in general, their emergence and roles in SSA.

The general literature on BA in development argues that in the wake of structural adjustment and liberalisation, BAs have become more prominent though there are important regional continental-wide variations (Lucas, 1997). In the 'developmental state' era the private sector was considered to be too weak to lead development, and in many countries BAs were subordinated to the state. The state itself was considered capable of engineering economic and social transformation. Following the growing disappointment with the 'developmental state', its inability to delivery services and cope with economic crisis, structural adjustment and liberalisation policies introduced a new era where the state interventionism was considerably reduced. In the new policy discourse the state is not to intervene directly in markets, but is to create conditions for markets to function 'properly'. By intervening less in markets the private sector also has become less dependent on state decisions (price and wage controls, foreign exchange allocations, trade and interest rates controls etc have been largely or wholly removed). The private sector then also sees less need to accept subordination to the state. Globalisation further reduced the role of the state to facilitation. It is increasingly recognised that firms primarily achieve competitiveness where the State can create enabling environment for that to happen. I.e. the state is to facilitate but not to direct. Current thinking goes further: "a state needs to cultivate the support of business if its development goals are to be achieved, not only does business make the investment and production decisions that drive development in a market economy, but it is also a potential source of information and support for the government policies" (Lucas, ibid: 73).

This position resembles Peter Evans' notion of 'embedded autonomy'. That is to say that the state needs to be internally coherent, cohesive and competent, preserving its autonomy but needs external linkages to become effective (Evans, 1995). Linkages include those with BAs. If internal coherence and competence of the state is weak, the external linkages may result in corruption and capture of the state by private and particularist interests. A weak state insulated from external linkages or with weak external linkages looses social checks and may turn to become 'predatory' where bureaucrats aim at rent seeking to reproduce themselves and to supplement declining real wages. Lucas (1997) considers this to be the case in Africa. Ideally one needs a strong state and external linkages with strong external actors such as BAs and labour unions and civic organisations. This is the pluralistic ideal. As Lucas has put it: BAs "contribute to a pluralisation of the institutional environment" (1997: 72).

One could go further and argue that in case of weak states there will also be less demand for BAs. Since policy formulation and implementation processes in such cases are less 'holistic and rational' and hence collective action for group interest likely to be less effective. There is less to be gained from it. Furthermore in such situations firms will be more inclined to solve their demands on government by *other* means. I.e. in a 'private' way offering bribes. Individuals and firms will rely on other mechanisms such as parties, clientelist networks, and ethnic or clan networks to gain access to the state. In such environment BAs are less likely to thrive. Putting it positively: BAs thrive in an environment that is also susceptible to their role. In similar vein, one could argue that weak states themselves are unlikely to be in favour of strong BAs. They would see this as infringing on their 'turf' and 'autonomy' to decide policies on their own. This is something, which Hewitt et al. (2002) observed in the case of Tanzania.

The literature recognizes important regional variations. *Grosso modo,* Lucas (1997) argues that the economic development success of the Asian tigers was partly based on so-called "growth coalitions" between strong bureaucracies and well-organised BAs. Latin America has known important corporatist development of its BAs, especially during the early industrialization and import substitution period. However, liberalization in 80s and 90s brought about decay in these institutions without a strong re-surgence of BAs (with some exceptional instances). In Africa he observed a growing assertiveness of BAs in a situation of state decline. This is something that Goldsmith (2002) confirms in his survey of BAs in 8 African countries.[4] Though the size and the growth of the entrepreneurial class has been much less than in other countries and a lot of business is still organised along ethnic lines and through patrimonial networks.

Entrepreneurial groups

It is important to realise here that the private sector itself has also been changing in developing countries and one may question that it constitutes a homogeneous group or class. For our purposes here one can distinguish at least some four distinct subgroups. The first group consists of 'self made' indigenous entrepreneurs. In early postcolonial period in SSA, the private sector was still dominated by external interests (foreign and settler) and countries often had a very small indigenous group of entrepreneurs. That latter group was made up of self taught and self-made entrepreneurs (mostly men) who built their enterprises in spite of colonial political and economic discrimination. Post-colonial policy makers often dismissed this group, in view of a) their 'pragmatic' role during independence struggles, b) their association sometimes with non-indigenous capitalists firms and c) their humble self-made upbringing. They were not seen to be able to lead development.

[4]These countries are Ghana, Kenya, Madagascar, Malawi, Senegal, Tanzania, Uganda and Zambia.

Due to the lack of employment and economic opportunity created by the State, many countries experienced a rapid increase of informal survivalist and small (private) enterprise activity. This has become the largest private sector subgroup. This group is likely to be less entrepreneurial and more interested in a decent level of living than in maximising profits and/or enterprise growth. In that respect this second subgroup is clearly distinct from the first group though some maintain that from this subgroup few may be able to 'graduate'.

Following Independence, economic expansion took place via state/parastal enterprises. This led to the emergence of a new 'class' of enterprise manager/administrators. With structural adjustment and liberalisation the parastatal managers transformed and gave rise to a new group of entrepreneurs. Thanks to their close association with the state, managers of state enterprises became owners/managers of privatised firms or they created their own enterprises. The economic opportunities seized by these enterprises are based on the close association and networking with the state. Their strength does not lie in entrepreneurship and innovation but in deriving advantage from 'insider trading', by 'being in the know' and by having privileged access to state resources (Taylor, 2002). Thus this third group consists of political and quasi entrepreneurs.

With structural adjustment also a new and more entrepreneurial business class emerged of professionally trained people who seized market opportunities generated by the changing economic conditions. Often the emergence of this group is associated with globalisation and with TNCs. This fourth subgroup tends to be more independent from the state and often opposes state domination. The relative size of each sub-group depends very much on the particular circumstances and history of a country.

Would each sub-group be equally interested associative activity and create business associations? Does every subgroup see the need for BAs? The first business subgroup consisting of self made and individualists, who succeeded against many odds, are likely to be uninterested in and distrustful of any collective action. The second sub-group of small and micro enterprises may have the greatest potential for Bas—their interest depends on benefits BAs generate and the ability of members of the group to become the political entrepreneurs leading the creation of BAs and BA based collective action. Furthermore education and lack of formal business experience may affect their propensity to see advantages of business based collective action. The third sub-group consisting of political and quasi entrepreneurs uses political, ethnic based or other type of networks rather than business-based networks to advance their interests vis a vis the state; i.e. they are not likely to have much interest in BAs. The fourth sub-group is also a potential group but its interests may not coincide with those of the second subgroup for them to form a united single association.[5] Furthermore, this group is more likely to ally itself with transnational firms and interests.

Degree of associability

The literature on new competition and industrial districts stresses the growing demand for specialist business development services. Reviewing the literature one may find a wide range of institutional modalities for specialist services (Helmsing, 2001a): i) Public provision, where public agencies provide services such as export marketing, vocational training and technology centres; ii) public-private partnerships where government, for example (co-)finances service centres but leaves it to the private sector to run them (trade representation, sector specific innovation centres); iii) intermediary forms of non-profit enterprise promotion agencies (non-membership) delivering enterprise development services; iv) business associations; v) consortia, (more or less formalized agreements between a limited number of firms to pool efforts or resources for a common purpose). Usually these are not sector wide but composed of self-selected groups of firms. Examples may be found in the area of export marketing, credit and procurement and sourcing of inputs (e.g. Best, 1990); vi) formation of groups of firms is an even more restricted to a smaller group, and often involves more flexible arrangements, such as joint tendering for export orders, or joint procurement and sourcing of inputs. Thus, formal business associations are but one of many modalities through which delivery may be organised. By focussing on only formal BAs one would zero in on only a small part of the entire spectrum of firm based associative activity.

An unresolved issue is which are the most appropriate delivery modalities for particular services under what local economic conditions and more specifically: which small or large group, formal or informal type, and at what level (local, regional or (inter-)national) of association is most effective? This brings us to define the ‘degree of associability’. The degree to which entrepreneurs commit themselves to association with others to produce or share certain individual goods, to engage in collective goods

[5]This may constitute a problem of ‘goal formation’ in relation to the logic for collective action (see below) as well as a cultural one.

and to organise authoritative goods, may depend on a range of factors, such as, the degree of concreteness of these goals of association (very specific and concrete versus general or undefined), the relative importance of the resources each one contributes, the significance of the outcomes of association to the performance of the individual enterprise, the size of the group involved etc.

BAs and (de)centralisation of state structures

The level at which BAs are organised is a consideration that has received only limited attention in the general literature. The comprehensive review of literature by Lucas (1997) for example does not mention the issue at all. Coleman & Jacek (1989) do raise the issue. They specifically focus on the connection between capitalist collective action and regionalism. They argue there although there is an undeniable trend towards national and internationalisation of BAs, the regional level is a significant level of organisation of business interests. One might generalise their case and argue that the level at which BA activity is organised depends on the vertical organisation of state structures. If engaging in collective action towards government is one of the central roles of BAs then it follows that the vertical distribution of economic policy functions over the various levels/tiers of government influences the level at which BA activity is to be organised.[6]

During the 'developmental state' era, most economic policy decisions were centralised at the national state level. Thus in order to exercise effective collective action BAs had to be organised at that level. The subordination of BAs to the state gave rise to corporatist mechanisms. That is to say, rather than dealing with a variety of BAs representing different business interests, the state created (obligatory) apex structures that organised all BAs under one umbrella. These, often tri-partite, structures were obligatory and served to inform as well as negotiate macro and industrial policy. Corporatist apex BA structures were inevitably less flexible than sectoral and regional BAs and less in touch with their members. They often became state centred BAs. Under such conditions BAs became like extended arms of government. For example in both Rhodesia and in Zimbabwe, the Confederation of Zimbabwe Industries and the Commercial Farmers Union played a role in negotiating

[6]A second major factor would be the degree to which markets are either nationally integrated or are regionally 'balkanised' (Coleman & Jacek, 1989).

and administering the foreign exchange allocations to firms (they prepared bids to be negotiated with government). The BAs also assisted government by making members comply with policies.[7]

As indicated earlier structural adjustment and liberalisation undermined corporate mechanisms and institutions. The case for all encompassing and macro-economic Keynesian demand management declined. At the same time more specialised needs of sectors facing competing imports and/or trying to break into export markets posed new challenges and demands on BAs and on government in terms of competitiveness. This resulted in a shift in importance from general Apex BAs and the increasing importance of sector associations. Effectively the membership of CZI in Zimbabwe declined in the nineties following the adoption of the SAP (Helmsing, 1998a)

Political reform and decentralisation transferred responsibilities of regional and local governments. In Ethiopia the new 1991 Constitution created Regional States with considerable policy autonomy. This may therefore create a new level at which BA activity may be organised. It would be interesting to know whether this is actually happening. In Zimbabwe in the 80s and 90s, city governments had considerable autonomy. In the 1980s all major cities had thriving local BAs (chambers of commerce). These existed alongside local Chambers of Industry and national sector associations and an apex organisation. In the rural areas, local governments were rather insignificant. Local BAs were also absent while the farming sector as a whole had several national BAs. If decentralisation to and democratisation of local governments are indeed worldwide trends (Helmsing, 2001a), this would have implications for the level of BA organisation. Of course, the degree to which the local level will become significant for entrepreneurs to organise collective action to seek policy influence, will depend on whether local governments are entrusted with relevant responsibilities and effectively become capable of delivering public goods critical for business. Thus a central issue is whether LGs have developed such capabilities and whether local enterprises have strengthened their BA activities at the local level in the wake of decentralisation so as to represent business interest and

[7] Skalnes (1995) argued that white dominated BAs had more power and autonomy in Zimbabwe *after* Independence than *before*. During the Rhodesian period corporatist mechanisms kept BAs in check. After Independence, reconciliation policy of the Government gave BAs the political space to become more assertive.

exchange knowledge with local governments. In other words is there a case for entrepreneurs to organise themselves at the local regional level and represent their interests towards local regional governments?

An important issue in this context is the question to what extent decentralisation will contribute to increase associative activity of small firms. As noted by many observers, small firms generally are neither organised in their own BAs nor are they well represented in existing national BAs. Though there are a few exceptions in Africa (Lucas, 1997). For small enterprises, localised forms of association may be more feasible, though unlikely to be sustainable if only for the purpose of interest representation.[8]

6 COMMUNITIES AND COMMUNITY BASED ASSOCIATIONS

Community associations are “heterogeneous institutions involved in a range of activities, including community management, provision of social services and infrastructure, finance and credit and religious and social affairs”. ”They may be large or small, formal or informal, horizontal or vertical and base their financial existence on voluntary contributions, membership fees or external funding” (Tostensen, 2001:20).

There is a growing awareness about the importance of associational life at the community level for livelihood and by implication for local economic development. Furthermore, there is a gradual recognition that associational life can be vibrant, not only in rural areas, but also in urban areas. In contrast to commonly held views, community organisation is not necessarily more difficult in urban areas (as compared to rural) nor does it require a kind of maturity and duration of community life. This may have to do with the rapid growth of problems and the failure of state and market to address these. This applies both to the growing quantitative gap and declining standards of service delivery, as well as to the inability of state and local governments to cater for these and to the lack of growth of the formal economy to provide employment opportunities and to address these demands. Structural adjustment, in

[8]An interesting exception is the street vendors association in Bulawayo (Zimbabwe), which was triggered by City of Bulawayo attempts to reduce conflicts between shop owners and street vendors and to improve the spatial distribution of street vending in the city centre.

turn, further expanded the scope for community collective action into new areas, previously thought to be in the public realm, especially in relation to public services, economy and management of resources.

As regards community organisations, it is important to make a distinction between grassroots territorial community based organisations (CBO's) and 'self selected' grassroots groups. The former type is all encompassing and broadly representative and multi-purpose organisations. Often, territorial CBO's are framed by local tradition and custom and increasingly also by local or national government legislation. A women's savings club is an example of a 'self selected' grassroots group. Such groups are mostly single purpose oriented, more homogeneous and are of a more horizontal character. Every member participates by virtue of its accepted membership. Self-selected community groups are ~~become more~~important ~~Whereas territorial CBO's have been the main focus of community development efforts in view of their public character, i~~in the context of markets~~,~~. In many African countries there is a rich variety of such organisation. In order to strengthen the position of such ~~community~~ groups the formation of second and third level organisation is important~~:~~ ~~i.e. associations of grassroots groups and federations of associations~~. Tostensen et al (2001) observed that African associations have on the whole a low degree of formalisation, based on functional or adscriptive identities. Individuals are more followers than members; loyalty is measured by actual participation rather than by formal enrolment or membership fees.

In their book on associational life in African cities, Tostensen et al (2001) argue that in Sub-Saharan Africa one could observe a retreat of associations immediately after Independence as state concentrated and took over many responsibilities. Moreover, large associations were often seen as political threats (ibid: 22). Over time also the character of associations has gradually changed. In the early period of urbanisation when migration fuelled the growth of cities, associations often linked new urban dwellers to their rural home villages. Such associations were also important to facilitate entry of migrants into urban economy and society (Gugler, 1993). However, with the birth of 2^{nd} and 3^{rd} generations of urban dwellers such links became less important. Associational activity started to direct itself more to the problems of urban livelihood. Moreover, when urban livelihood deteriorated it became more difficult for urban residents to maintain their rural links and send remittances to their rural home areas (Bryceson, 2003). In response to growing urban problems, associational activity increased and directed itself to specific issues. As the number and nature of association changed towards service delivery it also attracted qualified professionals to organise collective action. This in turn attracted attention of governments and donors (Tostensen, 2001).

The changing character of community associations is also shaped by its relationships viz. the state. This is clearly demonstrated by the South African situation. According to Warren Smit (2001), historically associations were predominantly self selected self-help groups in separate spheres of activity, like savings clubs and burial societies. Later the rise of civic associations was linked to forms of resistance to the state and apartheid. Notably the rent boycotts were a powerful vehicle for community collective action. After 1991 associations entered a difficult period of transition towards acquiring a more developmental orientation. That brought into the open a greater differentiation of community interest as compared to rent boycotts. Furthermore, community participation in developmental projects can take a variety of forms. With the local government reform, a new sphere of CBO activity emerged, namely that of participation in public decision making on plans and budgets. More recently South Africa saw a revival of mutual help groups around very specific purposes: “It is essentially a reaction to popular perception that politicians are self interested, that officials have stifled housing delivery with red tape and that consultants and developers are making huge profits from housing delivery” (Smit, 2001:245). He also observed that the old civics were territorial CBOs, male dominated; the new mutual help associations are functionally oriented, women dominated, fiercely non-political and voluntary.

There is little systematic data on community associations and organisations. Several years ago, Wils and Helmsing (1997) had the opportunity to exam the role of community organisations in the context of the UNCHS Community Development Programme (CDP), which operated during the 80s and mid-90s in 7 countries (of which 3 in Africa, Ghana, Uganda and Zambia). The general approach of the CDP was to achieve sustainable human settlement improvement and poverty alleviation through empowerment of communities. The CDP tried to achieve this by strengthening the organisation of communities in CBOs, and by endowing households with the knowledge and skills to participate in collective action, to manage community projects and relate to external agents, especially government. The research by Wils and Helmsing generated some important lessons. First of all, it stressed the importance of community organisation. Organisation and democratic representation of different interests within the community is a necessary but not sufficient condition. Particularly in the area of housing and settlement improvement, territorially based community organisations at the level of neighbourhoods are a primary unit of organisation as this is the lowest level at which collective needs can be expressed. Community organisation is a basic pre-condition for community initiative and management and for any enabling policy of other stakeholders to relate to. Secondly, community participation per se, as measured in terms of frequency and attendance of community assemblies and meetings set by other actors, is not a decisive factor. The primary purpose here is to communicate plans and intentions of others, seeking to legitimise community support and to extract information from communities. The creation and operation of community management at the level of planning, monitoring and evaluation (PMES) and community based construction, maintenance and operation proved to be more decisive. Through PMES the CDP achieved an *instrumentalisation* of people's participation and bottom-up planning. PMES contributes to systematically identifying, articulating and prioritising needs, improving capacity to negotiate and enhancing 'voice' viz. external actors, notably governments. Community based PMES, if well conducted, has the potential to make explicit the variety of poverty situations and of needs, both at community level and of specific groups within the community. It provides for a more rational and inclusive basis from which to negotiate. Furthermore, it contributes to mobilising resources and localising impacts.

In both CDP and other studies, it became clear that much depends on collective action (Helmsing, 2004). If collective action can bring quick results, it can trigger further collective action and organisation. Even where communities are only recently established, initial collective action can trigger social capital in the form of community associations. This coincides with the conclusion by Evans in his recent book that "social capital makes collective action possible, but collective action is an important source of social capital" (Evans, 2002: 225). In similar vein, Douglass (2002) argued that: "the sense of efficacy gained through the successful execution of projects was central to enhancing community cohesion and capacity for future collective action" (Douglas, 2002: 225). To this one could add that the new ways of organising a relationship with the poor, notably the use of participatory and bottom up methods, can have the (un)intended effect of contributing to the strengthen community organisation thanks to new generations of (well trained and often younger) community leaders.[9]

Mhamba & Titus (2001) elaborated on roles of community associations (CAs) in delivery of basic services in Dar-es-Salaam, Tanzania. There were some nine development associations in different parts of the city) and some 29 cooperative enterprises in solid waste removal. The authors argued that the growth of associations was primarily explained by the failure of government to provide these services. They distinguished various forms: non-permanent forms which arise in reaction to a sudden crisis situation (e.g. flooding). In relation to permanent ones they distinguished between cooperative schemes to provide a particular service and CBOs that become permanent multi-purpose development associations. The first is a producer association, which may operate beyond the area where it originally emerged. The second is a self- governing self-help association.

The form that an association takes, also responds to the opportunities or the need for collective action that arises in a particular situation. More generally, the arrival of an NGDO in an area or neighbourhood often triggers its own variety of community organisation suited to proposed development project needs or other NGDO requirements. Traditional institutions may revive or adapt themselves to respond to new situations and very often in a more commercialised form (Devas, 2001). For example, in Guinee, ethnic associations sprang up to reclaim land rights in urban areas, after state control of land had collapsed. By invoking historical clan rights, the newly formed associations sought to acquire land rights and subsequently sell plots to individuals (Tati, 2001). In Ghana traditional lands are vested in the Chiefs who have the power to transfer land rights to individuals. The proceeds from what are essentially land sales are the held by the Chief and Elders. As urban land values rise, so do these proceeds. These funds are used to finance the Chieftancy and may or may not be used for financing infrastructure and basic services. Gough & Yankson, (2001) describe a case in Accra where this actually happened and where, as a result, the Chief actually substituted the responsibility of local government. In such instances, associational activity has to take a more exclusive form and outsiders have less chance for getting access to services. In other instances, resident associations

[9]This does not mean that such organisation is easy and all-inclusive. Also slum communities are socially stratified and the very poorest are difficult to incorporate.

emerge in order to construct infrastructure and basic services for a new settlement and above all to act as interface with and to lobby local government and parastatal agencies that are officially responsible for these provisions. This interface and lobby is needed to get community-generated works connected to the main city-wide systems. Given the lack of policy on public-community partnerships (i.e. viz the supply side of local governance), informal lobby by influential members becomes and remains essential to ensure that community collective action is not in vein. Gough & Yankson (2001) describe also such an experience of a lower and middle-income resident association. Even though community action is a substitute for a de-facto failing state delivery, the association needs to ensure access to the city-wide systems in order to ensure that its sub-local collective action will be effective. This may lead to contradictory relationships with state agencies.

Kamete (2001) examined the role of urban housing cooperatives in Zimbabwe as responses of poor people to the fast growing housing shortage. The housing cooperatives draw their membership from the housing waiting lists kept by local governments. They may be community or work based initiatives. In the latter case, the employer may render assistance. All members pay a membership fee and when houses are built occupiers pay rent to the cooperative. Only when all members have received a house, the cooperative ceases to exist. The latter arrangement is crucial to prevent members from defecting as soon as they have achieved their individual goal, a house. Kamete discussed the case of the Kugarika Kushinga Housing Cooperative (KKHC), which was founded in 1986 with some 1600 members. Originally the cooperative was independent from politics but soon was seen as a threat by the ruling party. Thereafter leadership changed and new leaders had strong party connections. Members did not object to this. Although these leaders were not efficient managers and abused their positions, the political link also brought advantages, namely in the form of donated land and access to services. Inevitably the agenda of large associations is more complex that the direct aims of collective action. The author observed: “It is not surprising that cooperatives seek alliances with institutions of power and influence. They anticipate these alliances will help them reach their goals. So, if it is the political party that can get them access to critical resources like land, loans and technical expertise, then being conspicuously linked to the party will be an advantage” (Kamete: 2001: 172). It should be noted that not all housing cooperatives follow that same strategy. Others are much smaller in size and therefore do not pose much of a political threat. Still access to state resources remains important. As the housing shortage grew, local authorities began to adjust their position. In the late 90s, cooperatives could acquire or were given unserviced land and as a result had to take responsibility for generating their own settlement infrastructure. Effectively the housing cooperative became more of a resident development association.

Associational activity in relation to state may take different types: I) countervailing power, and lobby and advocacy for policy changes; 2) collaboration with state in form of participation in policy formulation and in implementation of programmes; or 3) take place in a separate sphere. In relation to the first type and compared to, for example Latin America, community associations in Africa are less visible in lobby and advocacy (Wils & Helmsing, 1997). Most lobbying is informal and takes place at settlement level and by implication in the margin of policies. The second type, namely, collaboration with the state takes two forms, one form concerns participation in policy, planning, programme and project identification. Here one finds local 'corporatist' structures where CBOs are 'embedded' in substructures of local government. Examples are Residents Committees in Zambia, Unit Committees and the Community Improvement Committees in Ghana, Village/neighbourhood councils in Uganda. The other form is rather pragmatic and concerns direct participation in the implementation of government programmes and projects. This is often ad-hoc and temporary. In relation to the third type, associational activity in a separate sphere, applies notably in the area of care, income generation and savings and credit.

For a variety of reasons, development oriented NGOs tended to keep a distance from government and have been implementing many of their community programmes as independently as possible, even in cases where this may not be very appropriate. Devas et al. (2001) criticise NGOs for focusing too much on service delivery and too little to policy advocacy and for providing too little support to CBOs efforts to lobby for policy change. They argue that collaboration may be more effective in the current era of decentralisation and notes that NGOs have moved too much towards delivery (as a separate sphere) and too little linked their delivery alternative models with policy advocacy and lobby. As we saw, recent mutual help associations in South Africa are fiercely non-political and seek to distance themselves from politics and from the market.

It should also be stressed that the abovementioned three types are not independent from each other. Overlaps occur. For example, in the prevailing climate of high institutional insecurity and lack of clarity of government policies, development associations that have considerable sunk costs, feel the need to constantly maintain and renew their links with government so as to be able to recuperate these sunk costs.

The above examples also indicate that governments in Africa adopt a variety of responses to community associational activity. In some instances governments are uninterested and do not respond to community initiatives. In the case of Dar es Salaam the appointed City Commission adopted this position (Mhamba & Titus, 2001). This amounts at best to a kind of ‘residualism’ (Devas, 2001), where government denies legitimacy of claims and stimulates associations to solve their urban service problems themselves. Gough & Yankson (2001) observed a similar situation in urban management of Accra. In Zimbabwe urban local authorities were responsive to housing cooperative needs, but only after the ruling party ceased to perceive KKHC as a threat and after it had co-opted the KKHC. Tough it should be added that Zimbabwean central and local government agencies have been more enabling (see below).

In this connection strengthening the position of community groups concerns the formation of second and third level community organisations is an important issue in: i.e. associations of grassroots groups and federations of associations. This would seem to have several important advantages (Helmsing, 2002c). Firstly, numbers raise voice. Apex organisations can yield a more than proportional influence. Secondly, associations can facilitate sharing of information and experiences. Thirdly, thanks to their larger size and scale of operation, associations can undertake functions, which are not feasible at CBO level. Second and third tier organization can strengthen the autonomy of CBO’s vis a vis the state as well as the market. The importance of second tier organisation was clearly expressed by the South African Homeless Peoples Federation (SAHPF) in a CDP seminar: “If saving is the key ingredient for uniting women in a single settlement, so that they can stand a better chance of playing a central role in decision making and development, then a federation of these autonomous groups creates unity amongst the poor. It provides a platform from which an organised and self-reliant movement of the poor can engage formal institutions such as banks, developers, governments, universities and other professional institutions…Without a federation of community organizations, development is likely to be reduced to either isolated local level projects, that cannot be replicated on a scale, or to private sector intervention underpinned by public sector guarantees, or social engineering by governments, international aid agencies or by university trained experts" (SAHPF, 1998:12).

Community organisation can be a training ground with wider application. In other words, there are important social learning effects and a move from the micro to meso and macro levels of influence. This phenomenon has been noted in several Latin-American countries, e.g. Bolivia (Nijenhuis, 2002), Ecuador (Bebbington, 2002) and Colombia. For Africa this is less evidence. In many African countries community organisation is often created as part of so-called 'mixed' local government structures. With legalisation comes centralised control (see Helmsing, 1999b). Much depends on *how* such legalisation takes place and whether it protects the authenticity of the community organisation and/or whether it brings along political or bureaucratic controls.

Summing up, one can tentatively conclude that a) there is a relatively low degree of formalisation of community associational activity. Mostly it remains informal and loosely structured and takes a variety of forms; b) membership is often a mixture of ethnic or religious identities and adscriptive criteria; c) there is also a relatively low level of commitment of members to collective action. Direct participation is preferred over financial contributions and membership fees; d) community leadership may loose touch with community base. This may be enforced by local political conditions; e) clientelist bargaining may result and often favours community elites. f) enabling legislation is important for more rational, equitable and rule based approaches.[10] Finally, g), there is the issue of institutionalisation.

Recognition is crucial but does it need institutionalisation? The argument in favour is that institutionalisation (especially legalisation) creates a new legal resource that can be claimed by active communities. Wils and Helmsing (1997) arrived at this conclusion and find that legalisation is often a challenge. There is the danger that otherwise community initiatives come to depend on a temporarily favourable situation, like a committed mayor. Evans (2002) supports this view. Others see a danger in institutionalisation, as this may take away the authenticity of community initiatives as

[10]As illustrated by the Housing Cooperative Policy in Zimbabwe, which requires transparency in terms of membership registration and feasibility studies to be done in order to determine affordability, and which entitled a housing cooperative to own property.

social movements. Cooptation by government would, in this view, inevitably undermine community collective action. In Africa, territorial community associations are often ‘hybrid organisations’ that are not fully independent of government.

7 BRINGING LINES TOGETHER: COMPETENCE FOR LED POLICY OR ACTING ‘IN CONCERT’

Before tackling the question is there competence for LED policy, let me summarise the situation with respect the three main actors. First of all, there is undeniably a significant and important process of decentralisation taking place. Local governments are being (re-)created. The process of decentralisation is rather uneven across African countries. Some have advanced more than others. In many cases CGs seeks to restore legitimacy of the state without devolving substantial powers to local actors. CG officials remain control oriented. As we have seen above LG powers are restricted on budget competencies, on resources and planning as well as delivery of services. In most SSA countries, LGs have limited autonomy and limited actual responsibilities for services delivery. Even *if* LGs would want to improve their efficiency, CGs would not allow them to do so: they lack autonomy to define tax rates and service charges and to develop their own tax bases in accordance with their expenditure responsibilities. Transfers are in many instances not known in advance and are largely earmarked, leaving LGs little policy and managerial discretion. It is also difficult for LGs to act equitably, as cost recovery is hardly practiced and service charges are set uniformly very low with little or no charge differentiation. LGs lack sovereignty as other actors can infringe on their functions without due process. The role of LGs in public sector capital expenditures can amount to a significant proportion in some countries, notably South Africa, Uganda and to some extent Ghana. However it should be noted that in most countries overall levels of public investment are generally very low. Local governments have limited capacities to regulate and manage outsourcing and out-contracting of public services. On the other hand, one could argue, local democratic and accountability mechanisms take time to take effect. Thus, even if LGs would want to act in the local public interest, they would have few means and limited room for manoeuvre to do so. LGs are as yet insufficiently institutionalised and empowered to assume a pro-active role in LED. This does not mean of course that there are no Mayors, Chief Executives or Council that are trying. On the countrary, they do but often in an institutional void and against all odds. A new balance between CG and LG in matters of economic development is yet to be worked out.

While according to several authors the role of business associations in Africa is growing, it should be stressed that BAs are not representing the entire spectrum of entrepreneurs and enterprises. In fact the degree of associability of enterprises is not only shaped by interest representation towards government. Associational activity between enterprises has also other dimensions such as generating particular individual and club goods (business support services), generating solidarity goods and authoritative goods (self regulation). Efforts from outside, e.g. by donors, to create business associations 'from outside and from above', in order to fast track interest representation towards government, may be doomed to fail if these other products of associative activity are not sufficiently taken into account in building the associations. Moreover, the fact, shown by recent surveys, that entrepreneurs, members of BAs, also rely on other (party and personalised) networks to gain access to resources of the state and thereby undermining the actions by their own association, should be taken as a sign on the wall that realities may be more complex.

With regard to community associations we have concluded above that there is a relatively low degree of formalisation of community associational activity. Mostly it remains informal and loosely structured and takes a variety of forms; membership is often a mixture of ethnic or religious identities *and* adscriptive criteria; there is also a relatively low level of long-term commitment of members to collective action; community leadership may loose touch with community base. This may be enforced by local political conditions; Clientelist bargaining may result and often favours community elites. Enabling legislation is important for more rational, equitable and rule based approaches, but is often lacking. In Africa, territorial community associations are often 'hybrid organisations' that are not fully independent of government. There are few city-wide or district level apex organisations of community associations that can act as interlocutor and represent community interests at the local level.

LED policy is about a negotiation process to decide on a local course of action to improve the local economic environment and to define the overall direction of economic and territorial development. That is to say, a) to create, renew, rebuilt particular institutional endowments, b) to repair, maintain or expand local infrastructures; c) to manage natural resources and land of the area and d) to develop the local knowledge and skills base. Local competence for LED policy involves local collective learning that can be understood as the emergence of basic common knowledge and procedures across a set of local actors, which facilitate cooperation and the solution of common problems. From the above review we have concluded that the common understanding about problems is often lacking between government and business associations. Government officials resent giving room to BAs and BAs may not be effective. Also the relations between local governments and community associations may be varied; ‘residualism’, neglect and local corporatism are more frequent than local governments enabling CAs to assume a role in LED through, for example, settlement upgrading and the delivery of basic services.

Going back to the dance analogy, the above leads us to the conclusion that there are relatively few actors ‘on the dance floor’. They are dancing according to their own scripts or rhythms. There is as yet little ‘acting in concert’. There is as yet limited experience and practices to learn from. Is there then anyone calling the tune? Unfortunately there is far too little evidence to be able to say much about this. It may also be too early to be able to speak as yet of local governance regimes. For sure, growth coalitions between local governments and private sector or between government and community associations as they have been found in Latin America (Helmsing, 2002) may not yet exist in Africa. There are authors that have encountered local corporatism there where local governments pretend to lead LED (Smit, 2001).

Overall, there seems to be an overarching problem of trust and mutual understanding. Government officials resist loosing central control and opportunities for rent seeking and want to hold on to their jobs; Entrepreneurs and communities are keenly aware that state power may be used and abused for rent seeking and for extra-economic forms of competition. This may lead to one or other strategy. Either an entrepreneur or a community has access to state power and may use it for particularistic or small group gains or keeps a low profile so as not to become victim of predatory action by others. Under such zero-sum game perceptions it may be difficult to adopt a forthcoming attitude and to act in concert to generate positive sum game LED outcomes.

The above also leads to the last but not least conclusion that one should perhaps be careful not to ‘over-engineering’ local governance processes, drawing on particular governance models whereby local corporatism is looked upon suspiciously and pluralism is seen favourably. It may be more desirable to adopt a more eclectic approach and first see “what actually works on the ground”. Which governance configuration has *actually* been able to improve the local economic performance? Which one has produced positive and reduced negative externalities, created opportunities for various forms of learning and for competence in LED policy? From there on, one should reflect further and examine how impacts can become more socially inclusive. This calls for more empirical work on case studies of the governance of local economic development in Africa.

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APPENDICES

TABLE 1
Composition of Sub National Government Recurrent Expenditures (*)

	General public services			Education			Health			Social security and wellfare			Housing			Community amenities			Culture and recreational			Economic services			Other tasks		
	95	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**	**95**	**96**	**97**
Za	60	32	33	0	0	1	13	25	21	0	0	0	15	18	18	0	3	3	1	1	1	8	11	15	3	9	7
Se	27	32	43	7 **	9 **	9 **	7 ***	10 ***	15 ***	0	0	0	1	2	2	5	8	9	0	0	0	0	1	1	51	39	19
Ug	14	41	21	63	45	60	17	9	13	0	0	0	0	0	0	1	0	0	0	0	0	5	5	5	1	0	0
Sw	33	38	35	0	0	0	11	10	11	0	0	0	0	0	0	13	14	11	8	5	7	39	42	32	3	1	0
Gha	73	75	77	0	9	1	0	5	7	0	0	1	0	0	0	18	1	1	0	0	0	0	0	0	8	9	13
Zim	36	25	29	1	1	1	3	4	4	2	1	1	7	11	10	30	37	40	11	10	5	10	12	10	0	0	0
Av.	41	41	40	12	11	12	9	11	12	0	0	0	4	5	5	12	11	11	3	3	2	10	12	11	11	10	7

* Figures from the Study on Fiscal Decentralisation and Sub-National Finance in Relation to Infrastructure and Service Provision (ISP), Uganda l995/96, l997/98, l998/99 etc. Senegal: The 10 new regions are excluded from l997.
** Including expenditure on sport and culture.
*** Both health and social welfare. Ghana based on figures from the six sample SNGs. Swaziland: l995 covers only the three mayor cities. The other years cover all sample SNGs.
Za= Zambia, Se=Senegal, Ug= Uganda, Sw= Swaziland, Gha= Ghana, Zim= Zimbabwe, Av. = unweighted average of the six countries.

Source: DANIDA, 2000

TABLE 2
Instutional aspects of local government in selected cities in selected African countries

City	Country	CG can close LG	CG can remove Cllrs	LG can set local tax rates	LG can set user charges	LG can borrow funds	LG can select contractors	Transfers known in advance	Civil society participatein new road projects	Alteration in zoning	Major public projects	Regular independent audit	Contracts & tenders are published	Sanctions against faults civil servants	Laws on disclosure of conflict of interest
Cotonou	Benin	yes	yes	none	all	some	all	yes	yes	yes	yes	yes	yes	yes	yes
Parakou	Benin	yes	yes	none	all	some	all	yes	yes	yes	yes	yes	yes	yes	yes
Gaborone	Botswana	yes	yes	none	some	some	all	yes	yes	yes	yes	yes	yes	yes	yes
Ouagadigou	Burkina Faso	yes	yes	all	none	none	some	no	yes	no	yes	yes	yes	no	no
Bujumbura	Burundi	yes	no	none	none	none	some	no	no	no	no	no	yes	yes	no
Douala	Cameroon	no	no	none	none	none	all	no	no	no	no	yes	yes	yes	yes
Yaounde	Cameroon	no	no	none	none	all	all	no	yes	yes	yes	yes	yes	yes	yes
Brazzaville	Congo	yes	yes	some	some	none	some	yes	no	no	no	no	yes	yes	yes
Pointe-Noire	Congo	yes	yes	some	some	none	some	yes	no	no	no	no	yes	yes	no
Kinshasa	Congo DR	yes	yes	none	none	none	none	no	no	no	no	no	yes	yes	no
Addis Ababa	Ethiopia	no	no					no	no	no	no	no	no	no	no
Libreville	Gabon	yes	yes	none	some	some	some	yes	yes	yes	yes	no	yes	yes	yes
Banjul	Gambia	no	no	all	some	some	all	yes	yes	yes	yes	yes	yes	yes	yes
Accra	Ghana	yes	yes	some	some	some	some	yes	yes	yes	yes	yes	yes	yes	yes
Kumasi	Ghana	no	no	none	all	none	all	yes	yes	yes	yes	yes	yes	yes	yes
Conakry	Guinea	yes	yes	some	some	some	none	no	yes	yes	yes	yes	yes	yes	yes
Abidjan	Ivory Coast	yes	yes	none	none	none	some	no	yes	yes	yes	yes	yes	yes	yes
Yamoussoukro	Ivory Coast	yes	yes	none	none	none	some	no	yes	yes	yes	yes	yes	yes	yes
Mombasa	Kenya	yes	no	some	some	none	some	yes	no	yes	no	no	yes	yes	yes
Nairobi	Kenya	yes	no	some	some	none	some	yes	no	yes	no	no	yes	yes	yes
Lilongwe	Malawi	yes	yes	none	some	none	some	no	no	no	no	yes	yes	yes	yes
Bamako	Mali	no	no	none	none	some		yes	yes	yes	yes	yes	yes	yes	no
Maputo	Mozambique	no	no	none	none	none	none	no	no	no	no	no	no	no	no
Windhoek	Namibia	yes	no	some	none	some	some	no	yes	yes	yes	yes	yes	yes	yes
Niamey	Niger	yes	no	none	some	some	some	yes	yes	no	no	yes	no	no	no
Ibadan	Nigeria	yes	yes	some	some	some	some	yes	yes	yes	yes	yes	yes	yes	yes

Table 2 (continuation)

City	Country	CG can close LG	CG can remove Cllrs	LG can set local tax rates	LG can set user charges	LG can borrow funds	LG can select contractors	Transfers known in advance	Civil society participatein new road projects	Alteration in zoning	Major public projects	Regular independent audit	Contracts & tenders are published	Sanctions against faults civil servants	Laws on disclosure of conflict of interest
Lagos	Nigeria	yes	yes	some	some	some	some	yes	yes	yes	yes	yes	yes	yes	yes
Kigali	Rwanda	yes	yes	some	some	some	some	yes	yes	no	yes	no	yes	yes	no
Dakar	Senegal	no	no	all	all	none	none	yes	yes	yes	yes	yes	yes	yes	yes
Durban	South Africa	no	no					no	no	no	no	no	no	no	no
East Rand	South Africa	no	no	none	some	none	some	no	yes	yes	yes	no	no	no	no
N'Djamena	Tchad	yes	yes	some	all	some	all	yes	yes	yes	yes	yes	yes	yes	yes
Lome	Togo	yes	no	some	some	some	some	no	no	no	yes	yes	yes	yes	no
Entebbe	Uganda	no	no	some	some	some	some	yes	yes	yes	yes	yes	yes	yes	no
Jinja	Uganda	yes	no	all	all	some	all	yes	yes	yes	yes	yes	yes	yes	yes
Chegutu	Zimbabwe	yes	yes	none	none	none	none	no	no	no	no	yes	yes	yes	yes
Harare	Zimbabwe	yes	yes	some	some	some	all	no	yes	yes	yes	yes	yes	yes	yes

Source: Global Urban Observatory, n.d.