

# **Emerging Styles of Governance: A Global Context**

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*The Philippines is the center of some of the richest experiments exploring new ways of governing based on decentralization, local autonomy and large-scale participation of the nongovernmental community in democratic processes. This is an attempt to provide a sense of various shifts taking place in global governance, in order to place these Filipino experiments in a wider context of global change.*

## **Observations on Global Governance**

There is undeniably a momentous governance reform movement at work in the latter part of the 20th century. Across the globe we witness almost daily evidence of a fundamental shift in the way people are choosing to govern themselves or are allowing themselves to be governed. It is nearly impossible to capture the rich diversity of this movement. People all over the world are skirmishing on all sorts of fronts and by all kinds of means to restructure the way that civic dialogue takes place. Whole societies and key sectors within them are striving to define a new, transparent and accountable covenant between citizen and government, between taxpayer and bureaucracy, between voter and politician. It is a movement to restructure the very terms of governance which will likely change the way we participate in the political economy of the 21st century.

One cannot discount this movement by assuming it is confined primarily to countries that have seen their political ideology and centrally planned economies collapse, such as the former Soviet Union and much of Eastern Europe. One cannot discount it by supposing that it is mostly a phenomenon of developing countries in acute need of new public management models because of the failures of bulky, ineffectual, centralized bureaucracies. And one cannot discount it as an isolated phenomenon—taking place only in a few marginalized or highly experimental locales. Some of the most aggressive demonstrations of radical reengineering of functions heretofore considered

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state prerogatives are in fact occurring in highly functional, firmly established bureaucracies such as those found in the United Kingdom (beginning with Thatcher's innovations), in New Zealand, and in the United States (with Vice-President Gore's initiatives to "reengineer" government).

So the global movement to invent the new governance can literally be found everywhere: in different climes and circumstances, among all types of government and within all levels of governing. Developing and developed worlds are equally involved. Capitalist and noncapitalist systems are equally challenged. What is happening in the Philippines in terms of devolution through the 1991 Local Government Code is therefore not just an isolated event unique to the post-EDSA revolution in a group of islands called the Philippines. What is happening here is indicative of, part of, both a leader of and a participant in, a vast global shift in governance.

This shift requires that we leave behind our old, conventional ways of thinking about what government is and does, and begin to invent government operations in profoundly new ways. The first step is to listen to what citizens are saying because this movement is definitely being led by the people. In many ways, entrenched bureaucracies and traditional politicians are just beginning to catch up with what people are demanding. This is evident in the implementation of the Philippine Local Government Code, in the implementation of the reengineering system in the United States, or in what is happening in China, or in Bolivia, or the United Kingdom or the other places throughout the world where systems are radically changing. There is a certain kind of pressure from the bottom up pushing governments to restructure the way they do business. Governments are changing because they must.

We do the processes of governance a great injustice if we isolate events in time and subject them to simplistic critique for not measuring up to some presumed ideal or academic notion of what *ought* to be. Conventional problem analysis, especially as practiced by sectoral analysts and development economists, falls short of insight into the dynamics and potentials of change brought about by momentous shifts in governance such as decentralization and assertion of strong local autonomy. Good governance is more like a daring journey than it is like arriving at a relaxing destination; you are always somewhere in an unsettling process of traveling toward more effective, relevant governance. The best way to assess where you are on the journey is not to ask "what is wrong?" but rather to look at trends, especially positive trends, and ask "where are we going" and then, "what is blocking the forward momentum of positive change?" Attention to **trends** is a far more relevant means of gaining insight into change. After all, a trend is basically where the momentum of history is moving.

In what follows, trends are presented as a series of **shifts** in global governance. These shifts are drawn liberally from various thinkers who are talking about things like “the new managerialism,” “reinventing government,” “public entrepreneurship” and “new institutional economics.”<sup>1</sup> A list of readings is included at the end of this paper. The major trend shifts are:

FROM	SHIFTS →	TO
Public Administration		Public Management
Centralized, Uniform, “Top Down” Service Delivery		Decentralized, Diverse, Localized Service Delivery
Self-Sufficiency		Interlinked Sectors
Hierarchical Control		Empowerment
“Upward” Accountability		“Outward” Accountability
Standardized Procedures		Performance Orientation
Apolitical Civil Service		Advocacy-Oriented Civil Service
Individual Skill-Building		Organizational Competence

### **The Shift from Public Administration to Public Management**

The first major trend is a shift in the basic sense of how government should be managed. It is a shift from viewing government as **public administration** to viewing it as **public management**.

Basically, in classic public administration the operational emphasis is on administering rules, regulations, standards, and systems. In practice, this emphasis gets embodied in top-down, command-control notions of supervision. It takes form by way of rigid procedures, strict functional divisions of operations, line offices, ministries, bureaus and similar official apparatuses, all of which are organized to orchestrate a hierarchy of power. Local governments have some responsibilities, but overall the preference is for central governments to be the “executing” agencies, providing oversight, operational control, and supervision so that things are “administered” properly. In this classic model, the job of the center is to observe, judge, plan, and decide what is needed while the job of the local government is to execute what has already been defined in every essential aspect by the center. Once the center has expended energy defining what *it* wants, “local input” must by necessity be trivialized. And since very little should be left to chance, “local participation” is by necessity ritualized.

Or again, a key assumption is that if a system is expertly designed and impartially administered most people will derive equitable benefits from the system. Another assumption is that the system dictates the course of action, not the human behind the system. Government functions are not premised on market-responsive management, as is the norm in the private sector. Rather, they are premised on resolute administration of predefined systems, most of which are intentionally insulated from outside influences so as to achieve a level of impartiality and standardization as envisioned by technical experts.

The shift to the new public management basically says that there is a new "managerialism" derived from the private sector. The basic notion is that the public and private sectors are more alike than they are different. A number of public pressures, and the trends they produce, are outcomes of the basic idea that *we ought to manage the public sector more like we do the private sector*. The new view is that it is a mistake for government to be set aside as a process that it is somehow vastly different from the market and private sector. Indeed, we may be witnessing the beginning of an era in which the archetypal distinctions between "public" and "private" are blurred.

One of the key things in this shift to public management is more attention to the "citizen-client." Government must pay more attention to citizen priorities. It must organize itself in a manner that is responsive, rather than directive, because citizens are increasingly forcing a consumer orientation on government services. The way that this is primarily manifested — and we see this more profoundly in the Philippines than we do in most places — is that the role of the nongovernmental sector gets much greater emphasis as an expression of the client's input into the manner of governance. And input is not just into the sort of general manner of governance in terms of electing officials and letting them represent us, but in actually implementing services, managing how those services are delivered and evaluating whether services are as effective as intended.

### **The Shift from a Centralized, Uniform, Top-Down Service Delivery to Decentralized, Diverse, Localized Service Delivery**

The second major trend is both driving, and being driven by, the widespread desire for decentralization; it is the shift from using **centralized and uniform service delivery** toward **decentralized and diverse modes of service delivery** based on localized priorities and preferences.

Basically, in the old, decaying system, the essential value is to obtain distributional efficiencies and minimize the potential chaos of differing service "standards" by creating a coherent, seemingly "integrated" system, designed

and preferably managed by central bureaucrats. This reflects objectives that bureaucratic organizations especially crave: control and standardization. The rationale is that only a separate, centralized and highly technical civil service can have sufficient macro overview of the situation to properly control when, where and how services are delivered, right down to the most local level. And only a national bureaucracy insulated from local variables can provide *standardized* inputs in order to obtain efficient distribution of goods and services.

This commitment to the centralized, uniform apparatus of governance was especially strong in the European welfare and communist states, and was highly developed in the latter. But it is also strong and has had considerable impact on the development of other systems. Certainly many developing countries more or less hold to this philosophy. It is a common feature in those countries that are based on a "unitary state" system. The Philippines has historically pursued the path of uniformity, adapted from elements of the American federal system and amplified by Marcos' methods of political domination.

It should also be noted that the emphasis on service delivery via centralized, uniform apparatus has been in no small measure reinforced by bi- and multilateral funding agencies. Over many decades of official aid assistance, international bureaucrats have understandably favored the relative familiarity of dealing with their technical/managerial class counterparts in central government, rather than with the less familiar and somewhat turbulent world of local government. In the classic model of development aid, the central bureaucracy is envisioned as the most efficient medium for conveying packages of "inputs" to "target beneficiaries" on a "sector" basis in order that the predicted "outputs" might emerge as "planned." Ironically, the self-evident truth that local situations vary considerably has been one of the underlying rationalizations for greater centralization.

The global shift away from this paradigm is obvious. Everyone senses that government operations are or will eventually move towards more decentralized operations and diverse systems of service delivery. The reason is simple: the old, centralized style is not working very well. And increasingly, global democratization brings with it a movement away from uniformity and toward pluralism. By way of analogy, just as the personal computer and the internet are democratizing access to information, so decentralization may democratize access to basic services.

Decentralization is implicitly about enabling diverse arrangements of service delivery to flourish. It is not deconcentration, whereby the central state apparatus gives more authority to sub-units to implement uniform models at so-called "lower" levels. Decentralization is in fact about

deconstructing systems in which the center always defines what must happen locally. The decentralized model assumes that "inputs" do not have to flow from top to the bottom in identical "packages" in order to have reasonable order in the system and sensible content in the basket of services provided to the citizenry.

So as this trend continues we shall be seeing service delivery that is more local, with a lot of subdivision into autonomous and semi-autonomous organizations, subnational transfers of power, and initiation of activities at the local without reference to predetermined "models" or coordination mechanisms derived from centralized project designs. In the decentralized mode, integration and coordination is done where practical and needed to enhance effectiveness, not where theoretically elegant nor desirable for enhancing bureaucratic control.

This shift may be uncomfortable for those who are genuinely concerned with equity issues, because one of the main premises supporting uniform administration is the need to safeguard distributional equity. The old system was based on the notion that all citizens should receive equal benefits, even though not all citizens could share roughly equal burdens for those benefits. The redistribution of public goods and services according to need is therefore a big value in the old system. It is an uncomfortable thought that equity may not emerge as a *primary* value of decentralization.

Those who support this shift would posit that a centralized, hierarchical system does not in fact respond to equity, but to internal institutional incentives which may, and often do, run counter to distributional efficiency as regards allocation of scarce resources. This view stresses that although centralized systems are *supposed* to have complete control over resources and decisions and are *supposed* to make resource allocation decisions equitably, they do not, in fact, do so. They do not make equitable decisions for a variety of reasons, such as politicization of resource flows, organizational inefficiencies, or institutional incentives for managing resources in such a way as to ensure permanence and security of tenure for their own staff. In short, the new governance recognizes that there are rarely in place institutional incentives and organizational depth of sufficient strength to *ensure* equity in a centralized system. It is thus argued that since centralized systems cannot *in reality* achieve better and more equitable distribution, one should not waste time maintaining them.

Under decentralization, it might be possible for greater equity to emerge because of other factors in the development dynamics at work in the new system. Over the long run and all other things being equal (especially resource availability), local control over priorities, standards and decentralized modes of service delivery, coupled with greater transparency and localized

accountability *are* feasibly just as efficient and effective as centralized systems. In fact, relative local autonomy in service delivery may be more efficient, since direct local control coupled with greater transactional transparency may elude or at least minimize the “leakages” and “rents” that are liberally deducted from scarce national resources to perpetuate centralized bureaucracies.

Another way of looking at this emerging trend toward diversity is to imagine that the principles at work in decentralization resemble those that have led to the astounding growth in the world Internet system— the “World Wide Web.” No one is really “in charge” of the web. It is created, managed and delivered by thousands upon thousands of separate entities — “websites” — none of which control, direct or dominate it. The Internet is literally a “network,” rather than a conventional organization with a center and periphery. This is the same new direction decentralization is taking us. However, we are so accustomed to needing centralized authority that the practical demands of decentralization are somewhat alien to us. For instance, while many bi- and multi-lateral agencies support the *concept* of decentralized governance, we often find ourselves compelled to do so primarily *through* central agencies. We posit the remarkable caveat that decentralized support can only be accomplished if there is “one centralized group or authority in charge that can speak for all.” If one truly understands decentralization, then one understands that adding such a caveat is a little like saying: “I will use the Internet, but only if I only have to visit one site!”

### Shift from Self-Sufficiency to Interlinked Sectors

The third major trend is the shift from operating as if government must be **self-sufficient** unto itself to **enabling interlinked services** based on competitive advantage.

The old system was based on the assumption that for government to deliver a service, it must be self-sufficient in doing so. In order to pave streets, government should own asphalt plants, paving trucks and a small army of street paving employees. In order to collect garbage, government should own garbage trucks and employ garbage collectors. In other words, it was thought that whatever government had to do, it had to do it all by itself. In developing countries especially, this sentiment got extended to virtually every “need” that was identified by government planners. National governments were obliged to own and operate schools, hospitals, prisons, pharmacies, fertilizer plants, farms, nurseries, railroads, airlines, bus fleets, taxi fleets, casinos, restaurants, food processing plants, dairies, breweries, water utilities, electric utilities, and all manner of enterprises directly or indirectly related to providing for the public welfare.

The shift now is toward interlinking the public and private sectors and using whichever system has comparative advantage to deliver services. The overarching concept is that it is no longer considered government's job to do everything by itself. It is government's job to see that services are delivered, but not necessarily its job to be the direct provider. The three main methods for interlinking the public and private sectors are privatization, subcontracting and competition. These are all areas in which the Philippines has taken its share of leadership.

**Privatization** is basically the retreat of the state from ownership of the means of producing services. Along with Thatcher's England, China is doing this as are Chile, Mexico and India. Certainly the Philippines is privatizing. Governments are privatizing and thereby getting rid of telephone companies, airlines, railroads, bus systems, power utilities, energy companies and water systems, all of which twenty or thirty years ago were generally assumed to be what government should manage if at all possible. Now, the whole world is divesting. And it seems to be working. One key reason it is working is that it is often cheaper. For instance, privatization of the Metropolitan Water and Sewerage System of Manila has led to an astonishing 25 percent or better decrease in water bills with simultaneous improvements to the system. Basically central governments are still in the business of assuring that services get delivered, but are acknowledging that others might better manage such services. If not private management, then at the very least there is divestment toward local control over many operations previously assumed to be only manageable by larger, centralized bureaucracies. In either case, there are very promising results almost everywhere we look.

**Subcontracting** is a mode that you see more of at the local level, whereas privatization tends to be more national. Subcontracting of garbage collection and disposal, street cleaning, accounting, even tax collection and many other services is already widely practiced. In the US there are even private firms that have contracts to run prisons.

The third method is **competition**, which is essentially deregulation of the state economy or getting the state out of micro-managing economic forces so that the private sector is encouraged to enter into public service enterprises which it previously avoided or was prohibited from through protectionist barriers. We can find no better example of the rapid, tremendous impact of competition than that of the deregulation of the Philippine telephone industry, which had been dominated by a single privileged monopoly for over fifty years. Telephone density rapidly increased and even the now competitive Philippine Long Distance Telephone Company installed more lines in four years than it had in the previous 65 years, when it was still the single protected carrier. Deregulation has thus, in a matter of a few years, literally transformed access to communications and in turn contributed immensely to the growth of the economy.



There are other ways of encouraging competition. Voucher systems are a very creative way to provide services. Citizens are given vouchers, and then they use those vouchers to shop for certain services—healthcare, garbage collection, basic healthcare, etc. In the voucher system, public service providers must “compete” for citizen-clients and in this manner are pushed to think in terms of client service and adding value to the product they bring to the citizen-government transaction.

Even where full-blown competition is not entirely mature or appropriate, such as in embryonic credit markets, it may still be the case that over the long run the reorientation of government toward competition is preferable to classic “protections” often favored by bureaucratic systems. For instance, market-driven inducements to invest in local government services and infrastructure, such as found in the municipal bond market of the U.S., may be a more creative and efficient way to expand development resources than by relying on noncompetitive bureaucratic devices such as municipal development funds, which are essentially a means to distribute subsidized credit.

### **Shift from Hierarchical Control to Stakeholder Empowerment**

The next trend is the shift from **hierarchical control** to **stakeholder empowerment**.

The core premise of hierarchical control is the assumption that people follow orders from superiors. The way to get things done is for superiors to give lots of orders, hand down lots of policies, write lots of guidelines, etc. Here is where those orderly organizational charts come into play; they imply that decisions made at the top naturally and forcefully “flow” down to the “lower levels” and are implemented as intended by those at the “top.” This is also the viewpoint implicit in analyses that favor the “stream flow” model of how decisions work.

Let us look at the stream-flow model for a moment, since it is a model that is implicit in many, if not most, project designs. The model envisions governance as a “flow” from top to bottom. “Upstream” is the policymaking operation where there may be found “decisionmakers.” “Midstream” you have national policy institutions and line agencies formulating rules, regulations, procedures, and plans which are to guide implementation. Finally, “downstream” are local “actors” that are to implement all those “upstream” policies in accord with “midstream” plans. The stream-flow model is one paradigm, and is certainly not an entirely inaccurate depiction of the way things might hopefully work sometimes in some organizations, but it is increasingly wishful thinking in a rapidly decentralizing world. The stream-flow model is reliably tidy in concept, but in practice when we talk about

“upstream, midstream and downstream” as if there is some methodic reality to this “flow,” we are quite mistaken.

Whether you have a wholesale collapse of centralized governance, as has happened in many places, or incremental failures of centralized bureaucracies, as is increasingly evident in many others, or an intentional shift toward decentralized governance, as has happened so profoundly in the Philippines, you have a shift in power. In the new situation, *wherever* you stand is the center of power, wherever you stand is where the real plans are made and decisions get made. And wherever you stand is the focus of action. Because when political, administrative and managerial power is dispersed laterally and at once concentrated locally, the vigor of the old “top-down” hierarchical flow of decisionmaking quickly dissipates. The “command-control” hierarchical approach quickly yields to de facto open access to decisionmaking because it is no longer relevant either to felt need or political power; policies are off the mark or counterproductive, plans are too generic and/or fantastical, and implementing arrangements are unsuited to local situations.

Other means to achieve better results are emerging, namely, through empowerment via client-driven (also called “stakeholder”) operations. Empowerment is based on the understanding that you get more realistic, relevant and doable results if you invest greater trust in, and grant greater authority to, citizen-clients (or “stakeholders”). In the process, those who have a real stake in the outcome are engaged in defining how services are delivered and how good governance is operationalized.

The empowerment concept also recognizes what has been known in the literature as “street-level bureaucracy.” Street-level bureaucracies—lower levels of the state bureaucratic apparatus, whatever they may be—have tremendous power over the allocation of public goods and services. In fact, the “lower” levels have far more power than the fiction of a control hierarchy tended to admit. At the local level, public functionaries—bureaucrats representing national agencies—decide a great deal about how resources get allocated. There is a certain element of myth in the belief that a central government agency simply promulgates a policy and everything and everyone else falls in line. This belief is not a very accurate depiction of how things ever really worked. So this shift to empowering the local level to make decisions recognizes that, to some degree, the old system was a fiction. But it also puts the responsibility squarely where a lot of decisions actually are made—at the local level—and places accountability in the equation by exposing policies, plans and management to the stakeholders themselves.

### Shift from "Upward" Accountability to "Outward" Accountability

The next shift has to do with how accountability is structured.

The old sentiment was that accountability flowed **upward**, i.e. the bottom is accountable to the top for what the top wants the bottom to do. The new idea is that accountability flows **outward**. In our old notion, one that it is deeply imbedded in our collective psyche, all accountability is to a sovereign. The way people are held accountable is that somebody above them supervises them; somebody in a position of greater authority judges whether you have performed according to standard. While we have always had a need for upward accountability to such symbols of authority as kings, queens, presidents, czars and the like, this came to be transferred by administrative fiat to ministers, department secretaries and other elements of the bureaucracy. Over the years, we find that the dynamics of citizen-state relationships have become heavily biased toward citizens doing what the state requires, rather than a more balanced dynamic in which both dialogue and accountability are exercised in equal measure from both ends of the spectrum.

Today, the traditional lines of responsibility and accountability are becoming blurred. Accountability is multi-form. Accountability is increasingly viewed as democratic, direct, and outward. And again it must be related to the client, not just to an agency's hierarchy of internal loyalties. There are experiments in redefining accountability taking place around the world that are very interesting. For instance, there are efforts where public officials do their annual planning and establish their performance targets in "benchmark agreements" or "covenants" with their constituents. These covenants detailing benchmarks for performance are then published to make them available to the citizenry and the officials who are going to be responsible for achieving results are named. In this manner, government is more directly accountable outward to its client base, namely, the citizenry.

### The Shift from Standardized Procedures to Performance Orientation

Next is the shift from implementing **standardized procedures** to a **performance-orientation**, best exemplified by the idea of "public sector entrepreneurship."

This trend is also key to understanding where the momentum of the new governance is taking us. Standardized procedures were idealized in the human resources development and career system approach favored by civil services virtually worldwide. It has been traditionally assumed that the civil

service is a distinct career system to be managed according to different principles than those of the private sector. As a result, we got distinctly different rules governing the civil service or the state bureaucracy, many of which are now viewed by citizens as quite unhelpful.

For instance, there is a deep questioning of the idea that civil servants are entitled to permanent appointment or secure tenure whereby, for instance, employees can only be dismissed for gross malfeasance. Much of the public seems to be saying that this simply enables mediocre performance and provides disincentives for excellence. Further, since politicians cannot fire civil servants without great difficulty, and since politicians represent citizens, it follows that citizens cannot readily hold civil servants accountable for poor performance.

There is concern that civil servants tend to be rewarded by rank and tenancy, rather than by merit and the natural differentiation occurring among different types of government enterprises. The emerging model is that government officials should be subjected to market competition, should be rewarded for accomplishment (not tenure), should be given incentives to add value to client service and should experience tangible disincentives for poor services.

There is pressure around the world to hold government to the same kind of performance-driven, client-centered rigor that we have come to expect from the market. There are still many questions about how to do this. How do we measure public sector performance and the contribution of individual achievement to better public services? How do we protect public servants from the foibles of political control? It may nonetheless eventually come to pass that government service will no longer be considered a sheltered place of employment in which employees are, in the long run, secluded from meaningful merit evaluation and the possibility of being unemployed if their performance is noncompetitive. The shift is toward personnel management more like the private sector; that is, pay for performance and differentiate the way people are rewarded.

This issue will have to be faced in the Philippines and is being raised in many quarters, in large part because of decentralization. The controversies around local government's obligations for paying Magna Carta benefits for healthcare professionals, for salary standardization, for "unfunded mandates" and the integrity of "security of tenure" for devolved personnel are all examples of this issue in the Philippines. Whatever may prevail in the near term, in the future the fundamental assumptions about the rights and protections of the civil service are going to be very different.

### **The Shift from an Apolitical to an Advocacy-Oriented Civil Service**

There is shift from the premise of civil service being **apolitical** to a civil service that **advocates their own ideas** and promotes them openly.

There has been an assumption that civil servants can and should be neutral, that they should simply manage/administer the system. The fact is that they rarely are politically neutral. By trying to assume that they are, we may in some respects lose a certain capacity to govern effectively. So there are going to be increased links between the political and administrative roles of government. Allowing the bureaucracy to advocate their essentially political views may in the end be more effective than pretending they are isolated from the political process. This is the view of the new institutionalism which recognizes that the neutrality of bureaucracy is not something that is absolutely controllable, but that government organizations have their own values which should be allowed to be advocated openly. Intermingling between the civil and political takes on different degrees in different places. Even if we are uncomfortable with this shift, it is a trend to which attention must be paid.

### **The Shift from Individual Skill Building to Organizational Competence**

The final observation is important in relation to the frequent proposals to do capability-building in the Philippines. In many organizations that are now thinking about working more closely with and through local governments there is a common assumption that the core issue is one of capability-building. Indeed globally, as governments decentralize, there is an assumption that the local government is still not very capable. There are several problems with this idea.

First, there is much evidence that in many instances and for certain types of services, local governments are often at least as capable as central government. They may lack certain very targeted, task-specific technical inputs. But they decidedly do not need to be distracted by a whole lot more generic, off-the-shelf capability-building programs. Such is potentially a large waste of resources. They also do not need to be trained to do those things just so that a time-limited project or donor's loan portfolio performs well. The practice among national agencies in the Philippines and elsewhere is that expertise can and should be hired to accomplish certain technical tasks. It is not necessary to train up staff to do everything that is needed to accomplish a goal. This bit of common sense should be followed with respect to local government. We need to find ways to build access to a wide base of expertise

at reasonable prices while enabling government staff to be managers, rather than practitioners, of complex technical activities.

Second, capability-building has in the past emphasized individual skill-building. This is based on the theorem that if individuals (typically individuals in "leadership positions") can be given more and better skills, it will follow that the organization can better manage service delivery systems. Because of the great shifts in governance outlined earlier—all of which in one way or another relate to making organizations work—capability-building should begin to shift its focus from improving individual knowledge to improving institutional learning. Capability-building should focus more on redefining institutional incentives and enabling organizational change. Capability-building needs to focus on building the competence of governmental organizations to be public entrepreneurs, to be managers of change capable of orchestrating interlinked service delivery.

This is very different from the conventional approach which values technical skill over managerial competence. Improvements are needed in organizational effectiveness and a change in institutional incentives, so that there is an incentive for the people who run institutions to perform. For instance, devolved agencies such as the Department of Health and Department of Agriculture need to restructure their incentives so that people within the agency are working with and responding to local priorities. Those who do should get rewarded, rather than be rewarded for responding to institutional incentives derived from central agenda. Or again, new aid projects and loan programs should resolutely stress decentralized delivery systems and should inspire central agencies to find creative ways to provide technical resources in "demand-driven" response to local priorities. In these ways, the structure of government service can begin to get in line with where the trends of governance are moving.

### **Conclusion**

The global movement to invent the new governance is placing a fresh demand on all sectors. There is a clear imperative to reexamine our assumptions, redefine our approach, and retool our expertise. Whether we are politicians, members of government apparatus, citizens involved in governance issues, or development professionals dedicated to providing relevant technical assistance to enhance government processes and services, we all must heed these trends and respond with new energy. Something momentous is at work transforming both civil society and the elements of governance. Changes are coming faster than we all may think; if we do not retool ourselves, we will not be relevant much longer.

### Endnote

<sup>1</sup>This paper has relied most heavily on Peters and Wright (1996).

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