

II URBAN GOVERNANCE: MANAGEMENT AND PLANNING

This section highlights the role that cities and their management can play in furthering the aims and objectives of good governance. The introduction of decentralised, community-based and participatory approaches and processes for the design, development and implementation of urban programmes and projects increases the prospects for democracy, accountability and transparency and promotes the development of local involvement and enablement.

This section reviews the essential elements of effective decentralisation, linking functional responsibilities to financial and human resource availability, and their mobilisation. Emphasis is placed on the development of appropriate regulatory frameworks. The link to good governance is made, emphasising the effectiveness of decentralisation to urban management.

This section also develops the case that it is possible for cities to be self-reliant, to raise their own revenues and make better use of their resources through improved municipal finance and administration procedures and processes. The section goes on to suggest how the management of cities and the provision of services can be improved through more effective processes of leadership, accountability and democracy.

This section makes the case for an inclusive approach to the strategic planning of cities rather than as an exclusive activity reserved for urban planners. The section does not only infer that this makes for good governance, but also for better planning. It introduces the process of national and city consultations, using examples from the UMP experience to demonstrate the effectiveness of participatory strategic planning.

As it has become clearer that governments alone do not possess adequate human and material resources required to provide urban services at the rate and scale that is being demanded, the section concludes with the suggestion that public-private, public-community and private-community sector partnerships need to be utilised to supplement public sector interventions to overcome these constraints.

IIa CENTRAL-LOCAL GOVERNMENT RESPONSIBILITIES AND RELATIONSHIPS

BACKGROUND

Increasing urban effectiveness through local resources

There is an increasing awareness that the positive economic functions that cities fulfil (see section I a above) can be made more effective through appropriate investments in infrastructure, urban services and shelter improvements. Provided local urban management/institutional capabilities are drastically improved, these investments can generally be financed out of revenues generated in the cities themselves (i.e. not at the national exchequer's expense or at the expense of the rural sector).

Therefore, the increasingly recommended⁵ urban development policy path is: reduce the dependency of cities on national fiscal resources through increased generation of local revenues to finance more cost effective urban infrastructure/services development (see section II b below). Often this need not necessitate rate/tax increases but rather improved assessment and collection practices, improved local administration techniques, more effective budgeting systems, as well as more efficient infrastructure investment planning and programming, and operation and maintenance improvements⁶. However, if urban development is to increasingly rely on local resource mobilisation, the inevitable corollary is decentralisation of authority and responsibility for local urban services delivery. Why would local government otherwise be interested in more effectively levying user charges or local taxes on their citizens?

Local demands for local control

This is the fiscal management rationale for decentralisation. However, there are several other factors which have led to an increasing trend of decentralisation globally: firstly, there are the rising aspirations of the growing urban middle class, which have led to increased demands of local power articulation, particularly important in countries with major urban centres other than the national capital. This has been dovetailed by the long-distance factor in large, geographically far-flung countries: it is practically impossible to manage local urban services delivery in all urban centres from the national capital.

Global demands for local control

The above factors have been reinforced, since the late 1980s, by the trend of globalisation. The end of the cold war along with global technological change (particularly as it relates to data processing, information and communication technology) has stimulated global economic liberalisation and has reinforced the development of urban management policies based on global and regional interdependence. Globalisation is not only an economic trend, forcing governments to liberalise their economies, and, in doing so, confront the risks of having to operate in a global competitive environment. The information technology revolution is also leading to freer flows of information and is therefore increasingly compelling governments to be more responsive to the aspirations of their citizens.

National urban policy

The above trends are leading to a redefinition of what national urban strategies' responses should be vis-à-vis growth and equity. On all these counts it appears that

⁵ The extent to which this or any recommendation can be implemented will of course depend on local and national party politics and other socio-political realities that will require these recommendations to be modified.

⁶ Om Prakash and Nathaniel Von Einsiedel, *Increasing The Income of Cities – Tapping the Potentials of Non-Land Based Sources of Municipal Revenue, UMP-ASIA, 1996*

national governments' urban strategy must increasingly gravitate towards one of enabling and support rather than a directive one. Obviously, the room for effective and efficient direction from the national level is less as globalisation of national economies proceeds. Similarly, it is increasingly recognised that effective (urban) poverty alleviation calls for action not only at national, macro-economic policy level, but also at the local level, by municipalities and by communities themselves (while, of course, recognising that urban poverty is also very significantly influenced by factors which are beyond the control of communities and local governments). Additionally, addressing urban environmental issues requires both national as well as local actions. (UMP-ASIA Occasional Paper Nr. 22, 1995 and Nr. 31, 1996, UMP 18 and UMP 20).

ISSUES FOR CENTRAL-LOCAL GOVERNMENT RESPONSIBILITIES AND RELATIONSHIPS

Should Governments abdicate local role?

The above does not suggest that national governments should leave urban development completely in the hands of the (international) market place and local government. Numerous ways still exist for national government to express its spatial and sectoral priorities, particularly through the regulatory framework governing private investment, the regulatory framework governing the operation of local government, central government's co-ordinating mechanisms with provincial (or state) and local governments, and perhaps most powerfully, the allocation of its investment resources for urban infrastructure and poverty alleviation programmes. (UMP17).

However, the important point to make is that these instruments increasingly have to be exercised in a highly competitive international economic environment, in which national governments are called upon to empower local governments to engage in this international competition.

a) Economic Planning

For a national government the above trends will increasingly highlight the dilemma between being able to effectively pursue a unified national urban development strategy and allowing local autonomy to thrive, as came out clearly in a UMP-supported regional workshop on this subject held in Bandung, Indonesia in 1995. It also raises the issue of interaction between national economic development planning and local investment planning. (UMP-ASIA Occasional paper Nr. 22, 1995 and Nr. 31, 1996).

National economic planning in most countries has comprised variations of multi-year development plans (mostly with a 4-5 years time horizon, mostly for fixed periods), complemented by government capital project approval procedures and annual budgeting exercises to concretise government capital spending. The core of these exercises has consisted of sectoral allocations in the central government capital budget, both in the multi-year plans and in the annual budget exercises. At local level, similar systematic planning exercises have been carried out for some major cities, but more often than not capital budgeting is not done on a multi-year basis and does not include provision for project funding from other than the local government's own resources.

b) Distribution of roles and responsibilities between different levels of government

Some degree of accountability to central government through a national regulatory framework is appropriate to any structure of municipal service delivery, particularly with respect to areas of operation where the impact of such service delivery will be felt outside/beyond the jurisdiction of the local government concerned. Where the impact of local government behaviour is largely localised, and regulation requires detailed knowledge of local conditions and priorities, the case for central regulation is more difficult to justify. In such cases, regulations posed by central government are a restraint or an inhibition to responsiveness of local government⁷.

In most countries the institutions that set the regulatory framework comprise both central and local government. This is usually operated in a top-down manner and allows for only limited local consultation and participation, which impinges on the responsiveness of the range of instruments available to manage cities effectively.

In most developing countries, the municipal regulatory framework is based on a perception of the role of local government as a maintenance and control agency rather than as a development agency. Rules and regulations often also prescribe high social and physical infrastructure standards (particularly regarding land, infrastructure and housing delivery), which cannot be implemented and enforced city-wide, because they are not affordable to the municipality nor to the populace, particularly the poor.

The impact is greatest on the "informal city" which accommodates and provides a livelihood for so many of the city's population.

The regulatory framework usually comprises a complex and wide range of laws including local government laws, ordinances, legislation and regulations related to town planning, public health, building and land. Experience suggests that for the majority of the urban poor this complex array of legislation, rules and regulations is neither functional nor beneficial.

While the general direction of shifting the balance of responsibilities more towards local government is clear, there is a need to be precise, unambiguous and clear on this in the regulatory framework that governs local government operations and central-local government relationships (i.e. local government codes, ordinances and laws).

c) Fiscal decentralisation

Likewise, local governments need to be fiscally enabled by national government to be able to shoulder enhanced responsibilities: the sum total of resources at the disposal of the local government from its (possibly redefined) own resources, from revenue-sharing with the central government, from generic and purpose-specific block grants and through its borrowing capacity should be commensurate with its operational responsibilities. Often resource levels do not match responsibilities, leading to significant funding and delivery gaps.

⁷ Dillinger, William, 1994, Decentralization and its Implications for Urban Service Delivery. UNDP/UNCHS/World Bank Urban Management Programme policy framework paper no. 16

d) Local government organisation and culture

Charging local government with a developmental role is a relatively recent phenomenon in many countries. In consequence, local government organisational structures often do not match what is required to discharge its developmental functions, which creates bottlenecks in municipal services delivery. To the extent that local governments do have a developmental function this is usually restricted to municipal services delivery. In consequence, municipal departments are organised to provide services and to control development within their areas of jurisdiction and sectoral operation. They generally have limited scope for both social and economic policy making. The departmental make-up is often not conducive to integrated multi-sectoral planning and programming. Moreover, local governments generally lack adequate arrangements for co-ordination to facilitate effective integrated decision-making.

Municipalities often do not have adequate management information systems to enable them to adequately monitor and understand the impact of various (municipal) programmes. Often no internal (horizontal) co-ordination mechanisms exist, which will enable municipal policy makers (mayors, town clerks, department heads) to ensure complementarity and mutual reinforcement in the implementation of the various sectoral programmes.

Similarly, external co-ordination mechanisms with other entities (e.g. parastatals) operating at municipal level are often inadequate for this purpose, as are vertical co-ordination mechanisms with higher levels of government. In consequence, many UMP-supported city consultations, irrespective of their thematic focus, have led to recommendations for increased/strengthened horizontal co-ordination.

Decision making within municipalities tends to be highly technocratic and lacks a participatory culture involving the urban residents. As a result the rules and regulations created by municipal institutions often are not properly understood, and therefore lack legitimacy. Participation in most cases ends with the election of the new mayor and councillors. Often NGO support programmes extend to a few areas "privileged" by multiple interventions, while other deserving areas have a complete lack of external support.

e) Human resources and terms and conditions of local government employment

The above constraints are often aggravated by the limited number of trained staff available at local government level to perform municipal functions and by the difficulties in attracting adequate numbers of such staff. One common reason aggravating that difficulty consists of the often unattractive terms and conditions of (local) government service.

Options for Action

1 National and local development planning

What is required is a phased approach to integrated local investment programming in which the central government supports local capacity building at the same time that it works with existing local staff in planning and implementing investment programmes. An entry point to further effective decentralisation of responsibilities for urban services could be provided by the Development Planning Process. In its idealised form, the process entails the following steps⁸ :

- a) based on national spatial priority notions, cities are selected for priority attention; project teams in the selected cities (local staff with technical assistance provided from the centre, if needed) review and update existing local spatial plans or develop a new "structure plan" where none is available;
- b) teams then use those plans as a guide in developing a local multi-year investment program (MIP) integrated across major municipal services sectors and constrained by likely resource availability during the MIP period; key issues here are the quality of needs/demand assessment and the approach to inter-sectoral priority-setting, including the process and criteria used in it.
- c) the teams are also required to prepare a complete financing plan, based on projected resource availability during the MIP period (including a plan that covers the possible enhancement of local revenues), on responsible local government borrowing, as well as on probable support from the central budget and/or external donors;

d) plans are also prepared for building a commensurate capacity of local government to assume increasing responsibility for infrastructure development, operation, and maintenance;

e) on the basis of the multi-year MIPs, individual cities prepare annual budgets;

f) the programmes and budgets so defined are reviewed at provincial and central government levels and decisions are made about the allocation of central loan and grant funds.

The national planning system as it has evolved over time is useful for the purpose of estimating the balance between projected national investment and recurrent expenditure requirements and resource availability, both on a medium term and annual basis. This should be done both on an aggregate, macro-economic basis, as well as from the national government's financial viewpoint. Additionally, existing procedures for project preparation, appraisals and approvals at national level will still be needed for large investment projects, which have a national or regional orbit, such as major airport or seaport development, national highways, etc. However, national policy priority setting for localised types of urban infrastructure investments funded by the central government, such as local roads, water supply, sanitation, flood protection, etc. could be articulated on a generic basis. This would essentially then provide for central government support investment funds for local (urban) infrastructure initiatives, through which the central government could articulate its regional and sectoral priorities.

⁸ UMP-WPS 3, 1994

This can be done in several ways:

- the national government could allocate such funds as a fixed capital grant to (selected) local governments on the basis of a formula (for instance on the basis of population, on the basis of indicators of local poverty and/or physical infrastructure deficiencies, on the basis of indicators of the local government's financial viability or on the basis of a combination of such factors);
- the national government could provide such funds to (selected) local governments by way of matching or incentive grants for local investment programmes, either on a cross-sectoral basis or for specific types of sectoral investments;
- the local government could provide its support in kind through specific projects executed by central government departments;
- the central government could require local governments to borrow such support funds according to set terms, conditions and proceedings.

Obviously these types of support arrangements are not mutually exclusive, and in many countries a combination of such options is used side by side, for example, as indicated in the regional workshop on Financial Management of Urban Local Government Services held in Delhi, India in August 1999. What is important, however, particularly in a situation where increasing emphasis is placed on local level planning and priority setting, is that these modalities are transparent and clearly understood by local government, so that proposed investments under these funding arrangements can be integrated in the local planning process. The UMP-supported Multi-Sectoral Investment Planning (MSIP) consultation workshops held in Vietnam in 1999 clearly brought this out.

2 Local government regulatory framework

Regulatory reform cannot be achieved by local government alone, because most statutes are designed at central government levels to apply nation-wide. Local government codes or ordinances, however, may be reviewed as to their functionality (regulatory audit): within the framework of the existing local government legislation, there are specific areas which can be singled out for reform at local municipal level, depending on the level of decentralisation which prevails. These include local bye-laws, rules and regulations governing land, infrastructure and housing development and management, construction, urban transport and commerce (inter alia regulating standards, development and operating procedures and permits); amendments would be required to facilitate informal sector activities, and give communities more decision making powers over infrastructure services within their own communities, but still within the framework of existing local government powers.

A new emphasis may be placed on development promotion as opposed to traditional development control. Municipalities could adopt a more flexible approach to the interpretation of rules and regulations, allowing civil society more legal space to manoeuvre within the framework of existing legislation.

The institutional and regulatory framework may be made more transparent and responsive to articulated needs of the urban dwellers. Municipal administrations could reach out to the urban communities and encourage strong participation of resident associations and neighbourhood committees. The institutional and regulatory framework may provide for greater recognition of

the role that NGOs and CBOs play in support of micro-enterprises, popular education, health and environment, e.g. through participation of NGOs and CBOs in formal working committees. A more detailed generic discussion of regulatory reform has only limited practical value, tied as such reform is to specific local circumstances and sectoral issues - on the basis of which it is more useful to make general suggestions. For that reason, in the sections below, which deal with specific sectoral intervention areas, desirable or necessary modifications of the regulatory framework in municipalities are suggested as appropriate. Such modifications are among the most important underpinnings of interventions and have invariably come up as elements in UMP supported action plans resulting from city consultations.

3 Fiscal decentralisation

Intergovernmental administrative and financial relationships between municipalities and the central government generally require modifications in order to further reinforce the municipal role. Finance needs to follow function⁹. While the specifics of this general statement may vary from country to country, there are several generally valid areas for action (see section IIb below).

Often locally levied taxes are administratively treated as central taxes, and/or their proceeds end up in the central government coffers. Clearly such taxes (e.g. property tax, vehicle registration tax and local surcharges on national taxes) constitute *prima facie* candidates for reform. A relatively simple first step would be to increase the proportion of the yield accruing to the local government. A second step could be to gradually (as local capacities to handle this

effectively increase) transfer responsibility for valuation, assessment and collection to local government (with due recognition of the need to carefully separate these functions), while a third step could be to give local government full powers to regulate (including establishing exemption policies) such local taxes itself within a broad national policy framework.

Intergovernmental transfers provide the quantitative most significant source of fiscal decentralisation in most countries¹⁰. Such transfers range from generalised, untied block allocations to funds exclusively tied to a specific purpose and applied on behalf of local government by a central government agency. Untied block grants allocated on the basis of an objective formula of verifiable criteria obviously do most justice to the spirit of decentralisation. The only legitimate case for attaching conditions to the use of grant transfers is that this may be used by the central government to articulate national priorities for local development, which, therefore, tends to provide an incentive for local governments to adhere to those priorities (e.g. emphasis on capital investment versus recurrent expenditure, investment in primary education or clean water supply)¹¹.

Legal and administrative constraints to local government borrowing are often significant, and this bears review: a range of options exists in principle for local governments to borrow, and usually liberalisation of the existing constraints is feasible. The specifics of a scheme providing (increased) local government access to borrowing depends on several elements: the state of development of the local capital market, the extent of (legitimate) control the central government wants to exercise over local

⁹ Dillinger UMP #16. 1994

¹⁰ *ibid*

¹¹ UMP #17, UMP-WPS 3

Box II a) 1

The Economic Restructuring of Johannesburg's Inner City:

BACKGROUND In 1995, new democratic local government structures were elected for Greater Johannesburg. Unfortunately, these structures were so demarcated that the inner city of Johannesburg was sub-divided into three separate councils, which made the implementation of coherent urban management strategies for the inner city of Johannesburg difficult to co-ordinate over the last few years. To address the issue, the Council decided to undertake extensive research to examine the economic trends in the inner city areas. At that point the city embarked on the inner city visioning process. The inner city visioning process laid out the broad outlines of the way forward for the inner city, which were amplified in the Inner City Development Strategy. The idea was to transform the inner city by developing an economic development strategy, with inputs from all stakeholders.

Then in early 1998, a new inner city manager's office was established in the Johannesburg Metropolitan Council, with a jurisdiction spanning the functional areas of the three responsible councils. That office has been engaged in preparing and implementing a range of strategies and projects aimed at improving governance in the central and inner city areas of Johannesburg. At that point, the Inner City Manager's office decided to utilize the opportunity availed by the UMP City Consultation Process. This was going to enable the metro Council to complete the analysis of inner city economic trends and thereby, to craft a strategy which enjoys the support of all stakeholders.

UMP'S ASSISTANCE The UMP Regional Office for Africa (ROA) has utilized the City Consultation process to assist the Johannesburg Metropolitan Council to:
Review the changing economic trends of inner city Johannesburg and identify key sectors to support future economic growth by analyzing: economic changes of the inner city; key business areas with potential for contributing to its future economic growth, major sectors' response to more general transformations of the inner city. In addition, the analysis focused on reviewing how these transformations affect Johannesburg's economic growth.

Assess the different options for the city to stimulate the inner city economy, and the capacity of GJMC to manage these options. The evaluation of capacity has focused on the council's organisational structure, human and financial resources, relationships with civil society, the implementation of programmes and any constraints the Council may be facing.

Evaluate the existing institutional arrangements and partnerships that support the economic growth options assessed above and propose any new types of arrangement and partnership that may be required.

Develop an Economic Development Strategy for Inner City Johannesburg;

Assist City to mobilize funding for the implementation of the plan.

KEY LESSONS Stakeholder participation in the formulation of Inner City Johannesburg's economy will be critical in the successful implementation of the entire City's economic development framework. Informed views of urban management experts, academics, concerned media representatives, non-governmental organizations and other agencies has provided the basis for the acceptance of the restructured economic framework to be adopted and financed by the Greater Johannesburg metropolitan Council. Other ways of getting information for decision making could have been utilized, but the City Consultation process has ensured that participation by all stakeholders is the best way forward in determining the best alternatives for improving the economy in inner city Johannesburg.

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government borrowing, and the credit-worthiness of the local government concerned. Technically these translate to an array of options, ranging from general local government bonds, revenue bonds (in which the local government assigns a portion of its future revenue as collateral), central government guaranteed bonds, to loans from government-controlled intermediaries (such as a Municipal Bank or Development Fund) or loans from the Ministry of Finance.

4 Local government institutional reform and capacity building

Additional emphasis can be given to social policy formulation and implementation at municipal levels, even within the confines of existing local government ordinances/codes. This can be achieved through emphasising the importance of executive decision-making at municipal level. Additionally, separate units or committees may be created within the municipality, for instance, for the co-ordination and monitoring of municipal poverty reduction policy/programme implementation. Arrangements to focus, co-ordinate and adapt sectoral services to better serve poor communities should be monitored and guided through such special units or committees. Forming new committees or

multi-sectoral programmes and task forces can inject a new urgency to poverty reduction, improve intersectoral co-ordination and focus policies on the needs of the poor. To ensure effective monitoring, it is crucial to have clearly identified targets or target groups and specific parameters that are being addressed, e.g. reducing unemployment or malnutrition. As much as possible this needs to be articulated through quantitative and qualitative indicators that can be monitored at local level.

Box II a) 2

Improving Management Capacity – Malindi Municipal Council, Kenya

Objective This City Consultation was intended to examine the constraints to the management of the Malindi Municipal Council (MMC), a small city on the northern coast of Kenya. The City suffered from weak municipal management and, in effect, is experiencing declining levels of service provision, a serious threat to tourism, the mainstay of the city's economy. Through participatory governance, the City Consultation focused on conducting a capacity assessment of the MMC in order to determine gaps and to establish options for filling them, through participatory governance.

UMP Assistance Assistance was provided through a partnership with the Government Training Institute (GTI), a local government training institute based in Mombasa. A review of the institutional framework for municipal finance and management was made, clearly outlining the roles and functions of each agent involved in planning and implementation processes. In addition, an evaluation of Malindi's delivery of urban services was made, carefully identifying the constraints and opportunities for implementing both existing and/or additional programmes. Most important is that an examination of the financial management of the Municipality was extensively conducted, assessing its revenue base and composition, with a view to identifying gaps and opportunities in the budget process and its execution; the collection of revenues and allocation of MMC funds. Throughout the assessment, Malindi's governance, particularly its capacity to cope, respond to and liaise with the various civil societies (such as the Coast Tourist Association, the Green Towns movement and others; the Muslim Council of Kenya, other religious associations and various others) and community groups in improving the system of managing and delivery of social services was critically evaluated.

Lesson Learned Faced with a weak revenue base and declining financial and human resources, Malindi cannot effectively address the growing demands for its infrastructure and services. The sharp decline in the quality of facilities and services as well as poor standards of living in the City, including the stark visibility of poverty, will soon begin to visibly affect tourism, the mainstay of the local economy. The demand for water, sanitation, transport, power and other crucial services have continued to outstrip weak municipal ability to cope with the mounting population pressure.

Aware of its own management constraints, Malindi Municipality will need to improve its management in order to be effective. Among the major issues that need addressing include: restructuring the finance and management system in place, improve solid waste management, roads, health facilities and services, water and sewerage, street lighting and fire services. The City Consultation encouraged the formulation of an action plan which thereafter has attracted potential donor partners in assisting the Municipality to improve its management, address solid waste as well as explore opportunities for public-private provision in various municipal services. The process also encouraged a great deal of participation from the stakeholders, especially from the community and the business sector.

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A more participatory approach in discharging municipal functions on the part of municipal institutions is often feasible, increasingly involving partnerships with communities, non-governmental agencies and the private sector. Such partnerships should be supported by Government/NGO/CBO co-ordination mechanisms.

A local government institutional audit could complement the above regulatory audit to identify requirements to ensure an enhanced developmental responsibility of local government and to make it more responsive to the demands of its civil society. Follow-up to such an institutional audit would provide for appropriate staffing complements with the right kind of basic skills, as well as for specialised and on-the-job training to ensure that local government capacities will be in place to exercise its developmental role. This is envisaged to be the ultimate outcome of the above UMP supported performance management consultations in the Bangkok Metropolitan Administration.

The issue of local government terms and conditions of employment is much more difficult to tackle, as it usually requires action in the context of the integral set of terms and conditions of the civil service in its entirety. This obviously has very broad national ramifications, but the general direction for such reform is clear: enhance relative terms and conditions for local government staff as compared to central government staff. This is logical not only in view of the enhanced responsibilities which are required to be shouldered at local government level, but also by way of providing a counter-incentive to the traditional promotional gravitation of civil service staff to the central government.

Additional Information

UMP 16 Decentralization and its Implications for Urban Service Delivery. William Dillinger. ISBN 0-8213-2792-5, 39 pages, published May 1994

UMP 17 Strategic Options for Urban Infrastructure Management. William F. Fox ISBN 0-8213-2826-3, 88 pages, published June 1994

UMP-WPS 3 Multi Sectoral Investment Planning. George Peterson, G. Thomas Kingsley, Jeffrey P. Telgarsky. 68 pages, published June 1994

IIb MUNICIPAL FINANCE AND ADMINISTRATION

BACKGROUND

Municipal finance and administration was considered an important policy intervention area from the early days of the UMP, as local governments were thought to be the main deliverers of urban services, and therefore main actors in urban management. The universality of this statement is open to question. There is a wide range of difference among regions and countries with regard to the extent to which local government exists, discharges these functions and finances the delivery of urban services. In some countries local governments are well-developed entities, with a clear municipal mandate and well-endowed with financial and human resources. In other countries, particularly in Sub-Saharan Africa, local government is still nascent, with local urban management functions still being performed in large measure by specialised agencies of the central or provincial government. In some countries there is an adequate balance between the municipal mandate and its resource endowment, in others there is a mismatch between municipal roles and responsibilities as defined by laws and regulations and the resources available to carry this out.

Traditional approaches to municipal finance and administration as a sub-set of urban management issues focused on the relatively narrow objective of getting more financial resources into the hands of local governments. This is still an important dimension and UMP activities support augmenting municipalities' own resources, enhancing the effectiveness of intergovernmental transfers of resources to municipalities, and rationalising local government borrowing.

However, the programme has learned that it is also important to support efforts to improve municipal resource management and increase the effectiveness of local government recurrent and capital expenditures. How to improve the allocation of municipal resources to respond in the most effective manner to consumer demand, is an equally important agenda within the strategies supported by UMP.

Additionally, the broader issue of the place of local government in the institutional landscape has assumed increasing importance with decentralisation becoming a major theme for the UMP in many countries. Programme support is being provided in efforts to increase the effectiveness and efficiency of intergovernmental institutional and financial arrangements, to strengthen internal institutional arrangements in local governments, and to boost related capacity building at all levels of government in support of the decentralisation agenda. This broader agenda is reviewed in section IIa above, while the issues of the municipal resource base and its allocation is discussed below.

ISSUES**Municipal Functions and Revenue**

Municipal functions are often not clearly and comprehensively defined in the municipal legislative and regulatory framework. Additionally, tasks are sometimes not unambiguously assigned to local government (co-administration). If finance is to follow function (section IIb above), a first prerequisite is that functional responsibilities of local government must be clearly laid down. Often the devil is in the detail: for instance, where a local government ordinance may specify local road development and maintenance as local government functions, the distinction between national, provincial and local roads may not be sufficiently clearly established to enable a local government to assume operational responsibility for this.

The sources of a municipality's own revenue are generally limited to area-based sources of revenue, typically comprising land-and/or property tax, local taxes like entertainment tax (and in some places localised versions of national taxes, such as local sales taxes and transit duties), local user charges for municipal services (e.g. water rates, solid waste collection charges, slaughterhouse fees) and income out of municipal commercial enterprises. These are generally inadequate to finance municipal requirements to meet recurrent costs and capital expenditure, even if the local revenue base would be adequately exploited. Exceptions are formed by cities that are able to financially exploit particular locational advantages, such as a major seaport (e.g. Durban, South Africa) or the availability of mineral resources (e.g. some smaller local governments in Indonesia).

Often such inherently local (area-based) sources of revenue are in large measure still controlled by higher levels of government (e.g. in cases where national property tax legislation sets caps on the tax rate as a proportion of assessed value or on the proportion of tax yield to be retained by the local government).

Almost invariably local revenue mobilisation potential is not fully exploited, which aggravates the disparity between local revenue collected and expenditure requirements. This is often caused by local political resistance, but often also by limited appreciation of the complexities of the mechanics of assessment and collection of revenue. Difficulties pertain particularly to property tax, where practical problems often arise in the area of identification and specification of the tax object (both the land and the built-up area), the valuation of the property, the tax liability assessment (including identification of ownership and other potentially taxable titles) and its collection.

Recurrent and Capital Expenditure

The other side of the limited local resource base and inadequately described municipal functions is formed by complex and often non-transparent financial flows for local government salary costs, maintenance expenditure and capital expenditure. Often no connection exists between the needs for municipal service delivery and the resources available to respond effectively to this demand for services. In consequence, for instance, municipal staffing levels (quantitatively and qualitatively) often bear little relationship to the magnitude and complexity of the tasks to be performed.

Similarly, outlays for municipal services O&M costs are often inadequate to meet O&M requirements, even though appropriate attention to O&M may significantly postpone the need for rehabilitation/replace-ment investment, and is therefore often prima facie more cost-effective than stepped-up investment. This issue often results from the inability to set functional technical O&M standards.

In capital budgeting two common difficulties pertain:

- a) more often than not mechanisms do not exist at municipal level to carry out capital budgeting in an integrated fashion, allowing for inter-sectoral priority-setting over a multi-year period. Often this is compounded by institutional segregation problems.
- b) At sectoral level engineering standards often bear limited relationship to the demand for services provision (as e.g. articulated by customer willingness to pay, where individualised provision is possible). Generally standards adhered to are engineering judgements of what is good for mankind, with limited regard for the cost effectiveness thereof. In consequence, the outcome is often limited provision at high standards along with sizeable irregular settlements without or with rudimentary provision.

Financial Administration

In some countries no administrative distinction is made in local government budgeting between recurrent and operational expenditure. Municipal accounting systems are often rudimentary. Financial planning for municipal service delivery is often not possible in the absence of sensible budgeting benchmarks and multi-year integrated capital budgeting frameworks.

Options for action

1 Revenue Enhancement

In this area opportunities for improvement abound, but to take decisive action is critically dependent on the presence of a strong, independently minded local leadership. The technicalities of overcoming deficiencies in property tax administration and water rate rationalisation are well documented, but the main difficulty from Karachi, Pakistan to Accra, Ghana is how to explain to people that more effective property tax and water charges administration are in its own long-term interest. This has been a difficult battle to bite with relatively few success stories, in part because what is required is that the local government builds up its credibility and is seen to be impartial, transparent and accountable, allowing its citizens to take a longer-term view.

In property tax the road to success is to diligently review with the stakeholders¹² practical steps that can be taken to improve confidence and to muster support to practical improvements in areas like property registration, impartial property valuation, impartial assessments and impartial and timely tax collection. The UMP-supported tax administration improvement work in Bangalore, India clearly illustrates this. For other local taxes and user charges a similar scenario applies.

In countries where central government domination over property tax legislation and its implementation has traditionally been strong, the gradual release of central government control in favour of local government has proven to be somewhat easier. Clearly there is a case for allowing local governments to have control not only over

¹² Involving the stakeholders in such dialogues should be commonplace to ensure that there is a consensus between the government and the governed regarding the objectives, operations and costs of municipal services, instead of the antagonistic relationships that generally prevail.

tax administration, but also over setting local property tax rates, within a cautionary national framework that reduces the risk of geographically very unbalanced property tax rates. Once responsibility for property valuation, tax assessment and collection has been delegated to local government, it has been demonstrated in several instances that the various essential elements in this process can be handled by local government in collaboration with stakeholders at neighbourhood level.

This argument is even stronger with respect to local services financed out of user charges. A local government enterprise institutional set up under the control of the local government has generally been found useful for such services in enhancing the adequacy of municipal services delivery and cost-recovery.

2 Enhancing Cost-Effective Local Government Expenditures

In this area a key factor has proven to be the willingness on the part of the local administration to take an integrated and medium to long-term view to capital budgeting. The use of consultative processes to ensure that intended investment is responsive to target groups' demand is not difficult to conceptualise and utilise, provided local government decision making is perceived to be sufficiently impartial to special interests. This similarly applies to the development of rational standards of service delivery and for O&M of infrastructure provided.

3 Improving Financial Administration

The development and introduction of basic, simple dual entry accrual accounting systems (allowing for consistency check because of the double entry of any item, as is routinely done in commercial book keeping) for local governments to facilitate the above is technically not difficult, but is again dependant on there being sufficient interest in impartial, transparent and accountable local government.

To ensure an adequate human resource base to handle such systems at local levels is a major challenge, which critically depend on the government's willingness to embark on civil services reform to enhance terms and conditions of local government service, as noted in section IIa. above.

Additional Information

UMP 5 Reforming Urban Land Policies and Institutions in Developing Countries. Catherine Farvacque, Patrick McAuslan. ISBN 0-8213-2092-0, 114 pages, published May 1992

UMP 16 Decentralization and its Implications for Urban Service Delivery. William Dillinger. ISBN 0-8213-2792-5, 39 pages, published May 1994

UMP 17 Strategic Options for Urban Infrastructure Management. William F. Fox ISBN 0-8213-2826-3, 88 pages, published June 1994

UMP-WPS 3 Multi Sectoral Investment Planning George Peterson, G. Thomas Kingsley, Jeffrey P. Telgarsky. 68 pages, published June 1994

IIc LEADERSHIP, ACCOUNTABILITY AND DEMOCRACY

BACKGROUND

Variable performance

While many cities have managed to provide and deliver goods and services extremely efficiently and effectively whether directly or indirectly, many other cities, regardless of their size have not been able to do so. The same is true when resource poor cities are compared to resource rich cities. Indeed, many cities have been able to dramatically change their level and standard of performance, expending considerably fewer resources than they had done in the past.

Poor performance of cities in terms of urban service delivery and urban management used to be blamed on the level of resources at their disposal. Consequently, the main response of both city managers and their advisors was to request more resources. More financial resources as well as more and better-trained human resources were presumed to be a pre-requisite for improvements in urban management. The reality has often been that even where such additional resources were made available, performance did not improve proportionately.

On the one hand, this is because performance is a function not only of skills and training, but also of motivation and rewards. On the other, improvements in management often require a change in processes and procedures. These may cost less than those that they replace.

Key to successful urban management

A UMP review of cases from around the world identified four driving forces as being the key to successful urban management and the delivery of services in particular¹³. These four are political accountability, the willingness to take political risks, the presence of incentives for better performance and the institution of appropriate values that go beyond those of professional and technical training.

1 Political accountability

The case evidence illustrates the importance of political accountability to effective urban management. There is a tendency to regard political will as an independent (God given) variable, but there is a strong interaction between the force and direction of political commitment and its institutional setting.

Local accountability is usually regarded as the hallmark of municipal government, and should be what distinguishes this from other forms of government. Local accountability makes it more responsive to local needs and municipal officials more directly answerable for their decisions and performance.

Despite that in practice the power of the ballot box may be diluted, municipal government is highly exposed to political gaze. It is far more accessible than other levels and agencies of government, both in terms of distance and public expectation.

¹³ Davey, Ken, op cit

2 Political risk

It is in this exposed and uncertain political environment that local leaders are called upon to provide effective urban management. Moreover, most prescriptions call for actions that carry a high political risk. Some leaders respond by taking a strategic approach with a readiness to address priority needs in the community and to take aggressive action. Others have a more reactive style, concerned with averting risk and responding only to the loudest complaint.

While the strategic approach carries the higher political risk, this may be acceptable in two, usually complementary, circumstances. One where there is a managerial culture that values efficiency, environmental improvement and so on, and shares the willingness of private enterprise to accept risk. The other is where civic leadership is confident of their ability to show results of tough action.

3 Incentives

Following classical economic theory, social scientists tend to explain all human behaviour in terms of rational self-interest. However, psychologists recognise that people are driven by mixed motives, wanting to defend or enhance their standard of living and perhaps that of their neighbours and kin, but that they also derive satisfaction from a job well done.

While there are numerous examples of the widespread abuse of office by political leadership to further their fortunes, case evidence does not support a view of public service motivation purely driven by personal gain. Thus, in addition to looking at better incentives for public servants, it is also important to identify obstacles that prevent or deter them from doing their job well.

4 Values

What public servants perceive of as being a job well done depends on their values and on what they consider important. Many give more value to adherence to procedures and established routines than to resolving problems or responding to changed service needs.

Effective management depends upon the adoption of values that go beyond the priorities absorbed in most peoples' preparation for their job. Value for money, responsiveness, a bias to the poor, concern for the environment are not necessarily alien to public servants; however, this simply does not figure on the syllabus for account clerks, mosquito sprayers, or master plumbers.

The promotion of values that go beyond the recognised bounds of professional and technical skills requires a conscious effort to emphasise and to demonstrate the importance attached to these values by organisational leadership.

ISSUES

How to trigger a move to good governance?

The major issue here is identifying the motivation or perhaps the imperative that provokes the move from a particular set of values and incentives, perhaps brought about by a lack of political will and public accountability.

There are several factors that may give rise to a change in approach to urban management that places greater stress on good governance, transparency and accountability.

- As part of a larger, national change in leadership and approach to governance;
- As a result of a change of local leadership. This does not necessarily mean through elections or public pressure;
- As a result of local (popular) action, perhaps by a citizenry that has reached the limits of its endurance. This is usually the result either of a local pressure group or in response to a particular incident that sparks off wider disquiet;

- As a result of the creation or emergence of a general environment that is more conducive to greater transparency and more effective management. This may be part of an international environment that in turn supports a national and thus local change;

How to promote good leadership?

While the majority of these rely on the emergence of the right sort of leadership, nationally or locally, the chances of that happening can be increased through the creation of a culture that values efficiency, environmental improvement and so on. That could be done, as in Curitiba, Brasil or Hermasillo, Mexico, through the growth of civic and business coalitions. It could also be done through the generation or assembly of good practices that provide the necessary confidence in managers to take the risks inherent in tough action knowing that they will be able to deliver. The widespread availability of such information on "best practices" can also act as a motivation for

Box 11c)1 Accra Metropolitan Governance

Objective: This activity sought to examine constraints that hampered the implementation of the decentralization strategy at the metropolitan level, focusing on the Accra Metropolitan Assembly, Ghana's largest urban area. The overall goal was to assess the management capacity constraints and determine options for addressing them, with particular reference to women's participation in the decision making process.

UMPAssistance: In effect, the activity examined the framework for decentralization at the district level, clearly outlining and examining the role of each key agency involved in the planning and implementation processes. It also reviewed the relationship between the District Assemblies and other civil associations (public and private organizations, CBOs, NGOs, etc.), highlighting the constraints and prospects for improvement, evaluating the District Assemblies' capacity in the planning and implementation of activities. In addition, it examined the community participation strategy employed, including the mechanisms utilized by all the key agencies (central, local government; community groups (CBOs) and non-governmental organizations (NGOs)), with particular attention to women's groups and their involvement

Lessons Learned: To effectively implement the decentralization strategy, the functions and roles of both central and local governments and other civil societies will need to be clear. Thus, community participation becomes an important aspect of the planning and implementation process in decentralization. Although this is an important element in the governance of local communities in Africa, it is not well understood and few countries have made headway in promoting the participation of communities in the development process. The Consultation showed that to improve district financial management and governance, there is need to address the short fall in revenue mobilization and budgeting issues. With limited financial resources, the district assembly has to reconcile the demand for better service delivery from the increasing urban population and the ongoing maintenance required by existing infrastructure. This challenge is also confronted with low public confidence in district administration. The recommendations included the need to maintain up to date information databases that are critical to all aspects of metropolitan management. In addition, the role that women play was seen to be important, given their dual role of motherhood and homemakers. They also tend to be the majority of among the illiterate segment of the population, less economically endowed and, in effect, their participation in development is often limited by factors beyond their own control. To address these issues, the District Assembly would need to focus various activities towards women's access to basic social and economic services, to enable them access the decision making process in order to participate at all levels of development.

Box IIc) 2 Implementing an anti-corruption policy

Practical tips and some examples of positive practice:

- I Organizing the government's efforts: there should be a focal point within the government for the anti-corruption initiative, but at the same time the focal point's main task is to coordinate the many parts of municipal government that must be involved in preventing corruption
- II "Pick low-hanging fruit": One should begin with a relatively easy-to-fix problem first, where success can be demonstrated within six months.
- III Align the anti-corruption effort with favorable forces (national, international, private sector, NGO). A city need not go it alone in the fight against corruption.
- IV Break the culture of impunity by "frying big fish". People may no longer believe promises or heed new rules and regulations. For a change in attitude to occur, it must be seen that a few big practitioners of corruption are apprehended and punished-givers as well as receivers.
- V Raise the profile of the anti-corruption effort through publicity.
- VI Do something good for government officials before seeming to attack them. The first step is to improve the measurement of service delivery, with the cooperation of city officials as well as citizens groups. Show civil servants that what they do in positive vein matters (and can be at least partially measured).
- VII Strengthen institutional capacity not only through "supply-side measures" (more training, more experts, more computers) but especially through changing systems of information and incentives. Better information and incentives are at the heart of institutional reform.
- VIII Consider how an anti-corruption campaign can galvanize broader and deeper changes in municipal government (such as client consultation, pay-for-performance, privatization with high quality regulation). It is important that "fighting corruption" be seen as a point of leverage for a broad-scale reform of city management.

These measures are not mutually exclusive and are to be selected and implemented in an opportunistic manner to produce a concrete result towards containing corruption.

Klitgaard, R. et al, A Practical Approach to Dealing with Municipal Malfeasance, UMP Working Paper Series, 7

the public to demand management that is more effective.

How to increase transparency, accountability and more democratic processes?

For the leadership, the urban managers, the options are quite clear. As part of more effective management, they must institute measures that increase transparency, accountability and processes that are more democratic.

1 Introduce/reinforce local accountability

– through the involvement of local users in the assessment and evaluation of service delivery. Even without a political process that links election to office to performance, it is possible to subject urban service delivery and performance to the scrutiny and satisfaction of user groups. Feedback from such groups can be used to improve services by making them more responsive to local needs. User comments could also be used

for the award bonuses or other tokens of appreciation. Publicise and praise good work, and publicise and shame poor performance.

2 Decrease political risk

– through the identification of best practices from other similarly endowed cities that have faced and overcome similar problems. The likelihood of a successful outcome will increase confidence when taking tough measures. One way of accessing best practice is to form a support group or to network with your peers. The UMP has supported a number of networks and associations between local authorities in each of its regions, such as CELCADEL, the Latin American chapter of IULA (an UMP-LAC anchoring association) and the newly created Latin American Association of Women Mayors and Councillors. These networks and their various meetings provide a useful forum for the exchange and promotion of ideas.

3 Provide incentives

– through the removal of obstacles that deter or prevent officials from doing a good job or working more effectively. This may mean an examination of processes and procedures to simplify them. It may also mean limiting monopoly (increasing competition), reducing and clarifying official discretion (thus curbing opportunities for bribes) and enhancing accountability and transparency (through more information on performance and procedures).

4 Change values

– through a demonstrable commitment to greater efficiency, more responsiveness to user needs and comments and a greater stress on initiative and "can-do" attitudes. This may require visible and effective complaints procedures, setting up local "one-stop" windows for applications and payments, and other demonstrations of the leadership's commitment to change in organisational behaviour.

5 Create a culture and a climate that expects more efficient and effective urban management

– through support of environmental and other awareness campaigns, support to community and local action groups, increase possibilities and channels for communications and feedback. Introduce citizenship classes and awareness amongst youth and children through school-based activities (see Box 2).

Additional Information

UMP 11 Elements of Urban Management. Kenneth J. Davey. ISBN 0-8213-2424-1, 55 pages, published November 93

UMP-WPS 7 A Practical Approach to Dealing with Municipal Malfeasance. Robert Klitgaard, Ronald MacClean-Abaroa and H. Lindsey Parris. 40 pages, published May 1996

UMP-Asia Occasional Paper nr. 40

Box 11c)3 Children's Participation in Urban Governance

UMP-LAC and its regional partners are promoting the inclusion of children and youth as important actors in the participatory governance of their cities. Two UMP-LAC city consultations are underway with local governments in Brazil on the theme. The first city is Barra Mansa, in the state of Rio de Janeiro, where 12 children aged 8-13 have been selected to form the first "Children's Secretariat" in Latin America. The City Consultation being carried out in Barra Mansa since March of 1998 is primarily concerned with supporting the "CIDADANIANO TEM TAMANHOO" (Citizenship has no size) program, which is a high priority of the BarraMansa city government, located in the State of Rio de Janeiro. This program, promoted by the Municipal Secretary of Education, the Educational Foundation of Barra Mansa and with the participation of other departments, is meant to promote and institutionalise the effective participation of the children and youth in the exercise of their citizenship, valuing their role and importance as persons and as citizens.

The project includes a "Young Peoples' Participatory Budget," as part of the larger city-wide Participatory Budget process, whereby a percentage of the municipal budget is decided directly by citizen's councils. The budget process is the focus of UMP-LAC's intervention in Barra Mansa. Children and Youth Budget Councils are elected to determine how to spend a percentage of the municipal budget, which is assigned to them. The process takes place directly in the public schools. For the implementation of the Action Plan to result from the City Consultation, the Barra Mansa Government has decided to invest 300,000 USD during 1999 and it is probable that the same investment can be made in following years.

Independencia is the second site of an UMP-LAC City Consultation, which has elected Child Secretaries, one for each municipal cabinet department. These secretaries are an integral part of Independencia's Participatory Strategic Plan, whose progress is reviewed every 90 days through citizen's meetings. In addition, as part of the City Consultations, UMP-LAC organised a trip to France in June of 1998 to exchange experiences with French Children and Youth Councils. The children and adults from the two Brazilian cities and two other interested Latin American cities which were also undergoing City Consultations (Ciudad Guayana, Venezuela, and Mexico City) were able to see the functioning of these councils. The councils have been active in France for 15 years and have inspired the Brazilian experience. The idea is that from this consultation – and within it through the inter-city exchanges – a Latin American working group on this theme will form to promote the multiplication of these kinds of initiatives, promoting a more inclusive and democratic local governance in the region.

IId PRIVATISATION, PARTNERSHIPS AND PARTICIPATION

BACKGROUND

The provision of urban infrastructure services, for the efficient operation of cities (roads and transport networks, energy and power grids), for the development of human resources (water and sanitation), to improve productivity and raise the standard of living (health, education and social facilities), and that support productive enterprise and allow private enterprise to operate efficiently (refuse and solid waste collection, markets and trading facilities, security and safety), is a massive undertaking, regardless of the resources available.

Augmenting Municipal Resources and Capacity

In practice, there are very few cities where the local government is able to provide all services and infrastructure that it is supposed to, through its own efforts. Sections of the population are served by the private sector, or left to their own devices. Recently, NGOs have begun to address the needs of some of the low-income, under-served communities. In many instances, these interventions are seen either as an encroachment on the public domain, while in others, the local government has been more tolerant.

Increasingly, however, in some cities, the relevant strengths and resources of the different sectors and actors are being taken into account in order to produce an integrated system of service provision and delivery. The resulting partnerships between households and local organisation, between local organisations and the private sector

providers, between the private sector and the public sector suggest a more viable and sustainable alternative to the public-private dichotomy.

ISSUES

Institutional shortcomings

In part, as noted in the previous three sections, delivery deficiencies are caused by institutional shortcomings: while local government generally has the mandate to provide municipal infrastructure, it generally does not have the institutional ability to deliver, maintain and operate such infrastructure. This points at organisational deficiencies, staff shortages and limitations in staff skills.

Conflicting and overlapping responsibilities. Additionally, major infrastructure is also often a national rather than a local responsibility, which may raise delivery conflicts within a local jurisdiction.

Furthermore, more often than not local responsibilities are not handled exclusively by departments of the local government, but are in part handled by specialised agencies, e.g. water companies, sewerage boards, electric lighting companies or development authorities. While such institutional options were often chosen because local government was initially considered unable to assume a developmental role, it has often effectively led to a perpetuation of such local government limitations and exercise of power by bodies unaccountable to the public. This often exacerbates institutional conflicts.

Operations and Maintenance

In many instances there are grey areas with respect to institutional responsibility for the development and maintenance of some infrastructure elements, e.g. for different classes of roads and for the various elements in city-wide drainage and flood protection, which again easily leads to institutional conflicts stultifying or hampering delivery.

Often no explicit and systematic attention is devoted to operation and maintenance of infrastructure systems, even though investment therein is often much more cost-effective than investment in new or extension of networks. Part of this problem is the absence of well-defined O&M standards, which lend themselves to translation into budgetary outlays in similar ways as for investments in so many running meters of roads, water pipes, vehicles, etc.

Costs and cost recovery

Further delivery constraints and conflicts are caused by the oft-encountered separation of responsibilities for infrastructure development from those for its operation, maintenance and financing. Such separation also stimulates the use of inappropriately high provision standards, at which only a small part of the city's populace can be provided.

Direct and indirect cost-recovery, through charging user-fees for example, is not usually exploited to the extent feasible, meaning that there is little relationship between provision standards and willingness to pay for those.

Involving the private sector

In moving from a public supply and provision of infrastructure services to more participatory forms of partnerships, a number of other issues and concerns are raised that will need resolution.

- How will the access of the poorest households be assured if the supply and provision is removed from the public sector? In practice, of course, the public sector acknowledges its responsibility, but is not necessarily able to deliver urban services to many of the urban poor. Therefore, the poor may not be any worse off than they are at present, and may indeed be better off under a more participatory arrangement.
- Will the municipality not be giving up its powers and responsibilities to other actors, whether in the private or the community sector? While it is true that a part of municipal power will be removed, but it is often a part that the municipality is unable to deliver. On the other hand, under a participatory partnership arrangement, the municipality should still retain its power to ensure that agreed standards of delivery and provision are met, that prices and cost recovery are equitable and affordable.
- Would the removal of subsidies and the institution of cost-recovery based on the market not be detrimental to the poor? In many cities, the subsidies are based on consumption, and those with the highest consumption levels attract the most subsidies. Since the poor often have limited access and very low levels of consumption for most urban services, they rarely have the benefits of subsidy. Under a decentralised service delivery regime, it may be easier to target subsidies.

- What will happen to the staff, investment and other assets of the municipality if it is replaced by the private sector or by some form of public-private or public-community partnership? With careful planning, it is possible to safeguard against both asset stripping and large-scale redundancies. If a fair price is put on municipal assets to be sold, along with a programme of safeguarding staff employment (through redeployment or opportunities for staff buy-outs etc), the municipality may be able to capitalise rather than lose out under the new arrangements.
- Are poor, illiterate communities capable of participating, and would they be willing to take on their share of service provision? There is now considerable evidence from around the world to show that poor communities are often much better informed and able to participate than might be thought. The UMP supported consultative work to integrate Community Development Associations in urban management in several Moroccan cities is a case in point. The opportunity for improved access (especially at a lower cost and/or higher standard than before) is a powerful incentive for households to contribute and participate, provided that such participation is not merely limited to a contribution of labour. Indeed, it is often the richer sections of the community that find participatory processes harder to engage in.

Options for Action

1 Review responsibilities

Starting from a review of local government codes and other regulations pertaining to local government roles and responsibility, a detailed inventory may be made of grey areas and contradictions in responsibility for development, operation, maintenance and financing of all elements of urban infrastructure. This could form the basis for recommendations for institutional change. The generic experience here is that it is imperative to make local government the pivot in priority-setting on urban infrastructure investments in an integrated manner. This will enable cross-sectoral priorities to be considered in a unified way, and will ensure that local government will not experience difficulties in assuming operational and maintenance responsibilities later on. Physical delivery may be delegated to other institutions or to the private sector (see below).

2 Investigate local control of local services

There is rarely a rational case for infrastructure delivery by separate sectoral agencies that are not locally controlled. The recommended path is to place development authorities, water companies, sewerage boards, etc (which may have a comparative advantage in terms of better-developed business-like organisational arrangements) under the control of the local government, which will ensure their participation in the integrated priority-setting exercise.

3 Make strategic use of scarce municipal resources

Given staffing shortages at local level, there is a need to use scarce municipal staff as strategically as possible, in the interest of ensuring maximum infrastructure coverage. Public-private partnership in infrastructure delivery is often an option to get more mileage out of limited local government resources. There are many forms of these partnerships, ranging from simply contracting out tasks through franchising, BOO and BOT and other options¹⁴. All these have in common that their successful execution requires adequate skills on the part of local government staff to understand them (including delivery obligations on the part of the government, for instance public land), to control the process of entering into such partnerships and to monitor their implementation. This will often require specialised, case study based, training for local government staff

Such partnership arrangements are not limited to agreements with formal for-profit private sector entities. There are often also many practical partnership arrangements possible with informal sector operators (e.g. scavengers and solid waste recyclers), with NGOs and CBOs, particularly at the tertiary (distribution) end of the infrastructure and municipal services system. Examples of such partnerships may be found in *Participatory Local Governance: An Evaluation of the UNDP LIFE Programme*. What is required here, more than anything else, is the development of sufficient mutual trust and a realistic understanding of constraints on both sides.

4 Relate standards and costs to willingness and ability to pay

The development of an appropriate set of infrastructure standards for investment and for O&M is a prerequisite for any of the above. Wherever possible, this must be based on a demand survey, matching standards, costs and willingness to pay. The starting point here is actual behaviour by consumers, wherever this can be observed. This may be augmented by presentation of possible alternative options of costs and payments to be made by residents (in cash or in kind). The dominant idea is to back up engineering knowledge with cost-, affordability- and willingness to pay data, so as to have the best possible chance of developing sustainable systems.

5 Explore and exploit local revenue sources

Based on such analysis, it also appears almost invariably that there are many options to enhance the exploitation of sources of local revenue, which will be needed to finance investment in infrastructure and its operation and maintenance. Politically and psychologically it is important to introduce such changes in conjunction with actual improvements in physical infrastructure delivery. Sources of revenue particularly pertinent in this regard are user charges like consumption-based water tariffs, sewerage rates (emphasis on connection charges) and solid waste rates. Additionally, there are usually many options to enhance local property tax yields, as land values increase as a result of improvements in infrastructure endowments. Public-Private Partnership arrangements of the types discussed above should take into account and incorporate such revenue improvements in their calculations.

¹⁴ BOO, BOT and other such arrangements separate Building, Owning, Operating and other aspects of an enterprise, allowing each of them to be considered and undertaken by different entities. The Government helps by enabling the process, and after a given period, the operation is transferred to it. See Philip Gidman with Ian Blore, Jens Lorentzen and Paul Schuttenbelt, *Public-Private Partnerships in Urban Infrastructure Services*, UMP Working Paper nr. 4, January 1995 for a detailed description of all of these.

6 Carry out an institutional audit

Obviously, for local government to adequately assume the above pivotal roles, internal organisational change is often required. An institutional audit, based on the need to institutionally respond to the above tasks, should bring out details thereof for consideration of the municipal leadership. The audit should also identify staffing requirements in both quantitative and qualitative terms, as well as training requirements to upgrade skills of existing municipal staff.

7 Modify municipal roles, regulations and responsibilities

Such analysis will often bring out that many required changes (e.g. modifications in roles of responsibilities of local governments, modified regulatory frameworks enabling local governments to borrow for infrastructure investments and/or to enter into formal PPP arrangements, improving terms and conditions of local government staff to augment quantity and quality of staff) will need action at other government levels than at local government level itself. The experience here is that this complicates and often delays necessary action, but that ultimately such data, when properly translated into policy recommendations at the appropriate level, will lead to change into the required direction.

8 Utilise strengths of each partner

Where urban infrastructure services are being provided and delivered under the partnership arrangement, each actor would be playing to its strengths. Thus, for example, the **public sector** could

- take on the task of creating a more conducive environment, removing unneces-

sary restrictions and regulations that inhibit private and informal or community-based organisations from operating in urban areas;

- provide credit or guarantees for credit to enable private and community sectors to obtain investment funds;
- provide subsidies or safeguards to ensure that the needs of the poor and vulnerable groups are met;
- establish standards of service provision as well as mechanisms for the supervision, monitoring and evaluation of performance;
- provide training and capacity-building facilities for operatives and managers.

The **private sector** could

- provide the managerial and entrepreneurial expertise to establish and operate urban services;
- raise the necessary capital and investment funds;
- provide the technical and innovative skills for the more efficient delivery of urban services.

The **community-based sector** could

- reduce costs by taking on some of the management functions such as collectivising payments and accounts;
- reduce costs by taking on some of the local delivery and distribution functions through self-help methods;
- reduce running, repair and maintenance costs by supervising and managing local plant, equipment and facilities and through monitoring and reporting leakages, breakdowns and performance.

The usefulness of partnerships could be further enhanced if they were used to design, develop and operate facilities and services collectively and interactively. For example, the city government could make available public land that could be developed by the private sector for the provision of community-based services. Private sector developments could be assisted by the public sector if they were to include provision for low-income users to have access to them.

9 Clarify standards of service provision

For privatisation or partnerships to work and be able to meet the needs of the poor, a clear definition of standards of service provision need to be established, setting out the level and quality of service to be provided. This can be used to prospective providers to assess whether they could provide and deliver services more effectively and efficiently than the current public-sector provision. It could also be used to assess performance, to see whether the service provider is delivering the agreed quality, quantity and level of service at the agreed price and charge.

10 Disaggregate services to allow small-scale operators to participate

Services will also need to be disaggregated into their component parts, for it's often the case that different actors are in a better position to provide or deliver one or more parts of the service rather than the whole. Such a disaggregation also allows the public sector to focus on social and equity issues, focus subsidies and ensure meeting its own obligations to the public. It also allows for the participation of a larger number of smaller-scale actors and service providers than the wholesale transfer of a service to the private sector.

11 Safeguard public assets

It is important to establish what will happen to the existing assets of the current public-sector service-provider. Without safeguards, it is possible that there will be asset stripping at the first available opportunity. On the other hand, more imaginative use of assets should not be pre-empted. For example, the use of air rights or even surplus rights-of-way along or above track or transmission lines could be commercially exploited to reduce service costs. However, this should not be done in a way that allows

Box II d) 1

Participation of Community Development Associations in Urban Management

In 1996, the UMP Moroccan Country Panel launched an initiative to support the participation of local community organizations in urban management and development. The study and the subsequent consultation organized by the UMP on this issue revealed that the contribution of neighbourhood associations to urban development was hampered by two major factors: their lack of organizational and operational capabilities, and insufficient communication and collaboration with local authorities. Following the consultation, municipalities approached the UMP to request support in facilitating their collaboration with CDAs and in implementing participatory approaches to urban management. As a result, the UMP-Morocco designed an activity aimed at addressing the needs of both CDAs and municipalities.

The activity consists of two components: the preparation of a practical guide for the creation, management and financing of local associations, and the organization of city consultations gathering local officials and association representatives in four cities. The guide is nearing completion. The consultations, which will be held during the second phase, will aim at achieving a common understanding of the role of community associations in urban management. The guide will be introduced, and a dialogue between NGOs, municipalities, public and private actors initiated. An action plan will be adopted to ensure that CDAs are routinely involved, as equal partners, in municipal management.

UMP-AFR

Box II) 2

UMP LAC Anchoring Strategy: a network of networks in action

The existence of strong and well-developed urban actors within the civil society is a strength of the Latin American Region. The wide spectrum of potential urban partners in many countries includes:

- NGOs and their networks (i.e. Fedevivienda, UMP-LAC anchoring institution and coordinator of the Latin American chapter of HIC),
- universities (support to city consultations is being provided by the University of Zulia in Maracaibo, the Eloy Alfaro University of Manabi in Ecuador, among others);
- associations of local authorities (CELCADEL, the Latin American chapter of IULAs UMP-LAC anchoring institution, and the newly created Latin American Association of Women Mayors and Councillors);
- research centers (CIUDAD, UMPAnchor in Quito, and FICONG/IIED-Latin America); and
- grassroots organizations (i.e. the neighborhood associations involved in the consultations in Mexico City), together with multilateral and bilateral co-operation initiatives operating at the local level.

However, both for geographical and historical reasons many of those groups operate inside a small frame of contacts and exchanges, and their experience in multi-level linked relationships is relatively limited. How to formulate a valid strategy for such a situation was one of the first questions to be considered at the initial stages of the UMPPhase III. It was important not only to incorporate as many as possible of those actors into the working program, but also to set up conditions for a mutually positive exchange of experiences and points of view between all of them, at local, national, and regional levels.

To expand the contacts and effectiveness of its urban partners in the region, UMP-LAC has created a space of interaction between different networks in Latin America which are concerned with urban issues. This space is created in various ways:

- 1 The anchoring strategy of UMP-LAC links together six-well known institutions, each of them with a long tradition and expertise in fields related to urban management. Their connections with other Latin American and Caribbean urban actors through regional networks was a critical criteria for their selection. In addition, at least one professional from each anchoring institution is present at the regional office in Quito, thus increasing the synergy between them.
- 2 UMP-LAC holds and co-sponsors seminars and city consultation events on urban issues which unite representatives of different sectors and disciplines (such as a UMP/ IULASeminar on transparency and gender in local governments, or the Mexico City consultation which included experts on various themes from various countries).
- 3 The systematisation of experiences in specific areas (i.e. the documentation of experiences in solid waste management with IPES and the Urban Environmental Network (RAU), or of co-management of service delivery with the Local Power Network (REPPOL)).

In addition, a new set of relationships are being formed through working groups of cities that are growing out of the contents of the city consultation. For instance, Ceara Periferia, UMP-LAC anchoring institution in Fortaleza, Brazil, is heading a working group of cities on access of the poor to credit, based on their work in Fortaleza as well as their implementation of city consultations on the same theme in Maracaibo, Venezuela, and Belem, Brazil. A working group on Children's Municipal Parliaments has begun, branching out from UMP-LAC consultations on the theme in several Brazilian cities to include interested cities elsewhere in Latin America.

The goals of this extensive articulation that UMP-LAC is attempting to foster between institutions and networks in Latin America are: 1) to strengthen the existing networks through their institutions, 2) open a space of dialogue and action between them, and 3) to get these networks closer to UMP's ultimate client, the cities and their local governments.

UMP-LAC

current owners to obtain immediate returns at the expense of past public investment or future service-users.

Similarly, provisions should be made for ways of dealing with current employees of public sector organisations. Absorption into the new structure, natural wastage through retirement, management and workforce buy-outs or buy-ins is preferable to dismissals and redundancies. The latter not

only create an employment and social problem for the public sector, but also create an unfavourable climate and opposition for privatisation.

12 Create an enabling climate for partnerships

The government should create the right climate for privatisation and partnerships to be created and to operate. This means that the economic, legislative and regulatory frameworks have to be in place. The first step towards this is an examination of the current service provision to investigate which services and which parts of which service ought to be privatised, and if so, in what form.

13 Encourage dialogue and discussion, and disseminate information

The need to enter into dialogue with both the private and the community sector at an early stage is essential to gain better insights into what is required and what is possible by way of demand and supply of services. (see box 2)

The public at large also needs to be prepared for the privatisation and partnership process through media and information campaigns and airing and exchange of views and information. A poorly prepared or misinformed public can form a considerable barrier to change, as it can lead to failures by raising false or unachievable expectations. (see box 3)

Further Information:

UMP 17 Strategic Options for Urban Infrastructure Management. William F. Fox.
ISBN 0-8213-2826-3, 88 pages, published June 1994

UMP19 Participation and Partnership in Urban Infrastructure Management. Peter Schubeler.
ISBN 0-8213-3650-9, 101 pages, published June 1996

UMP-WPS 3 Multi Sectoral Investment Planning. George Peterson, G. Thomas Kingsley, Jeffrey P. Telgarsky.
68 pages, published June 1994

UMP-WPS 4 Public-Private Partnerships in Urban Infrastructure Services. Philip Gidman with Ian Blore, Jens Lorentzen and Paul Schuttenbelt. 68 pages, published January 1995

Box II(d) 3

Partnerships with the Media

Mobilising the mass media has become an essential ingredient for achieving social and policy reform in the Arab States region. In recognition of the importance of publicising urban issues to the achievement of overall urban management objectives, the UMP-ASR has created an NGO network gathering media personnel, journalists, and writers interested in covering development and environmental issues. These efforts have already yielded results, with urban management issues receiving increasing coverage in the mass media throughout the region. As part of its efforts to engage the media in urban development issues, the Regional Support Office has organised several regional meetings, bringing national NGOs together to share information and exchange views on a range of environmental and urban topics. The Media and City Summit Regional Consultation, for example, was concerned with raising the awareness of media personnel and others about Habitat II, as well as stimulating their interest in urban issues in general. Similar activities have been organised at the country level. Media consultations organised by the Syrian and Lebanese Country Panels have contributed to generating a dialogue between the government and the media on urban development, housing, and environmental issues.

The success of the Regional Support Office in publicising urban management issues, and its credibility among both the NGO community and government officials, is reflected in its selection by the Egyptian Ministry of Environment to design and implement the National Environmental Information Strategy (NEIS) in Egypt. The NEIS will assist in the preparation and implementation of the National Environmental Action Plan (NEAP) to be undertaken by the Ministry in collaboration with UNDP-Egypt. The main objectives of the NEIS, which is based on the UMPmedia strategy, will be to raise awareness of environmental issues; build the capacity of the media to cover environmental and developmental issues more effectively; and create a political debate in newspapers and magazines on environmental issues. The role of the media will be to inform and involve other stakeholders in the preparation and implementation of the NEAP. The NEIS will be implemented as a pilot project in six governorates of Egypt by a panel of expert environmental journalists. It will utilise similar public awareness and information dissemination processes as those used by the UMP-ASR. Through media consultations, informative round-table discussions, and press conferences, the journalists will work to promote a better understanding of the Egyptian Environmental Protection Law No. 4. It is hoped that the NEIS will help create a shift in behavior regarding hazardous environmental practices and will reinforce the role of the Ministry of Environment, by improving its ability to communicate with the general public.

UMP-ASR

IIE PHYSICAL PLANNING: GUIDING AND CONTROLLING URBAN DEVELOPMENT

BACKGROUND

Uncontrolled and uncoordinated urban development

The uncoordinated and uncontrolled development in and of urban areas is clearly both inefficient and ineffective. At the very least, it results in the loss of revenues and resources when infrastructure is provided in the wrong location or at the inappropriate level to serve the needs of the particular users. Unplanned land development creates difficulties and adds costs associated with obtaining and maintaining rights of way and access for infrastructure that has to be provided post-hoc to unplanned settlements.

Poorly planned cities and inadequate infrastructure clearly impose unnecessary costs for businesses and citizen like. Not surprisingly, there continues to be a demand for greater co-ordination amongst the plans and investment programmes of the various actors, whether from the public sector or the private. Clearly, there is the need for ensuring that there is a mutually acceptable framework for the direction and form of urban development.

Box Iie) 1

FORMULATION OF STRATEGIC PLANS

ST. LOUIS, SENEGAL AND OUGADOUGOU, BURKINA FASO

Objectives: This activity, under the governance thematic focus, aimed to produce and implement a communal development programme under the auspices of the CCIADL (Cellule de Cooperation, d'Information et d'Animation pour le Development Local). In essence, the intention was to develop a strategic development plan for the city of St. Louis, one of Senegal's oldest and prestigious cities.

UMP's Assistance: Through UMP's execution agency and main anchoring institution in West Africa, the Bureau National d'Etudes Techniques et de Developpement (BNETD), the City Consultation process was put in place and entailed:

- Assisting the city to formulate the terms of reference for the background study and city profile;
- Conducting smaller workshop and community consultations to agree on various issues as inputs to the main study;
- Preparing main City Consultations and finalizing the Action plan for follow-up;
- Formulation of the Strategic Plan;
- Costing of the Plan and hosting a donor's meeting to mobilize funding for the execution of the plan.

Lessons Learned:

- Forging partnerships during the preparation of the City Consultations is necessary for mobilizing support and acceptance of the plan;
- Stakeholder participation is crucial to decision making;
- Actions identified by the consultation are now to be implemented by a Development Agency, to be created by the municipality in November 1998 building on the success of CCIADL.
- The City Consultation benefited greatly from the availability of local expertise, the large amount of work carried out to date on the city and the larger process of reflection on municipal development which had already started by the St Louis municipality.
- That funding mobilization should be a major component of the consultation process; the city mobilized about 75% of total Plan Budget during the donor's meeting.

The need for an agreed framework for development

Strategic planning (see Box II e) 3) aims to bring together sectoral planning objectives into an agreed framework for the development of a city-wide structure plan. Linkages are made between urban and national policy issues as well as between urban-rural relationships. Emphasis is placed on the financial requirements and implications of the plan and its proposals to ensure both financial feasibility and availability of resources. The relative roles and responsibilities of the public and private sector and the central and local government in implementing the plan are identified. These are used to develop a capital investment programme that can be used as a point of reference for future interventions. A mechanism to monitor both the internal and the external environment is established which can help ensure that the short and medium term actions take development into account while retaining the strategic objectives of the plan.

Involving relevant agencies and authorities

No single authority or agency could hope to have the resources or the capacity to undertake the task of mapping-out and planning the future of a large and developing urban area. Nor could or should it have the moral authority to project its vision of the future. Nor is it likely to be able to predict the future directions and trends that might emerge. However, this does not obviate the need for a particular agency to take the initiative and indeed the lead in instigating and managing the process.

Strategic planning does not attempt a comprehensive view of the future of the city and develop responses to direct and control development accordingly. It aims to develop a consensus amongst the various stakeholders on what is important and what can be achieved realistically.

UMP methodology has evolved along a path that has paralleled planning. Thus, a process of consultations has been developed and instituted as part of the Urban Management Programme. These bring the various stakeholders together in one or more meetings to define and agree to a collective direction and programme for action. Consultations can and have taken place at the national and city levels to decide upon strategic planning issues and objectives. They have also been held to decide upon the strategic form and direction of planning for particular parts of a city.

ISSUES

How to establish priorities

Participatory strategic planning through national and city level consultations has been shown to be both practical and effective (see Box II e). 2). "Consultation refers to a consultative process whereby actors within the domain of a given policy are brought together to discuss, identify and agree on which are the priority issues within this domain, how these issues can be addressed and what type and range of technical assistance may be needed to resolve them."¹⁵

¹⁵ Mabogunje, A Report of the Forward Looking Assessment of the UNDP/World Bank/UNCHS Urban Management Programme (UMP), New York, 1991

Box IIe) 2

City Consultations in Mexico City

A city consultation was carried out from July to December 97 in Mexico City to foster a process for the participatory design of programs and instruments to prepare a policy for the City. It was intended to include innovative principles, strategies, and policy guidelines for equity, development, governance and environmental management.

Participation The first city consultation was conducted by the Federation for Democracy, which was selected in consensus with all other institutions involved. The consultation was carried out by 30 persons who had been involved in their respective fields in participatory consultations. Most of these participants are today senior officials from Mexico City. The baseline survey, city profiles and final documents were produced by four senior national consultants. Eight regional experts were mobilised and participated voluntarily. For the Historic Centre consultation and action plan, the participatory process was "government induced," or top-down. The main partner, appointed by the Mayor, was the Trust Fund (Fideicomiso) for Investments in the Historic Centre. The local experts in charge of the monitoring and conduction of the process and the delivery of the products were from the research programs of the Mexico City Urban Observatory, jointly developed by the Universidad Autónoma de México and the Centre for Housing and Urban Study (CENVI). A large set of urban actors was part of the process and expressed their interest to participate. In the Mesa de los Hornos consultation and action plan the process is "Civil Society driven," or bottom up, by one of the thematic anchoring institution (COPEVI) and a wide range of social actors long involved in the area. However, the management is done in close relationship with the Decentralised Local Government representative (Tlalpan Delegation) and the Mexico City Secretariat for Urban Development (SEDUVI) which is largely financing the consultation, the resulting method of which is to be replicated in 16 other sectors of the city.

Outputs The mayor of Mexico expressed in a recent letter that "The city consultation, initiated last year with the support of UMP, proved highly useful for the new team who was preparing itself to assume leadership of the city. The texts which were produced allowed for the definition of strategies and policy guidelines for a new governance for the city, sustained by citizen participation and shared responsibility between government and society, transparency in administration and head on struggle against corruption. At the same time, they allowed the definition of a new pattern of urban development that is economically, socially and environmentally sustainable". An integrated development program and a set of formulated projects to revitalise the Historic Centre. This program considers three basic areas: a) governance and citizen participation, b) governance and public management with special emphasis on struggle against corruption, and c) governance, economic and financial management and urban poverty. The design, institutionalisation and implementation of a Territorial Tripartite Co-ordinating Council should be a new model for the city resulting from the Mesa de los Hornos consultation. It should allow the government, NGO's and grass-roots organisations to manage neighbourhood development action plans.

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How to analyse multidimensional problems
The country and city consultations "must be appreciated as a very powerful tool for problem analysis with a built-in factor of multi-dimensional perspective. This factor ensures that by the time a consultation is completed, not only the contribution to the problem of each of the categories of principle actors but also their potential role in affecting a realistic resolution would have been identified ..."¹⁶

How to ensure and enhance democratic decision-making

"Implicit in the strategy of using country consultation as an operational policy instrument is the principle that wide-ranging consultations among the principle actors in a policy domain not only enhances democrat-

ic decision-making capacity in a given country, municipality or sector of activity but also promotes the probability of greater effectiveness in policy implementation."¹⁷

For strategic urban planning, the consultation would focus on the major issues facing the city in terms of establishing future scenarios, objectives, targets and standards. Once these have been agreed to, along with some form of *modus operandi* for future action, the detailed planning task can be undertaken with the knowledge that the principle objectives have been agreed to and the actors involved are likely to participate in the implementation and follow-up process.

¹⁶ *ibid*

¹⁷ *ibid*

Options for Action

A strategic plan should be developed through a participatory, consultative process that involves the various actors and agencies as indicated above. Obviously the actual details of any strategic plan will vary, depending on the particular situation and circumstance of the city, its national role, aspirations and expectations. However, on the basis of UMP experience, there is some consensus as to the subjects that the plan should encompass as well as on the approaches it should adopt.

1 A strategic urban plan should be arrived at through a participatory consultative process involving the major actors and stakeholders.

2 For the consultation itself, the following steps have been suggested¹⁸, and are further elaborated and discussed in Section Va.

1. A preliminary identification of priority problems;
2. Identification and mobilisation of principal actors;
3. Logistical organisation of the actual consultation process;
4. The A-Consultation among actors leading to a preferred set of likely solutions;
5. The B-Consultation at the level of the policy makers;
6. The documentation of major conclusions and of policy and programme proposals; and
7. The follow-up action.

3 A strategic urban plan has to provide some of the fundamental objectives for urban management. The two need each other in order to have meaning. Management without a plan is pointless, and planning without management remains a paper document.

Box IIe) 3

Strategic Planning versus Conventional Planning

Strategic Planning

- Process and action oriented
- Starts with consensus on issues
- Proactive
- Focused and selective
- Places high value on intuition and judgment
- Addresses organizational values
- Strengths and weaknesses are addressed
- Interactive with shareholders
- Political awareness and involvement
- Takes account of implementation capability
- Oriented to allocation of Organizational resources
- Contingency planning included
- Commitment to vision developed through interaction
- Managers and Implementers are the planners
- Implementation by empowerment

Conventional Planning

- Product-oriented (the plan)
- Starts with power to enforce rules
- Reactive
- Comprehensive
- Places high value on quantitative analysis
- Values not considered
- Strengths and weaknesses not considered
- Interaction limited to date
- Administrative orientation
- Implementation capability is assumed
- Planning, resource-mobilization, allocation separated
- Excludes contingency planning
- Vision (if included) is an idealized end-state
- Planning specialists do planning as a staff function
- Implementation by directive

(The table above distinguishes between the extreme forms of these planning approaches. In practice, many of the aspects are not completely mutually exclusive. For example, although process oriented, some "products" may be included in Strategic Planning, and similarly, despite its product orientation, Conventional Planning may incorporate processes and actions.)

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¹⁸ ibid

4 A strategic urban plan has to provide the overall spatial directions and forms for urban growth, taking into account environmental and topographic considerations.

5. A strategic urban plan should provide the framework against which individual and institutional location and development decisions can be taken with some certainty that the necessary infrastructure to support such action will be forthcoming.

6 A strategic urban plan should be able to accommodate and adjust to local development decisions rather than merely providing a framework for them to comply.

7 A strategic urban plan should be accompanied by a programme for capacity building to ensure that the relevant organisations and institutions have the capability to implement the plan.

(The table above distinguishes between the extreme forms of these planning approaches. In practice, many of the aspects are not completely mutually exclusive. For example, although process oriented, some "products" may be included in Strategic Planning, and similarly, despite its product orientation, Conventional Planning may incorporate processes and actions.)

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FURTHER INFORMATION

UMP/UNCHS: Papers and Proceedings of Global Conference on: "Reappraising the Urban Planning Process as an Instrument for Sustainable Urban development and Management", 1994 (IB HAB-053-RE-AC), particularly Key-note paper by G. Clarke.

UMP-Asia WP 97-2, Improving the Practice of Urban Planning, 1997

Iif PROVISION OF URBAN LAND AND SHELTER

BACKGROUND

Inadequate and inefficient supply of land

In most cities in the developing world a multiplicity of land delivery mechanisms exists, which has not generally been acknowledged by government. This has led to the emergence of large irregular settlements, which are either not, or under-supplied, with basic municipal services. Land information systems are not uniform and generally inadequate. Legal, economic and cultural obstacles impede access to land, particularly for women and for the poor¹⁹.

Direct central government interventions in the land market have generally been found to be ineffective and wasteful, while the positive potential for indirect (local) government intervention has not generally been utilised. In consequence, the public land delivery system has generally not been responsive to the people's needs.

Land Management

Lack of access to land is a major bottleneck preventing urban residents to participate meaningfully in the urban economy. Central and local governments are major custodians of urban land in many countries; however, such land is often under-utilised or poorly used. Even where privately owned land is predominant, market transactions are constrained by unclear, complex and often, contradictory, government rules and regulations, which guide access to land, and related infrastructure services.

¹⁹ With the exception perhaps of Latin America, where local government does regulate land and develop land information systems. Quite often, the major source of income is land property taxes.

Constraints on the supply of serviced land have a similar impact on housing supply: access to shelter is impeded by these factors. This is closely linked to the question of access to employment, land, infrastructure and other shelter-related services. This is important, as adequate housing is not just a basic human need. Housing provides socio-economic stability and is an important form of asset creation and savings. It provides a basis for access to the urban economy and it is a key source of employment.

ISSUES

Rationalising the land market

Governments need to recognise the above-noted multiplicity of land delivery mechanisms in urban areas, accept the roles played by the various actors and incorporate them as appropriate. As an example, where this is applicable, the customary land tenure system should be made more market oriented through enhancing the transparency of its availability, utilisation and pricing, supported by the development, integration and adoption of a land information system as well as dialogue with the customary land custodians.

However, in most countries urban land supply is highly restricted because of antiquated land legislation, a confusing and expensive institutional framework, ineffective and costly land registration procedures and systems, and high standards associated with land development.

Because of bureaucratic controls the land market is often highly distorted and dysfunctional, which substantially impedes market supply. Often a large number of departments are involved in land management and delivery (including central gov-

ernment ministries and parastatal agencies) which lengthens the bureaucratic process and increases the potential for corruption in the system. Squatting is one commonplace response to shortages and distortions in the land markets, and the organised land invasions of Latin American cities is another.

Inadequate supply of serviced land

Another common problem is that the limited quantity of serviced land supply often has large plots and high infrastructure standards, which most urban dwellers cannot afford. Even when such plots are clearly targeted for specific disadvantaged or deserving groups, they quickly acquire a high value due to the scarcity of serviced land and therefore attract other parties in the land and housing markets. Plots intended and indeed allocated to the poor, may therefore end up having high-cost construction for use by the better off.

Use of fiscal instruments (property tax, capital gains tax, incentive subsidies) in the management of land delivery have generally not been used to their full potential by central and local government.

Security of tenure

Significant sections of the urban population often lack security of land tenure, which denies them collateral for financing shelter development or improvement, thus artificially reducing the effective demand for shelter. In squatter areas frequent harassment and evictions often accompany this lack of security. These factors tend to stultify residents' investments in housing. Limited access to land also negatively impacts on the development and expansion potential of micro-enterprises, particularly where there are strict zoning regulations.

Addressing the needs of low-income households

In the development of a more effective housing delivery system, there is generally a need for national shelter strategies to have clear objectives at all levels, particularly the municipal level. Additionally there is a need to acknowledge the responsibilities of different actors (including municipal governments) to enable a clear focus on the comparative advantage of each. Further, it is often required to redefine roles in the production of shelter, management of land, infrastructure delivery and the construction industry. In support thereof, there is a need to mobilise and effectively distribute financial resources to the different client groups. Incentives must be created for all actors, including municipal government, to assume effective roles.

Inappropriate administrative and pricing policies for public housing, as well as inappropriate delivery standards are commonplace; in a suppliers market, administrative allocation in combination with below market pricing of units at provision standards attractive to other income groups almost guarantees that intended low-income target groups miss out.

Poor access to housing finance and housing finance institutions is a major issue, particularly for the urban poor. To obtain formal long term housing finance, formal collateral is generally required; as the most common form of collateral is usually the title of the property financed, the absence of security of tenure clearly presents an obstacle to the poor also in this regard. Informal housing finance options are generally expensive and short-term. Housing finance institutions often lack sufficient client orientation and

outreach into poorer areas (and are often averse to lending in small quantities to the poor).

Updating building and planning regulations

Likewise, outdated building and planning regulations, which generally impose high planning, building and building materials standards, also contribute to push formal private sector housing options out of reach of the poor, who cannot afford the housing options resulting from developers having to work within such parameters.

Options for action

1 Create a more efficient land market

A first important prerequisite for effective urban management, environmental upgrading, or urban poverty reduction is to make the land market work efficiently and effectively. The supply of land has to match the demand for it. This requires the removal or minimisation of the legal and administrative rules and regulations imposed by both central and local governments. More specifically, it requires regularisation of land tenure and simplification of the land registration process, particularly to improve access of the poor to serviced land and finance. Expedient land tenure regularisation of irregular settlements should, therefore, be pursued as a central element of (local) government land delivery. Additionally, but not necessary in conjunction, high priority should be given to the provision of basic services in these settlements (see section III b, below).

2 Extend security of tenure

Granting of land tenure on government or municipal lands should be pursued to enhance security of tenure. The required application, cadastration and approval procedures for this should be as simple and transparent as possible. Providing collective tenure security for communities can eliminate the need for individual titling and blocking, and will ameliorate land speculation and price increases. The nature of formal tenure required for adequate security to stimulate investments and serve as collateral may vary from country to country. Land leasing or sale of only development and user rights on urban land may help to limit speculation in land and keep land prices lower.

3 Increase and improve land delivery

Public land delivery will need to be carried out in a transparent and market-oriented manner. In the interest of efficiency and equity this may be devolved to the local government level. For this to work effectively, it will be necessary to strengthen local governments' institutional, fiscal and human capacities. These efforts should be supported by simple, unified systems of land information assembly, management and documentation, accessible and comprehensible to the public to ensure that land title registration will be cheap, quick and simple.

To augment land supply for economic activities of the urban poor, local government may zone specific land areas for micro-enterprises, farmers' markets, areas for hawkers' stalls. It could also increase flexibility in the zoning regulations to e.g. allowing rights of ways and river banks to be used for urban agriculture. In low income housing development schemes space could

be designed explicitly for economic activities of the urban poor.

The use of fiscal instruments (property tax, capital gains tax, incentive subsidies) in the management of urban land supply should be promoted by central and local government.

4 Institute a local housing delivery system

To develop a more effective local housing delivery system, local government could cooperate with concerned central government agencies in the development of a city-wide housing sector programme, in which low income housing demand and supply are seen as part of aggregate housing demand and supply. This is important as the housing actions of other groups directly impact on housing opportunities for the poor. This is the case, for example, where better-off households take over the small plots intended for the poor if adequate provision is not made for their needs.

5 Simplify and streamline the regulatory frameworks for land and housing

In that context, local government may, together with central government actors, adopt a variety of enabling actions in modifying the regulatory framework as it impinges on land supply and a variety of building and planning regulations (simplifying procedures, increased flexibility in approved building materials and standards, reduction in minimum plot sizes and infrastructure standards, acceptance of multiple uses of dwellings etc). In many cases, cooperation has been difficult with a tendency for central government to want to dominate the decision-making processes.

6 Recognise and support the role of rental housing

Local governments need to encourage the development of rental housing which caters for the needs of the majority of the low-income households. This renting ranges from getting and/or sharing a room in a slum area to being provided affordable cluster housing by private developers. Far too often, the emphasis in housing delivery is exclusively on providing home ownership, which does not improve access for those poor urban households, who cannot afford to own even basic shelter.

7 Encourage and extend the involvement of NGOs, CBOs and community groups

The role of NGOs and CBOs in mobilising resources for land and housing delivery, dissemination of information on land related issues (management and delivery) and mobilisation and organisation of the community can be effectively utilised as a positive force in enhancing transparency in the land market.

A basic function of municipal government is to ensure the provision of basic neighbourhood infrastructure and services in support of housing and land development. This involves mobilisation of community resources and, in poor neighbourhoods, utilisation of their labour.

8 Improve and extend housing finance mechanisms

In support of an enhanced housing supply system, steps can be taken to enhance the quality of the housing finance system by making sure that the relevant institutions are physically accessible and offer services that meet the demands of low-income groups. The range of financial institutions must be broadened particularly to cater for the provision of small loans. Loans associations and credit unions must be encouraged and appropriate provision must be made for loans, collateralised through group and mutual guarantees. Local governments may play a stimulating and facilitating role in the provision of these services. However, municipalities are not well placed to provide housing finance themselves and should be discouraged from intervening in the housing finance market directly.

Further Information

UMP 4 The Land Market Assessment: A New Tool for Urban Management. David E. Dowall. ISBN 0-8213-2703-8, 68 pages, published September 1995

UMP 5 Reforming Urban Land Policies and Institutions in Developing Countries. Catherine Farvacque, Patrick McAuslan. ISBN 0-8213-2092-0, 114 pages, published May 1992

UMP 7 A Framework for Reforming Urban Land Policies in Developing Countries. David E. Dowall, Giles Clarke. ISBN 0-8213-3642-8, 48 pages, published August 1996

UMP-WPS 6 Regularization and Integration of Irregular Settlements: Lessons from Experience. Alain Durand-Lasserve, Valerie Clerc. 93 pages, published May 1996

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IIg URBAN SAFETY AND SECURITY

BACKGROUND

Increasing urban violence and insecurity

Across the regions, the incidence of violence crime has been increasing. A few notable examples notwithstanding, most cities have seen an increase in their crime rates over the last few years. While crime against property, and especially the theft of cars remains the most dominant, crimes against the person, or where violence is involved, have been increasing at an alarmingly fast rate. In many cities, the problem has become acute and is now the main cause for concern. In a recent UMP survey of 19 municipalities in 16 cities in Latin America, urban violence was cited as the most or the second-most serious problem by all but two municipalities where it was amongst the third most serious category²⁰.

Other than Asian cities, where less than half of the population of cities of 100,000 or more have reported being the victim of a crime during the last five years, the figure for those in similar cities in all the other regions was over 50%. In some regions, the figure is over two-thirds, and in Africa, the figure was as high as 76%, where almost half of the victims had experienced assault and other crimes of personal contact²¹.

These are regionally aggregated and averaged figures; for individual countries and for particular cities within them there is considerable variation. Moreover, the incidence of crime and violence is more likely to be focused in particular parts of cities and amongst particular sections of the community. For example, young men are the most

vulnerable as well as the most likely to be involved in murders. Women are less likely to be the perpetrators or the victims of murder.

Domestic violence and crimes against women

However, murders of women are particularly high in some countries with an otherwise low murder rate. For example in Bangladesh or India where the figures of murders of wives (often connected with arranged marriages that fail, or over questions of dowry) by their husbands makes up a very high proportion of all murders. Women are also increasingly the victims of rape and domestic violence where the perpetrator is known to the victim, a considerable proportion of who are young girls below the age of 15. This particular category and sexual assaults on women in general, are perhaps the most likely to be under-reported, and therefore the actual incidence is likely to be much higher.

Social disintegration

The high level of crime and violence in cities has been attributed to a number of causes. These range from a break down or dilution of the socially integrating and supporting forces to the presence of temptation and opportunity on the other. It has been suggested that high levels of overcrowding, a lack of extended family or kinship networks and the general anonymity reduce the restraint that prevailed in earlier societies or in rural areas. The situation is worsened by the fact that parents may be involved in working long hours, leaving children unprotected and unsupervised and unable to offer the guidance and control that they would have been able to offer under different circumstances

²⁰ UMP-LAC, Cities at a Glance, June 1998

²¹ Figures compiled from various sources, quoted in UNCHS, An Urbanising World: Global Report on Human Settlements 1996

Cities have also been blamed for visibly exposing and juxtaposing extremes of material wealth, which combine with the exhortations of a consumer-oriented society to push young men to take to a life of crime to satisfy their wants. It has also been suggested that in cities the presence of drugs and guns provide a ready market and the means that encourage criminal activity, and that its escalation is merely a matter of time.

On the other hand, it has been said that the increase in crime is a reflection of a lack of will on the part of those responsible for keeping it in check. Certainly where a strong line has been taken by local government or police officers, the rates of crime have come down, sometimes dramatically. A particular case in point is Washington DC, once the crime capital of the USA. Similarly, there has been a remarkable downturn in criminal activity and violence in the city of New York, whose streets were once considered unsafe to walk on.

Politically motivated violence

The use of violent crime by political parties and even by governments wanting to extend their power and remit has been well known and can be found around the world. Cycles of violence, and violent behaviour once initiated or condoned become hard to curb even after they have outlived their original usefulness. Another particularly worrying aspect of the increase in urban violence is that associated with ethnic and cultural objectives and aspirations. Under this, violence is used not merely against people, forcing them to move or to act in particular ways, it has been used systematically against the very roots and symbols of the cultural identity of ethnic groups by their opponents. The use of terror to subvert the

political will of people is another tactic that has been used more effectively in urban areas because of their large concentrations of vulnerable groups. Such violence often escalates as a result of retaliatory measures.

Some of the factors and the causes listed above are not exclusive to urban areas. However, it is not altogether clear why they should lead to significantly more crime and violence in urban areas than they do in rural areas. It is also possible that a larger number of rural crimes go unreported. Certainly, the incidence of urban violence has a greater immediacy for a larger number of people, and therefore there is often greater attention paid to it than to rural violence or crime. The need to confront and control urban violence is of course very real.

Box IIg) 1

Safer Cities Programme -Africa

The Safer Cities Programme was launched in 1996 as a logical continuation of activities developed during UMPPhase II. During this period, Urban Safety as a theme was derived from the poverty reduction activities due to the fact that it corresponds to a demand of the urban poor. It also corresponds to a request of Mayors of big African cities who wanted to address urban violence and were looking for a prevention strategy at the city level.

During UMP phase II, international meetings and workshops were held with a view to discussing safety and security issues, access to justice for the urban poor in different regions. The intention was that the civil society and cities needed to start addressing the multifaceted aspects of urban violence. Among these were meetings held in Ibandan on violence in Africa (1994), Ouagadougou on access to justice for the urban poor (1995), and St. Denis, La Réunion, on poverty, justice and urban violence (1995). During that time, publications were issued on various topics, such as access to justice for the urban poor (L'Harmattan, 1995); violence in Africa (IFRA, 1994 co-sponsored by UMP); poverty and justice (European Forum on Urban Security/UMP, 1996); city approaches of prevention (Urbanization and Environment, April 1996); youth and violence (IFRA/UMP, 1997); the architecture of fear (UMP, 1997).

Partnerships were also established with some institutions specializing in project implementation on urban violence prevention, in promoting city networks on prevention and in research on urban violence. The main partners are: the International Centre for the Prevention of crime (ICPC, Montreal), the European Forum on Urban Safety (EFUS), the Institut Français de Recherche en Afrique (IFRAbased in Ibandan, Nairobi, Johannesburg), the Institute for Security Studies (ISS, in South Africa) etc

In line with the Habitat Agenda, which recommended crime prevention at the city level, and UMPPhase II, which emphasizes city consultations, the Safer Cities Programme launched a specific three-year programme on crime prevention in Johannesburg and Dar Es Salaam and has conducted city consultations in Antananarivo and Johannesburg. It has also supported the creation of the African Forum for Urban Safety in Dakar, the preparation of an Ivorian and a Senegalese National Forum for urban safety. In addition, Safer Cities and UMP are jointly organized and sponsored the Johannesburg Conference on Urban Safety (October 1998).

Safer Cities and UMP/ROA also organized a workshop on Poverty and Urban Safety in the 1997 Florence conference, the International Forum on Urban Poverty (IFUP). The Conference was instrumental in consolidating partnership approaches and networks of cities in which Safer Cities and UMP/ROA have been active in the Africa region. Participants to the workshop were drawn from Burkina Faso, Côte d'Ivoire, Kenya, Madagascar, Mali, Nigeria, Senegal, South Africa, Tanzania and Uganda.

All these activities have brought about demands for the extension of Safer Cities Program to other cities, for instance Durban, Cape Town, Antananarivo, Dakar, Abidjan. Particularly, the successful on-going implementation of the Johannesburg Project has led the Government of South Africa and South African Mayors (Cape Town and Durban) to formally request the extension of the program to their respective cities. UMPintends to replicate these experiences elsewhere in the African region.

UMP-Africa

ISSUES

Willingness to tackle crime and violence

There are a number of examples and instances from around the world that suggest that the cycle of urban violence and even ordinary crime can and has been reversed. In most cases it has taken an initiative either of the leadership or by the community putting pressure on the forces of law and order to take effective action. Such action has often relied on more or better policing tactic and methods, but has been easier and more effective when it has been backed up by community support and action.

For example the "zero tolerance" policing

methods was launched in New York to great effect, and later copied by other cities in other countries. The strategy is based on the premise that every criminal activity must be prevented, pursued and prosecuted with equal vigour, and that a lax or tolerant attitude towards one is an invitation to commit another. It argues that the tolerance displayed for the one is presumed to be an indication of the lack of willingness to counter other crimes. This strategy requires a greater input and effort by the police force, particularly the officer on the street. It also raises the impression of the police being given or using excess powers. However, where the strategy can be backed up by both the resources and the community support it can be effective.

In other instances, the community has taken the lead. In a number of cities in Britain, local residents living near red-light districts despaired of the ineffectiveness of police action to arrest or curb street-side activities. Vigilante groups started their own street patrols and made it very clear that they did not tolerate such activities. The very presence of people on the streets was enough to deter customers who feared public exposure, and the trade soon moved away.

The issues that such actions raise are the need for community action and support to push and pressure the relevant forces to act, and to support them when they do. The formation of citizens committees and action groups is a powerful signal to those that might be engaged in criminal activity. However, the danger is that most such action will merely move or displace the activity to another location rather than eradicating it. If enough community support is forthcoming, city-wide, then it is more likely to reduce crime than if it is localised.

The increase in violence and lawlessness in many cities particularly affects poor neighbourhoods. In some cities and countries spontaneous self-justice has developed as a way to respond to violence. The subculture of violence attracts, particularly in periods of recession, young people and is linked to the growing problem of drug abuse and trafficking. Domestic violence is manifested more frequently amongst the urban poor, particularly against women and children.

Options for Action

1 Mobilise public support for action against crime and violence

The first step is to ensure that there is public support for the reduction of urban violence and crime. Usually this is likely to exist where such activities are high but in some situations, it may be endemic, and to have gone on for so long as to leave people feeling helpless to do anything about it.

The use of the media and information networks is another essential ingredient of the process. UMP has been particularly successful in establishing rapport with the media, and has helped set up regional networks of the media, as in the Arab States, for example, to help promote and propagate awareness amongst urban communities.

2 Initiate dialogue and discussion between the police and the community

The use of consultations and dialogue between the law enforcement authorities and the community is an absolute essential step. The wider these consultations are held and the more support that can be built up for the process, the more likely the chance of success.

The formation of community-based networks and exchanges to provide information and offer support is another useful initiative. In particular this can help publicise successful initiatives as well as provide support for any unpleasant actions that may have to be taken.

In cities with high levels of personal and domestic violence and/or with considerable impact of the sub-culture of violence, the municipality may consider programmes to link community groups with law enforcement agencies (guided community policing), and programmes of employment generation targeting young people.

3 Decentralise and localise justice

The municipality can, in co-operation with the communities concerned, the judicial system and the police, give legitimacy to and institute procedures and criteria to deal with specific local cases within the communities themselves, effectively legalising and formalising existing informal practices.

Decentralisation (or municipalisation) of justice, with the participation of CBOs, or with the active co-operation of specially appointed judges will enhance access to justice for the poor.

4 Incorporate safety measures and features in planning local areas

There are a number of other actions that the local authority can take to support the community-based actions. These include

- the provision of adequate street lighting;
- the elimination of "blind spots" and no-go areas;
- the provision of safe, all-weather pedestrian links; and
- the use of electronic and video surveillance cameras to support and extend schemes such as neighbourhood watch and community policing.

5 Reduce Unemployment

Finally, Municipalities can help reduce unemployment – often cited as an underlying reason for crime and violence – through their potential and role as a major employer of manpower.

Further Information

UMP 20 Policy Programme Options for Urban Poverty Reduction: a Framework for Action at the Municipal Government Level. Franz Vanderschueren, Emiel Wegelin and Kadmiel Wekwete. ISBN 0-8213-3716-5, 55 pages, published September 1996

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