



People and Their Governments

Globalization creates new conditions for decision-making as many interdependent, loosely linked actors and institutions may have shared purposes but no shared authority. The challenges for governance in the 21st century include dealing with multiple stakeholders; interdependence of resources and actions; blurred boundaries of public and private spheres; coordination of goals; negotiation and interactive decision processes; and the building of consensus and trust.

Governance is much more than government. At the city level, it can be defined as the sum of the ways through which individuals and institutions (public and private) plan and manage their common affairs. It is a continuing process that may either lead to conflict or to mutually beneficial cooperative action. It includes formal institutions and informal arrangements, as well as the social capital of citizens.

Effective governance is increasingly dependent on people assuming their responsibilities as citizens and participating in decision-making and implementa-

tion. Citizens are learning to forge new alliances that strengthen their voice and make their concerns felt in legislation hitherto dominated by private interests. People may form collective entities or groups around common goals, becoming stronger political voices in the process. For their part, governments at all levels increasingly recognize the value of communication and consultation, negotiation of joint-decisions and joint-implementation of policies in meeting the changing needs of civil society.

Participation is often needed to define, elaborate and implement policies that are more responsive to community problems and needs. Participation can also contribute to better provision of goods and services, especially in cities where public institutions are unable or unwilling to provide them. Housing associations and private firms, for instance, provide social rented housing in western European countries; cooperatives in Turkey produce a quarter of the annual housing supply; while, in some developing countries, civil society organizations are involved in providing and maintaining basic services.

Naga City Participatory Planning Initiative - Philippines

Naga City established the Naga City Peoples Council and set the stage for a groundbreaking experiment in local governance. A virtual shadow government was established for civil society to work with the government, focusing on three main objectives: cleaning-up of the Naga River, management of solid waste, and revitalization of the Naga City Hospital. The participatory skills generated by the People's Council resulted in further initiatives, including improved service delivery, citizen empowerment, and greater accountability among service providers.

A Reflection of Society

The governance process is based on coordinating a sensitive mix of three main components: market-based strategies for the private sector, hierarchical strategies articulated by the public sector, and networking arrangements emerging from civil society. Governance strategies are not value neutral, but are shaped by - and help sustain - social and cultural values in addressing issues of public health, safety, risk reduction, infrastructure provision and social inclusion.

Governance must strike a balance between competitiveness and livability. Public institutions bear responsibility for articulating the values and priorities to guide this process, including the fiduciary responsibilities toward future generations. They alone can mobilize the political, economic, cultural and other resources to enhance the competitive advantages of their locations, while at the same time protecting environmental resources.

The gains of cooperation and coordination potentially include lower costs, greater community solidarity and more resources available to increase productivity and innovation and address pressing social ills. The complementarity of civil society and government is at the core of good governance, although stronger civil society does not necessarily arise spontaneously. A key element in democratic governance is the need to link formal government processes and the operating modes of informal networks. The viability of citizens and their NGOs in governance networks is contingent upon legislation enabling and regulating their capacities.

Cities and countries need to adopt legal and political structures through which civil society organizations can participate in policy decisions, planning issues and provision of services. Such structures must also take into consideration the nature of civil society organizations that form according to areas of interest and the possible lack of counterparts within local governments. To overcome discontinuities, local government leadership is vital for creating enabling urban environments that invite the broad based participation of civil society in all important decisions.

Poverty Reduction and Governance

Crucial to the discussions on appropriate governance processes in a globalizing world is their impact on urban poverty. As will be argued later, decentralization is one of most common mechanisms of government reform, though there is currently little evidence that decentralization *per se* results in the alleviation of poverty. A positive impact on urban poverty often depends on the role of central government in ensuring the viability, accountability and resilience of sub-national governments. Improving governance can benefit the poor both directly and indirectly, and a key to ensuring this lies in recognizing that the alleviation of poverty is a public responsibility, and that poverty is essentially unrealized human capital with potential benefits for the whole society. An increasing body of evidence suggests that good urban governance is critical to the reduction of urban poverty.

Although the relation between urban governance and poverty needs to be further explored, it is clear that non-inclusive governance can harm the urban poor and other vulnerable groups. Under-representation, discrimination and unresponsive bureaucracy entrench marginalization and reinforce social fragmentation.

What is Good Governance?

Over the past few years, the debate on urban governance has intensified at all levels, and tools have been developed for assessing the adequacy, viability and potential effectiveness of governance arrangements. The OECD emphasizes the need for coherence, flexibility, holism, particularity, participation, subsidiarity and sustainability. The Global Campaign on Urban Governance, initiated by UNCHS (Habitat), identifies sustainability, subsidiarity, efficiency, equity, transparency, accountability, civic engagement, citizenship and security as interdependent principles of good urban governance. However, tensions between these principles can also undermine government processes, such as conflicts between accountability and efficiency. While a consensus on the normative principles for good urban governance is emerging, patterns of successful implementation vary widely between regions, as well as between countries and cities within regions.

Recent years have shown that the reform of governance and the strengthening of local action is a slow process, and many weaknesses still remain. However, since Habitat II, significant progress has been made worldwide promoting democratic urban governance. Emerging issues and priorities are: (a) redefining the roles of government; (b) promoting city-wide development of strategies; (c) regulating equitable financial transfers between all levels of government; (d) encouraging free flows of information as a key to transparent governance, effective participation and civic engagement; (e) stressing the crucial role of leadership; and (g) promoting ethical conduct in the governance of cities. These areas are discussed in the next sections, with examples from different institutional, socio-economic and cultural contexts.