

URBAN GOVERNANCE

THE ROLE OF GOVERNMENT

Did you know that 38 percent of cities report that higher levels of government can close the local government?



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A New Role for the State

Many national governments retain direct control over the cities within their national boundaries. Provinces and localities, however, are becoming more important arenas for decision-making, with lower levels and many more actors involved in the planning and management of urban settlements. Globalization increases both competition and fragmentation. To respond effectively, cities need to act as a collective unit within an increasingly complex and fragmented landscape.

Hierarchical forms of government retain a significant role, but are criticized for lack of flexibility and adaptability. The overriding principle in government reform today is *subsidiarity*, implying that decision-making and public responsibility should be exercised at the level of authority most responsive to the public. Thus, many localities have, in recent years, witnessed decentralization policies and the introduction of 'direct democracy' provisions.

Notwithstanding a perceived 'hollowing out of the

state', central government continues to be important in the governance of cities, holding crucial fiscal and regulatory powers, as well as normative and political legitimacy. The new role for the state is to create frameworks and facilitate collective action with less direct intervention.

Empowering Local Government

Decentralization to sub-national and local levels of government has become a key strategy in many countries. The rationale for strengthening lower levels of government is both political (enhancing democratic practices), and economic (more effective and efficient implementation of public policies).

In a number of countries, constitutional reform has facilitated decentralization. For instance, in South Africa and in several Latin American countries, national constitutions have devolved planning, administrative and decision-making powers to local government. Acts transferring power from central to local levels have been promulgated elsewhere as well. In India, the 74th Constitutional Amendment Act is historic in this respect, as it prescribes decentralization and participation across the country, while promoting functional and financial autonomy for cities. In Senegal, legislative reforms resulted in a significant strengthening of the decision-making roles of local authorities, coupled with greater financial autonomy.

Strategies aimed at fostering relationships between national and local government have been reviewed in Bulgaria and the Netherlands. Guidelines for national legislation on decentralization in Europe are contained in the "European Charter for Local Self-Government", now signed and ratified by more than two thirds of the Council of Europe's 40 member states.

In some countries, however, the political structure, vested interests, and allegiances of powerful elites combine to thwart such progress. Incomplete and imperfect as the decentralization process may be, or hampered by political and practical obstacles, it is becoming the enabling force for effective urban strategies and a key aspect of improved national governance, overall.

Intra- and Inter-Municipal Governance

Decentralization can help construct new links between traditional representative governmental practices and forms of participation and collectivity (including neighbourhood associations and organizations of marginalized groups), strengthening local identities. However, these provisions do not necessarily mean a deepening of democracy.

Local Self Government Assistance Centre (LSGAC), Slovakia

The objective of LSGAC was to make local self-government more effective, responsive and accountable, building capacity among local support institutions to deliver training, institutional development programmes and other services to local government. With UNCHS (Habitat) and other partners, LSGAC has, since 1996, produced over 50 training manuals in Slovak, as well as educating over 150 trainers in leadership development, general and financial management, consultation skills, community planning and public works management, while greatly enhancing citizen involvement. To date, 226 municipalities have benefited from LSGAC's efforts.

Neighbourhood councils have been introduced in Amsterdam, showing that when municipal and district offices are better integrated into the planning process, there is more likelihood of greater long-term sustainability. New forums can increase the voice of marginalized groups, particularly where ethnic minorities are concentrated geographically. The Popular Participation Law in Bolivia, for example, has created municipal councils in which minority representatives now play a role in allocating resources.

Encouraging direct democracy is another growing trend, and rules governing elections and democratic practice are being changed to bring representative and participatory democracy together. In addition, referenda allow non-elected citizens to become involved in decision-making outside of the main elected bodies.

Reforms have also taken place at the metropolitan level, as with the re-creation of the Greater London Authority. New laws and budgeting procedures increasingly support local authorities in undertaking additional responsibilities, while broadening their tax base. Encouraging nation-wide inter-city cooperation aims at creating more efficient and competitive sub-national units. The Greater Vancouver Regional District in Canada, for example, now administers important regional services, and is controlled by member-municipalities through formal representation.

The creation of new territorial entities is another significant trend, the goal of which is to encourage the formation of functional units capable of capturing the efficiencies and competitive advantages of operating on larger scales. When creating new territorial entities, issues centre on redistributing responsibilities for policy-making among different levels, coordination, ensuring transparency, and encouraging citizen participation. Cross-border and transnational governance agreements are emerging in Western Europe. They can function as regional policy on specific issues such as immigration and transportation, where shared interests are obvious.

Capacity Building

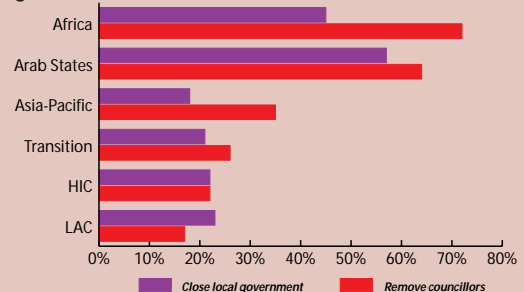
The uncertainties brought about by globalization, in which urban centres increasingly stand on their own economically, resulting in both winners and losers, will require re-distribution of central resources, compensation and social funds, and necessitate capacity-building programmes, particularly for weaker local authorities. Newly decentralized city governments often have too little experience to overcome huge deficiencies created over the years. They often lack capacity to match new and additional administrative and financial demands. There is need to both strengthen the local bureaucratic infrastructure and to train local leaders.

City Associations And Networks

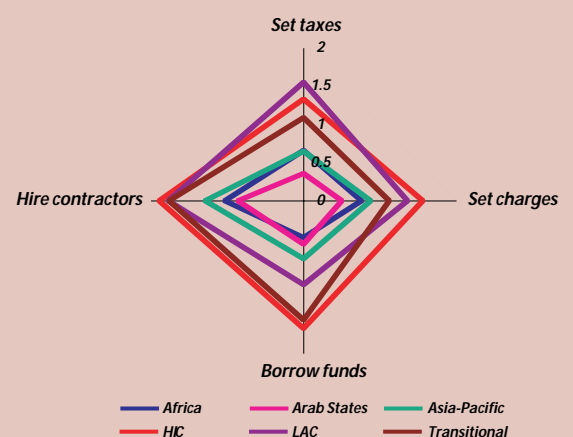
Associations of local authorities have proved to be effective in promoting better governance, including: speeding up decentralization; encouraging new approaches to sustainable urban development; promoting participation and transparency; and facilitating exchanges of experience and good practice. Several excellent capacity-building programmes have been initiated, such as the Association Capacity Building (ACB) Programme of IULA with activities worldwide.

Increasingly, city-to-city networks stretch across national boundaries as a result of dealing with problems that spill over jurisdictional lines. Eurocities in Europe and Citynet in Asia are good examples of such strategic alliances, as is The Urban Governance Initiative (TUGI) in the Asia-Pacific Region.

Higher level of governments are more likely to close local governments and remove councillors in African and Arab cities



How independent are local governments ?



This figure shows the extent to which local governments are relatively independent from national governments, by region, according to four indicator measures. On average, cities in the Arab States are the most constrained, followed by African cities and cities in the Asia-Pacific region. Cities in transition economies are less likely to be able to set taxes and charges than cities in Latin America, but are often able to borrow funds independently. Cities in the highly industrialized countries are largely independent on all these counts.