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SPECIAL THEMES: URBAN GOVERNANCE

Report of the Executive Director

Summary

1. The present theme paper has been prepared by the United Nations Centre for Human Settlements (Habitat) to support consideration of the special theme of urban governance at the eighteenth session of the Commission on Human Settlements.
2. Chapter I explores and demonstrates the importance of good urban governance to the implementation of the Habitat Agenda. Urban governance is the sum of the many ways individuals and institutions both public and private, plan and manage the affairs of the city. Emerging international consensus confirms the operational experience of UNCHS (Habitat): good urban governance is the key to urban poverty reduction and sustainable development.
3. Chapter II reviews experiences of good urban governance. Significant progress has been made in various countries and cities to promote good urban governance. This has been achieved through decentralization and the strengthening of local authorities; participation and civic engagement; transparent, accountable and efficient governance of cities; and involvement of women in decision-making, as well as an increased focus on issues of concern to women in local governance.
4. Chapter III explores strategies to promote good urban governance, including strategic and operational partnerships with local authorities and other partners. The UNCHS (Habitat) Global Campaign for Good Urban Governance provides a framework for normative debate, advocacy and capacity-building in which governance activities are undertaken and partnerships are given top priority.
5. Chapter IV considers the role of international cooperation in promoting and supporting programmes on urban governance. The campaign greatly enhances the scope and ability of the Habitat Agenda to increase international cooperation in promoting and supporting the urban governance agenda.

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6. Chapter V introduces points for discussion. Continued efforts are needed at all levels to intensify global normative debate, to advocate for further change in attitudes and approaches and to develop appropriate practical means and tools for building the capacity of all actors concerned in the promotion of good urban governance.

INTRODUCTION

7. The argument for good urban governance is clear: most of humanity will soon live in cities and the trend of urbanization is irreversible. Cities hold tremendous potential as engines of economic and social development, creating jobs and generating ideas through economies of scale and innovative civic cultures. Cities today, however, can also generate and intensify social exclusion, denying the benefits of urban life to the poor, to women, to youth, and to religious or ethnic minorities and other marginalized groups. Poverty is becoming urbanized.

8. Since the second United Nations Conference on Human Settlements (Habitat II), the debate on urban governance has intensified at all levels. The understanding of UNCHS (Habitat) of good urban governance is based on over 20 years of operational experience and the Habitat Agenda, which confirms that good governance means the difference between a well-managed, sustainable and inclusive city and one that is poorly managed and exclusive. Moreover, it is the experience of UNCHS (Habitat) that inclusive strategic planning, decision-making processes and management are key to good governance.

I. DEFINITION AND IMPORTANCE OF URBAN GOVERNANCE FOR PROMOTING SUSTAINABLE URBAN DEVELOPMENT AND REDUCING POVERTY

9. The concept of governance is complex and controversial. First, governance is not government. Governance as a concept recognizes that power exists inside and outside the formal authority and institutions of government. In many formulations, governance includes government, the private sector and civil society. Second, governance emphasizes “process”. It recognizes that decisions are made based on complex relationships between many actors with different priorities.

10. Urban governance is the sum of the many ways individuals and institutions, – both public and private , – plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens.

11. Urban governance is inextricably linked to the welfare of the citizenry. Good urban governance must enable women and men to access the benefits of urban citizenship. Good urban governance, based on the principle of urban citizenship, affirms that no man, woman or child can be denied access to the necessities of urban life, including adequate shelter, security of tenure, safe water, sanitation, a clean environment, health, education and nutrition, employment and public safety and mobility. Through good urban governance, citizens are provided with the platform which will allow them to use their talents to the full to improve their social and economic conditions.

12. The 1999 Human Development Report of the United Nations Development Programme (UNDP) demonstrates that despite the significant advances in human development in previous decades, extreme poverty persists. Over one billion people do not have access to clean water. In developing countries there are still 60 per cent more illiterate women than men. An estimated 1.3 billion people live on incomes of less than \$1 a day. ^{1/} In his millennium report: “We, the peoples: the role of the United Nations in the twenty-first century” (A/54/2000), the United Nations Secretary-General Kofi Annan declares that “extreme poverty is an affront to our common humanity, ” and calls on the international community, “to adopt the target of halving the proportion of people living in extreme poverty by 2015.”

^{1/} 1987 purchasing-power-parity (UNDP Human Development Report 1999, page 28).

13. There is an emerging international consensus that good governance is a crucial prerequisite for poverty eradication. ^{2/} The UNDP Poverty Report 2000 describes good national governance as the “missing link” between anti-poverty efforts and poverty reduction. The report goes on to declare that programmes to reduce poverty often “bypass and ignore” local government, hampering their effectiveness. The report also cites an important lesson learned by the United Nations Capital Development Fund that institutional strengthening of local government would take longer than conventional targeted schemes to benefit the poor – but that the eventual benefits would outweigh the costs. Such experiences confirm what UNCHS (Habitat) has learned through operational experience in some 200 cities: good urban governance is the key to urban poverty reduction and sustainable development.

II. REVIEW OF EXPERIENCE OF GOOD URBAN GOVERNANCE

14. Significant progress has been made in various countries and cities to devise mechanisms to promote good urban governance. This progress can be categorized in four broad strategies: first, to promote decentralization and strengthen local authorities; second, to encourage participation and civic engagement; third, to ensure transparent, accountable and efficient governance of cities; and, fourth, to involve women in decision-making while placing an increased focus on issues of concern to women in local governance.

A. Promote decentralization and strengthen local authorities

15. Constitutional reforms that provide periodic elections, an independent parliament and devolution of power and responsibilities to local governments have facilitated decentralization and strengthened local authorities. In South Africa and several Latin American countries, policy changes have been characterized by national constitutions that provide planning, administrative and decision-making powers to local governments. In Amsterdam, neighbourhood councils have been introduced. Formal government reforms have also taken place at the metropolitan level in the Greater London Authority area and the Municipality of Metropolitan Toronto. Systems of laws and budgeting procedures have been developed to support local authorities in undertaking new responsibilities. Such systems have also facilitated the widening of the tax base for the local authorities. Strategies for fostering relationships between national and local governments have been reviewed in Bulgaria and the Netherlands.

16. It is important, however, to strengthen the institutional and financial bases of local authorities to enable them participate effectively in the development process and to strengthen their ability to handle new responsibilities through the provision of training and capacity-building. The uncertainties brought about by the global economy, in which urban centers will increasingly stand on their own, call for the equitable distribution of central resources, compensation and social funds and capacity-building programmes for weaker local authorities. Associations of local government authorities have proven to be effective in lobbying for decentralization, encouraging new approaches to sustainable urban development, promoting participation and transparency and facilitating exchange. Several excellent capacity-building programmes have been initiated in the Philippines and in Slovakia, where a local self-government assistance center was established to help local governments become more effective, responsive and accountable to their citizens.

B. Encourage participation and civic engagement

17. Governments at various levels have undertaken interventions that facilitate an effective stakeholder consultative process and strengthen political, administrative and financial interventions at the local level. Through pressure on city governments, the significant development of citizens’ organizations has demanded greater participation in governance and has highlighted the need for greater equity in the definition of investment priorities. The growing recognition of these demands has created opportunities for low-income families to participate in their own settlement improvements, city-wide planning and other areas. Many cities

^{2/} Also see UNDP 1999 Human Development Report, World Bank 1999/2000 World Development Report and UNEP Global Environment Outlook 2000 report.

have instituted widespread community involvement in sectors such as planning, budget setting, environment, basic services, crime and conflict prevention and disaster preparedness. Examples include the citizens' involvement in budgeting in Porto Alegre and Belo Horizonte, Brazil, and Local Agenda 21 campaigns in Bolivia, South Africa and Denmark.

18. Despite these advances, the participation of citizens in the decision-making process is often still limited. This may be due to the sometimes uncoordinated and piecemeal nature of community groups' efforts. Citizens often only participate actively when the relevant groups or organizations support a particular interest.

19. The challenge is how local and national partners can ensure that decisions are made in full collaboration with all relevant stakeholders. It has been acknowledged that it is necessary to enhance the capacity, particularly of low-income groups, to participate. Forums for multi-actor participation, such as the People's Council instituted in Naga City, Philippines, community development councils in Colombo, and networks of local organizations set up to support one another help address these gaps. In countries with long traditions of decentralization, the new challenge has been to widen the participatory processes and mechanisms to involve more stakeholders. The city of Bologna is using information technology to foster citizen participation, and this has enormously improved citizen access to municipal information while promoting dialogue between citizens and municipal authorities.

C. Ensure transparent, accountable and efficient governance

20. Cities are expected to become increasingly efficient in the management of revenue sources and expenditures, the administration and delivery of services, and in enabling the private sector and communities to contribute formally or informally to the urban economy. Issues of efficient governance have been addressed through collaboration between public and private bodies at various levels, including public-private partnerships, contractual procedures and co-funding mechanisms. Experiences in the United Kingdom of Great Britain and Northern Ireland, Nigeria and the Philippines illustrate the benefits of these innovations.

21. Apart from efficiency expectations, the accountability of local authorities to their citizens is seen as one of the most fundamental tenets of good governance. Unaccountable and/or corrupt city management can undermine local government credibility and can deepen urban poverty. Improved transparency helps stakeholders understand local government and who is benefiting from decisions and actions. Access to information by a free media is therefore fundamental.

22. Some of the practical means of realizing transparency and accountability in local authorities that have been implemented are: transparent tendering procedures; independent audit reports; eliminating incentives to corruption; providing for regular disclosure of assets of public officials and elected representatives; public feedback mechanisms such as report cards; publication of documentation on the entire planning and participation process both in large and small-scale projects; and encouraging open and free debate about local government and urban issues in the media. It is important that such measures be integrated in a holistic integrity strategy adapted to specific city contexts. Evidence further suggests that a strong core of women political representatives can be causally linked with greater public sector transparency and accountability. Ethical principles for local government have been promoted in El Salvador and Zimbabwe. The experience of Penang, Malaysia, further illustrates the benefits of transparent local government and citizens' participation in a broad range of aspects that affect the city's development agenda.

D. Women in sustainable urban development

23. Increasing women's role in local decision-making and addressing issues of concern to women are the two key aspects for women with regard to good urban governance. In view of the fact that women and men experience cities differently, and women's needs are seldom represented in policy or planning, it is essential that women begin actively to advance their interests in local programmes.

24. Participation and civic engagement are critical to sustainable urban development. Women are able to impact meaningfully on governance issues if sufficiently empowered, informed and confident. Women must be represented in management and leadership positions and not just in social movements, decision-making forums and committees. Despite remarkable progress in, for instance, Scandinavian countries and Namibia, women remain under-represented, however, in governing structures, institutions and organizations within cities. It is important to develop policies that create a gender balance in decision-making by facilitating the increased participation of women at urban decision-making levels within both local authorities and civil society. Concrete and proactive programmes that have been undertaken to include women in local decision-making have taken place in India and Uganda.

25. Strategic gender-oriented intervention is needed in key areas such as basic services, economic rights, human rights, transport, violence and security of tenure. In Malawi, a gendered approach to water management resulted in greater participation and involvement by women and in an increase in payment. The Self-Employed Women's Association in India has made great strides in assisting poor women to access credit and microfinance. In Nepal, the Women Empowerment Programme empowers women through an innovative strategy integrating action-oriented literacy, sound micro-finance and microenterprise training, while inculcating an understanding of legal rights and advocacy. In Canada, a programme was initiated to identify women's safety issues in the city of Montreal, and resulted in an action plan to address safety issues for women and men.

III. STRATEGIES TO PROMOTE GOOD URBAN GOVERNANCE, INCLUDING STRATEGIC AND OPERATIONAL PARTNERSHIPS WITH LOCAL AUTHORITIES AND OTHER PARTNERS

26. UNCHS (Habitat) activities to promote good urban governance are undertaken within the framework of the Global Campaign for Good Urban Governance. The development goal of this campaign is to contribute to the eradication of poverty through improved urban governance. Good governance practices, such as involving citizens in city development strategies, eliminating corruption, promoting transparency and accountability, facilitating access to income-generating activities and improving the security of citizens and their living environment, all contribute to the reduction of poverty. The campaign will focus on the needs of the excluded urban poor and, recognizing that women are one of the biggest levers for positive change in society, specifically respond to their needs. It will make a significant contribution to the implementation of the Habitat Agenda and to the United Nations' action strategy to halve by 2015 the number of people living in extreme poverty. ^{3/}

27. The campaign theme – “inclusiveness” – reflects both the campaign's vision and strategy. The vision is to realize the “inclusive city,” a place where everyone, regardless of wealth, gender, age, race or religion, is enabled to participate productively and positively in the opportunities cities have to offer. Inclusive decision-making processes are an essential means to achieve this and are a cornerstone of the campaign. Indeed, good governance contains a pro-poor moral imperative: if cities are to practise good governance, i.e., inclusive governance, then there is a need to seek out and include the poor and marginalized in the decision-making process.

28. The objectives of the campaign are to increase the capacity of local governments and other stakeholders to practice good urban governance and to raise awareness of and advocate for good urban governance around the world. These objectives will be achieved through the three elements of normative debate, advocacy and capacity-building. Each of the flagship products of the campaign will fit into one of these elements.

^{3/} United Nations Development Group, “Halving Extreme Poverty: An Action Strategy for the United Nations”, November 1999.

A. Normative debate

29. Once the adjective “good” is added to the discussion on urban governance, a normative debate begins. UNCHS (Habitat) is attempting to define the “desired standards of practice” of urban governance. Adding such a value judgement to “governance” increases the controversy exponentially. Different people, organizations, Governments and city authorities will define “good governance” according to their own experience and interest.

30. The normative debate will be centred around the Declaration on the Norms of Good Urban Governance. An inclusive process is vital to the success of any attempt to define universal norms (or desired standards of practice) for good urban governance. To be truly normative, the debate must be grounded in three potential sources of universal norms: international legal instruments; commitments made by Governments at major United Nations conferences; and operational experience in cities.

31. Major international legal instruments relevant to a discussion on the norms of good urban governance include: the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social and Cultural Rights (1966), the Convention on the Elimination of All Forms of Discrimination against Women (1979); the Declaration on the Right to Development (1986); and the Convention on the Rights of the Child (1990). Another key source of potential norms are the commitments made by Governments at major United Nations conferences, particularly in the 1990s. ^{4/}

32. The 20 years of experience acquired by UNCHS (Habitat) while working with cities is also an important source of potential norms. Its global programmes represent an important window on the global normative debate. Building on its own experience and that of partners, the Global Campaign for Good Urban Governance is developing and testing good governance norms. UNCHS (Habitat) has initiated the global debate by arguing that good urban governance is characterized by sustainability, decentralization, equity, efficiency, transparency and accountability, civic engagement and citizenship and security. These norms, or desired standards of practice, of good urban governance, introduced below, are interdependent and mutually reinforcing:

(a) Sustainability in all dimensions of urban development: Cities must balance the social, economic and environmental needs of present and future generations;

(b) Decentralization of authority and resources: Responsibility for service provision should be allocated on the basis of the principle of subsidiarity, that is, at the lowest appropriate level consistent with efficient and equitable delivery of services;

(c) Equity of access to decision-making processes and the basic necessities of urban life: The sharing of power leads to equity in the access to and use of resources. Women and men must be equally represented, their needs and priorities equally addressed, in all urban decision-making and resource allocation processes;

(d) Efficiency in the delivery of public services and in promoting local economic development: A key element in achieving efficiency is to recognize and enable the specific contribution of women to the urban economy;

(e) Transparency and accountability of decision-makers and all stakeholders: The accountability of local authorities to their citizens must be a paramount concern; there is no place for corruption in cities;

^{4/} See in particular: World Summit for Children (1990); United Nations Conference on Environment and Development (1992); World Conference on Human Rights (1993); World Summit for Social Development (1995); Fourth World Conference on Women (1995); and United Nations Conference on Human Settlements (Habitat II) (1996).

(f) Civic engagement and citizenship: People are the principal wealth of cities; they are both the object and the means of sustainable human development. Civic engagement implies that living together is not a passive exercise; people must actively contribute to the common good;

(g) Security of individuals and their living environment: Every individual has the inalienable right to life, liberty and the security of person. Cities must strive to avoid human conflicts and natural disasters by involving all stakeholders in crime and conflict prevention and disaster preparedness. Security also implies freedom from persecution and forced evictions, and provides for security of tenure.

33. Through a participatory process at the local, national, regional and global levels, these norms and their operational principles are being discussed, debated and adapted by key partners at all levels. The Declaration on the Norms of Good Urban Governance will be the principal vehicle for normative debate and will also focus on specific means of implementation. At the local level, the Declaration is designed to be endorsed, adopted and implemented. Local authorities, in particular, are urged to hold local consultations and identify specific means of operationalizing the Declaration. At the global level, it will be presented to the Commission on Human Settlements and subsequently to the General Assembly for approval.

34. The preparatory process for the upcoming review and appraisal of the implementation of the Habitat Agenda and other regional and international meetings, represent important opportunities for debating the norms of good urban governance. During the first session of the Preparatory Committee for the special session of the General Assembly, the draft Declaration was presented and a dialogue on the norms was held, resulting in an endorsement of the Declaration and a call for further development and discussion.

B. Advocacy and capacity-building

35. UNCHS (Habitat) will advocate for the norms of good urban governance and build a constituency for change in values, behaviour, attitudes and approaches at all levels. A policy paper on women in urban governance was prepared and contributed to World Habitat Day celebrations. This paper outlines key policy issues, focusing on what has been achieved and what still needs to be done and will serve as a guideline for further action. A good governance index and indicators will be developed and tested through a network of global urban observatories.

36. Capacity-building will be undertaken through operational activities at the city level. Illustrative cities are being selected to demonstrate and promote good governance approaches. Information collected through a survey of UNCHS (Habitat) programmes and partners will be used to map out what is being done and will ultimately be used as the basis for the selection of the illustrative cities. A first meeting of potential illustrative cities took place in Hangzhou, China, at the same time as the regional meeting held there from 19 to 22 October 2000 to prepare for the General Assembly's special session in 2001. Interested cities gathered to discuss criteria for illustrative cities and to explore how such cities could contribute to the campaign.

37. A good governance tool kit, based on the common experience of UNCHS (Habitat) programmes and including partners' tools, is under preparation. Work within the programme convergence team has resulted in an agreement on a common framework to support participatory governance in cities. A first draft of the tool kit will be prepared in early 2001. The tool kit will be a key instrument in implementing the normative framework at the city level.

C. Strategic partnerships

38. The Global Campaign for Good Urban Governance will be successful only to the extent that partners actively engage in its implementation. The campaign will work with networks of partners at the local, national, regional and global levels. At the global level, representatives of the major partner groups have formed a Global Steering Group, ^{3/} responsible for providing overall leadership and strategic guidance to the campaign, which held its first meeting in May 2000. Regional strategies for campaign implementation have been prepared and their implementation has begun. Regional steering groups are being formed to support the process and steering group members will actively take part in the campaign implementation.

39. The next major steps in the campaign strategy are a series of campaign launches, to be undertaken with various partners. The first launches will take place in the Philippines and Sri Lanka, South Africa and Nigeria and two countries in the Latin America and Caribbean region. These launches will take different forms depending on the needs and context but all will promote the campaign norms and principles and result in follow-up activities. A series of local-to-local dialogues on the theme of “Women in Urban Governance” will begin in Asia in October and will be expanded to other regions early next year. Thematic campaigns, such as “Cities for Integrity”, are being considered.

IV. ROLE OF INTERNATIONAL COOPERATION IN PROMOTING AND SUPPORTING PROGRAMMES ON URBAN GOVERNANCE

40. Good governance is a priority for virtually all United Nations agencies and international lending institutions. The recent UNDP report, Overcoming Human Poverty: UNDP Poverty Report 2000, confirms the experience of many United Nations agencies that “even when countries seek to implement pro-poor national policies faulty governance can nullify their impact”. The report singles out local governance as “a neglected reform, a critical missing piece in the poverty reduction puzzle”, and a key entry point for change.

41. As efforts to improve urban governance intensify around the world, there is a greater need than ever for a coordinated and cooperative approach in supporting these initiatives. Improved urban governance has been linked with the increased impact of investment and development aid towards poverty reduction. UNCHS (Habitat) is working closely with UNDP, UNEP, the United Nations Children’s Fund and the United Nations Educational, Scientific and Cultural Organization through ongoing programmes such as the Urban Management Programme, the Sustainable Cities Programme, Localizing Agenda 21 and the Disaster Management Programme, as well as through the link between norms, international conventions and agreements. The campaign framework, particularly the global steering group, will greatly increase the scope and ability of UNCHS (Habitat) to increase international cooperation in promoting and supporting the urban governance agenda.

V. POINTS FOR DISCUSSION

42. Significant progress has been achieved in recognizing the need for good urban governance as a key to poverty reduction. While consensus on normative principles for good urban governance is emerging, implementation modalities vary widely between regions, countries and even cities. Continued efforts are needed at all levels to intensify debate on global norms of good urban governance; to advocate for further change in values, behaviour, attitudes and approaches at the national and local levels; and to develop

^{3/} Global Steering Group members are currently as follows: United Nations Advisory Committee of Local Authorities; International Union of Local Authorities; United Nations Children’s Fund; International City/County Management Association; Transparency International; International Council for Local Environmental Initiatives; Urban Governance Initiative; Habitat International Coalition; Huairou Commission; N-AERUS; media representatives; UNCHS (Habitat).

appropriate practical means and tools, while encouraging wider dissemination and application of successful practices and building the capacity of all actors concerned in the promotion of good urban governance.

43. In particular, cities have a central role to play in sharing experiences, peer-to-peer learning, and the development and use of tools for good urban governance. Cities can become illustrative cities, and share their best practices and lessons learned. They can debate and adapt the norms of good urban governance at the local level, and make a commitment to realizing norms that are a priority for them. They can institutionalize the involvement of citizen groups in the urban development and planning process. Further discussion is needed on the criteria for illustrative cities and on possible mechanisms to ensure city concerns are linked with international agreements and the normative debate.

44. Recognizing the important role of local authorities in sustainable urban development, national governments can contribute to good urban governance by promoting constitutional reviews to strengthen the decentralization process. They can engage in policy reviews based on the principle of subsidiarity, provide capacity-building support to local authorities and ensure that new responsibilities are matched with sufficient resources to meet the challenge. They can also promote the use of tools to further good governance in cities and towns and make use of national indicators and indexes to measure progress. National associations of local government authorities can play a coordinating and supportive role. Further discussion is needed on how national governments can best support such a process.

45. The international community can integrate the norms of good urban governance into development aid and investment packages. It can support national government efforts to decentralize and local authorities' efforts to reduce poverty and realize the "inclusive city" goal by supporting activities within the good urban governance framework. Collaboration between international agencies in urban development can be promoted under the common banner of good urban governance. Further discussion is needed on mechanisms to achieve a mainstreaming of principles of good urban governance in international cooperation initiatives.
