Dialogue on urban renaissance: towards new powers for local governments in a globalizing world

Abstract

Urbanization and globalization call for an urban renaissance and the United Nations Human Settlements Programme (UN-Habitat) supports the attendant decentralization of powers and capacities in favour of local government. The new approach of global governance empowers local communities to pursue global standards or objectives, such as the Millennium Development Goals. Recognition of the need for decentralization goes all the way back to the landmark United Nations Conference on Human Settlements (Habitat II), held in Istanbul, Turkey, from 3 to 14 June 1996. Subsidiarity is the keystone upon which the whole edifice of decentralized governance rests, including improved accountability and effective delivery. The other main principles are local autonomy (the administrative relations between local authorities and other spheres of government), financial capacities (the vital area of financial resources and the tax-raising powers of local government) and local democracy (participation of citizens and civil society organizations in the decision-making processes at the local level). The recent worldwide drive towards decentralization and democratization has found a firm underpinning in the constitutional entrenchment of the scope and powers of local authorities on the basis of internationally recognized principles. This process furthers the objectives of the Habitat Agenda and sustainable urban development in an urbanizing world; it also creates a favourable environment for the pursuit of the Millennium Development Goals. The present paper suggests an agenda for discussion of urban renaissance at the Second World Urban Forum. The challenges of decentralization are outlined in the annex.

Contents

Discussion points

- Decentralization and local government capacity-building pave the way for urban renaissance.

- They provide the enabling environment required to achieve the objectives of the Habitat Agenda and the Millennium Development goals.

- Decentralization enables local authorities to deal more effectively with the impact of globalization at the local level and to filter out any undesirable effects.

- Subsidiarity ushers in a new form of partnership among national, provincial and local authorities, and is conducive to effective and integrated decision-making.

- Over and above fostering representative democracy, governance should also strengthen participatory democracy.

Dialogue on urban renaissance

Foreword

1.   Urban renaissance[1] as a process aims at improving the quality of life in towns and cities and at making sure that they are places where people choose to live, work and enjoy themselves. Promoting and delivering urban renaissance is a central tenet of engagement by UN-Habitat with local authorities. In the present paper we view urban renaissance in the context of globalization and of the UN-Habitat mandate on empowering local authorities, including through implementation of Governing Council decision 19/12 on decentralization and strengthening of local authorities. The present paper is largely based on the discussion at the inaugural meeting of the Advisory Group of Experts on Decentralization (AGRED), held in March 2004.

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[1] House of Commons, Select Committee on the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions. 12th Report, London, August 2003.

I. Background: globalization and urbanization

A. Background

2. "Globalization of the world economy presents opportunities and challenges for the development process, as well as related risks and uncertainties. In this context, international cooperation assumes added significance and importance in the wake of recent trends in the globalization of the world economy on the one hand, and the continued deterioration of the plight of developing economies, on the other. Problems resulting from poverty, urbanization, lack of adequate shelter including social housing, rapid population growth, rural-urban migration, economic stagnation and social instability are especially acute."[2]

3. The need for an urban renaissance arises in an unprecedented context. For the first time in history, the majority of the world's population will soon be living in what are defined as urban areas, including in the developing world. Today, 40 per cent of the population of developing countries already live in cities. By 2020 that figure will have risen to 52 per cent[3]. The greatest challenge will be in Africa and Asia, where a major demographic change is expected. By 2015, 153 of the world's 358 cities with more than one million inhabitants will be in Asia. Of the 27 mega-cities with more than 10 million inhabitants, 15 will also be in Asia. Mega-cities with 20 or 30 million inhabitants – i.e., conurbations larger than any in history – are on the cards.[4]

B. Paradox of "glocalization": both more global and more local

4. The concept that has come to be known as "glocalization"[5] is an innovative strategy that empowers local communities to pursue global standards or objectives. In a new twist to globalization, the notion encourages greater respect by global powers for local powers and cultural diversity. Glocalization is marked by the end of so-called "territorialism"[6], i.e., a situation where social, economic and political space may only be reduced to territorial parameters. The notion of glocalization has engendered an apparent paradox whereby civil order is becoming more global and more local at the same time. This suggests that the economic and information-related elements of globalization are reaching into the remotest areas of the planet, forcing them into the new global reality even as local issues increasingly turn into major social and political concerns.

5. This new trend is pushing human settlements of all sizes to the forefront at the global and local levels. In many localities, people are overwhelmed as their traditional cultural, spiritual and social standards and values are giving way to those, more consumer-oriented, that come with globalization. In reaction, many localities have come to stress their own identities, roots, cultures and values, giving pride of place to their own neighbourhoods, areas or towns, with the family – the smallest unit in society – playing its own role in the process. In political terms, this has been translated into related demands on political decentralization: to deal more effectively with the impact of globalization at the local level, and to filter out any undesirable effects of internationalization.

6. As distinctions fade between traditional political spheres and other elements of society, human settlements and large cities have gained prominence in the global economy. This urban renaissance has, in its own right, triggered a shift in attitudes towards urban governance: cities are now increasingly viewed as a product to be marketed on regional and global scales. Information and communication technologies allow for foot-loose, worldwide investment funding, resulting in vast increases in the volume and speed of international capital flows of all types, from foreign direct investment to short-term banking activities.

7. Globalization has placed human settlements in a highly competitive framework of inter-city linkages and networks, in a geographical context limited only by planetary boundaries. Political globalization has caused many nations to come closer to democratic principles and liberalization. Decentralization should be viewed in this context. The international community has adopted the Millennium Declaration[7] and, in particular, a set of time-bound targets for human development. They

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[2] UN-Habitat, Habitat Agenda, para. 196 (1996).
[3] UN Population Division, NY, World Urban Prospects, Revision Data Tables and Highlights, 2001.
[4] State of the World Cities Report, UN-Habitat, 2002.
[5] Global Forum, Third Annual Globalization Conference, 2004.
[6] 25th special session: Report of the Executive Director of the United Nations Centre for Human Settlements on the review and appraisal of progress made in the implementation of the Habitat Agenda, 6-8 June 2001, page 7, para. 13.
[7] General Assembly resolution 55/278 of 8 September 2000.

include halving income-related poverty and hunger, achieving universal education and gender equality, reducing child mortality by two-thirds and maternal mortality by three-quarters, reversing the spread of HIV/AIDS and halving the proportion of people without access to safe water. These targets are to be achieved by 2015, with 1990 as the baseline. The question is: What are the enabling instruments for local implementation of these commitments? It is widely accepted that governments at all levels should provide an "enabling environment". The challenge is to create an all-inclusive system of governance that takes in the views of all partners. This is why democratic and decentralized governance is often considered as a requisite component of development initiatives.

II.   New guiding principles for an urban renaissance

A.   Need for decentralization

8.   The arguments in favour of decentralization are well established: stronger local authority encourages public engagement, a sense of ownership over services, accountability and transparency, efficiency and, in many cases, equity. It is a complex task, however, to determine which institutional, legal and financial frameworks are best able to bring these benefits to fruition. Fuller discussion of the potential for improvement, combined with country experiences, can shed light on the relationship between local government reform and actual performance.

9.   At Habitat II, held in Istanbul in June 1996, national Governments committed themselves to the objective of decentralizing authority and resources[8.] Prior to this, on the eve of the conference, the first-ever World Assembly of Cities and Local Authorities called upon the international community to take steps "to draw up in partnership with the representative associations of local authorities, a world-wide charter of local self-government, setting out, for the guidance of all national Governments and international agencies, the basic principles which should underlie any democratic local government systems". Whereas in 1985 the Council of Europe adopted a European Charter of Local Self-Government, United Nations Member States have failed to adopt a draft World Charter for lack of consensus.

10.   In February 2001, the Commission on Human Settlements requested the Executive Director of UN-Habitat to intensify dialogue among governments at all levels and other partners in support of the implementation of the Habitat Agenda. This was to include all issues related to effective decentralization, the strengthening of local authorities, guiding principles and, as appropriate, legal frameworks. The Commission called upon the Executive Director to make this dialogue as open-ended and inclusive as feasible.

11.   UN-Habitat held its first dialogue session on decentralization at the first World Urban Forum in May 2002. During the nineteenth session of the Governing Council in May 2003[9], a dialogue session on effective decentralization addressed the following topics: the role of decentralization policies and principles in strengthening the capacities of local governments; enhancing their ability to implement the Habitat Agenda and achieve sustainable development; and making good the commitments required from both local and national governments to achieve effective decentralization. This first dialogue was held pursuant to resolution 18/11 as adopted by the Commission on Human Settlements. As a follow-up to the same resolution, UN-Habitat commissioned a report entitled: "Decentralization in global perspective: A review of 28 country experiences",[10] which formed a basis for the dialogue.

12.   At its nineteenth session, the UN-Habitat Governing Council adopted resolution 19/12 on the decentralization and strengthening of local authorities.[11] Among other things, the resolution requested the Executive Director to take further steps and measures to intensify dialogue on decentralization and strengthening of local authorities among Governments, local authorities and other Habitat Agenda partners, including through the Committee of Permanent Representatives to UN-Habitat, the Advisory Committee of Local Authorities and at the second World Urban Forum. The objective was to develop recommendations to be presented to the Governing Council at its twentieth session and to document best

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[8] Report of the Governing Council of the United Nations Human Settlements Programme, 19th Session, (5 –9 May 2003), General Assembly Official Records 58th Session, supplement No. 8 (A/58/8), United Nations, New York, 2003.

[9] Ibid.

[10] Decentralization in the global perspective – A review of 28 country experiences, UN-Habitat, 2002.

[11] Report of the Governing Council of the United Nations Human Settlements P rogramme, 19th session (5-9 May 2003). General Assembly Official Records 58th Session, supplement No. 8 (A/58/8), United Nations, New York, 2003, pp. 48-49.

practices.

13.   The resolution also endorsed the Executive Director's proposal to establish a multidisciplinary ad hoc advisory panel on decentralization, with balanced participation of developing and developed countries, to support dialogue on this all-important topic.

14.   As a consequence of this resolution, the Advisory Group of Experts on Decentralization (AGRED) held its inaugural meeting at Gatineau, Canada, in March 2004.[12] The experts discussed the main principles of decentralization, including subsidiarity and local autonomy and the constituent elements of those principles. They also discussed the main principles of decentralization on the basis of earlier (1999–2000) discussions on the draft World Charter of Local Self-Government. With a view to ensuring continuity from Gatineau to Nairobi (the twentieth session of the Governing Council) and Barcelona (the second World Urban Forum), the following sections are mainly drawn from the deliberations of the AGRED meeting.

B.   Principles of decentralization

1.   Subsidiarity

15.   The principle of subsidiarity means that decisions are taken, and services delivered, at the most local level of government consistent with the nature of the decisions and services involved. It is a cornerstone of democratic and participatory development that any allocation of tasks and responsibilities abide by this principle. Subsidiarity stands as the keystone which all other principles – including local autonomy – build upon. It can act as a guarantee of improved levels of accountability and efficient delivery.

16.   Subsidiarity is not a hierarchical principle whereby local authorities rank lowest and, therefore, as the least important echelon of government. Rather, it is leading to a new form of partnership between the distinct spheres of government (national, provincial, and local), with a view to securing effective and integrated decision-making. Such cooperation between authorities is particularly relevant to the major issues facing our cities and human settlements, including employment creation, social inclusion, and improvement of the environment, urban policy and rural development. Acting entirely on its own, a single level of government can neither solve any of these crucial issues nor further urban renaissance: all spheres need to make their own relevant contribution in a genuine partnership.

17.   Since Habitat II, many new developments have exercised considerable influence on the formulation of policy, in turn elevating the profile and importance of cities and local authorities vis-à-vis sustainable development. The most significant of these new notions that have gained wide currency since 1996 is that of subsidiarity. It was not widely discussed at the time of Habitat II, although in paragraph 177, the Habitat Agenda[13] refers to it implicitly. In its resolution 19/12, the Governing Council recognized the principle of subsidiarity as an underlying rationale for the process of decentralization.[14]

18.   The emergence of subsidiarity as the political mainstay and organizing principle of decentralization policies in the post-Habitat II period must be appraised against a specific background – one where a number of countries look further to deepen democratic reform, and to provide for more flexible economic planning and decision-making powers to local and intermediate government. This is part of a continuing process of modernizing government and administrative practice, which should both stimulate and validate the proposed decentralizing reform of local government.

19.   It would be wrong to consider subsidiarity remotely from the principles underlying global economic liberalization. Those principles confine central government to the roles of enabler and regulator. They also promote greater local autonomy, participation in decision-making and individual responsibility as opposed to collective rights. Local government increasingly acts as a community leader and a catalyst, bringing together local stakeholders in partnerships for development, and acting as an advocate for the local community.

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[12] UN-Habitat, Report of the Inaugural Meeting of the Advisory Group of Experts on Decentralization (AGRED), UN-Habitat, 2004.

[13] UN-Habitat, Habitat Agenda, para. 177 (1996).

[14] Report of the Governing council of the United Nations Human Settlements Programme, 19th session (5-9 May 2003). General Assembly Official Records 58th Session, supplement 8(A/58/8), United Nations, New York, 2003, pp. 48 49.

2. Local autonomy and accountability

20.   Under this principle, local authority bodies enjoy their own separate legal existence with well-defined roles and responsibilities, along with the powers of discretion, entitlement to property rights and the ability to prepare and manage their own budgets, as well as to exercise authority in all areas within the powers legally binding upon them. That said, however, central governments are well positioned to help local authorities determine local policies and strategic frameworks within national policy guidelines, which they can develop together through consultation.

21.   The political decision, at national level, to commit to decentralization has implications for the administrative relations between local authorities and other spheres of government. The idea is to facilitate the effective exercise of new rights and responsibilities by local government in the light of the new decentralized dispensation.

22.   The provisions in the draft World Charter of Local Self-Government offered a safeguard against the widespread phenomenon of the arbitrary dissolution of local authorities and councils by higher levels of government. Another aim was to ensure that, in their relations, both parties acted within the bounds of legality, and preferably as part of a constitutional framework above and beyond the shifting sands and vagaries of everyday politics. Moreover, the draft World Charter granted supervisory powers to higher levels of government to ensure consistent, across-the-board local enforcement of national statutes, policies and programmes. It must be noted, however, that this stance assumed a positive correlation between lighter supervision and improved performance, or, in other words, that undue control from higher up could only hamstring local authorities.

23.   Local autonomy is a notion which no future recommendations on decentralization can afford to overlook, while retaining the principle of legal accountability to higher levels of government on the part of local authorities. It would greatly enhance the legal status of local authorities if it were flexible enough to enable them to issue decrees and by-laws consistent with the constitutional and statutory law.

24.   Another need is to acknowledge that different local authorities require different powers. For example, a large metropolitan area will require high degrees of autonomy if it is to fulfil its potential for the benefit of the entire national economy, and therefore of central government as well. On the other hand, weak local authorities, including those governing small settlements, may require more guidance and support, provided, however, that such supervision decreases as those authorities build capacities over time. It is impossible to overemphasize the issue of the links between local authorities and the outside world, including their ability to associate with other foreign local authorities or to access international financial markets, both being sensitive issues for many national Governments.

3. Financial resources and capacities of local authorities

25.   The transfer of human resources and expertise to local authorities should complement the transfer of financial resources, in order to ensure proper management and delivery of municipal budgets and the provision of urban services. The amount of resources required should be determined through a consultative process involving both the central or – where appropriate –provincial government and local authorities, including their associations. This process would benefit from objective cost assessments carried out by financial experts.

26.   In some situations, it could be a good idea to stimulate the implementation of national policy at the local level through earmarked resources. Local authorities should, however, be in a position to raise their own resources. The issue of local authorities' financial and fiscal responsibility and accountability will also require attention, including tapping national or international markets for capital investment. At the same time, financial allocations are better kept on a general-purpose footing, with the aim of increasing municipal discretion over local spending.

27.   Where personnel management is concerned, one option worthy of attention is to set up separate civil service streams for central and local government, and to ensure that local authorities have full responsibility over their own personnel. It is of great importance to ensure that higher levels of authority do not exercise excessive control over local fiscal arrangements – except as explicitly authorized by law.

28.   Where locally determined taxation is concerned, a comparative analysis of the efficiency and transparency of various taxes should be carried out, to identify best practices. The need for effective tax collection must also be highlighted. More research in this area would be helpful.

4. Governance and local democracy

29.   Ensuring that decentralization goes hand-in-hand with democratization and civic commitment is important. Local institutions must open up to civic participation, which in turn must usher in and reinforce representative democracy. Decentralization of authority should not encourage competition between cities.

30.   Especially when associated with the attendant principles of participation, accountability, legitimacy, responsiveness and transparency, governance is the essence of civil society participation. Simple ways of implementing these principles include holding public meetings and making decisions in public; giving notice of issues to be considered; giving the public opportunities to make representations before final decisions are made; and, finally, community empowerment. Another critical element is to ensure that records are kept and to guarantee public access to information. In this regard, community participation should be an overarching principle of any guideline to be formulated. Indeed, community participation should not simply be a right of local authorities, but an obligation that they must discharge. The process should not be confined to fostering representative democracy: it should also strengthen participatory democracy.

31.   One cannot overstate the importance of collecting instances of community participation that are conducted in many parts of the world. At the same time, recommendations being developed by bodies such as the Council of Europe on civic engagement can only enrich the collective experience already gathered.

32.   The notion of "civil society" is by no means clear-cut; nor is there any more clarity about its constituents, or the legitimacy of its organized expressions, or the structural implications of promoting civic engagement. There is often tension between the conflicting needs of ensuring community involvement, with its structural complexity, and preventing the alienation of citizens. More effort must be made to gather and review local experience when making further recommendations on this aspect of decentralization. In this regard, the dialogue session at the second World Urban Forum on the role of civil society in enhancing local governance should provide useful insights.

5. Further principles

33.   Decentralization initiatives have tended to be more successful in those countries where they draw locally on support from civil society groups and other institutional stakeholders under the jurisdiction of local authorities. Non-governmental organizations, including religious and community-based organizations that have not been fully recognized in the process of democratic decentralization, could become critical contributors toward the implementation of decentralization initiatives.

34.   The previous subsections have discussed the principle of subsidiarity and have then moved on to review administrative relations between local authorities and other spheres of government, the vital area of financial resources and the resource-raising powers of local government and local democracy, and finally the participation of citizens and civil society organizations in decision-making processes at the local level. But further areas, such as autonomy in local economic decision-making in a competitive global economy, may also warrant some recommendations on their own.

35.   Finally, a distinction must be drawn between decentralization as a process and the strengthening of local authorities. Decentralization is to be felt at all levels of government beyond the local level; in more ways than one, this implies a redefinition of the role of central government, a reorganization of the system of governance and administration at all levels, and the distribution of resources among them. So far this issue has not been included in the decentralization agenda.

III. Conclusion

A. Way forward

36.   Decentralization is an attempt to take decision-making closer to the people. This in turn will focus on programmes and services that respond more effectively to local needs. The challenge at the local level is to ensure that all stakeholders can and will voice their opinions. Many studies show that, as part of the decentralization process, policy makers and politicians are integrating programmes that address citizen participation, involve women, youth and the poor in local policy decisions and poverty reduction schemes, and encourage both local autonomy and inventiveness when addressing local needs.

37.   To counter claims that it is empirically difficult to prove the effects of decentralization on local development, there are abundant individual examples of successful steps forward. In this regard, it will be

very useful to document instances of best practice while keeping in mind any regional idiosyncrasies.

38.   Bringing communities together to define priorities for projects and programmes increases interest and sense of ownership, which in turn promote sustainability. Supporting open dialogue and participation between local government and civil society can ensure improved self-reliance, a notion which should be brought back into our vocabulary.

39.   Subsidiarity and decentralization are policy priorities in most countries of the world. They cannot be overlooked if the full potential of the urban renaissance currently under way in many regions is to be fulfilled. International dialogue could help developing countries and those in transition to identify the best way forward in this crucial area of human settlement development.

40.   UN-Habitat has strived to complement existing efforts to strengthen local authorities' fresh initiatives. It is a common understanding that local capacity development is a key prerequisite for sustainable urbanization and the implementation of the Habitat Agenda. Accordingly, there is an urgent need to formalize declarations, to secure full international support in the search for and dissemination of best practice, and to tackle the financial implications of resource management by local authorities.

41.   Local authority partners continue to give the highest priority to calls for an international dialogue on decentralization. It is expected that an international policy document will result from this dialogue, and that it will be sufficiently authoritative both to serve as a guide and to support effective decentralization and the strengthening of local authorities.

42.   The recent worldwide drive towards decentralization and democratization has found a firm underpinning in the constitutional entrenchment of the scope and powers of local authorities based on internationally recognized principles. This double process can play a significant role in promoting the implementation of the Habitat Agenda, and can help bring about sustainable development in an urbanizing world. Decentralization and democratization also create a environment conducive to attainment of the Millennium Development Goals.

B.   Agenda for the second World Urban Forum

43.   The dialogue session at the second World Urban Forum should have the following aims:

        (a)   To discuss the limitations of, and scope for, decentralization as a mechanism to relieve the plight of the urban poor in view of the pervasive nature of globalization;

        (b)   To discuss recommendations in the five areas identified in this paper;

        (c)   To help document best practice at national level;

        (d)   To contribute to the international dialogue on decentralization; and

        (e)   To point the way forward for AGRED and UN-Habitat through a set of guiding principles, guidelines, recommendations and any other relevant instruments.

Annex

Decentralization and its challenges

1.   The instances of decentralization documented in the UN-Habitat report entitled "Decentralization in global perspective – A review of 28 country experiences" demonstrate that, for all their apparent success at the early stages of development and design, decentralization measures face a number of practical challenges.[15] One of the most immediate of these is ensuring that the reforms effectively favour national cohesion rather than disintegration, as devolution of power brings with it such processes as delegation, the placing of considerable strains on bureaucracy, the dilution of authority and the need for partnerships. As indicated earlier, it is critical that the decentralization process be viewed not as a hierarchy of governance, but rather as an effective way of reaching out to the local citizenry.

2.   Another hurdle consists in the allocation of distinct powers and functions between central and local governments, and between different, successive tiers of local authorities and powers. Any reform must abide by the constraints of constitutional and statutory frameworks.

3.   A further administrative challenge for local authorities lies in their effective discharge of the new powers and functions bestowed upon them. Under a perfect decentralization model, any transfer of responsibilities is deemed effective when, and only when, the decentralized body has its own budget, its own separate legal status, and the degree of authority to discharge its duties, with decisions being made by representatives of the local people.

4.   Of particular importance are decentralized fiscal arrangements. They call for effective mechanisms to ensure that any financial resources made available to local bodies are commensurate with their roles and responsibilities. Local authorities are best able to respond to decentralization initiatives where they have well defined abilities and procedures to apply their own financial resources, or those generated within the community, for those very purposes. Local authorities also face the associated challenge of mobilizing resources to meet the costs of the new institutions, personnel and capacity-building needs entailed by decentralization.

5.   Further, mounting concerns revolve around the best ways of bringing closer together community-based and other non-governmental organizations and formal tiers of local authorities, with a view not just to avoiding conflict or the undermining of other parties' integrity, but also to creating institutional synergies. At the same time, inclusion of institutional partners from outside local government is a good way of staying close to local citizens and their needs, and therefore boosts the efficiency of the local service delivery.

6.   Building on conventional thinking, transparent formal procedures and community participation in decision-making can only greatly enhance accountability at the local level. Local citizens need established procedures, such as recall, referendum and participatory budgeting, that will facilitate their participation in any decisions affecting them. Reinforcement of the decision-making process can take a variety of forms: substantive, up-to-date and readily-available information relevant to the costs of municipal services; alternative delivery options; financial services; and free-of-charge, transparent appointment procedures. The need to enforce local authority accountability should be further explored.

7.   Finally, decentralizing reforms must cope with legislative and other statutory constraints that may come to bear on open appointments, multiple candidates, anonymous ballots and other procedures designed to secure a genuine, democratic choice for the citizenry – and this is a challenge in its own right.

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[15] Decentralization in the global perspective – A review of 28 country experiences, UN-Habitat, 2002, p. 2, para. 1.