



Colombo, Sri Lanka

City Development Strategy Report

November 2001



Prepared By:
UMP South Asia Office, SEVANATHA,
and the Colombo Municipal Council

City Development Strategy Study Colombo, Sri Lanka

A. BASIC CITY INFORMATION

| Colombo, SRI LANKA | |
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| City population: | 800,000 (resident population) 400,000 (floating population) |
| National Population: | 18 million |
| Population Density: | 278 pp/ha |
| City Growth Rate: | 1.14% p.a. |
| City Economic and Poverty Profile: | |
| Unemployment Rate: | 15.6% |
| % Households Below Poverty Line | 10% Lower Estimate 19% Higher Estimate |
| % Households With Access to Basic Services | Approximately 50% have access to piped water supply, while another 40% approximately are provided drinking water through public standposts; nearly 80% of the population is covered by a sewerage network. |
| % Working in Informal Sector | Approximately 84% of the Urban Poor |
| % Households in Squatter Settlements | in Shanty Settlements - 24% in Slums - 27% |
| Adult Literacy Rate | Male – 96.1% Female – 93% |
| % of Population with Higher Education | 57.2% |
| Child Mortality Rate | 0.9% |
| City Function | The city of Colombo together with its adjoining municipalities of Dehiwala-Mount Lavinia and Sri Jayawardanepura Kotte form the Colombo Core Area, which is the administrative and political hub of Sri Lanka. It is the main commercial centre as Colombo is the major port for all international trade. |
| Administrative Structure | The Mayors of municipalities are elected directly by the people. They serve a term of four years. The city council members are also elected by the citizens of each city under the local government election. |
| CDS ACTIVITY | |
| CDS Start Date | 27 December 1999 |
| CDS Completion Date | 31 July 2001 |
| Focus of the CDS | CDS for Colombo Core Area focuses on improving urban governance with the ultimate objective of reducing poverty. |

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Key Stakeholders Involved

The CDS process in the Colombo Core Area was truly consultative and enabled the formulation of a shared vision for the Colombo Core Area. Stakeholder consultations and visioning exercises were first held independently in each of the three municipalities, and then brought together in a consultation involving all major stakeholders of the Colombo Core Area.

SEVANATHA Urban Resource Centre, an urban-based NGO, facilitated the stakeholder engagement and dialogue. The process was guided by a task force at the Western Provincial Council, chaired by the Chief Secretary, and led in each of the three cities by their respective mayors. The CDS task force at the Provincial Council met once a month and guided the municipal level CDS project activities. These meetings were also attended by representatives of relevant government institutions (i.e. Ministry of Urban Development & Public Utilities, the Urban Development Authority, Board of Investment, Sri Lanka) private sector and representatives of professional associations. The city level activities were carried out with the support of the Mayor and top-level municipal officials. CDS Working Groups at the municipal level took the initiative to conduct stakeholder consultations as well as individual city consultations in the three municipalities. SEVANATHA - Urban Resource Centre, as the National Partner Institution, played a supportive role in coordinating the CDS consultation process by linking up the stakeholder groups with the Municipalities. Eventually, a broad based City Consultation was held combining the findings of individual City Consultations in order to formulate a City Development Strategy for the entire Colombo Core Area. The City Development Framework for the Colombo Core Area was thus produced at the end of the consultation process. The CDS framework provides a basis for cities to development strategies to address pressing city development issues.

B. Narrative of the City Situation – National Context

Sri Lanka is a densely populated island nation of 18 million people located off the south eastern tip of India, it is a low-income country with a per capita income of approximately \$670. The incidence of poverty has been reduced over the past four decades, yet one out of five households subsist below the poverty line. Despite the low income and high incidence of poverty, Sri Lanka has a remarkable record on human development indicators. The average annual rate of population growth is 1.2%, as opposed to 1.9 percent for South Asia. Life expectancy at birth is 72 years, infant mortality rate is 16 and literacy is 90%. These achievements are remarkable, as, since independence 50 years ago, there have been many ethnic conflicts and political unrest.

Ethnic conflicts have adversely affected the economy. In 1977, Sri Lanka adopted market based economic policies based on liberalised trade, deregulated foreign investments and export based industrialisation. As a result of these policies, the economy has been growing, albeit at the moderate rate of 4-5% per annum. Increased military spending due to ethnic violence has led to rising fiscal deficit and a slow-down in growth. The unemployment level has been high, around 12 percent, and the poor have been the most affected.

The new government, in 1996, instituted a number of reforms that have helped the economy to grow, reduce the fiscal deficit and increase investor confidence. Privatisation has been a major plank of this reform process. Privatisation of tea plantations, telecom, gas, electricity and other enterprises are expected to reduce the fiscal deficit and increase output. This reform policy envisages a level of investment of 30 percent of GDP by the year 2000. With this investment, it is expected that the GDP growth would be 7-8 percent. At this rate of growth, the unemployment level is expected to come down from its current level of 12% to 5%.

Within the SAARC region, the seven South Asian countries have recently decided to establish a South Asian Free trade area by the year 2005. Sri Lanka is strategically well placed to attract trade-driven foreign investments for the whole South Asian region. With the commitment of the present government on decentralisation, economic reforms through market friendly policies and privatisation, and efforts to pursue a lasting solution to the ethnic conflicts, it is possible to achieve these economic and development goals. Within this national policy framework, the Colombo City Development Strategy is expected to be an important component. The Colombo Metropolitan region accounts for nearly one-fourth of national population, 44 percent of GDP and 80 percent of industrial establishments. Given the locational advantages of this region, it is expected that most of the future economic growth would also be from this region. A development strategy based on a comprehensive development framework for Colombo would thus be important, not only from the perspective of the local governments, but also in the interest of the national economic and social development policy.

Until 1987, the government structure in Sri Lanka was highly centralised. In 1987, an amendment to the constitution provided the legal framework for the establishment of Provincial Councils. The Ministry of Provincial Councils and Local Government has the overall responsibility to implement the national policies related to decentralisation. The Provincial Councils are empowered to supervise and administer urban local authorities. This three-tiered structure of political and administrative decentralization sets the institutional context for city development. While city development is essentially a municipal initiative and process, the Provincial Council has the power of supervision of the administration of local government institutions, including important powers over staff appointments in the local governments, approvals of budgets and other administrative matters. Thus the CDS for the Colombo Core Area falls within the purview of the Western Province Provincial Council (WPC).

The Ministry of Housing and Urban Development (MHUD), however, has wide-ranging powers for urban development. It supervises the Urban Development Authority (UDA), the National Water Supply and Drainage Board (NWSDB), the National Housing Development Authority (NHDA), and the Sri Lanka Land Reclamation and Development Corporation (SLLRDC). These parastatal agencies provide many essential services to the urban residents. Consequently, the urban local governments have limited responsibilities related to public health, public utility services, public thoroughfares and general welfare. However, in the Colombo municipal area, the municipal council, as a result of a special agreement between the NWSDB and CMC handles the distribution of water supply and sewerage.

However city development is a cross-sectoral initiative, and several of the sectoral services are either subjects reserved for the central government or supplied by

central government providers. Accordingly the institutional context for city development is a complex one involving the national, provincial and local levels of government. Thus, organizationally, the CDS process essentially falls into two stages. The core of the CDS action is located at the Municipal Council (MC) level in a city development strategic planning and management process of Review and Assessment, Actions and Interventions, leading on to Outputs and Results. This process is to be perceived as an ongoing one without a clear delineation between formulation and implementation. The individual MC level CDSs are coordinated into a larger CDS process for the spatial region of the Colombo Core Area by the Western Provincial Council. The coordination of CDS is an important institutional imperative and a responsibility of the Provincial Council.

COLOMBO CORE AREA (CCA): THE ECONOMIC SITUATION

The Colombo Core Area (CCA) comprises the “heartland of the country’s economy”. Thus, in the services sector of the economy, the CCA contributes 52% of the national share. Further, 90% of the import-export trade is based in the CCA, supported critically by the international seaport of Colombo, which is crucial to the contribution of city services and to the national economy. However, although Colombo is the commercial and financial centre of the country, these activities are not performing at the level of regional excellence. The competitiveness and growth of the city economy have been affected by several factors:

- i) The increased competition being faced by the Colombo Port from other sea ports in the region.
- ii) Traffic congestion and transport problems which have manifested themselves due to the marginal increase of land-use for this sector - only 1.07% - as compared to the population increase of over 70% during the last two decades.
- iii) The absence of meaningful integration of the informal and formal sectors of the economy. This is reflected in the fact that over 75% of those engaged in informal activities live in under-served settlements with extremely poor living conditions.

Colombo Core Area: The Poverty Situation

Approximately 40% of the population of the Colombo Core Area live in low-income settlements, ranging from 51% in the Colombo Municipality through 27% in the Dehiwala-Mt. Lavinia Municipality to 20% in the Sri Jayawardenapura Kotte Municipality. The main concern for these citizens is social exclusion and marginalisation, lack of services or having access to only minimal services. Accordingly, this has a multi-faceted effect on their socio-economic condition. The key problems are:

- i) Insecurity, in terms of land tenure
- ii) Social stigmas
- iii) Discrimination, particularly by service providers
- iv) Exclusion from human resource development opportunities
- v) Difficult living environment due to vulnerability to natural hazards like flooding, lack of sanitation and solid waste management, and poor access to safe drinking water.

Colombo Core Area: Governance

The CDS Consultative Process highlighted the fact that the dual challenge facing the three municipalities is to reduce existing poverty while providing the basic services and employment opportunities required to prevent a further increase in poverty. It acknowledged that this has to be achieved within the context of decentralisation, liberalisation and globalisation, which have placed greater demands on its city managers, who are already constrained by limited financial, human and institutional resources. Consequently, it was evident that the CCA was experiencing a crisis in urban governance. This has been compounded by the inadequate legislation that existed to implement a holistic approach to city development. In such a system, it is first required that the local communities are empowered in order to fully participate in the process and thus contribute to good governance.

While elements of a participatory approach exist among the under-served settlements in the form of Community Development Councils (CDCs), these do not constitute an integral part of the institutional structures of city governance. In addition, the corporate or formal sector of the economy has focused their contribution to good governance at the national level rather than at the provincial or municipal levels. This may be due to the following factors:

- i) the lack of credence in Colombo to empower the formal business sector in the affairs of governance;
- ii) the erosion of the role of responsibility of the Municipal Councils in the provision of city infrastructure services required to facilitate the higher performance and competitiveness of the private sector in the context of increased globalisation;
- iii) the slow pace of acceptance of the private sector in the culture of the municipal bureaucracy to regard its vitality and relevance in partnerships.

A few noteworthy measures towards making urban governance transparent and inclusive in Colombo deserve mention at this point. The Mayor of Colombo initiated a process of citizen involvement in civic affairs by appointing 15 advisory committees of leading citizens and professionals to advise him on various subjects. These are in addition to the existing 15 standing committees of elected councilors. These committees meet regularly and are quite effective in eliciting peoples' participation in city development. The formation of the Housing and Community Development Council at the city level provides a forum for the community leaders to interact with city officials. These community leaders represent the 600 Community Development Councils constituted by the urban poor communities and the under-served areas. The private sector has also been actively involved in urban development activities. The private sector and the NGOs have joined hands with the CMC in major programmes related to maintenance of dispensaries, community centers and road junctions. Through such partnerships, many street improvement schemes, road signage and city beautification programmes have been undertaken. Efforts at responsive urban government have also been initiated. A directory of services is published to inform the local population about the various services and

procedures. Similarly, training of municipal staff for appropriate modes of interaction with the citizens has also begun.

These innovations are, however, limited to the Colombo Municipal Council and do not extend to the entire Colombo Core Area, which is covered under the scope of this CDS. The CDS for Colombo was envisaged to provide a comprehensive development framework for Colombo, its output intended to be owned by the important stakeholders - the local governments, the Western provincial council, and the national government, as well as the private sector and the civil society. This CDS was also perceived to be an integral part of the national development strategy of devolution, decentralisation, and market - based economic policies. The intended objectives and outputs of the Colombo CDS are listed below.

Objective 1: Comprehensive Development Framework for Colombo

This Framework uses participatory methods involving all stakeholder groups, and is facilitated by a project task force. The Framework will include an analysis of the principal strategic needs of the city economy and its people, representing the consensus of the participating parties.

Outputs

The overall output will be a strategic framework of development for Colombo that focuses on raising economic output, increasing employment opportunities, reducing poverty, and meeting the social needs of the population.

The specific outputs at this stage were:

1. A stakeholder analysis of principal and secondary stakeholders in the city, their current and possible future role in shaping city's development.
2. A comprehensive development framework listing priority areas/sectors and assigned responsibilities of various government agencies and other stakeholders. The framework to be based on the following study outputs:
 - Economic analysis of Colombo core area: its role in national economy, its structure, the formal/informal (organised/unorganised) sector linkages, dynamics of city economy over time, identification of key drivers of the economy, their potential and bottlenecks.
 - Review and updating of poverty profile of Colombo: their economic status, access to services and shelter and impacts of targeted programmes on poor.
 - Brief summary of past and current efforts for Colombo's development. This document will be used at the consultations to inform the stakeholders.

Objective 2: Strategic Action Plan Based on a Comprehensive Development Framework

The preparation of a Strategic Action Plan for the use of the resources of the city authorities, the Western Provincial Council and the national government, with the addition of proposals for consideration by other stakeholders in the city and the external funding agencies is a key objective of the CDS.

Outputs

A City Strategic Action Plan detailing, within the framework of the city's own budgeting and programming, the priority actions proposed for the next five years. It also includes actions, to be taken up by the higher level of governments and other

stakeholders. This action plan would be in the form of 'project idea notes' that can be used to request for funding from international agencies.

Objective 3: Adoption of Elements of Action Plan by Development Agencies

To encourage, and support follow-up activities for the adoption of all elements of the Action Plan by national development authorities or agencies, or by external development agencies.

Outputs

An updated and continuously monitored Implementation Plan, identifying the actions to be taken, the agencies undertaking them, the sources of finance for each, and the progress in completing the actions.

C. Description of the CDS Process

The Colombo CDS was initiated as a follow-up to UN-HABITAT's other ongoing programmes - the Urban Management Programme's *Colombo City Consultations* (focused on poverty and urban governance), and the Sustainable Cities Programme's *Sustainable Colombo Core Area Project* (focused on environmental sustainability).

The initiative also reviewed past efforts in order to prepare a comprehensive development strategy for Colombo, identify the gaps and missing links, and build-up on these existing/past efforts. Some of these efforts include the Colombo Metropolitan Region Structural Plan, the Corporate Plan of the Colombo Municipal Council and the urban development plans for the municipal areas. Some background work and studies for the Colombo Core Area, which were undertaken for specific projects supported by the international agencies, also provide a base for the Colombo CDS. These were the Clean Settlements Programme and the Sustainable Township programme of the Ministry of Housing and Urban Development (assisted by the World Bank), the rehabilitation of water transmission and distribution system for Colombo (assisted by JAICA) and the Water and Sanitation Project Phase IV.

The Colombo Project commenced in November 1999 after detailed discussions between UN-HABITAT and key government agencies that needed to be involved in the preparation of the CDS. It was followed immediately thereafter by the appointment of the national partner agency (i.e. *SEVANATHA*), to co-ordinate the activities between the apex level (i.e. the Western Provincial Council) and the city level (i.e. the three municipalities of the Colombo Core Area). A task force was set up at the Western Provincial Council to co-ordinate the activities in the three cities. This task force became operational in February 2000.

The process was a participatory one throughout the programme. A number of small consultations with different stakeholder groups - municipal councillors, city officials and citizens' groups - were organised in each of the three cities. Subsequently, thematic working groups were organised to hold focused discussions on specific issues. For instance, in the Colombo Municipal Council, the four key issues addressed by working groups were reducing poverty, improving the environment, enhancing the city economy, and addressing social sector needs. In Kotte and Dehiwala Municipal Councils, only one working group was constituted (for each city).

While these working groups were based within the Municipal Councils, there was extensive involvement of stakeholders from private, community, public and other interest groups within civil society. This facilitated the formulation of a broad-based City Development Strategy (CDS). Three separate City Consultations in each of the municipalities were organised in April 2000 (Kotte), May 2000 (Colombo) and July 2000 (Dehiwela Mt. Lavinia) respectively. Subsequently, the broad-based City Consultation for the Colombo Core Area (CCA) was held in mid-July 2000.

The shared vision that emerged became the focal point for the preparation of the City Development Framework Guidelines, which in turn formed the basis for consultations between the CDS partners, including the donor agencies. This also enabled the compilation of a Strategic Action Plan (SAP) that identifies the key issues, constraints and opportunities. The SAP was accompanied by an Implementation Plan consisting of short-term high priority sub-programmes requiring immediate action, as well as medium and longer-term sub-programmes which address strategic issues that require cross-sectoral planning and investment over a long period.

A national consultant was recruited in June 2000 to assist the project partners in the development and reporting of the City Development Strategy and its constituent elements. His mission commenced with attendance at the individual City Consultations and of the broad-based consultation in the CCA. The process was slowed briefly due to the general elections held in the country in October 2000. In the ensuing period, the election of the key political leadership of the Western Provincial Council to the National Parliament resulted in a state of flux in the convening and holding of meetings of the task force to validate the outcomes of the CDS Colombo exercise. The only meeting of the task force that was convened, in November 2000, reflected this unsettled environment by the absence of the representatives from each of the three municipalities. These problems were further compounded by the subsequent retirement of the Chief Secretary of the Western Provincial Council who had chaired the affairs of the task force since its inception. The individual City Consultation Reports were finalised in December 2000.

Overall, the involvement of both tiers of government - provincial and municipal - was laudable. The cities had been prepared for the consultative process by the ongoing city consultation and SCCP consultations. This therefore facilitated their cooperation with the CDS process. The key to the entire exercise was to get the municipal officials and councillors involved. The poor and marginalized groups were represented by leaders of Community Development Councils (CDCs) throughout the process. The process was facilitated by SEVANATHA, which has across-the-board acceptability and recognition as a credible NGO working in various cities of Sri Lanka. The donors were also brought on board through consultations convened by the Chief Secretary, Western Provincial Council, who effectively led the entire process. A key lesson to be learned, however, is that a change of leadership or loss of the “champion” at any stage almost always has an extreme (negative) impact on a process-based exercise such as a City Consultation or CDS initiative.

D. Outcomes and Results of the CDS Process

In the context of the analysis of the ‘urban situation’ outlined in Sections A and B above, the Consultations determined the need for formulating a shared vision and an integrated strategy for developing the CCA. Consequently, as previously described, the strategy was framed as follows:

The Commercial & Economic Hub of South Asia, wherein all citizens enjoy the highest possible quality of life, with optimal basic services, freedoms, rights, and security being guided by principles of good urban governance enabling every opportunity to create wealth, equity, and sustainable environment.

This vision statement for the CCA emerged from the concerns and future expectations expressed by stakeholders during discussions. Most stakeholder groups voiced concerns about accessibility and quality of basic services, the bureaucratic distance and insensitivity to citizens’ needs and concerns, and the lack of opportunities or empowerment for stakeholder participation in municipal governance. The contrasts between the poor and rich, the marginalized and wealthy, the “informal” and “formal”, were highlighted as key economic issues. In addition, the universal aspirations expressed were to become a valued and wanted citizen, and to be able to lead a safe and secure city life with access to all services.

Stakeholder groups also expected to have, by 2010, a responsive and concerned city management, adequate and reliable services at an affordable cost, and opportunities for a better life and living conditions. The transit from the present to the vision of the Year 2010 and beyond was identified as reliant on substantive development policy imperatives, and guiding values and principles. These have comprised the City Development Framework Guidelines.

i) Development Policy Imperatives

Four policy imperatives were determined to guide the policies and programmes of development in the CCA

- a. **Sustainable Development:** Meeting the needs of the present without compromising the ability of the future generations to meet their own.
- b. **Eliminating Social Exclusion:** Developing an inclusive society where every citizen is provided the opportunity to fulfil his or her own potential.
- c. **Equal Opportunities:** The promotion of a culture in which diversity is valued and equality of opportunity becomes a reality.
- d. **Creating Wealth:** Providing opportunities to create wealth.

ii) Guiding Values and Principles

Five values/principles were determined as follows to guide the procedures and practices of the CDS Process.

- a. **Acting Strategically:**

- Establish a clear action framework where stakeholders can effectively participate with appropriate discretion.
- Do what one can do best leaving the rest to those who are better placed to perform them.
- Be results oriented and perform up to targets.
- b. **Guided by Subsidiarity:**
 - Each level of governance doing what is most appropriate at that level.
- c. **Working in Partnership:**
 - Consult, involve and promote the participation of stakeholders
 - Establish partnerships with business, civil society, government and the Provincial Council
 - Promote active citizenship
- d. **Upholding the Rule of Law:**
 - Strictest separation of rule-making (Council) and rule-application (Executive) powers
 - Application of due procedure in decision making
 - Total transparency in decisions and actions of the Council
- e. **Being Inclusive:**
 - Promote equal opportunities and deal with social disadvantage
 - Promote a tolerant society wherein diversity is valued
 - Bring women, children and young into community life making them partners in development

The City Development Framework Guidelines given herein were thereafter elaborated during the consultative process to constitute an action-oriented City Development Framework. The following key areas with their corresponding outputs comprise the CDS Framework.

i) Reducing Urban Poverty

- a. development of under-served settlements to become socially responsible communities with permanent housing, good facilities, and a high quality environment;
- b. Improvement of the quality and responsiveness of health and social services;
- c. creation of opportunities for investments in technology, knowledge, and skills, that are required in the potentials of the new economy;
- d. provision of credit and marketing opportunities.

ii) Development of the City Economy

- a. establishment of the basis for a modern, competitive, and more diverse economy supported by a dynamic informal sector;
- b. increase of the number and quality of jobs, and reduce the economic disparity in the under-served settlements;
- c. promotion of a sustainable port-related modern economy;
- d. creation of a regional profile of Colombo as a place to live, study, visit, and do business;
- e. urban regeneration of economically strategic areas.

iii) City Infrastructure Development

- a. promotion of investment in public utilities to provide more and better services;
- b. promotion of investment in social infrastructure to provide more and better care for the aged, women and children;

- c. establishment of an inter-modal and sustainable transport system;
- d. promotion of private sector participation.

iv) Empowerment and Governance

- a. promotion of active citizenship, participation, and partnership among the stakeholders;
- b. streamlining the municipal administration to ensure an efficient service to all stakeholders;
- c. value for money with better and more efficient services delivered by the Municipalities;
- d. institution of greater accountability and transparency in the affairs of the Municipalities.

The Consultative Process determined that the above CDS Framework presented the following opportunities as well as constraints to the development of the CCA.

i) Key Opportunities

- a. rising expectations of dependable quality services;
- b. hitherto unmet needs of under-served settlements;
- c. services required by the daily inflow into the CCA of about 1.0 million persons;
- d. demand for high quality facilities and services by the expanding commercial activities headquartered in Colombo.

ii) Key Constraints

- a. lack of a strategic direction and the absence of co-ordinated action;
- b. obsolescence of the legal framework for city governance;
- c. lack of accountability and transparency;
- d. lack of opportunities for stakeholder participation and partnership;
- e. poor mobilization of resources for activities in city development;
- f. poor urban performance.

These opportunities and constraints were considered with the shared vision of the stakeholders for the CCA.

In the above context, the Consultative Process also formulated the Standards for measurement of the progress and success of the action-oriented CDS Framework. These were regarded as the “Colombo 2010 Benchmarks”:

- a. improved customer satisfaction with city services;
- b. improved quality of life in the under-served settlements;
- c. expansion of commerce and the establishment of new ventures creating new job opportunities;
- d. increase in investment in human resources development;
- e. increase in partnership activities;
- f. increase in investments in the city economy;
- g. best practices in municipal governance.

The action orientation of the CDS Framework during the consultative process resulted in the formulation of a City Development Strategy and Implementation Plan. The consultative process for the development of the CCA included the formulation of action plans and an Implementation Plan to give implement the City

Development Framework (CDF). The synthesis of these plans form the basis for the City Development Strategy.

The CDF described above serves to provide a platform for the emergence of four Action Plan components for implementing the CDS up to the Year 2010. As an initial step, it identified the various project activities for inclusion under the respective plan components as follows:

1. Project Activity Plan Component for Implementing the CDS:

a. *Reducing Urban Poverty*

- deliver basic services in the under-served settlements (health, housing, infrastructure and utilities);
- security of land tenure;
- access to credit;
- training and career guidance;
- social inclusion and civic responsibility;
- economic integration of the informal sector.

b. *Development of the City Economy:*

- an Economic Development Plan for the CCA;
- a Business Development Programme for the CCA;
- formulate a Municipal Operations Restructuring Programme;
- establish a Skills Development Initiative;
- formalise the issue of Municipal Development Bonds, especially to facilitate urban regeneration.

c. *City Infrastructure Development:*

Establish the feasibility and implement an integrated programme of the following:

- roads and transport
- sewerage
- water supply
- electricity
- solid waste management
- disaster mitigation
- leisure and recreation
- housing
- education and culture
- health

d. *Empowerment and Governance:*

In the selection of project activities under this item, it was considered appropriate to initially adopt the following criteria for its assignment between the provincial and municipal levels.

- relevance to national policy;
- relevance to CDS strategy;
- implementation capacity;
- impact on the city economy;
- social acceptance;
- project priority;
- financing implications.

Based on the above criteria, the following project activities were identified.

Municipal Level:

- establish sustainable mechanisms for Consultation, Participation and Partnership
- institutionalise delegation to neighbourhoods
- formulate principles for prioritising investment
- establish procedures for fairness and predictability in regulatory actions
- formulate rules governing access to services
- access to information
- establish mechanisms for public feedback
- affirmative actions for marginalized communities
- establish statutory procedures for protecting rights and entitlement
- establish measures for safety and security
- institutionalise awareness on risks and hazards
- formulate the Citizen's Charter

Provincial Level:

- support capacity building in the municipalities
- strengthen legal framework for municipal governance
- establish modalities for reinforcing provincial – municipal partnerships
- establish guidelines and standards for municipal audits and reviews
- establish guidelines for performance reporting
- monitor local actions on rights and entitlements
- establish inter-agency initiatives for personal safety, crime control and prevention

A project activity matrix depicting the project activities described above is attached at *Annex 2*.

2. Institutional Plan Component for Implementation of the CDS.

- establish the organisational and institutional structures for capacity building
- formulate a human resources capability audit and a human resources development plan
- formulate strategies for developing partnerships with external agencies

A conceptual form of Institutional Strategy for CCA development devised during the Consultative Process is attached in *Annex 3*.

3. Financial Plan Component for Implementing the CDS:

- formulate a revenue raising plan;
- prepare an operational expenditure framework;
- formulate a capital investment plan;
- develop a strategy for balancing capital and operational budgets.

4. Stakeholder Communication Plan Component in Implementing the CDS:

- establish the agency / personnel responsible for keeping the stakeholders informed;
- deliver the products;
- determine the method and frequency of distribution of communication products;
- select appropriate communication processes.

The Action Plan components and the respective project activities are expected to be prioritised and implemented by the three municipalities of the CCA under the overview of the task force established at the provincial level. In addition, it is hoped that each municipality will prepare programme budgets in the medium-term for the

estimated capital and recurrent expenditures for new activities not foreseen in their normal budgeting exercise, arising out of the Colombo CDS. It would however frame the se in the context of the CCA Vision 2010 and the Colombo 2010 Benchmarks.

Meanwhile, the task force is aware of the pioneering nature of the CDS and its process-based initiatives. It has acknowledged that the CCA as the “urban heartland” plays a major role in driving the national economy. Consequently, it recognizes that the CDS initiative aims at achieving economic growth by improving the competitiveness of the CCA by supporting its individual municipalities in their quest for an economic niche in the national and international context. It will mean that the key underlying feature of improved city governance through stakeholder participation, and its complement of a mechanism for social inclusion, must necessarily be addressed in the mainstream of implementation of the CDS.

E. Reflections on the CDS Process

Colombo was one of the first three cities selected worldwide for preparation of a City Development Strategy under DGF funding from the World Bank, routed through UN-HABITAT. Colombo’s selection was based on a variety of factors, particularly the presence of two UN-HABITAT executed programmes – the Urban Management Programme (UMP) and the Sustainable Cities Programme (SCP), in the city. In addition, the Colombo Municipal Council had initiated many innovative approaches to good governance. Its activities contributed to making the CMC citizen friendly, involving the private sector for management and provision of urban services, and involvement of a wide range of stakeholder groups in planning and decision making, thus making Colombo an appropriate city for this CDS pilot project in Asia. Colombo is also a city where a large number of international agencies are active. These agencies, particularly the World Bank, OECF, DFID and UNDP also agreed, in principle, to participate in the process of preparation of a City Development Strategy for Colombo and co-ordinate their future funding.

Prior to the implementation of the Colombo CDS, its concept, modalities and operational framework were discussed at length within the multi-programme UN-HABITAT team in the Colombo Core Area, as well as with others. Government officials at different tiers (city authorities of Colombo, Dehiwala-Mt. Lavinia and Kotte; provincial and national government representatives; parastatals and others) were briefed about the programme. A co-ordination framework with other major donors was also discussed. The CDS, conceptualised as a shared vision of all stakeholders for the city (region) and a set of strategic actions for achieving that vision, was concept that was supported by all major actors and potential partners.

Issues of overlap, co-ordination or conflict with ongoing initiatives were also discussed in considerable detail. A number of alternative operational arrangements for CDS were debated. Eventually, it was agreed that:

- the three Municipal Councils would be the "drivers" of the process, and the structures established by Sustainable Cities Programme, already active in the three municipalities (project office, project director and team at the city level and the co-ordinating committee at the WPC level) would be utilized for executing the programme;
- a shared vision and priorities for each city would be identified using the city consultation approach advocated by UMP. SEVANTHA, with its Colombo City

Consultation experience, would be the lead agency to facilitate this process: conduct stakeholder meetings and focus group discussions, and develop socio-economic visions for each city incorporating the concerns and priorities of all major interest groups;

- a collective vision for the Colombo Core Area would be synthesized from the three city-visioning exercises. The key issues or areas of intervention at the national, provincial and ULA level would then be identified. Provincial and national agencies' intervention would be sought for larger sectoral/policy issues that lie outside the domain of local governments. Working groups would be set up for dealing with cross-boundary and cross-sectoral issues that emerge after this collective visioning process.

CDS was seen as the larger developmental assistance framework within which most ongoing-interventions would fit in as components. It was critical to have the donor community actively involved in the project development process if this objective is to be achieved. It was therefore proposed to launch the CDS as a formal multi-donor alliance. The World Bank and DFID agreed to be the formal partners. SEVANTHA was to be the main resource agency managing the process under an umbrella contract within which it could hire sub-consultants or specialists as and when required. It was also agreed that an international consultant might be engaged, to assist and guide the process of developing the CDS and Strategic Action Plans.

The Colombo CDS was unique in that it attempted to develop a comprehensive and consistent development approach for not only one city, but also a contiguous city-region comprising three different urban local bodies. Additionally, it was not established without a foundation, as had a large base of programmes and initiatives to draw from, and to build upon. These factors made the task extremely complex and challenging.

The Colombo CDS and the consultative process adopted have only begun the process of urban and national development. The full gravity of the process is yet to be felt by the other partners of the municipalities and their stakeholders in the Colombo Core Area at the provincial and national levels. The most important responsibility of the task force hereafter is to ensure, on one hand, the implementation of the CDS Action Plans, and on the other, replication of the process in other cities of the WPC. While the task force is aware that its task represents a paradigm shift in urban development, it also realizes that it will need support from within the country and elsewhere, especially from the international community. In the latter context, its relationship established with UN-HABITAT is seen as vital to be continued and strengthened.

In these circumstances, while each of the three municipalities in the CCA began to implement the CDS through the various identified activities, the highest priority is to establish a partnership with a organisation that will serve as a catalyst for the process. This partnership will also serve to support the overarching nature of the CDS process in the CCA. The task force has determined that these two parts of the CDS Implementation Plan must converge to address the highest priorities of the initiative.

The task force recognizes that funding support for the above must be sought nationally and internationally to complement its own scarce resources. Towards this end, the task force aims to bring together the political leadership of the CCA to map

out a short-term strategy to mobilise national support in this endeavour of fundamental importance in nation building. A task of such magnitude was not considered possible to be accomplished during the CDS Consultative Process.

It is expected that the implementation of the CDS programme will be completed by 2010. In progressing towards this goal, the three municipalities of the CCA will initially focus on the integration of the CDS process in their on-going activities. The success of these activities is expected to be the standard bearer for urban-wide action in Sri Lanka.

Annex 1

Project Activity Matrix

| CDA Area / Activities | City Governance Actions | | | | | | |
|---|---|---|--|---|--|---|---|
| | Sustainability | Devolution | Equity | Efficiency | Accountability | Citizenship | Security |
| 1. DEVELOPMENT OF THE CITY ECONOMY | | | | | | | |
| 1.1 Economic Development Plan for the City | Initiate stakeholder consultations for a long term strategic vision | Clarify roles & responsibilities of municipal, provincial & national levels | Establish principles for prioritising investment | Specify best value for investment principles | Open consultations | Participatory strategic planning | Incorporate environmental planning and management |
| 1.2 Business Development Programme for the city | Consult with business to agree on levels of resource use to prevent adverse effects on quality of environment | Review / Reform current legal / institutional framework for public – private partnerships | Establish investment incentives for sectors & zones | Establish legal / regulatory framework to promote business and minimize transaction costs | Open discussion on issues of city business | City consultation on business development options | - |
| 1.3 Municipal Operations Re-structuring Programme | Achieve responsiveness through citizen participation in management of operations | Review current legal / institutional framework | Establish regulatory frameworks for service deliveries | Establish partnerships with private sector / civil society for delivery and regulation | Codes of conduct and service ethics Establish client feedback mechanisms Transparent tendering & procurement | Procedures for public petitioning Open consultation on budgets | - |

| CDA Area / Activities | City Governance Actions | | | | | | |
|--|--|--|--|--|--|--|--|
| | Sustainability | Devolution | Equity | Efficiency | Accountability | Citizenship | Security |
| 1.4 Skills Development Initiative | Promote private sector /CSO partnerships | - | Ensure access to disadvantaged groups | Set clear objectives, targets, service standards & complaint procedure | - | - | - |
| 1.5 Municipal Development Bonds | - | Review current legal framework | - | - | - | - | - |
| 2. REDUCING URBAN POVERTY | | | | | | | |
| 2.1 Basic Services for the Poor (Housing, Infrastructure & utilities and health) | Consultation with stakeholders on a broad based strategy | Establish system of inter – governmental transfers | Establish principles for cost sharing in service provision | Establish service provision partnerships with civil society | Establish public feedback mechanisms | Adopt measures for stakeholder feedback and responsibility | Opportunities for under served communities to plan and manage improvement of their environment |
| 2.2 Security of Tenure | Consultative management of programmes to ensure objectives of beneficiary well-being | - | Create opportunities to secure tenure | Establish clear objectives and targets | Establish open administrative procedures | Affirmative action to secure rights of poor | Action to minimize vulnerability to displacement |
| 2.3 Access to Credit | - do - | - | Facilitate access | - do - | Ensure access to information | Enable full participation of poor | - |

| CDA Area / Activities | City Governance Actions | | | | | | |
|---|--|---|--|--|--|--|--|
| | Sustainability | Devolution | Equity | Efficiency | Accountability | Citizenship | Security |
| 2.4 Training & Career Guidance | - do - | - | Facilitate access | - do - | - do - | - do - | - |
| 2.5 Social Inclusion & Civil Responsibility | Provide poor opportunities for participation in city development activities | - | Provide civic education | - | Promote ethic of service amongst city officials | Develop a culture of civic solidarity | Create safety & security based on rule of law, solidarity and prevention |
| 2.6 Economic Integration | Promote opportunities for formal-informal partnership in economic life of the city | - | Create enabling institutional framework for informal sector activities | - | Ensure transparent mediation of formal – informal transactions | Enable contribution of poor to economic life of the city | - |
| 3. INFRASTRUCTURE DEVELOPMENT | | | | | | | |
| 3.1 Roads & Transport | Agree with service providers and city stakeholders on a broad based strategy | Establish institutional framework for decentralized planning and management of infrastructure and utilities | Establish principles for prioritising development of infrastructure and services | Establish clear objectives and targets for service provision | Establish mechanisms for public feedback on services | Promote ethic of civic responsibility in the use of services | Creating awareness about risks of hazards and disasters |
| 3.2 Sewerage | - do - | - do - | - do - | - do - | - do - | - do - | - do - |
| 3.3 Water Supply | - do - | - do - | - do - | - do - | - do - | - do - | - do - |

| CDA Area / Activities | City Governance Actions | | | | | | |
|----------------------------|--|--|--|--|---|---|----------|
| | Sustainability | Devolution | Equity | Efficiency | Accountability | Citizenship | Security |
| 3.4 Electricity | - do - | - do - | - do - | - do - | - do - | - do - | - do - |
| 3.5 Solid Waste Management | Initiate consultative planning and management to agree on programmes and processes | Establish a system of delegating responsibilities to neighbourhood level | Establish community based regulatory framework | Establish participatory management practices to address needs of all groups | Establish transparent processes for tendering and procurement | Establish mechanisms for community level forums to promote involvement and responsibility | - do - |
| 3.6 Disaster Mitigation | - do - | - do - | - do - | - do - | - do - | - do - | - do - |
| 3.7 Health | Consult with stakeholders for partnership in upgrading and improvement | Establish system for participatory monitoring at neighbourhood level | Ensure equal access to services | Initiate programmes for delivery and regulation in partnership with private sector and civil society | Promote service ethics and codes of conduct | - do - | - do - |
| 3.7 Health | Consult with stakeholders for partnership in upgrading and improvement | Establish system for participatory monitoring at neighbourhood level | Ensure equal access to services | Initiate programmes for delivery and regulation in partnership with private sector and civil society | Promote service ethics and codes of conduct | - do - | - do - |
| 3.8 Housing | - do - | - do - | - do - | - do - | - do - | - do - | - do - |
| 3.9 Social Welfare | - do - | - do - | - do - | - do - | - do - | - do - | - do - |
| 3.10 Education & Culture | - do - | - do - | - do - | - do - | - do - | - do - | - do - |

| CDA Area / Activities | City Governance Actions | | | | | | |
|--------------------------------------|---|---|--|---|--|---|---|
| | Sustainability | Devolution | Equity | Efficiency | Accountability | Citizenship | Security |
| 3.11 Leisure & Recreation | - do - | - do - | - do - | - do - | - do - | - do - | - do - |
| 4. EMPOWERMENT AND GOVERNANCE | | | | | | | |
| 4.1 Municipal Councils | Mechanisms for - Consultations in Strategy making - Participation in management - Partnerships in service operations | Institutional arrangements for delegation to neighbourhoods | Principles for prioritising investments Procedures for fairness and predictability in regulatory action Rules governing access to services | Partnerships with private sector & civil society for service delivery Regulatory framework and best practices - resource mobilization - investments - outsourcing | Municipal charter of service standards & professional conduct Beneficiary monitoring of services Access to information Public feedback mechanisms | Undertake affirmative actions for marginalized legal framework for protecting rights and entitlements | Measures for safety and security based on rule of law, solidarity and prevention Awareness on risks of hazards and disasters |
| 4.2 Provincial Council | Municipal capacity building support | Legal framework for local governance Local Govt. statute Mechanisms for province – local partnerships | Urban services support programme to address inter-municipal disparities | Guidelines and standards for municipal performance audits / reviews | Establish principles and procedures for municipal supervision | Monitor local action on rights and entitlements | Inter-agency initiatives for personal safety crime control and prevention |
| 4.3 National Agencies | National development priorities and standards | System of inter-governmental transfers for financing local development | - | - | - | - do - | - do - |

Annex 2

Colombo City Development Strategy Tools and Methods

Name of City; Country : Colombo Core Area (Three Municipalities including Colombo City), Sri Lanka

CDS Start Date: 27 December 1999

CDS Completion Date: 31 July 2001

Tools Used in CDS Process:

Stakeholder Participatory Consultative Process was employed in implementing the CDS project in Colombo Core Area. Specific activities involved in the process are listed below.

- a. Designing the CDS Process
- b. Conduct familiarization sessions with key partners (Councillors and LA Officials)
- c. Stakeholder Consultation (small group meetings with citizen groups)
- d. Thematic reports and state of the city report
- e. Main City Consultation
- f. Vision for the city
- g. Strategic framework
- h. Action Plan
- i. Implementation, monitoring and evaluation

1. Designing the CDS Process

(Define objectives, determine management structure, set up Steering Committee, identify stakeholders, assign responsibilities, and prepare timelines)

Define Objectives

Using the TOR of the project, the objectives of the CDS were decided. City specific objectives were developed accordingly for the three cities.

Colombo City: To promote public private partnership in development of the city economy.

Kotte Municipality: To promote a comprehensive City Development Strategy involving city's stakeholder groups.

Dehiwala Mt. Lavinia Municipality: To formulate a comprehensive City Development Strategy.

Management Structure for CDS

The Colombo CDS has followed a management structure, which cuts across National, Provincial and city level administrative structure. The structure followed is summarized below.

- i. CDS task force set up at the provincial level chaired by the Chief Secretary of the Western Province Provincial Council. Committee met once a month.
- ii. This task force is represented by officials of national / provincial and city level institutions. In addition, a group of relevant professionals were also present.

Working Group at the Municipal Council

- In Colombo there were three working groups chaired by a Head of the Municipal Department, which met once every two weeks.
 - In Kotte there was one CDS working group chaired by a Senior Councillor. The group was attended by relevant Heads of Department and met once every two weeks.
 - In Dehiwala Mount Lavinia there was one CDS working group chaired by the Deputy Municipal Commissioner, which met once a month.
- iii. The municipal level working groups have been discussing issues relevant to the themes that were chosen to address under the CDS project.

The Provincial Level CDS task force was primarily responsible for guiding the municipal level CDS project activities and getting the required support from concerned national institutions. The CDS task force at the Western Provincial Council was active until November 2000 and had followed up the post City Consultation CDS activities of the three municipalities. After November 2000, the CDS task force did not meet. It was agreed that the three municipalities would incorporate the CDS proposals into their annual work programme while funding support would be sought to implement large projects.

The working groups at the municipalities were functioning, however they did not give priority to CDS project activities. The ongoing programmes such as the Sustainable Cities Programme, which is being operated in the some municipalities, gradually incorporated CDS activities into SCP. Thus, the CDS working groups are not functioning at present in the three municipalities. However, it is important to note that the municipal level CDS working group was very active during the project period.

1. Conduct Familiarization Sessions

With the assistance of the UN-HABITAT Fukuoka Office, an intensive awareness process was undertaken to raise stakeholder awareness on the CDS project. These included;

- i. Government Officials
 - Secretary and Add. Secretary of the Ministry of Urban Development & Housing
 - Chief Secretary, Western Province Provincial Council
 - Commissioner of Local Government Western Provincial Council
 - Director, Department of External Resources
- ii. Local Authority Officials
 - Mayors of three Municipal Councils
 - Commissioners and Deputy Municipal Commissioners
 - Heads of Departments of the Municipal Councillors
- iii. Local UNDP Office
 - Assistant Resident Representative (Programme) of UNDP Office Colombo

The first round of awareness raising was carried out among the above key stakeholders. A project brief was prepared in English and Sinhala to present the project objectives, process and outcomes of the CDS.

2. *Cities' Stakeholder Groups*

Stakeholder groups identified in each municipality with the municipal officials were the most important category in the CDS process. These groups represent ordinary citizens, specialized professional groups, women, youth and religious groups. Over 90% of the stakeholder group meetings were held in the field where community groups live and work. Awareness meetings of specialized groups such as bankers, chamber and commerce and industry, industrialized groups and hoteliers association etc. were held at the municipal office where the Mayor, Municipal Commissioner and Heads of Departments were present.

One of the main limitations in the awareness raising process was the time constraint. Only 3 months were available for identification and awareness raising for stakeholder groups in the three municipalities, which was not sufficient to cover the representative groups of the citizenry.

3. *Thematic Reports and the State of City Report*

For the Colombo Core Area, the following three thematic studies were carried out by local consultants, who completed their study reports prior to the City Consultations.

These studies were:

- a. Study on Economic Potential of Colombo Core Area
- b. Study on Poverty Profile of Colombo Core Area
- c. Study on Past and Current Development Effort of Colombo Core Area

The above thematic studies provided rich background materials for discussion at the subsequent City Consultations held in each cities as well as at the broad based City Consultation.

Status of the City Report

Status of the City Report was prepared for each city incorporating the issues raised at stakeholder meetings. The findings of the reports were discussed at the City Consultations held in each city. Subsequently, the following three reports were produced.

- a. Proceeding Report of the Consultation Process and Outline Development Strategy for Sri Jayawardenapura Kotte
- b. Proceeding Report of the Consultation Process and Outline Development Strategy for Dehiwala Mt. Lavinia
- c. City Development Strategy for Colombo

These three reports identify the key development issues concerning the urban economy and overall city development. The outline development strategy provides directions for actions based on which cities can initiate projects to address pressing development issues.

4. *Main City Consultation*

In each of the three cities, separate City Consultations were held between April-July 2000. Government officials, political leaders, municipal officials and city stakeholders representing the private sector and civil society attended these City Consultations. The consultations were organized as one-day events, devoting the afternoon session for group discussions and reaching consensus on development strategies and actions.

5. *Vision for the City*

One of the key objectives of the CDS project was to formulate a collective vision for the city by involving the city's stakeholder groups. It was a difficult exercise to come to an agreement on a vision for the city due to diverse opinions expressed by different stakeholder groups. However, a combination of all the key points finally developed into a vision for the city. The vision statements prepared for each of the cities in Colombo were as follows.

- a. **Vision for Dehiwala Mt. Lavinia Municipality**
"Dehiwala – Mt. Lavinia in year 2010 shall be an environmental friendly, safe and charming residential city (Ramya Nagarayak) with a disciplined and prosperous society that enjoys a high quality of urban life. The city shall prosper to be an efficient urban system and an equitable society devoid of dependence and poverty by sustaining and fostering its existing economic base of manufacturing and tourist industries through a participatory process of development involving its citizens and stakeholder groups. The city shall have a symbiotic built-environment consisting of industrial areas, residential areas and tourist areas co-existing in harmony with the scenic and fragile eco-systems of Attidiya Marsh and Mr. Lavinia Coast".
- b. **Vision for Kotte Municipal Area**
"The City of Sri Jayawardenapura Kotte, a city wherein, it's famed historic heritage is nurtured and protected, its citizens enjoy basic services, public participation in the administration is harnessed and institutionalised, the management is efficient, and the economy is developed. Devoid of threats of natural hazards, it is the safe, secure, healthy, attractive, and well-planned Capital City of Sri Lanka".
- c. **Vision for Colombo City**
"A model city in Asia, where people enjoy quality living, acquire optimal capacity and opportunity for creation of wealth for the well-being of all and, together, sustain and improve their environment".

The formation of a vision for participating cities has been an important achievement of the CDS process because the views of a large percentage of the stakeholders were incorporated in the city's vision statement.

6. *Action Plans*

Since there were no funds committed through the CDS project for immediate implementation of proposed actions, the CDS action plans have not been implemented. However, many of the pressing issues related to the environmental pollution, solid waste management were taken up for implementation under ongoing programmes of the municipalities.

7. Implementation, Monitoring and Evaluation

Due to the short-term nature of the CDS project, from December 1999 to July 2000, implementation and monitoring activities were not sustained. However, the CDS task force at the provincial council level was in operation up to November 2000. The municipal level working groups were incorporated into the ongoing SCP project, which provides funding support to undertake demonstration projects.

Monitoring Tools

1. Indicators:

- a. Type of stakeholders
- b. No. of stakeholders
- c. Level of participation in stakeholder group discussions
- d. Number of stakeholder meetings
- e. Type of institutional structures created for stakeholder participation
- f. No. of representatives from civil society organizations including NGOs who have access to CDS Taskforce, Steering Committees and City level Working Groups.
- g. Contribution by each municipal council for CDS process and for implementation of strategy in terms of time and money
- h. Political support for CDS Process and implementation
- i. Outputs / documents produced

2. Process:

- a. Awareness creation
 - CDS in council agenda
 - Briefing session on CDS to council members and departments' heads
 - Person to person interviews
 - CDS introductory note in English and Sinhala
 - New paper supplements
 - Broadcasting in radio
 - b. Citizen forums
 - c. Stakeholder consultations
 - d. Report card systems
- CDS review meetings at municipal levels