

UN-HABITAT - WORKING GROUP B

Good Urban Governance: Towards an Effective Private Sector Engagement

Background Paper – Draft 0

At the Fourth Session of the World Urban Forum held in Nanjing in November 2008, the private sector decided to organise two working groups which would be based on the themes of Urban Governance and Bottom of the Pyramid Approaches for Urban Sustainability. Through their work, the groups will also contribute to the preparation of Core Business Principles for Sustainable Urbanization that will be presented at the Fifth Session of the World Urban Forum to be held in Rio de Janeiro in May 2010.

With the emerging challenges facing urban managers in charge of resource identification, mobilization and utilization, urban governance has become part of the core paradigms. The widening democratic space has also raised questions about the state of affairs of how cities are managed. The private sector is a key stakeholder in this process and is directly and indirectly affected by issues relating to the management of cities. The private sector needs to open up to a new engagement that will foster its role in urban governance and at the same time result in mutual benefit for all urban stakeholders. Having accrued competencies and skills in trade and commerce, the private sector forms the hub of the urban economic engine. The current global economic crisis has put this role into a sharper focus. At this critical moment, the private sector is being invited to engage in meaningful dialogue that will address how its competencies, objectives and visions can be incorporated in the urban agenda so as to ensure true economic sustainability of our cities.

This first draft is intended to guide the working group in the first place. The working group shall update its content and add recommendations based on concrete examples presented by the companies to be inserted in this document.

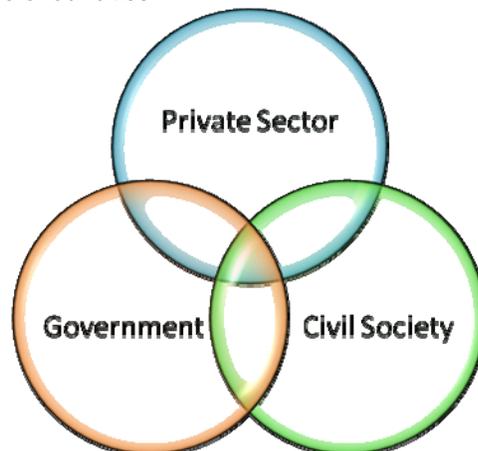
Prepared by Christine Auclair and Alban Jackohango
Private Sector Unit – UN-HABITAT
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Introduction

UN-HABITAT defines good urban governance as the exercise of political, economic, social and administrative authority in the management of an urban entity. It is the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens. It is thus a broader concept than “government”¹. It is characterized by transparent decision making, sound financial management, public accountability, decentralized and equitable resource allocation, and probity. Governance comprises of the complex mechanisms, processes and institutions, through which individuals and other interest groups articulate their interests either through formal or informal channels, mediate their differences and exercise their legal rights and obligations². Today more than ever before, urbanization has become a critical part of the affairs of any country in the world. With massive movements of peoples to urban centers, coupled with unprecedented growth and mushrooming of existing and new urban realities, new challenges on how urban centers are managed are going to rise exponentially. The traditional paradigm that left urban management exclusively in the hands of the state has been rendered obsolete and cannot address the emerging needs and realities of a more complex and sophisticated urban reality. This calls for an urgent examination of new models that are representative of the true cosmopolitan nature of our cities.



From a stakeholder approach governance and urbanization are mutually inclusive. Urbanization cannot be sustained without good governance, and governance cannot be considered effective if it does not sustain urbanization. Therefore good urban governance is an auxiliary in the realization of sustainable urban growth and development. It goes beyond the state apparatus to include the private sector and civil society. All three are critical for sustainable urbanization. While it is the role of the government to create a conducive political and legal urban environment, the private sector creates wealth through generation of employment and revenue. The civil society on the other hand, comprising of various interests groups facilitates political and social interaction and dialogue within the urban environment.³

¹ UN-HABITAT, 2004.

² Hanson , R., et al. 2006.

³ Banachowicz, B., Danielewicz, J., 2004.

The spirit of good urban governance therefore requires a constructive and purposeful interaction and engagement of these three sectors. Such engagements must be based on effective participation of all stakeholders, the rule of law, transparency, responsiveness, consensus orientation, equity, efficiency and effectiveness, accountability and a common strategic vision⁴. But, by putting good urban governance into practice, are we able to realize the full potential of each sector? The private sector in particular possesses the critical resources and competencies that can be leveraged to create working models of engagement and participation towards the realization of good urban governance. This can be done through market-based approaches, social responsibility, public-private partnerships, advocacy and promotion of stakeholder dialogue that is private sector-driven, amongst other models.

UN-HABITAT envisions a future urban environment that is governed by principles that lead to the realization of opportunities and good living conditions for all in sustainable urban realities. The challenges that face us cannot be underestimated, but the potential existing in the private sector to participate in addressing the governance malaise that characterizes most of our cities cannot be asserted more. It is in this view that this paper aims to establish a dialogue for the private sector to examine the principles of good governance and to seek more effective engagement. It will also lay the foundation for further review of existing models of private sector engagement and participation in urban sustainability through governance.

⁴ UN-HABITAT, 2004.

1. The Principles of Good Urban Governance⁵

Background

Wherever change is for the better, wherever the human condition is improving, people point to good governance as the key. This better governance is not just national - it is local, it is regional and it is global..... James Gustave Speth (Former UNDP Director)

UN-HABITAT, adopting the position of the Global Campaign on Urban Governance proposes that good urban governance be characterized by the following principles; 1) Sustainability; 2) Subsidiarity; 3) Equity; 4) Efficiency; 5) Transparency and Accountability; 6) Civic Engagement; 7) Security. The principles or norms are geared towards the realization of improved human condition in the urban environment. Through them the private sector and other stakeholders can build the capacity for urban governance that is central to urban sustainability. They offer an overall framework within which challenges that arise from urban management and administration can be addressed.

Each principle incorporates and presumes the others, in this way the adoption of one of the principles, necessarily requires the implementation of the others. For the private sector they present basic guidelines that it can use to engage other stakeholder on urban governance and a yardstick of the efficacy of new models and methods of doing business that contribute towards urban governance.

The private sector can engage in good urban governance from two perspectives. One is the internal business environment and the other is the external business environment. In the internal business environment, the private sector firms look into how they practice business and how their activities affect the society. The external business environment looks into ways the private sector may engage other stakeholders in the formulation and implementation of strategies that will to a more responsible urban governance system in the areas they operate.

⁵ UN-HABITAT, 2004.



1.1. The Principle of Sustainability

Sustainability must be guaranteed in all dimensions of urban development. It demands that urban stakeholders balance the social, economic and environmental needs of the present and future generations. This intergenerational equity should take into account resources utilization, urban poverty reduction and environmental concerns through long-term, strategic vision of sustainable human development and the ability to reconcile divergent interests for the common good.

Practical ways the private sector may realize this principle include:

- Actively participating in city development strategies by presenting proposals to other stakeholders and incorporating adopted city strategy plans into the overall strategy of the private sector firms;
- Engage in consultative processes such as environmental planning and management that are geared towards agreements on acceptable levels of resource utilization;
- Adoption of Bottom of the Pyramid strategies that will facilitate increased availability, affordability and accessibility of private sector goods and services to the urban poor;
- Offering financial and technical support to the other stakeholders in the integration of poverty eradication strategies;
- Engaging in economic activities that are viable and incorporates the participation of other stakeholders as actors and beneficiaries.

1.2 The Principle of Subsidiarity

The allocation of service delivery mechanisms with the urban environment should be allocated on the basis of the closest appropriate level consistent with efficient and cost-effective service delivery. In this view there should be a cascading decision making level systems with local problems being addressed locally. The principle aims to strengthen decentralization and local democracy and in this way improve the responsiveness of policies and initiatives to the priorities and needs of the citizens. The principle further asserts that cities should be empowered with sufficient resources and autonomy to meet their responsibilities to the citizenry.

Practical application for the private sector of the principle can be done through:

- Lobby in conjunction with local authorities for the development of policies that delegate responsibility and commensurate powers and resources from the national to the city level and/or from the city level to the neighborhood levels;
- Foster for the adoption of local legislation to translate constitutional amendments in support of subsidiarity into practical means to empower the private sector to participate more effectively in city affairs;
- Partner with the city authorities in creating transparent and predictable management systems modeled on the private sector for the development of administrative, technical and managerial capacities at the city level.

1.3 The Principle of Equity

Equity is the inclusion of all stakeholders to access decision-making processes and the basic necessities of urban life. It fosters power sharing which results into increased access and use of city resources for all, the opening of opportunities without discrimination based on gender, race, ethnicity, education, political affiliation or religion. Equity aims at the establishment of inclusive cities which is an important element of urban sustainability. Inclusive cities create environments where social, political and economic security is guaranteed for all, this means that all citizens have equal access to nutrition, education, employment and livelihood, health care, shelter, safe drinking water, sanitation and other basic services.

Practical ways the private sector can foster the growth of equity in cities include:

- Internally practicing equity in their hiring processes and lobbying for a similar representation in the civil authorities;
- Foster the empowerment of women by promoting them to higher management positions in the sector and replicate this in the management and affairs of the city authority bodies;
- Ensure that policies and by-laws that are enacted do not only favor big business, but also considers the interests of the informal sector.

1.4 The Principle of Efficiency

The principle aims to guarantee the delivery of essential services and optimal resource utilization in the process. Cost-effective management of city resources is critical to the survival of all stakeholders and in particular the private sector. Efficiency can be best achieved when each stakeholder is enabled to operate based on their comparative advantage. The private sector has skills and competencies in wealth creation through industry and product offering. By fostering a conducive economic environment in cities the government enables the private sector to operate at its optimal point.

The private sector may practice efficiency through:

- Partnering with other stakeholders (government and civil society) in the regulation and delivery of public services;
- Share best management practices with the government to encourage the latter to adopt innovative means of delivering public goods and services;
- Adopting clear objectives and targets for the provision of public services, which maximizes the contributions all sectors of society can make to urban economic development.

1.5 The Principle of Transparency and Accountability

Any form of good governance must be founded on transparency in the operations, activities and resource utilization of all sectors of society. The private sector must conduct business with openness that is not only based on fulfilling the letter of the law but the spirit of the law. Transparency and accountability are essential to stakeholder since it creates an environment of trust and openness, which results in collaboration and partnerships in addressing urban challenges. The principle demands that all critical stakeholders conduct themselves with the high standards of professionalism and personal integrity. The standards set must make the stakeholders answerable and account to the other parties of their activities as is.

The private sector may benefit from transparency and accountability by:

- Participating in stakeholder fora and consultations on city resources utilization and other important issues;
- Perform regular and independently executed programmes to test public officials' integrity response;
- Foster the introduction of a business management model to the public sector that will remove administrative and procedural incentives for corruption;
- Assist the public sector in adopting enforceable standards of accountability and service delivery, such as ISO that will transcend the terms of public office bearers.

1.6 The Principle of Civil Engagement

Each city is endowed with civic capital that is largely untapped due to the existing structures of administration and management that do not allow for any meaningful and constructive dialogue of the civic body. Civic engagement implies that there should be an active participation and contribution of the civil body to the common good of urban life. People are the principal wealth in cities and therefore form the object and means of sustainable human development. The engagement of marginalized groups is to be given priority; women and the poor must be empowered to participate effectively in decision-making processes.

Practical means of realizing this norm include, *inter alia*,

- Promoting strong local democracies through free and fair municipal elections and participatory decision-making processes;
- Establishing the legal authority for civil society to participate effectively through such mechanisms as development councils and neighborhood advisory committees;
- Promoting an ethic of civic responsibility among citizens through such mechanisms as "City Watch" groups;
- Making use of mechanisms such as public hearings and surveys, town hall meetings, citizen's forums, city consultations and participatory strategy development, including issue-specific working groups;
- Undertaking city referenda concerning important urban development options.

1.7 The Principle of Security

Security is what guarantees the protection of the inalienable right to life, property and liberty. Civil liberties can only be assured for the citizenry if they are assured of security. Cities must strive to avoid human conflicts and natural disasters by involving all

stakeholders in crime and conflict prevention and disaster preparedness. Security also implies freedom from persecution, forced evictions and provides for security of tenure. Cities should also work with social mediation and conflict reduction agencies and encourage the cooperation between enforcement agencies and other social service providers (health, education and housing).

Practical means of realizing this norm include, *inter alia*,

- Creating a culture of peace and encouraging tolerance of diversity, through public awareness campaigns;
- Promoting security of tenure, recognizing a variety of forms of legal tenure and providing counseling and mediation for people at risk of forced evictions;
- Promoting security of livelihoods, particularly for the urban poor, through appropriate legislation and access to employment, credit, education and training;
- Implementing environmental planning and management methodologies based on stakeholder involvement;
- Creating safety and security through consultative processes based on rule of law, solidarity and prevention, and supporting appropriate indigenous institutions that promote security;
- Address the specific needs of vulnerable groups such as women and youth through women's safety audits and youth training programmes;
- Developing metropolitan-wide systems of policing as a means of realizing more inclusive cities;
- Raising awareness about the risk of disasters and formulating local emergency management plans, based on reduction of risk, readiness, response and recovery, for natural and human-made disasters and, where necessary, relocating residents of disaster-prone areas;
- Integrating emergency management among municipal departments and with national plans;
- Formulating strategies and action plans addressing all forms of abuse against the person, especially abuse against women, children and the family.

2. The Private Sector and Urban Governance

Background

How can we conceptualize the engagement and involvement of the private sector in the urban governance arena? This attempt can be conceived under market-based approaches based on models like public-private partnerships (PPPs), city business associations, and corporate social responsibility, amongst others. The challenge that the private sector faces is to formulate an overall framework of engagement that addresses business interest, social concerns and environmental awareness within the urban reality. There is no doubt that such an involvement has a double-sided benefit for the private sector, i.e. guaranteeing the sustainability of the business environment and optimal utilization of urban resources. Such value addition from the private sector ensures quality urban governance, which is what divides declining and prosperous cities.⁶

To be sustainable and effective the engagement of the private sector in urban governance must be a *business decision*. Within the “business decision” paradigm the private sector is enabled to participate in urban governance by addressing their business interests which in a new urban framework should focus on the triple bottom-line strategy. The alignment of business interest with social and environmental concerns creates the needed impetus for the private sector to take up their stakes in urban governance. The returns to the private sector in this involvement includes, setting the urban agenda, increased transparency and accountability of the public sector and ultimately the optimal use of resources based on agreed urban priorities by negotiating with the government and civil sector.

This role of the private sector in urban governance is directly linked to the economic needs of cities and ultimately urban development. To appreciate the participation of the private sector in urban governance requires a basic understanding of how cities are governed, by looking at aspects such as who makes decisions and how are they made, what systems of decision-making exists, who controls the urban agenda and how is the urban policy-making process democratic? In addition to understanding the decision-making matrix in the urban environment, the democratic dispensation witnessed by a more active civil society in urban issues requires a similar response from the private sector in order to leverage the benefits that democracy brings to enhance accountability and transparency in the operations of city affairs. While the local authorities and civil society might be ahead in terms of engagement, the private sector has a vital role to play in ensuring that the ultimate results of any collaboration between the city stakeholders adheres to basic principles of economics that guarantee sustainable urban economic development.⁷

⁶ Cities Alliance: City Development Strategies, 2001.

⁷ Hanson, R., et al., 2006.

2.1. From Urban Government to Urban Governance

The unique role of the private sector in urban governance comes at a time when the paradigm shift from *government to governance* is being realized at a rapid scale in most cities across the world.⁸ The Urban Government paradigm focused on using functional and political means in serving citizens, known for promoting elitist interests at the expense of the wider society. The rise of the urban governance model on the other hand was driven by a bottom-up approach by civil society and socially conscientious business groups in the attempt to improve service delivery from city authorities. It focuses on shifting responsibilities at the local level by assigning them to the most competent group to perform the basic task at hand. The rationale behind urban governance is the reduction of the functional authority of the central and local government by creating an urban dialogue matrix that is based on participatory leadership and management of urban affairs with all stakeholders equitably represented and participating.

There are four basic forces that have helped put urban governance at the forefront of urban resource management and these are; the urban transition, globalization, decentralization and democracy.⁹ The unprecedented growth of urban populations putting increased pressure on the limited resources already available in the cities, has had the positive effect of increasing the interests of citizens and in particular the urban poor city affairs. The citizens are increasing taking the responsibility of questioning city officials and those responsible of delivering services to them. The growing inter-connectedness of the global economy is another key force. Spurred by the spread of information and communications technologies (ICTs), globalization manifests itself most clearly in cities. It is increasing the economic competition between cities, while concurrently increasing the social fragmentation within cities. City authorities find themselves having to deal with economic development of their constituents' vis-à-vis the international community, while at the same time having to shoulder the burden of ensuring social justice and equity within cities.¹⁰ With the sudden urban growth, a decentralized political, administrative and financial system of management is showing better results in more equitable and efficient service delivery. Many cities are embracing public participation in decision-making processes to make city official more accountable and transparent. The three forces have merged to raise the fourth one: democracy. While there is a growing trend of democracy globally, many citizens are still disillusioned by electoral democracy. But it should be noted that part of the disillusionment comes from the increasing expectations of citizens as they become more aware of their rights.

The urban governance model offer the private sector the ideal system of adopting roles that will make it reengineer itself and the urban environment. It is worth noting here that the emergence of urban governance has met challenges with a lot of resistance coming from government. Urban governance means that government has to accept the participation of other players in active management of urban affairs though they have not been elected or appointed by government to public offices. One way the government has tried to address the fragmentation of urban society leading to rise of civil and private sector active participation has been through the creation of quasi-autonomous non-governmental organizations popularly known as *quango states*.¹¹ The common characteristics of these bodies are government dominance and co-opting of other stakeholders as minor players. While in some cities such bodies have given positive results, it is generally accepted that in many cases they have led to lowering of standards of probity, creation of new channels of corruption and nepotism, they have also escalated the fragmentation of the urban

⁸ Banachowicz, B., Danielewicz, J., 2004.

⁹ UN-HABITAT, 2004.

¹⁰ UN-HABITAT, 2001.

¹¹ Harvey, D., 1989.

society with their interest group focus (reemergence of elitism) and the creation of tensions between them and the authorities of elected bodies.

2.2. The Role of the Private Sector

The unique role of the private sector in urban governance is based on its key competence in trade and commerce. The economic veins of the city are predominantly reliant on private sector resources and its forms of service delivery systems, which being based on the market principles are operated at near-optimal levels. The future of the modern city relies on its economic viability and sustainable. To achieve this, there is a need of creating **the entrepreneurial city**.¹² This is the city that maximizes the benefits of its resources through attracting the right caliber of labor and capital and investing in technological advancement that cater for its economic growth, social advancement of its citizen and minimizes environmental externalities. The entrepreneurial city is only feasible with the presence of a viable private sector. The role of the government and the civil sector in this process is to create an ambiance that is “*open for business*” by formulating policies that are business friendly and that will create the impetus that will remove bottlenecks and channel more resources to critical sectors in the city through the private sector. The private sector’s role in turn is to articulate the principles of urban governance in its practices, venture into critical service areas that require immediate attention to sustain the urban economy and society.

The private sector can realize the actualization of an entrepreneurial city through urban governance by undertaking stand-alone initiatives, PPP initiatives, private sector syndicates through private sector associations, or private-civil sector partnerships. While all of them have their merits and demerits, the PPP, syndicates and private-civil sector partnerships are attractive because of the network capabilities they offer and the impact they create in terms of bringing different key stakeholders together to work on common projects. Apart from availing resources and expertise in urban trade and commerce, the private sector has the role of lobbying the other stakeholders to adopt policies that will ensure economic sustainability. This requires a commitment from the private sector to focus on the long term objectives of enterprise. While short term or immediate profitability is critical for business, particularly SMEs, it should not overshadow the overall objective of creating an entrepreneurial city that is based on sustainable exploitation of urban resources. Partnership models of regeneration seem to address the challenge of focusing on short term objectives at the expense of the long term ones. They offer the aligning of resources and capabilities from different quarters thus spreading the risks involved and mitigating the huge resource outlay that might be required by creating a pool in which all participants put in their best practices and other competencies. This has the impact of improving each organization’s learning curve at the benefit of the entire urban society. By collaborating with other sectors in viable partnerships the private sector is guaranteed of having their interests and significance recognized by the other sectors. There is no doubt that most cities today have incorporated business interests in their agenda for development. Part of this incorporation has been informed by the private sector input, therefore at times making them tailored to meet business interest solely. While such endeavors are to be encouraged, the current global economic recessions that was triggered by unscrupulous private sector focus on the short term has raised the question of whether stricter regulation is suppose to be an important component of business?

An alternative to stricter regulation is more collaboration between the three arms of the urban environment. Increased collaboration fosters a “watchdog” situation whereby each sector will call the others to be accountable and transparent in their activities. In order to

¹² Ibid...

achieve this, adherence to and support of the principles of good urban governance by the private sector is demanded. The supportive role of the private sector towards good urban governance can be realized at four levels; National, Sector, City and Neighborhood levels.¹³

National Supportive Environment:

This is a more normative role that focuses on policies making processes and decision making agenda. At this level the private sector needs to be organized under umbrella organizations or bodies that represent their specific interests. These organizations form the channel through which organized local government lobbying can be done. It should also focus on raising pertinent issues such as urban fiscal planning, policy making and adoption.

Sector Supportive Level:

This role is focused on the development of structured service PPPs, e.g. in sectors such as water, transport, waste management, energy etc. Based on a national supportive framework, the sector-specific concerns to meet good urban governance standards need to be based on transparent negotiated risk transfer of projects, honest contractual agreements that are open to public scrutiny. In the eyes of the public such a role requires that there be a pro-urban poor component that should come as part of the service requirements, utilization of local labor amongst other pro-poor add-ons.

City Supportive Level:

At this level the role of the private sector is to use its resources to mobilize for local government organizational change so that it is more representative and consultative through processes like participatory budgetary process, strategy and charter formulations. The level requires the building of private sector and civil society capacity to engage the city government. The capacities required includes knowledge of urban management, articulation of urban development issues and an overall understanding of the implications of specific actions or policy direction on the general performance of the city's economy, society and environment. Such capacity empowers the private sector genuinely engage the city government from an informed perspective.

Neighborhood Supportive Level:

It focuses on an area-based management. There is a need for strengthening the communities and organizations at this level. While this is the active part of the civil sector, the support of the private sector to empower these communities and organizations articulate their issues is imperative. Private sector competencies are required to enable them achieve tasks such as community planning, budgeting, project planning and management.

The four levels enable the private sector to interact with all the major players in the urban environment, i.e. the central government, local government and civil sector. To achieve a true supportive role to urban governance there is need for commitment from the private sector. There is need to acquire the knowledge on urban issues so as to understand and articulate the complexities of the urban agenda. Acquisition of such knowledge will need dedication of specific resources dedicated to improving the particular private sector body or an umbrella organization's capacity to participate in good urban governance. These roles will also give the private sector the impetus of appreciating and practicing the principles behind good urban governance.

¹³ Duaskardt, R.P.A., 2007.

2.3 Towards Urban Governance Partnerships

One of the main challenges that the private sector must embrace in their endeavor to call for more participatory and representative urban governance structures and systems is the resistance of the local or city government. Good urban governance means the local government must share power; retain responsibility while diluting direct control. This requires a politically self-confident government that by itself embraces the tenets of urban governance. In most cases there will be a temptation by the local authorities to also abdicate their responsibilities and therefore create a vacuum of accountability and transparency. To address this challenge the private sector may need to work hard to build trusting relationships with the authorities. While this is difficult to sustain and takes time to build due to the elective nature of local authorities, over time it will create a tradition where local authority office holders will look at the other stakeholders as equal partners in urban governance.¹⁴

Scaling up working processes and structures is a major challenge to the private sector which would like to see a universal application of working policies across all urban entities in the country. Universal application requires aligning the partners involved towards similar objectives and goals. The partners or stakeholders usually have conflicting interests and here negotiation and diplomatic skills from the private sector will be required. Compromise to at least settle for less means there will be situations where the private sector will have to sacrifice their objectives for the good of the partnership.¹⁵

For the private sector adopting the principles of urban governance requires investment of resources which some entities may not be interested to meet. The long term benefit of embracing these principles outlives the immediate costs incurred. The private sector also has the challenge of aligning its business interests to meet the standards of the principles. This may mean discarding certain business practices that though profitable are not coherent with the principles. While this may place business owners at crossroads, it is incumbent upon them to make a decision that will foster urban governance not only for the sake of the wider society, but also for sustaining the business environment in which they operate.

While the urban governance principles are articulated and can be practiced by each sector or individual organization on its own, true impact can only be achieved if the critical mass of urban sector entities are practicing them. The quickest way to upscale the adoption of these principles lies in the formation of sustainable cross-sector partnerships. Such partnerships in the implementations of the principles form the new dispensation of urban governance for the future. This governance may be based on true partnerships, where all stakeholders will be equal and invest their efforts and resources in contributing to the realization of an entrepreneurial city. Urban governance partnerships have huge potentials from increases in accountability and transparency, resource mobilization to improved service delivery to the citizens. Governance partnerships produce the best from all partners hence enable the urban whole to utilize its resources at an optimal point. For the private sector this is an opportunity to invest in an area that is already becoming vital to the management of cities. Such investment will guarantee proper representation of the private sector interest in all urban governance partnerships.¹⁶

¹⁴ Duaskardt, R.P.A., 2007.

¹⁵ Ibid...

¹⁶ Harding, A., et al., 2000.

While this dispensation does not claim to be panaceas of all urban challenges, it forms the basis of incremental process that can be up-scaled rapidly to realize quick results in short span of time. Urban governance partnerships do not replace local democracy or basic management principles that have been used for a long time in the management of cities; instead they form the basis of mature partnerships where no partner abdicates responsibility.

Working in partnerships is complex and dynamic. Urban governance partnerships will represent the same challenges. The future of this concept is something that needs further discussion and development that goes beyond our scope. Models and structures need to be developed and tested over time. The development of a systematic urban governance partnership is an opportunity for the private sector to present the urban world with a model that will assist it form societies where equity and responsibility are epitomized for posterity. We believe that ultimately this is the challenge the private sector must embrace as humanity journeys towards a world that is urbanized.

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