Capacity Building for Improving Urban Governance

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Governance: Clarifying Roles
Government, Market and Civil Society

Government
Creating a favourable political, legal & economic environment

Market:
Creating opportunities for people

Civil Society:
Mobilising peoples’ participation
Good Governance: Key Characteristics

- Strategic Vision & Consensus Orientation
- Rule of Law
- Equity
- Effectiveness & Efficiency
- Accountability
- Transparency
- Participation
- Responsiveness
Approach to Capacity Building for Good Urban Governance

• “The performance of a car owes much both to its driver and to the driving conditions – that is, the state of the road, the traffic, the weather. But its inherent characteristics, engine power, road holding, fuel efficiency, and so on – constitute a third party to the equation. Just so, the institutional characteristics of urban government play a part in determining its effectiveness, along with the people who run it and the environment within which it operates”

Kenneth Davey.

• Need to address (a) Institutional, (b) Organisational and (c) Human Resource Issues Holistically
Municipal Organisation Development

- Situation
  - Structure
    - Strategy
    - Style
    - Staff
    - Shared Values
    - Skills
    - Systems & Processes
Reports of Expert Groups and Studies of Capacity Building for Urban India

- Second Administrative Reform Commission, 2007
- McKinsey: India’s Urban Awakening, 2010
- High Power Expert Committee (HPEC) on Urban Infrastructure, 2011
- Twelfth Plan Working Group on Capacity Building, 2011
- Twelfth Plan Steering Committee on Urbanisation, 2012
- Study on Approach to Municipal Cadres (CBUD) 2014
Municipal Cadres Study: Recommendations on Structure of Urban Development Administration in State

- **State Level**: One unified Urban Development Department
- **Division/regional Level**: An administration unit organized along revenue boundaries for better decentralised administration
- **City Level**: ULB as the key performance unit to deliver all the urban services
- **Zone/circle Level**: Each city to have zones and circles in accordance with population norms
- **Ward Level**: Each ULB to have wards as per prescribed population norms
- **Citizen service Centre**: 1 per every 10,000 – 15,000 population for facilitating all institution-related services as one stop-shop
## Municipal Cadres Study: Proposed Cadres

<table>
<thead>
<tr>
<th>Functional Group</th>
<th>Services</th>
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| **Municipal Administrative Services (MAS)** | Municipal Executive Service  
Municipal Social Development Service  
Municipal Staff Service                   |
| **Municipal Technical Service (MTS)**   | Municipal Engineering Service  
Municipal Sanitation Service  
Urban Planning & Transpiration Service  
Municipal Fire Service  
Municipal E-Governance Service           |
| **Municipal Finance Service (MFS)**     | Municipal Accounts Service  
Municipal Revenue & Financial Service                        |
Municipal Reforms: Principles

- Functions must be clear
- Finances and Functionaries must be commensurate with Functions assigned
- Service Delivery must be commensurate with Funds allocated – Matching of Outlays and Outcomes
- Reporting and Accountability Channels must be clear
- People must be involved in all stages of service delivery process
- Transparency and Disclosure Mechanisms must be clearly defined
Institutional Capacity Building: Establishing and Operationalising Institutions

Constitution (74th Amendment) Act 1992

- State Election Commission
- Municipalities
- Wards Committees and Special Committees
- State Finance Commission
- Central Finance Commission
- District Planning Committee
- Metropolitan Planning Committee
Institutional Capacity Building:
Need for Other Institutions

- Corporate Entities for Utility Services: State/Local
- Unified Metropolitan Transport Authority (UMTA) for Million-plus Cities
- Local Bodies Ombudsman for Groups of Districts
- Urban Utilities Regulator at State level
- Property Tax Valuation Board at State level
- State Local Fund Audit Commission
- State Level Financial Intermediary
Organizational Capacity Building

Four Approaches in Management:
• Organization goals, Internal processes, Organizational design and Organizational excellence

Organisational Excellence:
• Strategic orientation, Leadership Orientation, Organisational design and Organisation culture

Organisation Development:
• Clarity of Vision, Strong business culture, Location of authority, Financial management, Human resource management, Process re-engineering
• Using technology, Improving responsiveness
Measuring and Improving Performance

- Planning Process
- Development Priorities & Objectives
- Key Performance Indicators
- Measurable Targets
- Monitor Performance
- Review & Measure Performance
- Community Participation
- Improve Performance
- Report
- Draw Lessons
- Community Participation

Community Participation
Strengthening Accountability

Legal Accountability

Performance Accountability

Meeting specified performance standards and targets based on verifiable indicators.

Public Accountability

Adherence and conformance to legal and administrative rules, code of conduct etc.

Financial Accountability

How responsive and accountable are power holders to their clients and citizens.

How power holders manage public funds.
Public Service Delivery Options: Provision Vs. Production

- The public sector
- The public and private sectors in parallel
- The public and private sectors in partnership
- The private sector under public supervision
- The private sector (including self-help)
Production of Services by Municipal Authorities: Where Justified?

(1) Cost recovery from consumers is not possible, because the service involves a collective benefit;
(2) Individual consumption can be measured, but consumers unwilling to pay for collective benefits
(3) Imposing full costs on consumers prevents equitable access to service
(4) Efficient private provision cannot be guaranteed due to monopoly
(5) Private enterprise fails to provide a service of major public interest because the investment costs are too high.
Private Sector Participation in Municipal Services: Where Justified?

(1) There are economies of scale in serving a number of jurisdictions;
(2) Superior efficiency occurs due to competition, greater flexibility in reducing unproductive labour, or rewarding performance, etc.
(3) There are intrinsic merits of private enterprise in terms of breaking monopoly
(4) Mobilisation of additional resources or expertise is required
(5) Levy of user charges is possible but cost recovery does not occur due to vested interests.
Capacity Building Strategy and Action Plan

- Establishment of legal-institutional framework: Modernising Municipal and Town Planning Laws
- National debate on Political Empowerment of Municipalities – Mayors/Chairpersons
- Adopting OD to improve Municipal Organisations
- Professionalisation of Municipalities
- Cadre development in Municipalities: Mix of Supervisory Staff on deputation/hired, Permanent Staff, Contract Employees and Consultants
- Identification of Capacity Needs and Gaps
- Documentation of Best Practices; Preparation of Models and Replication
Capacity Building Strategy and Action Plan

- Using ICT: Developing Information Systems, e.g. FMS, HRMS, PWTS, GRTS, LCMS, Call Centre, etc.
- Strengthening Reform and Performance Management Cells at Central, State and City levels
- Preparation of Basic Plans: CDP, CSP, CMP, SFCP, CCBP, Municipal Revenue Improvement Plan, etc.
- Pooling Talent: Bank of Resource Persons
- National Core Group on Capacity Building to Improve Urban Governance
- National Network of Resource Centres (NNRCs)
- Establishing National Institutes of Urban Management; Supporting reputed National/State Universities for Research
Capacity Building Strategy and Action Plan

- Mayors’ Forum, City Managers’ Forum and Researchers’ Colloquium
- City Level Forums of Stakeholders; Area Sabhas
- Training of all Elected Representatives in Urban Local Bodies (70,000) Every Year
- No Training Programme/Workshop without Proper Module Development and Pre-identified Resource Persons
- Addressing Basic Data and Research Needs
- Ensuring Long-term Funding Support for Capacity Building Programmes - to be Implemented with Clarity, Consistency and Commitment.
Thank You