

Capacity Building for Improving Urban Governance

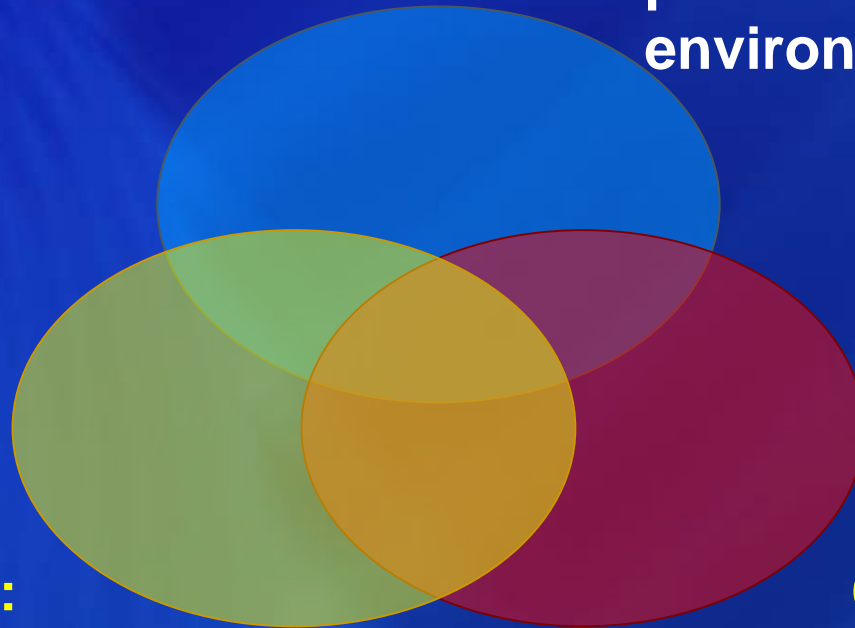
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Governance: Clarifying Roles Government, Market and Civil Society

Government

Creating a favourable
political, legal & economic
environment



Market:

Creating opportunities
for people

Civil Society:

Mobilising
peoples'
participation

Good Governance: Key Characteristics



Approach to Capacity Building for Good Urban Governance

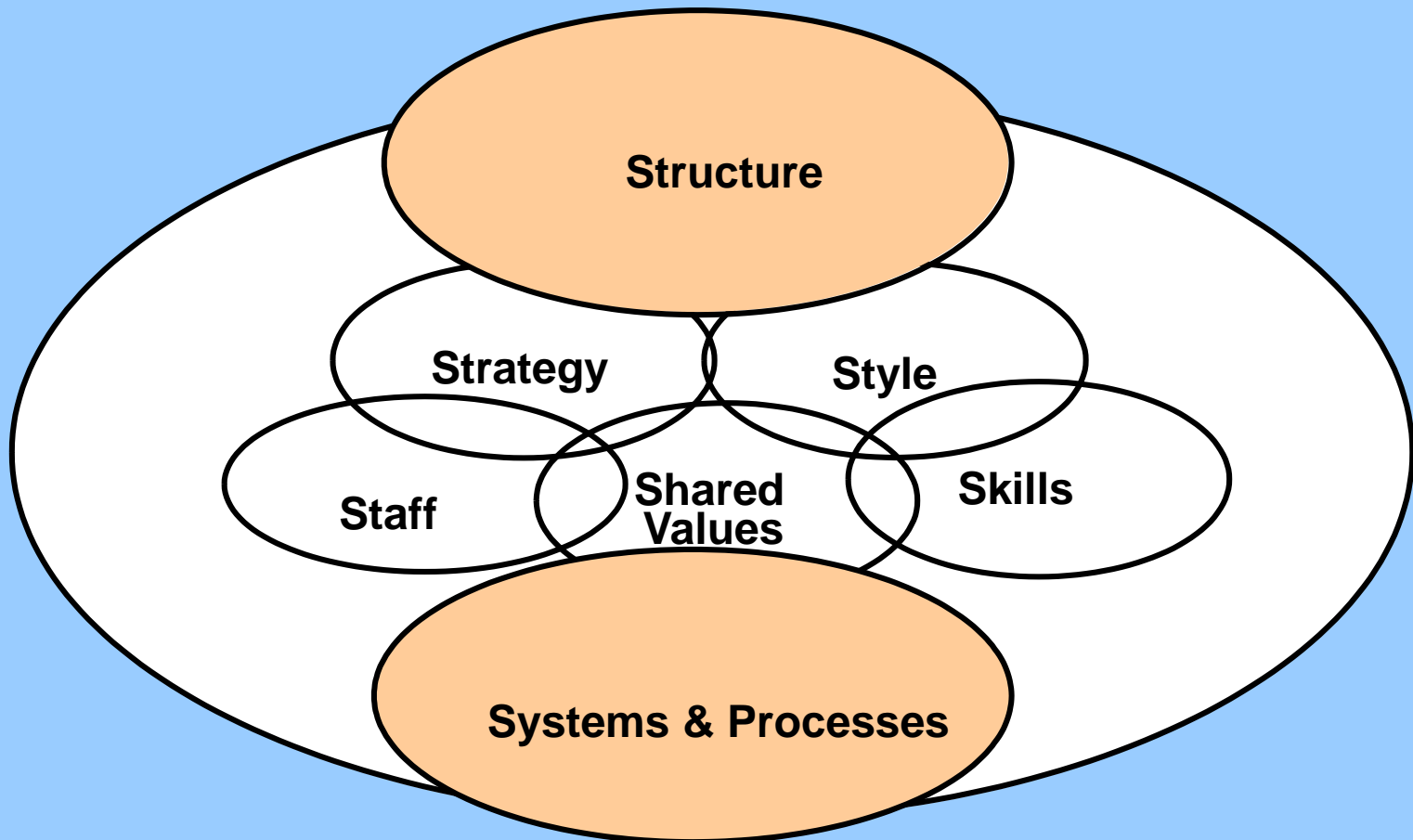
- **“The performance of a car owes much both to its driver and to the driving conditions – that is, the state of the road, the traffic, the weather. But its inherent characteristics, engine power, road holding, fuel efficiency, and so on – constitute a third party to the equation. Just so, the institutional 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



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**
- **Capacity Building for Urban Development (CBUD) Programme, 2012 – 2017: MoUD**
- **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

Functional Group	Services
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



Strengthening Accountability

Meeting specified performance standards and targets based on verifiable indicators



**Performance
Accountability**

**Legal
Accountability**



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



**Financial
Accountability**



How power holders manage public funds

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

Public Accountability



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