USAID TRAINING JULY 5-7, 2006

DECENTRALIZATION OF GOVERNANCE AND SERVICE DELIVERY INSTITUTIONS

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DECENTRALIZATION OF URBAN GOVERNANCE IN DEVELOPING COUNTRIES: A “QUIET REVOLUTION”

2003 — Tim Campbell of the World Bank Institute calls it the “Quiet Revolution”
Next stage beyond 19th and 20th century decolonization and growth of independent national governments
Dawn of the urban millennium — a majority of the world’s population is urbanized (living in cities and towns) for the first time in human history
Rapid urbanization in developing countries, especially Asia and Africa, such that the world may be 2/3 urban by beginning of the next (22nd) century
Growth of local government responsibilities, capacity, and resources is vital for addressing new urban challenges
INSTITUTIONAL MANIFESTATION OF GLOBAL CHANGE
AND GROWTH OF LOCAL GOVERNMENT
ACROSS THE DEVELOPING WORLD

2004 — Creation of United Cities and Local Governments (UCLG)

Representing over 1,000 cities and towns from 127 countries,
comprising a majority of the world’s population

Merger of IULA, FMCU-UTO, and Metropolis

Outgrowth of 1996 United Nations “City Summit” in Istanbul, Turkey
• Habitat Agenda
• UNACLA (United Nations Advisory Committee of Local Authorities)
• UN “Istanbul +5” New York City, 2001
ICLEI — LOCAL GOVERNMENTS FOR SUSTAINABILITY

• Nearly 500 cities and towns representing 300 million people
• Formed 1990
• UN World Summit on Sustainable Development, Rio De Janeiro, Brazil, 1992
• Local Agenda 21
• 2002 UN “Earth” Summit, Johannesburg, South Africa
• Coalition for Sustainable Urbanization
• Local Government Session
• Kaaren Taipale and Walter Hook articles
2000 — UN Millennium Development Goals (MDGs)
• Goal 7, Target 11 — Improving the lives of 100 million slum dwellers by 2020
• United Nations Human Settlements Program (UN-HABITAT)

CITIES ALLIANCE
• Local governments — UCLG and Metropolis
• (13) National governments — Brazil, Canada, France, Germany, Italy, Japan, Netherlands, Nigeria, Norway, South Africa, Sweden, United Kingdom, United States of America
• International agencies — Asian Development Bank, United Nations Environment Program (UNEP), UN-HABITAT, World Bank
• Mona Serageldin (et al.) and Geoffrey Nwaka articles
Increasing prominence of urban local government leaders in national politics:

- Andres Manuel Lopez Obrador, Former Mayor of Mexico City, presidential candidate
- Jacques Chirac, Former Mayor of Paris, President of France
- Vladimir Putin, Former Deputy Mayor of St. Petersburg, President of Russian Federation
- Jiri Paroubek, Former Deputy Mayor of Prague, Prime Minister of Czech Republic
- Antanas Mockus, Former Mayor of Bogota, presidential candidate in Colombia
- Lee Myung-Bak, Mayor of Seoul, future presidential candidate in South Korea
Three main types of decentralization from national government:

1. ADMINISTRATIVE — managing public infrastructure and services closer to local populations and areas
2. FISCAL — shifting public sector resources to local level
3. POLITICAL — moving decision-making authority to local level

• Can have central authority and resources with local administration
• Can have transfer of resources but not authority
• Can have transfer of authority but not resources
• Can transfer authority and resources but not decision-making autonomy
• Can transfer authority, resources, and decision-making autonomy (budget: revenue-raising and spending, regulations, etc.) but without local democratic participation

Tribal chieftains, regional warlords, large landowners
Decentralization can be top-down administrative reform or democratic political change

TOP-DOWN REFORM:
• Chile
• Indonesia (Emiel Wegelin article)
• Mexico (Yemile Mizrahi article)
Curitiba counter-example

DEMOCRATIC CHANGE:
• Post-Communist Eastern Europe
• Philippines
• South Africa
• Brazil
ANC (national political party centralizing) and Kwazulu (regional power structures) counter-examples
FISCAL DECENTRALIZATION

1. Transfer of resources from central to local governments
2. Ability of local governments to raise revenue through taxes and fees
3. Ability of local governments to raise revenues through capital market debt instruments (Charles Billand article)
4. Ability of local governments to leverage private sector resources (Weiss OECD article), including privatization and PPPs
5. Ability of local governments to make autonomous revenue, spending, borrowing, and investment decisions

Issue of national equity of resource allocation across regions and localities (as well as within)
Fiscal decentralization trends in the region

Regional averages 1985 - 2004

Source: IDB, 1997 and calculations based on a 2004 IDB survey on decentralization.
KEY ISSUE — CAPACITY BUILDING

For elected and appointed public officials and for citizen groups

• TECHNICAL ASSISTANCE (USAID)

• TRAINING (Philippines Local Government Academy, IBAM in Brazil)

• BEST PRACTICES (UN-HABITAT Dubai awards, Ibero-American and Caribbean Forum, Medellin awards)
KEY ISSUE — LOCAL DEMOCRATIZATION AND ACCOUNTABILITY

Examples

- Participatory budgeting (Porto Alegre model)
- Commissions and citizen/civic councils
- Advisory groups
- Civil society/NGOs (advocacy, monitoring, education, organizing, service delivery, investment and development)
- Local elections
Democratic elections of municipal government CEOs

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Sources: IDB, 1997, official sources and a 2004 IDB survey on decentralization.

1. There were exceptions. During military rule, mayors of state capitals as well as around 170 cities were appointed in Brazil.
2. In the case of Suriname, district councils are elected.