



## Appendix E. Governance

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### E1. NATIONAL URBAN POLICY FRAMEWORKS

What are the national urban policy frameworks facing the city? Undertaking this work is difficult because most national policy frameworks affecting urban areas are explicit (for example, grants for urban mass transit systems) or implicit (for example, international trade or corporate taxation policies). Of particular concern are national or other senior government powers related to (a) financial and debt oversight; (b) service provision; (c) financial autonomy and debt issuance, including foreign currency or debt restrictions; (d) environmental regulations; (e) privatisation; and (f) pending or proposed legislation that affects revenue sources, issuance of debt, pledged security, operation of utilities, or shifts in service mandates of local governments.

#### E1.1 Local Priorities and National Policies

How do local priorities align with national policies? Do these policies reinforce potential CDS strategic thrusts or inhibit it? If the latter, should such national policies be taken as a given, or should efforts be made to change them (through urban political power, lobbying, and so forth)? (Urban areas virtually worldwide tend to be quantitatively underrepresented in parliament relative to the urban popula-

tion's share of the national population.) The larger and more economically and politically powerful a city is, the greater its potential to exert pressure to modify national urban policies.

### E2. INSTITUTIONAL STRUCTURE AND PROCESSES OF LOCAL GOVERNMENT

#### E2.1 Local Government Structure and Processes

What is the structure of the local government (organisational chart)? How are decisions made? To what extent is this structure determined by national laws? To what extent has it been and can it be locally customised? If the latter, are the present structure and process consistent with contemporary issues and needs? Or are they more a reflection of past realities? Later in the CDS process, what changes are needed in governance structures, processes, network enhancement, knowledge generation, and transfers to effect the strategy?

#### E2.2 Appointment of Officials and Governing Bodies

Which officials are elected locally? Which are appointed? What are the electoral procedures for the governing body and for the chief elected officers? Is the local government led by independent representatives, or are the leaders representatives of political

parties? Are these political parties nationally organised? If so, is the local leadership aligned with the ruling national party? Does this situation have implications for implementation of the strategy?

### **E2.3 Corruption.**

What is the level of corruption in the local government? What can be done to reduce corruption?

## **E3. ROLE OF LOCAL GOVERNMENT IN THE CONTEXT OF DECENTRALISATION**

### **E3.1 Decentralisation Impacts on Local Government**

Determining the effects of the decentralisation framework on city finances requires information on the following:

- The size of the transfers and their relative share of the city's operating revenues;
- The degree to which the decentralisation framework motivates or discourages local revenue generation;
- The extent to which transfers are earmarked for specific purposes or can be used to fund operations and debt service;
- Revenue sources that have been legally delegated to the city;
- Flexibility of the city to effectively adjust its tax sources and levels in response to changing economic conditions;
- Legal and political risks associated with the national revenue-sharing system;
- The direction of any changes in the decentralisation framework (towards more or less decentralisation);
- Functions (mandatory and optional) delegated to the city;
- The size and type of mandated expenditures (for example, public health, public education, public transportation);
- The degree to which operating expenditures may be funded by user charges, fees and taxes delegated to the unit, or earmarked revenues from another unit of government; and
- The city's ability to adjust its expenditure budget quickly under changing economic conditions.

## **E4. METROPOLITAN GOVERNANCE**

### **E4.1 Inter-jurisdictional Cooperation**

How are functional responsibilities assigned horizontally (between municipalities and constituent districts and counties) and vertically (between municipal, provincial or state, and national governments)? Are measures in place to coordinate the delivery of services on a metropolitan or EUR scale (for example, special districts, councils of local governments, voluntary agreements among local governments, voluntary agreements motivated by incentives such as matching grants from senior governments).

## **E5. CAPACITY**

### **E5.1 Capacity and Development Priorities**

Are the staffing, power, and prestige of different municipal departments well aligned with the emerging economy and social issues? Often there is severe misalignment. For example, tourism is the world's largest industry, and it's one of the few service industries in which developing countries enjoy comparative, and often competitive, advantage. Yet, in many cities, the government pays little attention to this sector, even when it's the most important one in the urban economy. Similarly, the informal economy dominates in many developing cities, especially in Sub-Saharan Africa, many South Asian cities, and elsewhere, but few government agencies exist to foster its performance.

### **E5.2 Institutional Strengthening and Building Priorities**

What specific changes in government structures and in institutional strengthening or building are needed to improve performance? Later in the CDS process, the question will be asked in relation to implementing specific strategic thrusts.

### **E5.3 Attracting and Retaining Talent**

Is the local government attracting talented creative people? If not, why not? What could realistically be done to improve the situation?

## **E6. RELATIONSHIP WITH THE PRIVATE SECTOR AND CIVIL SOCIETY**

### **E6.1 Relationship with the Private Sector**

What is the relationship between the local government and the private sector (for example, leading firms, property developers)? In many cases, large firms, particularly multinationals, have enormous resources, including problem-solving skills, which can be useful to the community, but they operate in isolation from the local government, having closer relationships with the national government.

### **E6.2 Modes of Private Sector Cooperation**

Does the local government engage in public–private partnerships, award concessions, participate in innovative finance (such as build–own–transfer), and so forth?

### **E6.3 Relationship with Civil Society**

How strong are local, national, and international third-sector organisations? How does civil society cooperate and interact with local government in shaping the future of the city? How important is the role of civil society? What is the character of the relationship between the local government and the civil society? Enabling? Hostile?

### **E6.4 Local Government Capture**

Have local government jurisdictions in the EUR been captured by special interest groups? Peri-urban area jurisdictions are particularly vulnerable to capture by Mafia-type groups, business groups, and civil society organisations.



**Figure 11. CARE’s Household Livelihood Security Approach**

